InterQuest Holdings Limited

Annual Report & Financial Statements
For the Year Ended 31 December 2019

Company Registration No. 10451963

InterQuest Holdings Limited

Annual report and financial statements 2019

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InterQuest Holdings Limited

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Strategic Report

InterQuest Holding Limited is the parent company of the InterQuest Group, an award-winning specialist staffing, executive search, consultancy and talent solutions provider ('InterQuest' or the 'Group'). The Group trades under multiple brands including InterQuest, Rees Draper Wright, Albany Beck, IQ Solutions and ECOM.

This report sets out the Group and Company's aims and strategies whilst also highlighting those aspects of the financial statements that best reflect the Group's progress and performance during the year. The comparative figures are for the 18-month period to 31 December 2018.

Group Strategy

InterQuest's strategic objective is to build a global, digital and technology focused, human capital advisory firm. The Group has become a trusted advisor to many of its client, assisting with their 'people strategy' as well as managing the talent acquisition process for niche, hard to find talent. Through the development of our consulting and talent solutions business, the Group aims to provide a full suite of services to support the talent lifecycle, from recruitment through to strategic workforce planning.

As the Group builds stronger relationships with its clients, the more revenue it will generate from longer term consulting and managed service contracts. The board's target is to achieve 70% of its income from retained or recurring contracts, resulting in higher quality and more predictable earnings for the Group.

Review of the business for the year ending 31 December 2019

In the 18-month period to 31st December 2018, the Group underwent significant corporate change. InterQuest Group Limited (formerly InterQuest Group plc) delisted from the AIM stock exchange in order to reduce the regulatory cost to the business, with InterQuest Holdings Limited (formerly Chisbridge Limited) acquiring a majority stake in the Group.

Since then, the Group has consolidated its operations, reduced administrative cost and focused investment on core markets and consulting services. During the year, the decision was taken to close the loss-making office in Frankfurt, instead servicing mainland Europe from the UK and Ireland. Losses from discontinued operations were £0.5m in the year (2018: losses of £0.4m) with one-off restructuring costs totalling £1.0m in the 12 months to 31 December 2019.

Whilst the Group reported a net loss in the year, the work carried out to restructure the cost base plus the investment in consultancy services through the Albany Beck business should position the business well for the future.

- Group Earnings before interest, tax, depreciation, amortisation and exceptional items ('EBITDA') was £2.7m (18-month period to 31 Dec 2018: £4.0m)
- Profit before tax and exceptional items was £0.3m (31 Dec 2018: loss of £0.03m)
- Statutory loss before tax was £1.1m (31 Dec 2018: £2.1m)
- Statutory loss after tax was £1.1m (31 Dec 2018: £2.0m)
- Net fee income (NFI) was £23.5m (31 Dec 2018: £32.1m)
- Permanent NFI from continuing operations was £11.0m (31 Dec 2018: £14.6m)
- Contract NFI from continuing operations was £12.5m (31 Dec 2018: £17.5m)

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Strategic Report (continued)

Principal business risks

COVID-19: Since the end of the financial year, the COVID-19 pandemic has rapidly spread across the world, materially adversely affecting the UK and wider Global economy. As a result of the stringent lock-down measures introduced in most countries, business confidence and trading volumes have dropped dramatically. Recruitment and talent advisory services are no exception. The board forecast an immediate 40% drop in revenues and took precautionary action to address the cost base accordingly. Whilst the level of income decline has not quite reached these levels, the actions taken were appropriate and have provided suitable financial headroom to manage a reasonable period of depressed activity. Whilst a further decline in revenue and/or a longer period of sustained recession cannot be discounted, the Board have options to reduce cost further and manage working capital to mitigate these risks.

BREXIT: The Group also continues to monitor the impact of Brexit through continuous dialogue with customers and candidates. The outcome of these discussions remains unclear because of the uncertainty caused by the lack of transparency in the negotiations between the UK government and the EU and the disruption from COVID-19. The overall prospects for the UK markets served by the Group are affected by these discussions and therefore are a cause for uncertainty too. The Group is attempting to mitigate some of this uncertainty by developing new sales channels in its offices in New York and Dublin.

KEY EMPLOYEES: The Group's success depends to a significant extent upon a limited number of key employees. No assurances can be given that the loss of any executive officer or key employee of the Company would not have a material effect on the business, financial condition or results of operations of the Group, particularly within any business recently acquired by the Group. In addition, the Group may be adversely affected by staff turnover at any level. The Group operates industry leading training and development programmes for its people and has endeavoured to ensure that employees at all levels are incentivised, but the retention of staff cannot be guaranteed.

Key performance indicators

The Directors use a range of performance indicators to measure the delivery of the Group's strategic objectives. The most important of these are considered key performance indicators ("KPI's") and their targets are determined annually. The KPI's are set out below:

	Year Ending 31 December 2019 £'000	**Period Ending 31 December 2018 £'000**
Financial KPIs:		
Revenue	136,453	207,385
Net fee income	23,541	32,082
Gross profit percentage	17.2%	15.5%
Group operating profit before exceptional items	1,109	1,743
Group statutory (loss)	(1,121)	(1,970)
Net debt	23,358	22,518

Key performance indicators (continued)

Non-financial KPIs:	**Year Ending 31 December 2019**	**Period Ending 31 December 2018**
Recruitment staff (average number during the year)	220	225
Administration staff (average number during the year)	60	60

Balance sheet, cash flow and financing

The Group's consolidated net asset position at 31 December 2019 was £0.7m (31 December 2018: £2.0m).

Continued delivery of operating profit before exceptional items and tight control of working capital ensured the Group remained well within funding levels. The Group incurred £0.81m of net interest during the year (18-month period to 31 December 2018: £1.77m). Net capital expenditure including capitalised leases under IFRS16 was £1.13m and no dividends were paid.

The Group continues to finance its activities through the utilisation of a trade receivables finance facility. The Group facility of £17.5m has a three-month rolling notice period. The Group cannot utilise invoices if they remain unpaid 120 days from the end of the month in which they were issued.

The Company has a four-year term loan with HSBC Bank plc. Capital repayments of £2.05m were made on this loan during the year. At the year end the balance outstanding on the loan was £4.98m (31 December 2018: £7.03m).

Exceptional items

The following table summarises exceptional, non-recurring items in the financial statements:

	2019 £'000	**2018 £'000**
Refinancing and costs of acquisition	-	(363)
Non-recurring employment costs	(31)	(472)
Restructuring costs	(912)	(447)
Onerous lease and office costs	-	(318)
Share option benefits	(62)	(75)
	(1,005)	(1,675)

Diversity and Inclusion

InterQuest strongly believes that a diverse team adds positive viewpoints and discernment to our business, engendering originality and affirmative outcomes that are otherwise unlikely to be possible. InterQuest staff should feel empowered and authentic so that they are able to accomplish their aims to the best of their ability which will help the Group achieve its commercial and staffing objectives.

InterQuest has many formal and informal channels for staff to communicate internally, drawing on local, national and international initiatives to share and applaud the positive outcomes of our staff in our business and to the market through organisations our staff are involved in. In line with these ideals, over the last three years, the Group have conducted independent and anonymous staff surveys which were followed up by the senior management team in presentations to the staff.

Section 172 statement

The Board of Directors of the Company consider, both independently and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders as a whole (having regard to the stakeholders and matters set out in section 172(1) (a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2019.

Throughout this report, we provide examples of how the Board:

- Considers the longer-term impact from its decisions;
- Engages with and considers the interests of our staff;
- Builds strong relationships with customers, suppliers and shareholders, treating all stakeholders fairly;
- Considers the impact of the business operations on the community and local environment; and
- Ensures that the business conducts its operations to the highest possible standards.

Stakeholder Engagement:

The Board consider the stakeholders of the Company to be its customers, suppliers, shareholders, employees and lenders. It is the strong belief of the board that the success of the Group will not stem from short term decision making but by considering the longer-term impact of all decisions and specifically how they influence each of our stakeholders. This will engender trust and reciprocal treatment which will benefit the longer-term goals of the Group.

Our employees are trained to engage with our customers in a manner which is appropriate for the services being procured and is intended to build trust in our delivery capability. We regularly request formal feedback from clients on our performance and this feedback is used to improve our services. Similarly, we seek constructive feedback from contractors and permanent staff that we place on site with clients to ensure they feel supported and informed.

Our employees are our Company's greatest asset. As detailed in the Director's Report, our employees receive regular communication through various channels. Through their engagement and feedback, the Company is able to tailor its training, reward mechanisms and business processes.

The Board also ensures that they respond to any request to speak with independent shareholders and funders to provide explanations on past performance and our expectations and plans for the future. Further information is also available on the Group's website www.interquestgroup.com.

Stakeholder Consideration:

As required by section 414CZA(1) of the Companies (Miscellaneous Reporting) Regulations 2018 we include below how the Directors have had regard to the matters set out in section 172(1) on the principal decisions taken during the year to 31 December 2019.

- Closure of the Frankfurt office – given the ongoing losses reported in this business unit from its establishment in 2018 the decision was taken to close the business in 2019. Whilst there were some one-off costs associated with this closure, the directors believed that servicing the German (and wider EU) market from its established UK operations would be less risky and absorb less working capital than maintaining the on-shore office in Frankfurt.

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Strategic Report (continued)

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- The Report of the Directors and Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Cautionary statement

This Strategic Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed.

This Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Directors, in preparing this Strategic Report, have complied with Section 414C of the Companies Act 2006.

This Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to InterQuest Holdings Limited and its subsidiary undertakings when viewed as a whole.

Signed on behalf of the Board on 31 July 2020

C E Eldridge
Chief Executive Officer

InterQuest Holdings Limited

Report of the Directors

The Directors present their annual report on the affairs of the Group, together with the financial statements, for the year ending 31 December 2019. A review of the performance of the Group and presentation of key performance indicators are included in the Strategic Report.

Results and dividends

The Group reported a loss for the year of £1.12m (18-month period to 31 December 2018: loss of £1.97m). The Directors do not propose to pay a dividend.

Post balance sheet events

Since the year end it has become clear that the spread of COVID-19 will have a material impact on many economies globally, both through the effects of the virus itself and the measures taken by governments to restrict its spread. Given the emergence and spread of the COVID-19 virus is not considered to provide more information about conditions that existed as at the balance sheet date, this is considered to be a non-adjusting post balance sheet event and so the measurement of assets and liabilities in the accounts have not been adjusted for its potential impact. The directors have set out the post year end impact on going concern in the principal accounting policies note.

Employees

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on a regular basis on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through informal meetings, Group publications and regular board meetings that involve representatives from all departments in the business.

Employees are also encouraged to contribute towards and are rewarded for the financial performance of the Group with reference to annual board approved targets. This is through a combination of annual income and profit-based bonus schemes and longer-term share schemes in the form of an approved CSOP.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Share capital

Details of changes in the share capital of the Company during the year are shown in note 16 to the consolidated financial statements.

Financial risk management and policies

The Group finances its operations through a mixture of retained earnings and borrowings. The borrowings all carry variable rates of interest and no interest swaps or other hedging mechanisms have been utilised. All treasury activities are undertaken primarily to finance the business and the Group does not plan to profit from such activities and does not enter into speculative treasury arrangements. The Group maintains several bank accounts denominated in foreign currencies including Euros, US, Canadian, Singapore and Australian dollars, Swedish Krona, Norwegian and Danish Krone, Swiss Francs and Polish Zloty. Given the scale of the transactions denominated in the foreign currencies, the Group does not consider it necessary to enter into forward foreign exchange contracts or to enter into any form of hedging. For further information on the Group's financial risk management and policies refer to note 20.

Assessment of risk and internal control

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness in order to safeguard shareholders' investments and the Group's assets. Executive Directors and senior management are responsible for the implementation and maintenance of the internal control systems, which are subject to periodic, and at least annual, review by the Board.

The Board monitors the ongoing process by which critical risks to the business are identified, evaluated and managed. The Board and particularly the Audit Committee assesses the effectiveness of the Group's system of internal controls, including financial, organisational and compliance controls and risk management systems.

The Group's internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. In assessing what constitutes reasonable accuracy the Board considers the materiality of financial risks and the relationship between the costs of, and benefit from, internal control systems.

Every month the Board reviews the actual financial performance of the Company against the budget, as well as other key performance indicators.

The Group's policies and procedures continue to be refined and updated for distribution throughout the Group.

Directors' indemnities

The Company has made qualifying third-party indemnities for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Auditor

As required by Section 418 of the Companies Act 2006, each Director as at the date of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all 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 Group's auditor is aware of that information.

Crowe UK LLP have expressed their willingness to be reappointed for another term and a resolution to reappoint Crowe UK LLP as auditor will be proposed at the next Board meeting.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and company financial statements for each financial year in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Report of the Directors (continued)

Directors' responsibilities statement (continued)

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 the company and of the profit or loss of the Group and the company for that period.

In preparing each of the Group and company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the Group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU and for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements; and

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board on 31 July 2020

B Felton
Director

InterQuest Holdings Limited

Independent auditor's report to the members of InterQuest Holdings Limited

Opinion

We have audited the group financial statements of InterQuest Holdings Limited for the year ended 31 December 2019 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 group'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 annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to the members of InterQuest Holdings Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters 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 by the group, 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 set out on pages 8 - 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

We have reported separately on the parent company's financial statements of InterQuest Holdings Limited for the year ended 31 December 2019.

InterQuest Holdings Limited

Independent auditor's report to the members of InterQuest Holdings Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

John Glasby
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 31 July 2020

InterQuest Holdings Limited

Principal accounting policies

Nature of operations and general information

The InterQuest Group is a specialist digital and technology recruitment and consultancy business with offices in the UK, Ireland and the USA. The Group provides services across a broad range of sectors, specifically in the high growth functions of digital design, cyber security, digital networks, analytics, risk and other high value niche markets. The Group operates from six offices in the United Kingdom, one office in New York, USA and one office in Dublin, Ireland and has a centralised finance and administration function.

The Group's consolidated financial statements are presented in Pounds Sterling (£'000).

InterQuest Holdings Limited is the Group's ultimate parent Company. It is incorporated in England and Wales, limited by shares and domiciled in the UK. The registered office address is Castle Chambers, 87a High Street, Berkhamsted, HP4 2DF and the registered number is 10451963.

InterQuest Holdings Limited was incorporated on 28 October 2016. The first set of financial statements were prepared up to 30 June 2017 as a dormant entity. On 8 August 2017, InterQuest Holdings Limited acquired a controlling interest in InterQuest Group Limited (then InterQuest Group Plc). As such the previous accounting eighteen month period reflects a seventeen month trading period on consolidation of the Group results. This long period of account brought the InterQuest Holdings Limited year end commensurate with all other Group companies. This set of accounts is reflective of a full twelve month trading period to 31 December 2019.

Basis of preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) and company law applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost save current asset investments which are measured at fair value.

The financial statements for the period ended 31 December 2018 were the first to be prepared under IFRS, including the early adoption of IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments and IFRS16 Leases.

The IASB have issued and the EU have adopted or are in the process of endorsing two new amendments as follows which are not yet in force:-

- Amendments to IFRS 3 Business Combinations (issued 22 October 2018).
- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform (issued on 26 September 2019).

The Group's accounting policies as set out below have been applied consistently throughout the Group for all the periods presented, unless otherwise stated.

Principal accounting policies (continued)

Going Concern

The factors considered by the Directors in exercising their judgement of the Group's ability to continue to operate in the foreseeable future are set out under the Principal Business Risks section of the Strategic Report and under the Post Balance Sheet Event note in the Directors Report.

In their assessment of going concern the directors have considered the current and developing impact on the business of the COVID-19 virus. The fallout from the pandemic has had a significant, immediate impact on the Group's operations, with monthly income levels having declined compared with pre-COVID trading. At the present time it is not clear how long the current circumstances are likely to last and what the long-term impact will be.

The directors have updated their annual forecasts based on current estimates of the impact of the current crisis and undertaken mitigating actions in order to ensure that they have sufficient facilities in place to meet their operating cash requirements for the foreseeable future. These actions include participation in the UK Government Coronavirus Job Retention Scheme, delaying VAT payments under the government's approved VAT deferral scheme, reducing non-sales focussed headcount, renegotiating quarterly repayments on term debt and affecting salary reductions for the senior management team.

On these grounds and considering other actions available to the company should trading deteriorate further, the Board considers it reasonable to continue to adopt the going concern basis for the preparation of the Financial Statements.

Changes in accounting standards

Other than those detailed above there were no other new IFRSs or IFRIC interpretations that require implementation that significantly affect these financial statements.

Basis of consolidation

The Group's financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 December 2019. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Effective control is achieved where the parent company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of the subsidiaries acquired or disposed during the year are included in the Consolidated Income Statement from the effective date of the acquisition or up to the effective date of disposal, as appropriate. Intra-group balances and any unrealised gains and losses or income and expenses arising from the intra-group transaction are eliminated in preparing the consolidated financial statements.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Principal accounting policies (continued)

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

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payments; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Intangible assets
Goodwill
Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

Other intangible assets
An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Customer relationships, acquired as part of a business combination are capitalised separately from goodwill and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over a period of five years.

Principal accounting policies (continued)

Impairment of assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level. Goodwill is allocated to all cash-generating units, including those that have arisen from business combinations and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss recognised for goodwill is not reversed in a subsequent period.

An impairment loss is recognised for the amount by which an asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment is charged pro-rata to other assets in the cash generating unit. With the exception of goodwill, all assets are reassessed for indications that an impairment loss previously recognised may no longer exist.

Property, plant and equipment

Leasehold improvements and plant and equipment are stated at cost, net of depreciation and any provisions for impairment. Management reassess residual values at least annually. Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold improvements	20% straight-line
Office furniture and equipment	33% straight-line

Revenue

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

Revenue is measured by reference to the fair value of consideration received or receivable by the Group's provision of IT recruitment services.

Revenue for temporary contract assignments is recognised over the contract period for the services of the temporary contractor.

Revenue from permanent placements is based on a percentage of the candidate's remuneration package and is recognised when the candidate commences employment with the customer, at which point the customer is contractually obliged to pay for the Group's recruitment service. At times, candidates may back out of a placement subsequent to starting their employment, which may require a rebate on the fee charged based on a sliding scale within the contract. The Group have a large number of contracts with similar characteristics and they monitor the level of "back-outs" on an ongoing basis to determine whether it is highly probable that a significant reversal in the amount of cumulative revenue recognised will occur. The assessment performed does not indicate that a reversal is highly probable and on that basis there is no adjustment to the transaction price to take account of any potentially variable consideration.

Revenue recognised from temporary contract assignments and permanent placements, but not yet invoiced, at the reporting date, is correspondingly accrued on the balance sheet within "accrued income" as part of "trade and other receivables".

The Group adopted IFRS 15 using the cumulative effect method, with the effect of applying this standard recognised in the individual entity accounts which form the basis of this consolidation. Both the results presented for the current and comparative period adhere to the standard.

In the majority of cases the Group acts as principal in any transactions with its clients. The Group assesses whether it acts as a principal in any transactions or as an agent acting on behalf of others. The Group acts as agent under pay-rolling contracts in its recruitment process outsourcing business. In situations where the Group acts as principal in a transaction and bears the risks and rewards of the transaction, the revenue and associated costs are recorded gross in the Consolidated Statement of Comprehensive Income. Where the Group acts as an agent in its recruitment process outsourcing business only the fees associated to the services provided by the Group in the capacity of an agent are recognised as income as and when the contractors have fulfilled their contractual obligations and completed the necessary process in order to be paid.

The gross fees charged by third party recruiters, approved by customers, and associated with the permanent or temporary staff, are excluded from revenue and only the net margin is recognised.

Principal accounting policies (continued)

Leased assets

The Group applied IFRS 16 using the modified retrospective approach in the period ended 31 December 2018.

For all current leases, the Group determined whether the arrangement was or contained a lease based on assessment of whether:

- Fulfilment of the arrangement was dependent on the use of a specific asset or assets: and
- The arrangement has conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met;
  - The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output; and
  - The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output.

The Group recognised a right of use asset and a lease liability from the commencement of the lease. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate (3.84%). Generally the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change of an index factor or interest rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in the profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "current and long term liabilities" in the statement of financial position.

The Group has elected not to recognise right of use assets and lease liabilities for short-term leases of equipment and/or property that have a term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Principal accounting policies (continued)

Current and deferred tax

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the profit or loss, except where they relate to items that are charged or credited directly to other comprehensive income or equity in which case the related deferred tax is also charged or credited directly to other comprehensive income or equity as appropriate.

Financial instruments

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

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

Trade receivables and trade payables:

Trade receivables and payables are initially recognised at fair value and thereafter at amortised cost using the effective interest rate method. The carrying amount of trade receivables is reduced through an impairment based on an "expected credit loss" model. The Group has determined that the impact of IFRS 9 is not material to the financial statements based on the "expected credit loss" methodology.

Invoice discounting facility:

Interest-bearing bank facilities and overdrafts are recorded at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they relate.

InterQuest Holdings Limited

Principal accounting policies (continued)

Financial instruments (Continued)

Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. 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. Bank overdrafts are included within the balance sheet in current financial liabilities – borrowings.

Employee benefits

Defined contribution pension scheme:

Group companies contribute to defined contribution pension plans of some employees at rates agreed between the companies and the employees. The assets of each scheme are held separately from those of the Group. Contributions are recognised as they become payable.

Equity-settled share-based payment:

There is an Inland Revenue approved Enterprise Management Incentive Share Option Plan ("EMI") and an Unapproved Share Option Plan under which share options are granted to key employees.

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2020 are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to "share-based payment reserve". Payments are recognised in the period to which they relate. If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

Long-Term Incentive Plan:

In December 2008, shareholders approved a share-based Long-Term Incentive Plan ('LTIP'). This Plan provides EMI share option awards to Executive Directors and Senior Management subject to certain non-market vesting conditions, including their continuing employment with the Group. Senior management incentive plans which include participants acquiring financial instruments whose value is linked to the achievement of certain performance measures and are payable in equity are treated as non-market based vesting condition equity-settled share-based payments under IFRS 2.

Principal accounting policies (continued)

Employee benefits (continued)

Long-Term Incentive Plan (continued):

The market condition of the share options was considered when the fair value of the equity instruments was determined. The expense is recognised in the income statement over the vesting period of the share options. The conditions of the options include a cumulative share price hurdle. Payments due to the Company as a result of the purchase of shares from the scheme are accounted for upon exercise.

Acquisition and working capital finance facilities

The Group has access to acquisition and working capital finance facilities provided by its bankers in the form of a trade receivables finance facility and a four year term loan which are both secured by a fixed and floating charge over the Group's assets; in addition the Group is financed through various loan notes.

The borrowings under this are included within current liabilities and described as "Financial Liabilities - borrowings" and non-current liabilities as "Loan notes and bank finance" on the Group's statement of financial position and the facility is secured specifically against the Group's trade receivables. Trade receivables which have been discounted are included with trade receivables within current assets in the Group's statement of financial position.

Foreign currency

For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Principal accounting policies (continued)

Exceptional items

Exceptional items of income and expense are disclosed in the income statement as 'exceptional items' due to their size, or nature and management do not anticipate these items repeating in future periods. Examples of items which may give rise to disclosure as 'exceptional' include inter alia, costs of restructuring and reorganisation of existing businesses. The Directors consider that this gives a useful indication of underlying performance and better visibility of key performance indicators.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of these financial statements under IFRS as adopted by the European Union requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The judgements and estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Goodwill impairment: considered a critical accounting judgement and a key source of estimation uncertainty

The Group is required to test, at least annually, whether goodwill has suffered any impairment or if any indicators of impairment are identified. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary. Estimates and assumptions used are set out in note 8.

Reclassifications

The Group has reclassified amounts between amounts due to shareholders and non-controlling interests in the prior period to reflect the appropriate ownership amounts. There was no change in profit or loss, equity or cash flows as a result of this reclassification.

InterQuest Holdings Limited

Consolidated Statement of Comprehensive Income
For the year ending 31 December 2019

	Notes	Before Exceptional Items £'000	Exceptional Items £'000	12 Months to 31 Dec 2019 £'000	Before Exceptional Items £'000	Exceptional Items £'000	18 Months to 31 Dec 2018 £'000
Group Revenue	1	136,453	-	136,453	207,385		207,385
Cost of sales		(112,912)	-	(112,912)	(175,303)		(175,303)
Gross Profit	1	**23,541**	-	**23,541**	**32,082**	-	**32,082**
Administrative expenses	2	(22,432)	(1,005)	(23,437)	(30,339)	(1,675)	(32,014)
Earnings before interest, tax, depreciation and amortisation		**2,709**	**(1,005)**	**1,704**	**3,982**	**(1,675)**	**2,307**
Depreciation	7	(911)	-	(911)	(1,296)	-	(1,296)
Amortisation	8	(689)	-	(689)	(943)	-	(943)
Group Operating profit/(loss)	1,2,3	**1,109**	**(1,005)**	**104**	**1,743**	**(1,675)**	**68**
Finance costs	5	(813)	-	(813)	(1,774)		(1,774)
Profit/(loss) before taxation		**296**	**(1,005)**	**(709)**	**(31)**	**(1,675)**	**(1,706)**
Tax credit	6	75	-	75	132	-	132
Profit/(loss) for the year from continuing operations		**371**	**(1,005)**	**(634)**	**101**	**(1,675)**	**(1,574)**
Loss from discontinued operations	24	(487)	-	(487)	(396)	-	(396)
Loss for the year		**(116)**	**(1,005)**	**(1,121)**	**(295)**	**(1,675)**	**(1,970)**
Profit/(loss) and total comprehensive income attributable to:							
- Owners of the parent		(326)	(804)	(1,130)	(791)	(1,340)	(2,131)
- Non Controlling interests	21	210	(201)	9	496	(335)	161
Total Comprehensive income/(expense) for the year		**(116)**	**(1,005)**	**(1,121)**	**(295)**	**(1,675)**	**(1,970)**

InterQuest Holdings Limited

Consolidated Statement of Financial Position
As at 31 December 2019

Assets	Notes	2019 £'000	2018 £'000
Non-current assets			
Property, plant and equipment	7	4,873	4,656
Goodwill	8	10,835	10,835
Intangible assets	8	1,816	2,505
Total non-current assets		**17,524**	**17,996**
Curent Assets			
Trade and other receivables	9	17,977	19,040
Investments	10	-	57
Current tax debtor		545	675
Cash at bank and in hand	11	625	3,450
Total current assets		**19,147**	**23,222**
Total Assets		**36,670**	**41,218**
Liabilities			
Current Liabilities			
Trade and other payables	12	(11,557)	(12,680)
Invoice factoring facility	13	(7,541)	(7,895)
Leasing Liabilities	13	(638)	(627)
Loan notes and bank finance	13	(2,976)	(2,978)
Total current liabilities		**(22,711)**	**(24,180)**
Non-current liabilities			
Leasing Liabilities	13	(4,031)	(3,797)
Loan notes and bank finance	13	(8,797)	(10,671)
Deferred tax	14	(445)	(576)
Total non-current liabilities		**(13,273)**	**(15,044)**
Total Liabilities		**(35,985)**	**(39,224)**
Net Assets		**686**	**1,994**
Equity			
Share capital	16	1	1
Other capital reserve		3,187	3,187
Retained earnings		(3,420)	(1,517)
Total issued share capital and reserves attributable to the owners of the parent		(232)	1,671
Non Controlling interest		918	323
Total Equity		**686**	**1,994**

The financial statement of InterQuest Holdings Limited, were approved by the Board of Directors on 31 July 2020.

Signed on behalf of the Board of Directors.

Director
Company Number: 10451963

InterQuest Holdings Limited

Consolidated Statement of Changes in Equity
For the year ending 31 December 2019

	Share Capital £'000	Other Capital Reserve £'000	Retained Earnings £'000	Non-Control. Interest £'000	Total Equity £'000
Comprehensive income					
Loss for the period	-	-	(2,131)	161	(1,970)
Total comprehensive income for the period	-	-	(2,131)	161	(1,970)
Transactions with owners					
Issue of share capital	1	3,187	-	-	3,188
Minority interest acquired	-	-	-	776	776
Total contrib. by / distib. to owners	1	3,187	-	776	3,964
Balance at 31 December 2018	1	3,187	(2,131)	937	1,994
Balance at 1 January 2019	1	3,187	(2,131)	937	1,994
Comprehensive income					
Loss for the year	-	-	(1,130)	9	(1,121)
Total comprehensive income for the period	-	-	(1,130)	9	(1,121)
Transactions with owners					
Share consolidation	-	-	(159)	(28)	(187)
Total contrib. by / distib. to owners	-	-	(159)	(28)	(187)
Balance at 31 December 2019	**1**	**3,187**	**(3,420)**	**918**	**686**

InterQuest Holdings Limited

Consolidated Statement of Cash Flows
For the year ending 31 December 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Profit/(loss) after taxation		**(1,121)**	**(1,970)**
Adjustments for:-			
Depreciation	7	911	1,296
Finance costs	5	813	1,774
Amortisation	8	689	943
Tax expenses/(credits)	6	(75)	(132)
Movement on trade and other receivables		1,063	(19,040)
Movement on trade and other payables		(1,123)	12,680
Cash generated from operations		1,158	(4,450)
Tax paid		(187)	(675)
Net cash from operating activities		**972**	**(5,125)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(275)	(753)
Disposal/(acquisition) of investments	10	60	(57)
Share consolidation		(187)	-
Acquisition of subsidiaries net of cash acquired		-	(9,878)
Net cash used in investing activities		**(402)**	**(10,688)**
Cash flows from financing activities			
Bank loan (payments)/net receipt		(2,056)	7,037
Loan notes (paid)/issued		220	6,356
Lease liabilities (paid)		(791)	(767)
Net movement on discounting facility		(354)	7,895
Interest paid		(455)	(1,252)
Net cash used in financing activities	13	**(3,436)**	**19,269**
Net movement in cash, cash equivalents and overdrafts		**(2,867)**	**3,457**
Effects of currency translation on cash and cash equivalents		42	(7)
Cash, cash equivalents and overdrafts at beginning of period	11	**3,450**	**-**
Cash, cash equivalents and overdrafts at end of the period	11	**625**	**3,450**

InterQuest Holdings Limited

Notes to the consolidated financial statements
For the year ended 31 December 2019

1. Revenue and segmental reporting

There were £4.79m of revenues earned from outside of the UK, mainly in the US, but no material non-current assets held outside the UK.

	Revenue		Gross profit	
	2019 **£'000**	**2018** **£'000**	**2019** **£'000**	**2018** **£'000**
Permanent	11,059	14,580	11,059	14,580
Contract	125,394	192,805	12,482	17,502
	136,453	207,385	23,541	32,082

There are no external customers who individually represent more than 10% of the entity's external revenues during the year (2018: no client represented more than 10%).

Notes to the consolidated financial statements
For the year ended 31 December 2019 (continued)

2. Administrative expenses

Administrative expenses include the following:

	2019	2018
	£'000	£'000
Auditor's remuneration:		
Fees payable to the Company's auditor and their associates for the audit of the Company's annual financial statements	45	48
Audit of Company's subsidiaries pursuant to legislation	-	9
Total audit fees	45	57
- Taxation compliance services	20	20
Total non-audit fees	20	20
Total auditor's remuneration	65	77
Amortisation of intangible assets (see note 8)	689	943
Depreciation (see note 7)	911	1,296
Exceptional items – before tax impact (see note 3)	1,005	1,675
Foreign currency (gains)/losses	44	(83)

Analysis of administrative expenses before exceptional items

	2019	2018
Staff costs	17,111	22,201
Other staff related costs	227	798
Property and premises costs	1,093	2,361
Travel and subsistence	550	668
Communications and IT	800	1,120
Legal and professional	362	816
Foreign exchange	44	(83)
Depreciation	911	1,296
Other general overhead	1,334	1,162
	22,432	30,339

3. Exceptional items

The below represent exceptional items in the 2019 financial statements:

	2019 £'000	2018 £'000
Refinancing and costs of acquisition	-	(363)
Non-recurring employment costs	(31)	(472)
Restructuring costs	(912)	(447)
Onerous lease and office costs	-	(318)
Share option benefits	(62)	(75)
	(1,005)	(1,675)

4. Directors and employees

Staff costs including Directors during the year were as follows:

	2019 £'000	2018 £'000
Wages and salaries	15,263	19,704
Social security costs	1,573	2,145
Other pension costs (see note 15)	275	352
	17,111	22,201

The average number of employees of the Group during the year was:

	2019 Number	2018 Number
Recruitment consultants	220	225
Administration	60	60
	280	285

Remuneration in respect of Directors was as follows:

	2019 £'000	2018 £'000
Total	771	1,178
Highest paid Director	387	509

Notes to the consolidated financial statements
For the year ended 31 December 2019 (continued)

5. Finance costs

	2019 £'000	2018 £'000
Interest payable on borrowings	813	1,774

6. Income tax expense

	Before exceptional items £'000	Exceptional items £'000	2019 £'000	2018 £'000
Current tax				
Corporation tax on chargeable profits for the year	(56)	-	(56)	(47)
Adjustments in respect of prior periods	-	-	-	-
Total current tax	(56)	-	(56)	(47)
Deferred tax				
Origination and reversal of temporary difference	131	-	131	179
Adjustment in respect of prior periods	-	-	-	-
Total income tax credit	75	-	75	132

Income tax expense recognised outside of the income statement	2019 £'000	2018 £'000
Current tax on share-based payments	-	-
Deferred tax on share-based payments	-	-
Total tax recognised outside of income statement	-	-

InterQuest Holdings Limited

Notes to the consolidated financial statements
For the year ended 31 December 2019 (continued)

6. Income tax expense (continued)

	2019	2018
	£'000	£'000
Profit/(loss) before taxation	(709)	(1,706)
Discontinued operations	(487)	(396)
Sum of losses before tax including discontinued operations	**(1,196)**	**(2,102)**
Profit/(loss) before taxation multiplied by effective rate of corporation tax in the UK of 19% (2018: 19.25%)	(227)	(328)
Effects of:		
Depreciation of assets not qualifying for tax relief	19	10
Net effect of tax losses in the year	166	210
Expenses not deductible for tax purposes	37	34
Difference in overseas tax rates	(67)	
Tax impact of IFRS 15 adjustments prior years	-	387
Amortisation and Impairment of intangibles	-	(179)
Effect of foreign subsidiary losses not relievable	-	(287)
Other tax adjustment	(3)	21
Total income tax credit	**(75)**	**(132)**

7. Property, plant and equipment

	Leasehold improvements £'000	Office furniture and equipment £'000	Right of use assets £'000	Total £'000
Cost				
At 1 January 2019	4,002	1,564	5,479	11,045
Additions	175	100	859	1,134
Disposals	-	13	-	13
At 31 December 2019	4,177	1,651	6,338	12,166
Depreciation				
At 1 January 2019	3,382	1,383	1,624	6,389
Charge for period	169	119	623	911
Disposals	-	7	-	7
At 31 December 2019	3,551	1,495	2,247	7,293
Net book value				
At 1 January 2019	620	181	3,855	4,656
At 31 December 2019	**626**	**156**	**4,091**	**4,873**

The right of use assets are all represented by leasehold properties with lease terms extending beyond 1 year.

8. Goodwill and intangible assets

	Goodwill	Customer relationships	Total
	£'000	£'000	£'000
Cost			
At 1 January 2019	10,835	3,448	14,283
Additions	-	-	-
Disposals	-	-	-
At 31 December 2019	**10,835**	**3,448**	**14,283**
Amortisation and accumulated impairment losses			
At 1 January 2019	-	943	943
Charged during the year	-	689	689
Reversed during the year	-	-	-
At 31 December 2019	**-**	**1,632**	**1,632**
Net book value			
At 1 January 2019	**10,835**	**2,505**	**13,340**
At 31 December 2019	**10,835**	**1,816**	**12,651**

8. Goodwill and intangible assets (continued)

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to the originally acquired business units as follows:

	2019 £'000 Closing	2018 £'000 Closing
Niche Markets	1,119	1,119
Specialist Staffing	2,430	2,430
ECOM	1,142	1,142
RDW	711	711
Public Sector	1,319	1,319
Talent Solutions	994	994
Albany Beck	3,120	3,120
	10,835	10,835

Whilst the trade in certain businesses above has been transferred to the main operating company, the businesses continue to trade and generate cash flows that are largely independent of those from other assets or groups of assets.

The value of the intangible is shown above as originating from these companies though the value of the business has been transferred and operates as a distinct CGU or number of CGUs within another operating subsidiary.

8. Goodwill and intangible assets (continued)

The recoverable amount of goodwill and intangible assets associated with each CGU is determined based on value-in-use calculations. The key assumptions used for value-in-use calculations as at 31 December 2019 are that the CGUs will trade in accordance with the 2020 budget, which has a higher financial result than that reported for 2019. Thereafter, the assumption is for 2% annual growth in sales and 2% growth in costs (from 2019 levels) until 31 December 2025 across all CGUs. These assumptions are based on management's experience of the IT recruitment market place and latest industry forecasts. The cash flows are based on a five year life plus a terminal value based on perpetual growth of 2% and a pre-tax discount rate of 13.8%.

The discount rate represents the Group's weighted average cost of capital, based on the risk-free rate with an additional premium added to reflect market risk and the size of the Group. This is consistent across all CGUs as management do not consider the risk differential to be significant. The Board believes that the growth rates used in the value-in-use calculations are appropriate as at year end and have applied sensitivities to the calculations to be satisfied that the current recoverable amount of goodwill and intangible assets are appropriate.

Each CGU has been considered on an individual basis and the assumptions used fall within historic variations experienced by the Group and are considered as reasonable estimations.

The assessment for value in use for each CGU is sensitive to both growth rates and gross margin. These assumptions have been used for the analysis of each CGU because each CGU shares similar attributes and it is appropriate to use similar assumptions.

Financial results up until March 2020, before the COVID-19 pandemic started to impact trade, were in line with budget and supported the growth rates used in these calculations. Whilst the impact from the COVID-19 virus occurred after the year end and is therefore considered a non-adjusting post balance sheet event, the directors cannot be certain that a future impairment of the carrying value of goodwill will not be required as a result. This will be dependent on any prolonged period of lock-down and the speed with which business recovers once confidence returns to the economy.

9. Trade and other receivables

	2019 £'000	2018 £'000
Gross trade receivables	15,611	16,694
Provisions	(35)	(28)
Net trade receivables	15,576	16,666
Prepayments and accrued income	2,308	2,354
Other current assets	93	20
	17,977	19,040

Included within gross trade receivables is £9,216 in respect of invoice factored debts outstanding at year end. All trade receivable amounts are short term.

The lifetime expected credit loses for trade receivables are as follows:

	% Expected loss rate	2019 £'000	2018 £'000
30 days or less	0.10	8,542	11,391
31 to 60 days	0.25	6,454	5,281
91 to 120 days	1.50	615	22
Gross trade receivables		15,611	16,694

Movements on the Group provision for impairment of trade receivables are as follows:

	2019 £'000	2018 £'000
Provision for receivables impairment at 1 January 2019	28	-
Amounts released in the period	-	(4)
New provision in the period	7	32
Provision for receivables impairment at 31 December 2019	35	28

The creation of the provision for impaired receivables has been included in the consolidated statement of comprehensive income. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

9. Trade and other receivables (continued)

Transfer of financial assets

During the year, the Group factored trade receivables with an aggregate carrying amount of £131 million to a bank for cash proceeds of the same amount. If the trade receivables are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance. Accordingly, the Group continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing within Financial Liabilities (see note 13).

10. Investments

	2019 £'000	2018 £'000
Short term investments acquired InterQuest Group Ltd – August 2017	-	57

Short term investments were stated at their open market value at the year end. The entire portfolio was disposed of during the year. The cost value of the investments at the previous period-end was 2018: £58k.

11. Cash and cash equivalents

	2019 £'000	2018 £'000
Cash and cash equivalents	625	3,450

The carrying value of cash and cash equivalents is considered to be a reasonable approximation of fair value.

12. Trade and other payables

	2019 £'000	2018 £'000
Trade payables	8,504	8,476
Other tax and social security	697	1,476
Other payables	21	84
Accruals and deferred income	2,335	2,644
	11,557	12,680

The carrying values of trade and other payables are considered a reasonable approximation of fair value.

13. Financial liabilities - borrowings

	2019 £'000	2018 £'000
Less than one year		
Bank loan	1,875	1,875
Invoice factoring facility	7,541	7,895
Leasing liability under IFRS16	638	627
Loan notes	1,101	1,103
	11,155	11,500

The Group received funding from HSBC Bank plc in September 2018 totalling £7.5m. The full loan is repayable over four years, in equal quarterly instalments. The Group must meet certain financial covenants during the period of this loan regarding EBITDA performance, interest and cash flow cover. At the end of the current financial period, all financial covenants were met. The current interest rate at both 31 December 2019 and 31 December 2018 was 3.84%.

The Group has access to a working capital finance facility provided by its bankers. These facilities comprise a trade receivables finance facility and an overdraft which are secured by a fixed and floating charge over the Group's assets. The trade receivables finance facility is secured specifically against the Group's trade receivables. Trade receivables which have been factored are included with trade receivables within current assets in the Group's statement of financial position. A debenture dated March 2017 was executed to secure all the Company's liabilities to HSBC Bank plc. A cross corporate guarantee and indemnity is in place on the invoice discounting facility between the Company, InterQuest Group (UK) Ltd, Albany Beck Consulting Limited and RDW Limited. The facility allows drawdown to a maximum of £20m and is renewable on an annual basis.

Due to the early adoption of IFRS16, the Group has recognised a leasing liability. All leases contained in this area relate to right of use assets which are properties. In calculating the right of use liability the Group has assumed that all leases run their full term. The interest used to compute the financing element is the same rate which the Group can achieve additional borrowing of 3.84%.

The Group issued loan notes totalling £5.3m to G P Ashworth and his wife C Ashworth in September 2017. At the year-end interest was accruing on the outstanding balance at 3.75%.

The Group issued loan notes to Recruitment Capital Partners LLP, a partnership in which G P Ashworth (Director) is a partner totalling £1.09m in September 2018. These Loan notes are repayable on demand. Interest at 3.84% is being accrued on the outstanding balance.

13. Financial liabilities – borrowings (continued)

	2019 £'000	2018 £'000
Due in more than one year		
Bank loan	3,100	5,156
Leasing liability under IFRS16	4,031	3,797
Loan notes	5,697	5,515
	12,828	14,468

The net debt of the Group was as follows:-

	2019 £'000	2018 £'000
Total debt	23,983	25,968
Less: Cash and cash equivalents	(625)	(3,450)
Net debt	23,358	22,518

	2019 £'000	2018 £'000
Cash flows from financing		
Interest paid	(455)	(1,252)
Proceed from borrowing and accruing interest	220	13,862
Capital repayments	(2,056)	(469)
Proceeds from factoring facility	(354)	7,895
IFRS16 lease repayments	(791)	(767)
	(3,436)	19,269
Non cash flows from financing		
Recognised on adoption of IFRS16	858	4,925
Interest on IFRS 16 lease liability	179	266
Interest accrued	414	1,508
	1,451	6,699
Net change in liabilities from financing	(1,985)	25,968
Opening liabilities arising from financing	25,968	-
Closing liabilities arising from financing	23,983	25,968

14. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Depreciation charged in excess / (arrears) of capital allowances	Deferred tax credit/(charge) on employee share options	Other timing differences	Intangible asset temporary difference	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2019	(17)	10	(1)	(568)	(576)
Deferred tax charge direct to Income Statement	-	-	-	131	131
Balance at 31 December 2019	(17)	10	(1)	(437)	(445)

At the reporting date, the Group has unused tax losses of £1m available for offset against future profits. Deferred tax has not been recognised on these amounts as there is uncertainty over their future use. Of these amounts none have an expiry date.

The gross movement on the deferred income tax amount is as follows:

	2019 £'000	2018 £'000
Asset at 1 January (1 July 2017)	(576)	-
Addition from InterQuest Group Ltd – August 2017	-	(97)
Additions from Albany Beck Group – April 2018	-	(3)
Charge to income statement (note 6)	131	179
Charge to equity	-	(655)
Liability at 31 December	(445)	(576)

15. Employee benefits

The following amounts have been recognised in the consolidated statement of comprehensive income in relation to defined contribution retirement benefit plans:

	2019 £'000	2018 £'000
Defined contributions	275	352

Equity-settled share-based payments:

	Options	2019 Weighted average exercise price
Outstanding at beginning of the year	1,000	
Granted during the year	-	
Forfeited during the year	-	
Exercised during the year	-	
Outstanding at end of year	1,000	£0.01
Exercisable during the year	1,000	£0.01
Exercisable at the year end	1,000	£0.01
Weighted average remaining contractual life of options outstanding at the end of the year	4 years	

The options outstanding at 31 December 2019 had an exercise price of £0.01. The exercise price of the options is set at the time that the share options are awarded and do not reflect market value at the time the options are exercised. Details of the Company's share options are as follows:

EMI scheme:

Date granted	Number of options granted and still outstanding	Exercise price	Date from which exercisable	Expiry date
12 March 2014	1,000	£0.01	1 April 2015	11 March 2024
	1,000			

Some share options have sales performance conditions attached.

The form of settlement for share options is at the discretion of the Company, however, the expectation is that they will be settled with equity.

16. Share capital and reserves

	2019 £'000	2018 £'000
Authorised:		
1,000 ordinary shares of £1 each	1	1
Allotted, called up and fully paid:		
Issue of 900 ordinary shares of £1 each	1	1

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by providing recruitment services commensurately with the level of risk.

The Group defines capital as net debt which is calculated as total debt as shown in the statement of financial position less cash and cash equivalents.

The nature and purpose of the retained earnings represents cumulative net profits less distributions to shareholders.

17. Operating leases

Due to the impact of IFRS16, future operating lease liabilities are now defined as liabilities on the Group balance sheet with analysis and ageing disclosed in note 13.

18. Related party transactions

The Group has taken advantage of the exemptions contained within IAS24 - Related Party Disclosures from the requirement to disclose transactions between Group companies as those have been eliminated on consolidation.

Transactions between the Group and non-Group companies but considered related parties are disclosed below.

Related party	Nature of business	2019 £'000	2018 £'000	Directors involved
Shillingridge Limited	Business expenses	45	130	G P Ashworth
EG360 Consulting	Consultancy	28	91	D C Higgins

The Group issued loan notes totalling £5.3m to G P Ashworth and his wife C Ashworth in September 2017. At the period end interest was accruing on the outstanding balance at 3.75%.

The Group issued loan notes to Recruitment Capital Partners LLP, a partnership in which G P Ashworth (Director) is a partner totalling £1.09m in September 2018. These Loan notes are repayable on demand. Interest at 3.84% is being accrued on the outstanding balance.

Compensation paid to key management personnel of the Group being Directors and Senior Managers was as follows:

	2019 £'000	2018 £'000
Salaries and other short-term employee benefits	1,832	2,432
	1,832	2,432

Key management are considered to be those who have authority and responsibility, planning, directing and controlling the activities of the Group.

19. Events after the balance sheet date

Since the year end it has become clear that the spread of COVID-19 will have a material impact on many economies globally, both through the effects of the virus itself and the measures taken by governments to restrict its spread. Given the emergence and spread of the COVID-19 virus is not considered to provide more information about conditions that existed as at the reporting date, this is considered to be a non-adjusting post balance sheet event and so the measurement of assets and liabilities in the accounts have not been adjusted for its potential impact. The directors have set out the post year end impact on going concern in the principal accounting policies note.

20. Financial risk management

Interest rate sensitivity:

At 31 December 2019, the Group is exposed to changes in market interest rates through its invoice factoring facilities, term loans and loan notes. All borrowing is subject to variable interest rates. The Group does not hedge the exposure to variations in interest rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +3% and –0.5% (2018: +3% and -0.5%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's financial instruments held at each reporting date. All other variables are held constant.

	+3% 2019 £'000	**-0.5% 2019 £'000**	**+3% 2018 £'000**	**-0.5% 2018 £'000**
Net result for the year	(1,780)	(1,011)	(1,233)	208
Equity	(1,780)	(1,011)	(1,233)	208

Credit risk analysis:

The Group's exposure to credit risk is limited to the carrying amount of trade and other receivables. The Group manages this risk by continuously monitoring defaults of customers and other counterparties, identified either individually or by the Group, and incorporating this information into its credit risk controls. In addition, where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

Group management considers that trade receivables not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. See note 9 for further information on impairment of financial assets that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.
The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk analysis:

The Group manages its liquidity needs by carefully monitoring scheduled deferred consideration payments as well as cash outflows due in day-to-day business. The Group manages liquidity risk by monitoring in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs and risk for a 180-day and a 360-day lookout period are monitored monthly.

The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity is secured by an adequate level of committed trade receivables financing facilities.

20. Financial risk management (continued)

Foreign exchange risk analysis:

The main functional currency of the Group is British Pounds but the Group does have bank accounts and transacts in Euros, US, Canadian, Singapore and Australian dollars, Swedish Krona, Norwegian and Danish Krone, Swiss Francs and Polish Zloty. The Group manages foreign currency risk by contracting with customers and contractors in the same currency wherever possible and does not consider the Group to have material transactional exposures in foreign currencies.

There are no material net foreign exchange exposures to monetary assets and monetary liabilities. The Group has translation exposure in accounting for overseas operations but because they are not significant the Group does not have a policy to hedge against this exposure.

Analysis of the Group's contractual maturities of liabilities is set out in note 13.

	2019	**2018**
	£'000	**£'000**
Loans and receivables	17,977	19,040
Total financial assets	17,977	19,040

	2019	**2018**
	£'000	**£'000**
Current assets		
Trade receivables	15,576	16,666
Prepayments and accrued income	2,401	2,374
Cash and cash equivalents	625	3,450
	18,602	22,490

	2019	**2018**
	£'000	**£'000**
Financial liabilities measured at amortised cost	19,098	20,575

	2019	**2018**
	£'000	**£'000**
Current liabilities		
Invoice factoring facility	7,541	7,895
Trade payables	8,504	8,476
Other payables	718	1,560
Accruals	2,335	2,644
	19,098	20,575

Notes to the consolidated financial statements
For the year ended 31 December 2019 (continued)

20. Financial risk management (continued)

The contractual maturity of the Group's financial liabilities (excluding trade and other payables) is as follows:-

	Bank Loan	**Leasing Liabilities**	**Loan Notes**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Within one year	2,023	802	1,143	3,968
Between one and two years	2,007	773	-	2,780
Between two and five years	1,253	1,909	-	3,162
More than five years	-	1,854	5,909	7,763
Total cash flows	5,283	5,338	7,052	17,673

21. Non-controlling interests

	£'000
Balance at 1 January 2019	937
Minority share result for the year	9
Share consolidation	(28)
Balance at 31 December 2019	918

The Group holds 80% of the nominal value of the share capital of InterQuest Group Limited. The above non-controlling interest represents the portion of retained earnings not held by the Group at the year end.

22. Non-GAAP performance measures

The Group presents reported results and adjusted results in order to help shareholders better understand the Group's operational performance.

Total reported results represent the Group's overall performance, but can contain significant items that may obscure understanding of the key trends behind the Group's financial performance. The Group therefore also reports adjusted results to better explain the underlying trading and financial results of the Group.

Adjusted performance measures exclude share based payment charges, amortisation and exceptional items. Exceptional items include inter alia, acquisition costs, costs of restructuring and reorganisation of existing businesses or asset impairment.

Other key financial performance measures such as net debt, operating cash flow and operating profit are derived from the information that is presented in the financial statements.

23. Business Combinations - 2018

In August 2017, the Company acquired 58.32% of the issued share capital of InterQuest Group Limited (then InterQuest Group Plc), a recruitment group.

In April 2018, InterQuest Group Limited issued 13,273,400 shares of 1 pence each to purchase 95% of the issued share capital of Albany Beck Consulting Limited, which in turn owned 100% of the issued share capital of IMS Worldwide Limited and Interim Management Solutions Worldwide Limited. These shares were issued to G P Ashworth and James Constable, both Directors and shareholders of Albany Beck Consulting Limited and to Recruitment Capital Partners LLP, a partnership in which G P Ashworth (Director) is a partner. This reduced the Company's overall shareholding in InterQuest Group Limited to 43.41% of the issued share capital.

In May 2018, the Company then purchased 4,166,667 InterQuest Group Limited shares on the open market, increasing its holding to 51.44%.

Finally, in September 2018, the Company purchased the 13,273,400 InterQuest Group Limited shares previously issued in relation to the purchase of Albany Beck Consulting Limited to achieve a 77% overall holding.

23. Business Combinations (continued)

Acquisition of InterQuest Group Limited (August 2017):

	Net Assets acquired
Fixed assets and intangible assets	459
Debtors and other receivables	15,847
Cash	1,124
Invoice discount facility	(6,556)
Other payables and liabilities	(7,452)
	3,422
Net assets acquired – 77%	2,636
Goodwill and intangible assets arising on acquisition	10,906
Deferred tax asset arising on intangible assets	(606)
Consideration	12,936

Acquisition of Albany Beck Consulting Limited (April 2018):

	Net Assets acquired
Fixed assets	15
Debtors and other receivables	242
Cash	22
Invoice discount facility	(101)
Other payables and liabilities	(595)
	(417)
Net assets acquired – 95%	(395)
Goodwill and intangible assets arising on acquisition	3,377
Deferred tax asset arising on intangible assets	(49)
Consideration	2,933

When measuring goodwill accruing on a business combination where there are non-controlling interest (NCI's) the Group applies the parties' method, recognising only the fair value of their proportion of identifiable assets and liabilities.

Notes to the consolidated financial statements
For the year ended 31 December 2019 (continued)

24. Discontinued operations

Analysis of the result of discontinued operations:

	2019 £'000	2018 £'000
Gross profit	476	368
Administrative expenses	(963)	(764)
Operating profit	(487)	(396)
Tax	-	-
Loss from discontinued operations after tax	(487)	(396)

Discontinued operations represent the executive search business in Frankfurt, Germany. All European executive search work is carried out from the head office in the UK.

InterQuest Holdings Limited

Parent Company principal accounting policies

General information

InterQuest Holdings Limited is the Group's ultimate parent Company. It is incorporated in England and Wales, limited by shares and domiciled in the UK. The registered office address is Castle Chambers, 87a High Street, Berkhamsted, HP4 2DF and the registered number is 10451963.

Basis of preparation

The principal accounting policies of the Company have been applied consistently and remain unchanged from the previous year. The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. InterQuest Holdings Limited is a Company incorporated and domiciled in the UK.

InterQuest Holdings Limited was incorporated on 28 October 2016. The first set of financial statements were prepared up to 30 June 2017 as a dormant entity. On 8 August 2017, InterQuest Holdings Limited acquired a controlling interest in InterQuest Group Limited (then InterQuest Group Plc). As such the comparative 18 month period reflects a 17 month trading period on consolidation of the Group results. This long period of account brought the InterQuest Holdings Limited year end commensurate with all other Group companies.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The financial statements have been prepared using the historical cost convention adjusted for the revaluation of certain financial assets and liabilities in accordance with applicable United Kingdom accounting standards and law.

Going Concern

The factors considered by the Directors in exercising their judgement of the Group's ability to continue to operate in the foreseeable future are set out under the Principal Business Risks section of the Strategic Report and under the Post Balance Sheet Event note in the Directors Report.

In their assessment of going concern the directors have considered the current and developing impact on the business of the COVID-19 virus. The fallout from the pandemic has had a significant, immediate impact on the Group's operations, with monthly income levels having declined compared with pre-COVID trading. At the present time it is not clear how long the current circumstances are likely to last and what the long-term impact will be.

The directors have updated their annual forecasts based on current estimates of the impact of the current crisis and undertaken mitigating actions in order to ensure that they have sufficient facilities in place to meet their operating cash requirements for the foreseeable future. These actions include participation in the UK Government Coronavirus Job Retention Scheme, delaying VAT payments under the government's approved VAT deferral scheme, reducing non-sales focussed headcount, renegotiating quarterly repayments on term debt and affecting salary reductions for the senior management team.

On these grounds and considering other actions available to the company should trading deteriorate further, the Board considers it reasonable to continue to adopt the going concern basis for the preparation of the Financial Statements.

Parent Company principal accounting policies (continued)

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;
- 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 in respect of financial instruments.

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

- IFRS 2 Share Based Payments in respect of Group settled share based payments.

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 periods presented in these financial statements. The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in the Principal Accounting Policies to the consolidated financial statements on page 27 to 36 except as noted below.

InterQuest Holdings Limited

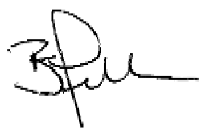
Parent Company statement of financial position
As at 31 December 2019

Assets	Notes	2019 £'000	2018 £'000
Non-current assets			
Investments	1	12,936	12,936
Total non-current assets		**12,936**	**12,936**
Curent Assets			
Trade and other receivables	2	1,003	715
Cash at bank an in hand	3	1	147
Total current assets		**1,004**	**862**
Total Assets		**13,940**	**13,798**
Liabilities			
Current Liabilities			
Trade and other payables	4	(3,533)	(1,279)
Loan notes and bank finance	4	(2,976)	(2,978)
Total current liabilities		**(6,509)**	**(4,257)**
Non-current liabilities			
Loan notes and bank finance	5	(8,797)	(10,671)
Total non-current liabilities		**(8,797)**	**(10,671)**
Total Liabilities		**(15,306)**	**(14,928)**
Net assets		**(1,366)**	**(1,130)**
Equity			
Share capital	6	1	1
Retained Earnings		(1,367)	(1,131)
Total Equity		**(1,366)**	**(1,130)**

InterQuest Holdings Limited reported a loss for the year of £0.24m (2018: £1.10m Loss).

The nature and purpose of the profit and loss reserve is to represent cumulative net profits less distributions to shareholders.

These parent company financial statements were approved by the board on 31 July 2020 and were signed on its behalf by:



B Felton
Director

Company registration number: 10451963

InterQuest Holdings Limited

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

	Share Capital £'000	Retained Earnings £'000	Total Equity £'000
Comprehensive income			
Profit/(loss) for the period	1	(1,131)	(1,130)
Total comprehensive income for the period	1	(1,131)	(1,130)
Transactions with owners			
Issue of share capital	-	-	-
Total contributions by and distibutions to owners	-	-	-
Balance at 31 December 2018	1	(1,131)	(1,130)
Balance at 1 January 2019	1	(1,131)	(1,130)
Comprehensive income			
Profit/(loss) for the period	-	(236)	(236)
Total comprehensive income for the period	-	(236)	(236)
Transactions with owners			
Issue of share capital	-	-	-
Minority interest acquired	-	-	-
Total contributions by and distibutions to owners	-	-	-
Balance at 31 December 2019	**1**	**(1,367)**	**(1,366)**

InterQuest Holdings Limited

Independent Auditor's Report to the Members of InterQuest Holdings Limited

Opinion

We have audited the company financial statements of InterQuest Holdings Limited for the period ended 31 December 2019 which comprise:

- Company balance sheet
- Company statement of changes in equity; and
- the related notes numbered 1 to 11, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and UK Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (UK Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the parent company's affairs as at 31 December 2019;
- have been properly prepared in accordance with UK 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 parent 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 annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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.

Independent Auditor's Report to the Members of InterQuest Holdings Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in this respect.

Responsibilities of members

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

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

We have reported separately on the Group financial statements of InterQuest Holdings Limited for the year ended 31 December 2019.

Independent Auditor’s Report to the Members of InterQuest Holdings Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

John Glasby
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 31 July 2020

InterQuest Holdings Limited

Notes to the parent company financial statements for the year ended 31 December 2019

The accompanying principal accounting policies and notes form part of these financial statements.

1. Investments

	Total £'000
Net book value	
As at 1 January 2019	12,936
Acquisition during the period	-
Net Book Value as at 31 December 2019	**12,936**

The Company holds 80% of the nominal value of any class of share capital in InterQuest Group Limited, which in turn owns 100% of the nominal value of any class of share capital in the following, save Albany Beck Consulting Limited (95%), Albany Beck Worldwide (51%) and Albany Beck Consultancy Services Limited (65%):

Name of subsidiary undertaking	Country of incorporation	Holding	Nature of business
InterQuest Group Limited -1	UK	Ordinary shares	Holding Company
InterQuest Group (UK) Limited - 2	UK	Ordinary shares	IT recruitment
Contract Connections Limited - 2	UK	Ordinary shares	Non trading
InterQuest GMBH - 3	Germany	Ordinary shares	IT recruitment
InterQuest Europe B.V.	Netherlands	Ordinary shares	Non trading
InterQuest Group Inc.	USA	Ordinary shares	Non trading
InterQuest Financial Markets Limited - 2	UK	Ordinary shares	Non trading
Goldcrest Payroll Solutions Limited - 2	UK	Ordinary shares	Non trading
RDW-RD Limited – 2	UK	Ordinary shares	Int. holding Company
Rees Draper Wright Limited - 2	UK	Ordinary shares	Exec Search
Rees Draper Wright Inc.	USA	Ordinary shares	Exec Search
Albany Beck Consulting Limited - 1	UK	Ordinary shares	Int. holding Company
IMS Worldwide Limited - 1	UK	Ordinary shares	Non trading
Interim Management Solutions Worldwide Ltd	UK	Ordinary shares	IT recruitment
Albany Beck Worldwide Limited – 2	UK	Ordinary shares	Consultancy services
Albany Beck Consultancy Services Limited - 2	UK	Ordinary shares	Consultancy services
Albany Beck Ireland Limited - 4	ROI	Ordinary shares	Consultancy services

1. The registered office is Cannon Green, 27 Bush Lane, London, EC4R 0AA.
2. The registered office is Castle Chambers, 87a High Street, Berkhamsted, HP4 2DF.
3. The registered office is Neue Rothofstraße 13-19 60313 Frankfurt .
4. The registered office is RBK House, Irishtown, Athlone, Co.Westmeath, N37XP52.

Notes to the parent company financial statements for the year ended 31 December 2019 (continued)

1. Investments (continued)

The following companies are taking an exemption from an audit of the financial statements as per S479A of the Companies Act; InterQuest Group Limited (04298109), InterQuest Group (UK) Limited (03990043), Korus Recruitment Group Limited (06759509), Korus IT Recruitment (South) Limited (06759653), Contract Connections Limited (03340997), RDW-RD Limited (08012032), Rees Draper Wright Limited (04296868), InterQuest Financial Markets Limited (04381183), Goldcrest Payroll Solutions Limited (07111397), Albany Beck Consulting Limited (05306132), Albany Beck Consultancy Services Limited (10483595), Albany Beck Worldwide Limited (11524609), IMS Worldwide Limited (07438488) and Interim Management Solutions Worldwide Limited (04061912).

The financial year end date Contract Connections Limited is 31 May. This date was established when this company was incorporated.

Fixed asset investments are shown at cost less provisions for impairment.

2. Receivables: amounts falling due within one year

	2019 £'000	2018 £'000
Trade receivables	1,003	715
	1,003	715

3. Cash at bank and in hand

	2019 £'000	2018 £'000
Cash at bank	1	147

4. Trade and other payables: amounts falling due within one year

	2019 £'000	2018 £'000
Trade payables	20	125
Amounts owed to Group undertakings	3,513	1,154
Bank loan	1,875	1,875
Loan notes	1,101	1,103
	6,509	4,257

Details of the bank loan and notes are provided in the consolidated financial statements attached, note 13.

Notes to the parent company financial statements for the year ended 31 December 2019 (continued)

5. Trade and other payables: amounts falling due in more than one year

	2019	2018
	£'000	£'000
Bank loan	3,101	5,156
Loan notes	5,696	5,515
	8,797	10,671

Details of the bank loan and notes are provided in the consolidated financial statements attached, note 13.

6. Share capital

	2019	2018
	£'000	£'000
Authorised:		
100,000 ordinary shares of £0.01 each	1	1
Allotted, called up and fully paid:		
As at 31 December 2019:		
100,000 ordinary shares of £0.01 each	1	
	1	
As at 1 January 2019:		
100,000 ordinary shares of £0.01 each	1	
As at 31 December 2019:		
100,000 ordinary shares of £0.01 each	1	

7. Capital commitments

The Company had no capital commitments at 31 December 2018 or 31 December 2019.

8. Contingent liabilities

There were no contingent liabilities at 31 December 2018 or 31 December 2019.

9. Transactions with Directors and other related companies

Related party	Nature of business	2019 £'000	2018 £'000	Directors involved
Shillingridge Limited	Business expenses	45	130	G P Ashworth

Included within trade receivables is £1.00m due from InterQuest Group Limited (2018: £0.71m). During the year InterQuest Holdings Limited charged InterQuest Group Limited £0.24m plus VAT for management services (2018: £ 0.59m plus VAT).

During the year the company received funding totalling £2.36m (2018: £1.15m) from InterQuest Group UK Limited to facilitate repayment of the bank loan and associated interest costs.

As at 31 December 2019 the amount due to InterQuest Group UK Limited is £3.51m (2018: £1.15m).

10. Post balance sheet events

Since the year end it has become clear that the spread of COVID-19 will have a material impact on many economies globally, both through the effects of the virus itself and the measures taken by governments to restrict its spread. Given the emergence and spread of the COVID-19 virus is not considered to provide more information about conditions that existed as at the balance sheet date, this is considered to be a non-adjusting post balance sheet event and so the measurement of assets and liabilities in the accounts have not been adjusted for its potential impact. The directors have set out the post year end impact on going concern in the principal accounting policies note accompanying the consolidated group financial statements.

11. Profit attributable to the Company and cash flow statement

There are no proposed dividends. Details of share-based payments are disclosed in note 15 to the consolidated financial statements.