
INTERQUEST GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

INTERQUEST GROUP LIMITED

COMPANY INFORMATION

Directors	Gary Ashworth (appointed 15 November 2001) David Bygrave (appointed 31 December 2015) Christopher Eldridge (appointed 31 December 2015) David Higgins (appointed 7 April 2015)
Company secretary	David Bygrave
Registered number	04298109
Registered office	Cannon Green 27 Bush Lane London EC4R 0AA
Independent auditor	Crowe U.K. LLP Statutory Auditor St. Bride's House Salisbury Square London EC4Y 8EH

INTERQUEST GROUP LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9 - 10
Notes to the financial statements	11 - 22

INTERQUEST GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

InterQuest Group's human capital management business is an award-winning specialist staffing, executive search and solutions provider.

Business review

The Company acts as the main holding company for its subsidiaries listed in Note 9 of these financial statements.

The trading subsidiaries are engaged in the provision of specialist staffing, executive search and consulting services.

Principal risks and uncertainties

The most significant risk to the Company's profitability is the success of the trading subsidiaries, in particular, the retention of key employees which may otherwise materially affect the business and, in addition, the underlying condition of the recruitment and consulting market in the UK and other markets it operates in. The uncertainty over the inconclusive Brexit negotiations is a cause for concern.

Financial key performance indicators

Management monitors the performance of the operations compared to budget and forecast specifically focused on the NFI and profitability of the trading subsidiaries.

Other key performance indicators

Management do not specifically monitor other performance indicators.

This report was approved by the board on 22 May 2019 and signed on its behalf.



Christopher Eldridge
Director

INTERQUEST GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £987,809 (2017 - £4,895,037).

The directors do not recommend the payment of a final dividend in respect of the period ended 31 December 2018

Directors

The directors who served during the year were:

Gary Ashworth (appointed 15 November 2001)
David Bygrave (appointed 31 December 2015)
Christopher Eldridge (appointed 31 December 2015)
David Higgins (appointed 7 April 2015)

Future developments

There are no specific future developments to disclose.

INTERQUEST GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 May 2019 and signed on its behalf.



David Bygrave
Director

INTERQUEST GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INTERQUEST GROUP LIMITED

Opinion

We have audited the financial statements of InterQuest Group Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the 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

INTERQUEST GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INTERQUEST GROUP LIMITED (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INTERQUEST GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INTERQUEST GROUP LIMITED (CONTINUED)

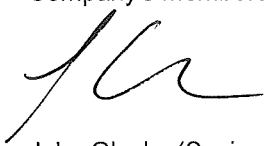
Auditor's responsibilities for the audit of the financial statements

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.

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

St. Bride's House
Salisbury Square
London
EC4Y 8EH

22 May 2019

INTERQUEST GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

		2018 £	2017 £
Turnover		1,841,190	6,261,747
Gross profit		<u>1,841,190</u>	<u>6,261,747</u>
Administrative expenses		(648,898)	(42,950)
Exceptional administrative expenses		(204,483)	(1,323,760)
Operating profit	4	<u>987,809</u>	<u>4,895,037</u>
Profit for the financial year		<u>987,809</u>	<u>4,895,037</u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

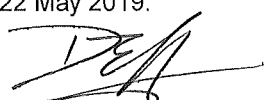
The notes on pages 11 to 22 form part of these financial statements.

INTERQUEST GROUP LIMITED
REGISTERED NUMBER: 04298109

BALANCE SHEET
AS AT 31 DECEMBER 2018

		2018 £	2017 £
Fixed assets			
Tangible assets	9	411,013	330,957
Investments	10	31,581,375	28,273,079
		<u>31,992,388</u>	<u>28,604,036</u>
Current assets			
Debtors: amounts falling due within one year	11	444,331	436,243
Cash at bank and in hand	12	10,675	7,261
		<u>455,006</u>	<u>443,504</u>
Creditors: amounts falling due within one year	13	(10,689,639)	(11,595,944)
Net current liabilities		<u>(10,234,633)</u>	<u>(11,152,440)</u>
Total assets less current liabilities		<u>21,757,755</u>	<u>17,451,596</u>
Net assets excluding pension asset		<u>21,757,755</u>	<u>17,451,596</u>
Net assets		<u><u>21,757,755</u></u>	<u><u>17,451,596</u></u>
Capital and reserves			
Called up share capital	15	519,311	386,577
Share premium account	16	14,522,885	11,337,269
Capital redemption reserve	16	11,587	11,587
Share buyback reserve	16	(666,265)	(666,265)
Share based payment reserve	16	14,334	14,334
Profit and loss account	16	7,355,903	6,368,094
		<u>21,757,755</u>	<u>17,451,596</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 May 2019.



David Bygrave
Director

The notes on pages 11 to 22 form part of these financial statements.

INTERQUEST GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called share capital	Share premium account	Capital redemption reserve	Other reserves	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2018	386,577	11,337,269	11,587	(666,265)	14,334	6,368,094	17,451,596
At 1 January 2018	386,577	11,337,269	11,587	(666,265)	14,334	6,368,094	17,451,596
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	987,809	987,809
Other comprehensive income for the year							
	-	-	-	-	-	-	-
Total comprehensive income for the year						987,809	987,809
Shares issued during the year	132,734	3,185,616	-	-	-	-	3,318,350
Total transactions with owners						-	3,318,350
	132,734	3,185,616	-	-	-	-	3,318,350
At 31 December 2018	519,311	14,522,885	11,587	(666,265)	14,334	7,355,903	21,757,755

The notes on pages 11 to 22 form part of these financial statements.

INTERQUEST GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called share capital	Share premium account	Capital redemption reserve	Other reserves	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2017	386,577	11,337,269	11,587	(666,265)	14,334	1,473,057	12,556,559
At 1 January 2017	386,577	11,337,269	11,587	(666,265)	14,334	1,473,057	12,556,559
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	4,895,037	4,895,037
Other comprehensive income for the year							
	-	-	-	-	-	-	-
Total comprehensive income for the year							
	-	-	-	-	-	4,895,037	4,895,037
Total transactions with owners							
	-	-	-	-	-	-	-
At 31 December 2017	386,577	11,337,269	11,587	(666,265)	14,334	6,368,094	17,451,596

The notes on pages 11 to 22 form part of these financial statements.

INTERQUEST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

InterQuest Group Limited is a company limited by shares registered in England and Wales. The registered address is Cannon Green, 27 Bush Lane, London, EC4R 0AA. During the year control of the share capital was acquired by InterQuest Holdings Limited which is now the group's Ultimate Parent Company. InterQuest Group Limited operated as a holding company for the period following acquisition.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

INTERQUEST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

The company finances its day to day working capital requirements through inter company loan accounts with Group companies. This arrangement is expected to continue for the foreseeable future and the directors have sought confirmation from the counterparty Group Companies confirming that it is not their intention to recall any amounts due to them while any other creditors of the entity remain unpaid, except that the company is able to discharge all their debts and liabilities as they fall due.

Consequently, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 9

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 01 January 2018.

INTERQUEST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations (continued)

IFRS 15

From 01 January 2018, the Company has applied IFRS 15 using the cumulative effect method.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 from 01 January 2018.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

2.7 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

INTERQUEST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- Over the term of the lease
Office equipment	- 3 -5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

INTERQUEST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.13 Financial instruments (continued)

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

INTERQUEST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements under FRS101 requires the Company 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 the carrying value of the investment in subsidiary undertakings.

The assessment 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.

Whilst the trade in certain investments has been transferred to the main operating company (InterQuest Group (UK) Limited), 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 investment has been transferred and operates as a distinct CGU or number of CGUs within another operating subsidiary.

The recoverable amount of investment 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 2018 are that the CGUs will trade in accordance with the 2019 budget, which has a higher financial result than that reported for 2018, followed by 2% growth in sales and 2% growth in costs (from 2018 levels) in subsequent years until 31 December 2024 across all CGUs 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, have applied sensitivities to the calculations and are satisfied that the current recoverable amount of goodwill and intangible assets are appropriate. Current trading activity in 2019 and performance against budget supports the growth rates used in the calculations.

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 share similar attributes and it is appropriate to use similar assumptions.

4. Operating profit

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	60,923	7,666
Exchange differences	-	11,515

INTERQUEST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5. Auditor's remuneration

Fees payable to the Company's auditor in respect of:

Audit of the company	2,500	-
	<u>2,500</u>	<u>-</u>

6. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £NIL).

7. Taxation

	2018 £	2017 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

INTERQUEST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	987,810	4,895,037
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	187,684	942,295
Effects of:		
Dividends from UK companies	(187,684)	(942,295)
Total tax charge for the year	-	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

8. Exceptional administrative expenses

	2018 £	2017 £
Exceptional administrative expenses	204,483	1,323,760
	204,483	1,323,760

INTERQUEST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. Tangible fixed assets

	Leasehold improvement £	Office equipment £	Total £
Cost or valuation			
At 1 January 2018	282,080	56,543	338,623
Additions	140,979	-	140,979
At 31 December 2018	<u>423,059</u>	<u>56,543</u>	<u>479,602</u>
Depreciation			
At 1 January 2018	6,097	1,569	7,666
Charge for the year on owned assets	41,505	19,418	60,923
At 31 December 2018	<u>47,602</u>	<u>20,987</u>	<u>68,589</u>
Net book value			
At 31 December 2018	<u>375,457</u>	<u>35,556</u>	<u>411,013</u>
At 31 December 2017	<u>275,983</u>	<u>54,974</u>	<u>330,957</u>

10. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	28,273,079
Additions	3,308,296
At 31 December 2018	<u>31,581,375</u>

INTERQUEST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
InterQuest Group (UK) Limited **	UK	Ordinary	100%
RDW-RD Limited **	UK	Ordinary	100%
Contract Connections Limited **	UK	Ordinary	100%
InterQuest Europe B.V.	Netherlands	Ordinary	100%
InterQuest Group Inc.	USA	Ordinary	100%
InterQuest Financial Markets Limited **	UK	Ordinary	100%
Goldcrest Payroll Solutions Limited **	UK	Ordinary	100%
Rees Draper Wright Limited **	UK	Ordinary	100%
Rees Draper Wright Inc.	USA	Ordinary	100%
Albany Beck Consulting Limited *	UK	Ordinary	95%
IMS Worldwide Limited *	UK	Ordinary	100%
Interim Management Solutions Worldwide Ltd *	UK	Ordinary	100%
Albany Beck Worldwide Limited **	UK	Ordinary	100%
Albany Beck Consultancy Services Limited **	UK	Ordinary	100%

* - The registered office is Cannon Green, 27 Bush Lane, London, EC4R 0AA.

** - The registered office is Castle Chambers, 87a High Street, Berkhamsted, HP4 2DF.

11. Debtors

	2018 £	2017 £
Trade debtors	505	82,455
Amounts owed by group undertakings	328,450	266,788
Other debtors	115,376	54,448
Prepayments and accrued income	-	32,552
	<u>444,331</u>	<u>436,243</u>

INTERQUEST GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	10,675	7,261
	<u>10,675</u>	<u>7,261</u>

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	680,700	5,546
Amounts owed to group undertakings	10,004,273	11,553,292
Accruals and deferred income	4,666	37,106
	<u>10,689,639</u>	<u>11,595,944</u>

14. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	10,675	7,261
Financial assets that are debt instruments measured at amortised cost	444,332	403,692
	<u>455,007</u>	<u>410,953</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(10,689,639)</u>	<u>(11,560,437)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts due from group companies and other debtors.

Financial liabilities measured at amortised cost comprise the amounts disclosed in note 12.

INTERQUEST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

15. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
51,931,129 (2017 - 38,657,729) Ordinary shares of £0.01 each	<u>519,311</u>	<u>386,577</u>

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

16. Reserves

Share premium account

Represents the value paid for ordinary share capital in excess of the nominal value of shares.

Capital redemption reserve

Represents shares which were purchased and reduced the share capital of the company

Profit and loss account

Represents cumulative net profits less distributions to shareholders

Share buyback reserve

Represents shares which were purchased and subsequently cancelled.

Share based payment reserve

Represents equity settled share based employee remuneration until such share options are exercised

17. Controlling party

The Company's immediate parent and ultimate controlling party is InterQuest Holdings Limited. The accounts of InterQuest Group Limited and its subsidiaries are included in the audited consolidated financial statements of InterQuest Group Holdings Limited and are available from the registered office at 87a High Street, Berkhamsted, England, HP4 2DF.