



Harvey Nash
Group

ANNUAL REPORT & ACCOUNTS 2021

Consolidated financial statements for the
12 month period ending 31 January 2021

Harvey Nash Group Holdings Limited
Company number: 11464274

Harvey Nash Group Holdings Ltd

For the 12 month period ended 31 January 2021

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Strategic Report

For the 12 month period ended 31 January 2021

Strategic Report

The directors present their strategic report on the Group for the period ended 31 January 2021.

Strategy

The Harvey Nash Group is a global consultancy providing technology, recruitment and leadership services. We are equipped with a network of talent and technology to offer a unique portfolio of services to meet the needs of clients, from the top of an organisation down to the operational level.

The Group was formed on 25th October 2018 when DBAY Advisors, through Harvey Nash Group Holdings Limited, acquired Harvey Nash Group Limited and all its subsidiaries. The Group subsequently delisted from the AIM and became a wholly owned subsidiary of Harvey Nash Group Holdings Limited. The Group aims to accelerate growth through investments in people, systems, solutions and potentially further acquisitions.

During the current financial year, the Group acquired Latitude 36 Inc. as part of its strategic expansion in the U.S., the world's largest recruitment market. Latitude 36 Inc. is a leading technology recruitment specialist with operations across the U.S. and India serving an impressive client portfolio.

The addition of Latitude 36 to the Group's existing Harvey Nash U.S. operations creates a combined business that is now one of the top 50 largest IT staffing companies in the U.S., and represents a significant step forward in the Group's North American market footprint. This forms part of the Group's wider strategy of becoming a global leader in technology recruitment and solutions worldwide, building on the Group's significant presence in Europe.

Review of the business

The progress of Harvey Nash Group Holdings Ltd is summarised below:

Results and performance

The Group reported an operating profit of £4.7m after exceptional costs associated with acquisitions and transformation programs. Operating profit excluding exceptional costs was £10.1m. Profit before tax for the period including all exceptional items was £2.5m. The directors are satisfied with the results.

Key performance indicators (KPIs)

The directors consider the key performance indicators are those that communicate the financial performance and strength of the business.

	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Total billings	1,017,388	1,364,772
Gross profit	95,850	134,432
Gross profit percentage of total billings	9.42%	9.85%
Operating profit (excluding exceptionals)	10,050	12,573
Operating profit	4,678	1,323
EBITDA (pre-IFRS 16) excluding exceptionals *	18,324	21,698
EBITDA percentage of gross profit	19.12%	16.14%
Profit / (loss) before tax	2,523	(2,918)

* EBITDA (pre-IFRS 16) excluding exceptionals is calculated by adding back depreciation of £2.2m and amortisation of £6.1m to operating profit before exceptionals of £10m.

Strategic Report

For the 12 month period ended 31 January 2021

Strategic Report continued

Section 172 Statement

The board acknowledges Section 172 (1) of the UK Companies Act 2006, and its duty to promote the success of the Company.

A director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so has regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term
- b) the interests of the company's employees
- c) the need to foster the company's business relationships with suppliers, customers and others
- d) the impact of the company's operations on the community and the environment
- e) the desirability of the company maintaining a reputation for high standards of business conduct
- f) the need to act fairly between members of the company

The Harvey Nash board takes these obligations seriously and the directors are aware of their ongoing duties to act for the benefit of its customers, investors and staff. The following section provides examples of how the company directors meet their duties to all stakeholders.

Risk management

The board set a mandate to review and re-develop its risk management framework over the course of 2020. Consequently a Group risk Director was appointed and a new Group risk policy and framework was developed based around the principles of ISO31000. Risk registers are submitted from across the organisation on a quarterly basis. The audit and risk committee meets twice a year at which Group risks are presented for consideration. Additionally, the board is made aware of imminent and high risks, and the framework integrates with a business continuity plan that can be activated as necessary.

People management

During 2020, the board appointed its first Chief People Officer. Since joining they have introduced a number of new initiatives including a wellbeing programme for all staff including an engagement survey to enable staff views and opinions to be heard, an employee benefits scheme and a global mentoring schemes. A global diversity, equality & inclusion council was established, including the use of listening groups. These groups give staff members a space to confidentially talk about their experiences and provide feedback on ideas which help create an inclusive organisation.

Harvey Nash operates an equal opportunities policy that aims to treat individuals fairly and not to discriminate on the basis of sex, race, ethnic origin, disability or any other basis. The Group's policies and procedures are designed to provide for full and fair consideration and selection of disabled applicants, to ensure that they are properly trained to perform safely and effectively and to provide career opportunities that allow them to fulfil their potential.

Where an employee becomes disabled in the course of their employment, the Group will actively seek to retain them wherever possible by making adjustments to their work content and environment or by retraining them to undertake new roles.

Business relationships and supply chain

The board is aware of the necessity of maintaining a clean supply chain, free of exploited labour. The Group plans to further increase the due diligence it carries out on new suppliers and has developed a new supplier code of conduct to integrate with its key policies, including its Modern Slavery and Human Trafficking (MSHT) strategy.

Community and environment

The board is conscious that the business should have a low impact on the environment in which it operates, particularly in terms of energy consumption and business travel. As an organisation, we take climate change seriously. Our environmental strategy aims to reduce the Group's carbon footprint and follows industry best practice on environmental, social and governance ('ESG') principles.

The Group's operations, being services, are inherently less damaging to the environment than other business sectors. However, the board recognises that the business must minimise its impact on the environment and utilises recommendations from the Carbon Trust to reduce the organisation's carbon footprint. Where possible, the Group leases office space in buildings with ISO14001 accreditation. A current focus area is IT, where increased virtualisation of servers and systems lowers energy consumption. The Covid-19 pandemic has provided a unique opportunity to reduce our business travel activities and reconsider travel requirements as a part of our environmental sustainability goals.

Strategic Report

For the 12 month period ended 31 January 2021

Strategic Report *continued*

Energy and carbon reporting and actions

The Covid-19 pandemic has led to an increase in the pace of Group's property rationalisation project. The property portfolio reduction is expected to have a significant impact on the Group's carbon footprint, supporting the Group in meeting its environmental objectives. The decision to permanently move to a flexible working model means that the volume of business travel, printing and staff commuting will not return to pre-pandemic levels. Travel policies are under continued review, prioritising low carbon travel options and reducing business travel further where possible.

To support flexible working and to reduce its technology carbon footprint, the Group began a capital investment project in 2019 to decommission physical server infrastructure and migrate to the cloud. Over 50% of the decommissioning process is now complete with 56 servers decommissioned in the last year. The Group is deploying measures to reduce printing across its office locations, recycling paper and replacing end of life bulbs with low energy bulbs in office spaces.

The Group is in the process of initiating supplier reviews against an environmentally focused procurement framework. The framework prioritises suppliers that share its commitment to reducing their carbon footprint and managing their environmental impact.

Emissions and energy usage	Emissions source	2021
Scope 1 (kgCO ₂ e)	Operation of facilities	-
	Combustion	43,910
Total Scope 1 (kgCO₂e)		43,910
Scope 2 (kgCO ₂ e)	Electricity	66,440
Scope 2 (kgCO ₂ e)	Indirect energy	25,190
Total kgCO₂e		135,540
Total energy usage (kWh)		633,136
kgCO ₂ e per employee		411

Principal risks and uncertainties

There are certain risks and uncertainties inherent in the Group that may affect future performance, these are described below:

Legal and regulatory

The Group works in a number of geographic jurisdictions on a daily basis under a variety of laws and regulations. The Group mitigates this risk through comprehensive compliance policies and procedures including engaging with local advisers and regulators where necessary.

Financial

All potential areas of financial risk are regularly monitored and reviewed by the directors. Where necessary preventative and/or corrective measures are taken to reduce such risk. The company operates in a number of foreign markets, the existence of which exposes the company to a number of financial risks. These risks are addressed in note 4 of the financial statements. Risks associated with Covid-19 are separately discussed below.

Operational

The Group is reliant on its ability to fulfil client demand while recruiting, training and developing high quality talent to maintain and expand its growth strategy. The directors actively engage in providing a structure of sustainable career development for employees.

The Group continues to diversify its operations and utilises its positioning in key sectors across a broad geographic footprint to protect against lower candidate availability in more mature markets.

Where possible the directors mitigate operational risks through the use of insurance policies.

Strategic Report

For the 12 month period ended 31 January 2021

Strategic Report *continued*

Principal risks and uncertainties *continued*

Political

The political environment surrounding Brexit and the UK's departure on 31 December 2020 from the EU has increased the risk of a negative impact to the trading performance in our UK businesses, as clients become more cautious in headcount investment.

The Group continues to monitor the impact of Brexit and assess mitigation of risks in the UK with opportunities in Continental Europe.

Covid-19

The impact of Covid-19 on our Group was unquestionable, having impacted all parts of the Group to greater or lesser degrees. Our way of work fundamentally changed and demand for our services was impacted in both positive and negative ways. Against this unprecedented backdrop, the Group delivered robust financial results, demonstrating the resilience and adaptability of our business model as we continued to effectively engage with clients, candidates and colleagues throughout the global pandemic.

As lockdown measures were introduced around the world, the Group quickly adapted to working from home, maintaining regular communication with colleagues and clients to maintain operational capacity while implementing measures to enable safe return to work as lockdown measures ease.

Throughout the pandemic, we have focussed on colleague wellbeing through increased communication and a number of engagement initiatives such as the launch of our wellbeing hub. Additional training and equipment were provided to support our colleagues while regular pulse surveys and town hall meetings helped to ensure we stayed connected and provided the support required to enable new ways of working from home and the office.

Equally we have remained closely connected to our clients supporting them with advice, solutions and resourcing as they adapt to new ways of working.

During the year the Group took advantage of job retention schemes launched by national governments whereby a portion of salaries were reimbursed for furloughed staff. The total benefit for the year amounted to £0.9m and has been included in other income.

Subsequent events

The Group has completed its subsequent events evaluation for the period subsequent to the balance sheet date of 31 January 2021, through to the date of signing the financial statements and concluded that there are no adjusting or non-adjusting subsequent events requiring disclosure.

Future outlook

While greater uncertainty still exists due to the global pandemic, the Group's strategy leaves it well placed to continue making progress, delivering further value to investors and stakeholders through continued focus on the technology market, our broad portfolio of services and the geographic diversity of the Group.



Chris Tilley

Date: 26 May 2021

Director

Directors' Report

For the 12 month period ended 31 January 2021

Directors' report

The directors present their annual report and the audited financial statements for the 12 month period ended 31 January 2021.

The Group has chosen to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS).

Directors

The directors holding office at the date of this report:

Bev White	Gary Browning	Adrian Gunn	Joanna Macleod
Chris Tilley	Michael Haxby	Diederik Vos	
Michael Branigan	David Morrison	Streisan Bevan	

The below changes to the directors occurred during the period:

Bev White	Appointed 03 February 2020	Sean West	Resigned 29 April 2021
Streisan Bevan	Appointed 01 May 2021		
Joanna Macleod	Appointed 01 May 2021		

Subsidiaries outside the United Kingdom

For the 12 month period ended 31 January 2021, the Group had entities established for corporation tax purposes in a number of countries. A full list of subsidiaries and locations are set out on page 52 & 53.

Future developments

Details of future developments can be found in the strategic report and form part of this report by cross-reference.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. Details of the Group's objectives and policies in response to these risks can be found within note 4 to the financial statements.

Going concern

The directors have considered the current and forecast levels of trading, taking into account the cash and invoice discounting facilities expected to be available to the Group, and have concluded that the going concern basis of preparation remains appropriate.

In coming to their conclusion, the directors have considered trading and cash flow performance since the start of the global pandemic and for the coming period. While the pandemic has undoubtedly impacted financial performance, the Group demonstrated its resilience and ability to trade profitably through the pandemic with considered management actions to reduce costs and maintaining strong working capital management. Although we firmly believe we are beyond the point of peak disruption, given the continued uncertainty from the global pandemic, stress test scenarios have been modelled representing the potential impact of a second pandemic downturn.

A downturn scenario has considered double digit reduction in gross profit and operating profit levels below prior year and less than half of expected levels despite strong growth in the quarter to 30 April 2021. In this worst case scenario, we would still maintain adequate cash headroom and remain within the limits of our banking arrangements. In addition, this scenario does not include costs actions which could be taken to further improve cash headroom such as headcount reductions, reduced working hours, and reductions in capital and discretionary expenditure.

Furthermore in the expected scenario of continued increases in business activity, working capital requirements would rise but remain within the permitted levels afforded by our £90m invoice discounting facility.

Directors' Report

For the 12 month period ended 31 January 2021

Directors' report *continued*

Directors' and third party indemnity provisions

The Group has maintained throughout the period directors' and officers' liability insurance for the benefit of the Group, the directors and its officers. The Group has entered into qualifying third party indemnity arrangements for the benefit of all its directors in a form and scope which complies with the requirements of the Companies Act 2006. These arrangements were in force throughout the period and remain in force at the date of these financial statements.

Dividends

During the period dividends were declared and paid to the value of £0.6m (2020: £1.1m). No dividends have been proposed post period end.

Share capital

During the period there were changes to the issued share capital of the Group. These are set out in note 22 of the financial statements.

Auditor and disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Group's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Approved and signed on behalf of the board:



Chris Tilley

Date: 26 May 2021

Director

Statement of Directors' Responsibilities in Respect of the Annual Report

For the 12 month period ended 31 January 2021

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year.

Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation and they have also chosen to prepare the parent Company financial statements in accordance with Financial Reporting Standard ('FRS') 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Harvey Nash Group Holdings Limited

For the 12 month period ended 31 January 2021

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Harvey Nash Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2021 and of the group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB)
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of profit and loss;
- the consolidated statement of other comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement
- the related consolidated notes 1 to 32; and
- the related parent company notes 1 to 6.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity 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 and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Harvey Nash Group Holdings Limited

For the 12 month period ended 31 January 2021

Report on the audit of the financial statements continued

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included; the UK Companies Act, relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- the risk that any impairment review in relation to goodwill balances has not been carried out appropriately: to address this risk, independent valuations experts have analysed inputs to the goodwill model and discount rates, management assumptions and forecasts have been critically evaluated and challenged to assess reasonableness, mathematical accuracy of management's model has been tested, and sensitivity analysis has been performed including recalculation of headrooms
- the risk that revenue amounts have been recorded inaccurately or recognised in the wrong period (resulting in a misstatement of the accrued revenue balance): the reconciliation between revenue accrued for, and timesheets subsequently submitted which relate to the current reporting period was obtained and vouched on a sample basis

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override of controls. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent auditor's report to the members of Harvey Nash Group Holdings Limited

For the 12 month period ended 31 January 2021

Report on the audit of the financial statements continued

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



Peter Saunders (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 26 May 2021

Consolidated Statement of Profit and Loss
Consolidated Statement of Other Comprehensive Income

Consolidated Statement of Profit and Loss

For the 12 month period ended 31 January 2021

	Notes	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Revenue		566,647	760,485
Cost of sales		(470,797)	(626,053)
Gross profit	6	95,850	134,432
Other income	11	1,551	94
Administrative expenses		(87,351)	(121,953)
Operating profit before exceptional items		10,050	12,573
Exceptional items	10	(5,372)	(11,250)
Operating profit	8	4,678	1,323
Finance costs	7	(1,936)	(3,071)
Exceptional finance costs	10	(219)	(1,170)
Profit / (loss) before tax		2,523	(2,918)
Income tax credit / (charge)	13	1,785	(5,075)
Profit / (loss) for the period		4,308	(7,993)

Consolidated Statement of Other Comprehensive Income

For the 12 month period ended 31 January 2021

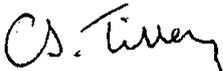
	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Profit / (loss) for the period	4,308	(7,993)
Foreign currency translation differences	(922)	(2,034)
Gain on fair value of investments	-	11,918
Gain on fair value of contingent consideration	-	629
Other comprehensive income for the period	(922)	10,513
Total comprehensive profit for the period attributable to owners of the Company	3,386	2,520

Consolidated Statement of Financial Position

As at 31 January 2021

	Notes	31 January 2021 £' 000	31 January 2020 £' 000
ASSETS			
Non-current assets			
Intangible assets	15	136,304	111,622
Property, plant and equipment	16	5,818	5,715
Right-of-use assets	17	9,615	10,756
Loans receivable from group undertakings	25	845	845
Loan receivable	31	1,934	1,934
		154,516	130,872
Current assets			
Trade and other receivables	18	154,890	173,357
Cash and cash equivalents	19	21,684	17,655
		176,574	191,012
Total assets		331,090	321,884
LIABILITIES			
Current liabilities			
Trade and other payables	20	(149,865)	(157,282)
Current income tax liabilities	13	(1,322)	(598)
Borrowings	29	(33,799)	(52,966)
Short-term lease liabilities	17	(6,164)	(6,640)
Deferred consideration	30	(7,190)	(175)
Provisions	21	-	(304)
		(198,340)	(217,965)
Non-current liabilities			
Borrowings	29	(27,580)	(15,800)
Long-term lease liabilities	17	(3,743)	(4,227)
Loans payable to group undertakings	25	(912)	(344)
Deferred consideration	30	(6,644)	(512)
Deferred tax liabilities	13	(8,855)	(10,844)
		(47,734)	(31,727)
Total liabilities		(246,074)	(249,692)
Net assets		85,016	72,192
EQUITY			
Ordinary shares	22	1	1
Share premium	22	10,000	-
Fair value and other non-distributable reserves	23	15,380	15,380
Other distributable reserves	23	67,969	67,969
Cumulative translation reserve	23	(2,956)	(2,034)
Retained earnings	24	(5,378)	(9,124)
Total equity		85,016	72,192

The consolidated financial statements on pages 12 - 47 were approved by the board and signed on its behalf by Chris Tilley on 26 May 2021.

Chris Tilley 

Consolidated Statement of Changes in Equity

For the 12 month period ended 31 January 2021

	Share capital	Share premium	Fair value and other non-distributable reserves	Other distributable reserves	Cumulative translation reserve	Retained earnings	Total
	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000
Balance at 1 November 2018	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(7,993)	(7,993)
Currency translation adjustments	-	-	-	-	(2,034)	-	(2,034)
Gain on fair value of investments	-	-	11,918	-	-	-	11,918
Gain on fair value of contingent consideration	-	-	629	-	-	-	629
Total comprehensive income for the period	-	-	12,547	-	(2,034)	(7,993)	2,520
Shares issued during the period	63,323	3,324	-	-	-	-	66,647
Share reduction during the period	(63,322)	(3,324)	-	66,646	-	-	-
Capital contribution adjustments	-	-	2,833	1,323	-	-	4,156
Dividends paid	-	-	-	-	-	(1,131)	(1,131)
Balance at 31 January 2020	1	-	15,380	67,969	(2,034)	(9,124)	72,192
Profit for the period	-	-	-	-	-	4,309	4,309
Currency translation adjustments	-	-	-	-	(922)	-	(922)
Total comprehensive income for the period	-	-	-	-	(922)	4,309	3,386
Shares issued during the period	-	10,000	-	-	-	-	10,000
Dividends paid	-	-	-	-	-	(562)	(562)
Balance at 31 January 2021	1	10,000	15,380	67,969	(2,956)	(5,378)	85,016

Consolidated Statement of Cash Flows

For the 12 month period ended 31 January 2021

	Notes	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Profit / (loss) before tax		2,523	(2,918)
Adjustments for:			
- depreciation	16	7,154	7,544
- amortisation	15	6,079	7,055
- loss on disposal of property, plant and equipment	16	-	6
- finance income	11	(76)	(90)
- finance costs	7	1,936	3,071
- exceptional finance costs	10	219	1,170
Operating cash flows before changes in working capital		17,835	15,838
Changes in working capital:			
- decrease in trade and other receivables	18	29,866	20,919
- decrease in trade and other payables	20	(3,152)	(20,299)
- decrease in provisions	21	(304)	(121)
Cash flows from operating activities		44,245	16,337
Income tax paid	13	(2,437)	(4,594)
Net cash generated from operating activities		41,808	11,743
Cash flows from investing activities			
Purchases of property, plant and equipment	16	(2,361)	(4,660)
Interest received	11	76	90
Acquisition of subsidiary	32	(16,105)	(16,064)
Cash acquired in acquisition of subsidiary	32	1,186	16,836
Net cash used in investing activities		(17,204)	(3,798)
Cash flows from financing activities			
Lease capital repayments	17	(5,147)	(5,864)
Loans given to group undertakings	25	-	(844)
Proceeds from group undertakings	25	568	500
Interest paid	7	(1,539)	(2,565)
Exceptional finance costs	10	(219)	(1,170)
Proceeds from share issue	22	10,000	-
Payment of deferred consideration	30	(194)	(3,000)
Proceeds from long-term borrowings	29	5,769	20,000
Repayment of long-term borrowings	29	(1,917)	(2,100)
(Decrease) / increase in short-term borrowings	29	(27,445)	5,056
Net cash used in financing activities		(20,124)	10,013
Increase in cash and cash equivalents		4,480	17,958
Cash and cash equivalents at the beginning of the year		17,655	-
Exchange movements on cash and cash equivalents		(451)	(303)
Cash and cash equivalents at the end of the year		21,684	17,655

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

1. General information

Harvey Nash Group Holdings Ltd ('the Company') and its subsidiaries (together 'the Group') is a leading provider of specialist recruitment and outsourcing solutions. The Group has offices in the United Kingdom, Europe, the United States and Asia Pacific.

The Company is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. Its registered address is 110 Bishopsgate, London EC2N 4AY.

For the period ended 31 January 2021 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies. As parent the Group has provided a guarantee undertaking under s479C.

NashTech Limited	(Company Number 09834873)
Impact Executives Holdings Limited	(Company Number 03566935)
Harvey Nash Group Ltd	(Company Number 03320790)

1.2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs').

The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial assets and financial liabilities that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements of the parent Company are prepared under Financial Reporting Standard ('FRS') 101 Reduced Disclosure Framework.

The Company has adopted the requirements of The Companies, Partnerships, and Groups (Accounts and Reports) Regulations 2015.

2. Adoption of new and revised standards

The Group has considered the following new standards, interpretations and amendments to published standards that are effective for the Group for the financial period beginning 1 February 2020 and concluded that they are either not relevant to the Group or that they would not have a significant effect on the Group's financial statements other than disclosures:

Standard	Description	Effective Date
IFRS 3, IFRS 11, IAS 12, IAS 23 & IAS 41	Annual Improvements to IFRS Standards 2015–2017 Cycle	1 January 2019
IAS 19	Amendments regarding plan amendments, curtailments or settlements	1 January 2019
IAS 28	Investments in associates and joint ventures (amendments)	1 January 2019
IFRS 23	Uncertainty over income tax treatments	1 January 2019
IFRS 9	Amendments regarding prepayment features	1 January 2019
IFRS 3	Business combinations (amendments)	1 January 2020
IAS 1 and IAS 8	Financial instruments (amendments), definition of material	1 January 2020
IFRS 7 & IFRS 9, IAS 39	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2020
IFRS 16	Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	1 June 2020

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

2. Adoption of new and revised standards continued

The following new standards, interpretations and amendments to published standards and interpretations which are relevant to the Group have been issued but are not effective for the financial period beginning 1 February 2020 and have not been adopted early.

These standards, interpretations and amendments to published standards and interpretations are not expected to have a material effect on the Group's financial statements:

Standard	Description	Effective Date
IFRS 3	Business combinations (amendments)	1 January 2020
IFRS 4, IFRS 7, IFRS 9, IFRS 16, IAS 39	Amendments regarding replacement issues in the context of the IBOR reform	1 January 2021
IFRS 17	Insurance contracts	1 January 2021
IFRS 16	Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	1 April 2021
IFRS 1, IFRS 9	Amendments resulting from Annual Improvements to IFRS Standards	1 January 2022
IFRS 3	Amendments updating a reference to the Conceptual Framework	1 January 2022
IAS 16	Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IAS 37	Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

3. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(a) Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. The Group have performed assessments of the ongoing impact of Covid-19 on going concern and the details of these assessments are discussed in the directors report on page 6. Accordingly the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

(b) Basis of consolidation

The Group financial statements consolidate the results of the Company and all of its subsidiary undertakings drawn up from 01 February 2020 to 31 January 2021 and are based on the consistent accounting policies disclosed herein.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

(c) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

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 above), 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.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

3. Significant accounting policies continued

(d) Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If an impairment is required the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the supply of services, net of value added tax, rebates and discounts and after eliminating sales within the Group.

Revenue arising from permanent placements is recognised on acceptance of the candidate or on start date, subject to the contractual agreement. Provision is made for the expected cost of obligations where employees do not work for the specified contractual period.

Executive recruitment and assignment fees are recognised as services are provided, typically in two stages: shortlist and placement fee under new revenue recognition accounting standard IFRS 15. Provision is made for the expected cost of obligations where employees do not work for the specified contractual period.

The Group derives its revenue in the contract services and interim businesses on a time and materials basis. It is recognised as services are rendered as validated by receipt of a client-approved timesheet or equivalent. Where the Group is acting as a principal, turnover represents amounts billed for the services, inclusive of the remuneration costs of the workers.

For fixed price development work, revenue is recognised on the percentage completion basis, using pre-specified milestones or a client sign-off to trigger revenue recognition and the estimate of profit. Revenue from business process outsourcing is recognised as services are rendered, based on a time and materials basis.

Revenue anticipated, but not invoiced, at the balance sheet date is accrued on the balance sheet as accrued income. Revenue invoiced but not earned at the balance sheet date is recorded as a liability as deferred income.

(e)(i) IFRS 15 'Revenue from Contracts with Customers'

The Group has adopted IFRS 15 from 1 November 2018. IFRS 15 introduces a five-step approach in measuring and recognising revenue from contracts and replaces IAS 18 'Revenue' and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services.

The Group continuously monitors and performs a detailed review of contracts, to determine the timing of the transfer of control in each of its service lines.

Principal versus agent considerations

The Group derives a significant proportion of its revenue from the provision of temporary workers to clients. Whether the full invoiced amount is recognised gross (inclusive of the costs of the temporary workers), or net (exclusive of costs of the workers) depends on whether the Group acts as principal or agent. IFRS 15 moves away from the 'risks and rewards' concept of revenue recognition used by IAS 18 'Revenue' to a concept of 'transfer of control'. Its core principle is whether the good or service is controlled by the entity prior to delivery to the client. For the purposes of determining whether an entity acts as an agent or principal, IFRS 15 provides indicators of where control may exist. Significantly, these indicators do not include credit risk as an indicator that an entity is acting as a principal.

Temporary contractors

Where Harvey Nash has the primary responsibility to deliver and fulfil the promise to provide contractors to the client, this indicates that the entity controls the service before it is transferred to the client. This includes the acceptability of the service meeting the client's specifications. The Group is acting as principal. Revenue recognised is the gross amount billed to the client for the services of the temporary workers. This includes revenues from the placement of temporary contractors where Harvey Nash has a contract management services contract with the client. Revenue recognition therefore remains consistent with the current policy under IAS 18.

Contract management services – temporary contractors arranged by third party agencies

Harvey Nash acts as an agent when its primary responsibility is to provide administrative support to clients, acting as an intermediary between two parties. Harvey Nash does not control the service provided to the client as the primary responsibility to deliver the services to the client sits with a third party agency. Revenue is recognised as the commission only (exclusive of costs of the worker) and not gross as under IAS 18. There is no impact on cash flow or on gross profit, as there is an equal and opposite decrease to cost of sales.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

3. Significant accounting policies continued

(e)(i) IFRS 15 'Revenue from Contracts with Customers' continued

Revenue earned on a retained basis

Revenue for permanent executive recruitment and assignment fees is based on a percentage of a candidate's remuneration package, recognised over time as the services are provided. Under IAS 18, an up-front retainer fee was recognised. Under IFRS 15 recruitment and assignment fees are considered as one performance obligation, delivered over time. When revenue is recognised over time, it is necessary to determine the entity's performance towards satisfaction of the performance obligation. Revenue can therefore not be recognised until the entity has performed a service that will take it closer to fulfilling the performance obligation. This resulted in the deferral of revenue to later stages of the contract. The Group has quantified the potential impact of this adjustment and concluded that it is immaterial.

Commissions

Under IAS 18, incremental costs incurred in obtaining a contract (such as sales commissions) are expensed as incurred. However, under IFRS 15, these costs are recognised as an asset and amortised over the life of the contract if they are expected to be recovered from the client. Given the short-term nature of the Group's contracts, the Group elected to take the practical expedient offered under IFRS 15 for contracts less than 12 months, allowing commissions to be expensed as incurred.

The Group has performed a detailed analysis of the impact of IFRS 15, and provided this below:

	Pre IFRS 15	IFRS 15 impact	Post IFRS 15
	£000	£000	£000
12 month period ended 31 January 2021			
Revenue	1,017,388	450,741	566,647
Cost of sales	(921,538)	(450,741)	(470,797)
Gross profit	95,850	-	95,850
15 month period ended 31 January 2020			
Revenue	1,364,772	604,287	760,485
Cost of sales	(1,230,340)	(604,287)	(626,053)
Gross profit	134,432	-	134,432

(f) Investments

Investments in associated undertakings ('associated companies') are stated at the amount of the Group's share of net assets.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold improvements	term of the lease
Furniture, fixtures and equipment	5 Years
Office equipment	5 Years
Computer equipment	3 - 10 Years
Motor vehicles	25% reducing balance

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss on disposal or retirement of an item of property, plant or equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Property, plant and equipment purchased to deliver outsourcing projects, which have been recharged to clients at cost, remain the legal property of the Group. The cost of the asset is capitalised within current assets and charged to cost of sales over the contract length.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

3. Significant accounting policies continued

(h) Leases

This note sets out the Group's IFRS 16 accounting policy, IFRS 16 transitional disclosures and the impact of IFRS 16 'Leases' on the Group's 31 January 2021 financial position and financial performance.

IFRS 16

The Group applies IFRS 16 Leases (as issued by the IASB in January 2016).

IFRS 16 introduced new or amended requirements with respect to lease accounting. It introduced significant changes to the lessee accounting by removing the distinction between operating and finance lease requirements and requires the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The Group elected to adopt IFRS 16 'Leases', applied from 1 November 2018, using the modified retrospective approach, under which the right-of-use asset is measured at the same amount as lease liability on the date of initial application (1 November 2018), adjusted only for any prepaid or accrued lease payments recognised in balance sheet on that date under IAS 17 'Leases'.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any initial direct costs and an estimate of asset retirement obligations, less any lease incentives. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered by subsidiaries before 1 November 2018.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 November 2018 (whether it is a lessor or a lessee in the lease contract).

Impact on lease accounting

Operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17.

Applying IFRS 16, for all leases (except as noted below), the Group:

- a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated income statement; and
- c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated income statement.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of less than 12 months) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated statement of profit and loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

3. Significant accounting policies continued

IFRS 16 'Leases' continued

Impact on Lessee Accounting

Finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

	12 month period ended 31 January 2021	15 month period ended 31 January 2020
	£' 000	£' 000
Financial impact of the application of IFRS 16		
Impact on profit or loss		
Increase in depreciation of right of use asset	4,959	5,474
Increase in finance costs	396	506
Decrease in operating lease expense	(5,147)	(5,864)
Foreign exchange movement	(25)	(5)
Decrease in profit for the year	183	111

	Pre IFRS 16 £' 000	IFRS 16 adjustment £' 000	Post IFRS 16 £' 000
Impact on assets, liabilities and equity at 31 January 2020			
Right of use assets	-	10,756	10,756
Net impact on total assets	-	10,756	10,756
Lease liabilities	-	10,867	10,867
Net impact on total liabilities	-	10,867	10,867
Retained earnings	-	(111)	(111)

	Pre IFRS 16 £' 000	IFRS 16 adjustment £' 000	Post IFRS 16 £' 000
Impact on assets, liabilities and equity at 31 January 2021			
Right of use assets	-	9,615	9,615
Net impact on total assets	-	9,615	9,615
Lease liabilities	-	9,907	9,907
Net impact on total liabilities	-	9,907	9,907
Retained earnings	-	(183)	(183)

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

3. Significant accounting policies continued

(i) Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in 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 balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are re-translated 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 re-translated.

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 balance sheet 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 a separate component of equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(j) Intangible assets

Intangible assets which are acquired separately, or through a business combination, are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Group does not have any assets, other than goodwill, with infinite useful lives. Any impairment is recognised immediately in the income statement.

Development costs are capitalised as an intangible asset if all of the requirements of IAS 38 'Intangible Assets' are met. The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

As part of the acquisition during the period, the following separately identifiable assets were identified:

Customer relationships	8 - 14 Years
Brands	1 - 10 Years
Internally developed software	6 Years

(k) Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. Assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the original carrying value prior to any impairment charges.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

3. Significant accounting policies continued

(1) Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows expire or the Group transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the Group's balance sheet when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial. For trade receivables, generally this results in recognition at nominal value less any allowance for doubtful debts.

Financial assets which are not classified as loans and receivables, but do not meet the held to collect business model and contractual cash flow criteria as set out in IFRS 9 are classified as 'fair value through other comprehensive income' ('FVOCI'). A financial asset is classified in this category if acquired for both collecting contractual cash flows and selling the financial asset. Financial assets in this category are classified as current assets. All other financial assets that cannot be classified under amortized cost or FVOCI are measured at fair value through profit and loss ('FVTPL').

Financial liabilities

Financial liabilities are classified as either FVTPL or 'other financial liabilities'. A financial liability is classified as FVTPL if it is held for trading or specifically designated as such to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the profit and loss.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method 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 discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(1)(i) IFRS 9 Implementation

The Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for annual periods beginning on or after 1 January 2018.

IFRS 9 provides for the following:

- a) The classification and measurement of financial assets and financial liabilities;
- b) Impairment of financial assets; and
- c) General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 November 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments recognised as at 1 November 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Debt instruments that are held to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

3. Significant accounting policies continued

Classification and measurement of financial assets continued

Debt instruments that are held to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI).

All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- a) The Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- b) The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current period, the Group has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

The directors of the Group reviewed and assessed the Group's existing financial assets as at 1 November 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

Financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

None of the other reclassifications of financial assets have had any impact on the Group's financial position, profit or loss, other comprehensive income or total comprehensive income in the period.

Impairment of financial assets

IFRS 9 requires an expected credit loss model, rather than an incurred credit loss model to be applied. This requires the assessment of the expected credit loss on each class of financial asset at each reporting date. This assessment should take into consideration any changes in credit risk since the initial recognition of the financial asset. The main class of financial asset held by the Group are trade receivables, which are short-term in nature.

The directors of the Group have reviewed and assessed existing financial assets using reasonable and supportable information to determine credit risk and concluded that there is no material financial impact on the Group.

(m) Share capital

Ordinary shares are classified as equity. Where any Group company purchases the Company's equity share capital (own shares), the consideration paid is deductible from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to the Company's equity holders.

(n) Tax

Current tax

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

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

3. Significant accounting policies continued

(n) Tax continued

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

(o) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

(p) Employee benefits

Pension obligations

Wherever possible, the Group operates defined contribution pension schemes, under which the Group pays fixed contributions into separate entities. The Group has no legal or constructive obligation to pay further contributions. Pension costs are charged to the statement of profit and loss in the period in which they arise. In Belgium and Switzerland, legislation requires the operation of pension schemes which contain an element of defined benefit, the obligations under which are fully insured and there are no unrecorded liabilities. Amounts related to these schemes were considered by the Group to be immaterial during the period thus Group accounted for these as defined contribution schemes.

Share-based payment transactions

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for the failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

3. Significant accounting policies continued

(p) Employee benefits continued

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for benefits. The Group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal.

Bonus plan

The Group recognises a liability and an expense for bonuses when contractually obliged.

Government grants

Government grants are accounted for under the accruals model. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in other income in the period it becomes receivable. This includes the Government Coronavirus Job Retention Scheme. The Group has not benefited from other forms of government assistance or received grants relating to expenditure on non-current assets.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Discounting is applied only when the effect is material.

(r) Borrowing costs

Borrowing costs are written off as incurred. Invoice discounting fees are recognised as incurred.

(s) Working capital facilities

The Group has access to working capital finance facilities provided by its bankers in the form of a confidential trade receivables finance facility which is secured by a floating charge over the Group's assets. The borrowings under this are included within current liabilities and described as borrowings on the Group's consolidated statement of financial position and the facility is secured specifically against the Group's trade receivables. Trade receivables are included within trade receivables in the Group's consolidated statement of financial position.

(t) Exceptional items

Exceptional items are significant items considered outside the normal course of business and are presented separately on the face of the consolidated statement of profit and loss due to their nature and/or size with further information included in the notes to the financial statements. The separate reporting of such items helps to provide a better indication of the Group's underlying business performance as it enables shareholders to see the results of the ongoing trading operations.

In the reporting of financial information, the Group uses certain measures that are not required under IFRS. Management considers that these additional measures (commonly referred to as 'alternative performance measures' or 'APMs') provide shareholders with valuable additional information on the performance of the business. These measures are consistent with those used internally, and are considered critical to understanding the financial performance of the Group. APMs are also used to enhance the comparability of information between reporting periods, by adjusting for exceptional or items considered to be distortive to trading performance which may affect IFRS measures, to aid shareholders in understanding the Group's performance. These APMs are not intended to be a substitute for, or superior to, IFRS measures.

For this reason, the Group presents a number of alternative performance measures, including:

Total billings (prior to IFRS 15)	(Page 2)
Exceptional items	(Note 10)

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

4. Financial risk management

Financing

The Group's principal financial instruments are overdrafts, cash and short-term deposits, an invoice discounting facility and a senior finance debt syndicated facility. The Group has other financial instruments such as trade receivables and trade payables that arise directly from its operations. Acquisitions are financed through a mixture of operating cash flow and equity. Working capital finance for day-to-day requirements is provided through operating cash generation, invoice discount facilities and small short term overdraft facilities. Where applicable, funds are then made available for the financing of the Group's subsidiaries through intercompany loans.

Objectives, policies and strategies

The most significant treasury exposures faced by the Group are raising finance, managing interest rates and currency positions as well as investing surplus cash in high-quality assets. The Board has established clear parameters, including levels of authority, on the type and use of financial instruments to manage these exposures. Transactions are only undertaken if they relate to underlying exposures and cannot be viewed as speculative.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital for the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Borrowings	61,378	68,766
Total equity	85,016	72,192
Total funding	146,394	140,958
Gearing ratio %	41.93%	48.78%

Interest rate risk management

The Group's policy is to minimise interest charges through cash pooling and active cash management.

Market risk and foreign exchange risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group's policy is to minimise foreign currency risk. The Group manages its exposure on equity investments in overseas subsidiaries through foreign currency borrowings. The currency risk of holding assets and liabilities in foreign currencies across the Group is managed by partially matching foreign currency assets with foreign currency liabilities.

The Group's operating profit exposure to foreign currency translation is primarily in respect of the US dollar and the Euro.

Credit Risk

The Group has no significant concentration of credit risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history and historically there are low levels of debt write-off throughout the Group. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Group does not have any significant credit risk exposure to a single customer.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

4. Financial risk management continued

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and committed credit facilities. Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facility, cash and invoice discounting) on the basis of expected cash flow. All borrowings are short term other than the syndicated senior finance facility. The Group's main invoice finance facility was most recently renewed in November 2018.

5. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Share based payments

The Group has exercised judgement in determining that the share option scheme which is based on the future sale price of the Group by the current shareholders reflects performance-based remuneration which should pass through the income statement. Management has estimated the value of the share option scheme at the date of initial grant and will vest the amount through share option charge on the income statement up to the expected exercise date. The exercise date used is also a management estimate.

Purchase price allocation

As part of the acquisition purchase price allocation management was required to make various judgements and estimations in relation to the values placed on intangible assets and goodwill allocated to each cash-generating unit. Management utilised various market analysis, and valuation techniques as well as forward-looking forecasts as at the time of acquisition which are inherently judgemental.

The presentation of selected items as exceptional items

The Group applies judgement in identifying the significant non-recurring items of income and expense that are recognised as exceptional to help provide an indication of the Group's underlying business performance. See note 10 for further details.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill and investments

Determining whether the carrying value of goodwill or an investment is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill or investment has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. These include forward-looking forecasts which are inherently judgemental. The carrying amount of goodwill at 31 January 2021 was £76.2m. The carrying value of the investment held in the parent company at 31 January 2021 was £108.6m. The key assumptions and sensitivities in the value-in-use calculations are set out in note 15.

6. Segment information

IFRS 8 'Operating Segments' requires disclosure of information about the Group's operating segments. It requires a management approach under which segment information is presented on a similar basis to that used for internal reporting purposes. The chief operating decision maker in the business has been identified as the Group Board. Services provided by each reportable segment are Leadership Services, Technology Recruitment and Solutions.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

6. Segment information continued

The Group Board analyses segmental information as follows:

	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Gross profit		
Geographical		
United Kingdom & Ireland	35,178	50,635
Mainland Europe	38,879	54,408
Benelux	22,605	28,137
Nordics	10,587	18,353
Central Europe	5,687	7,918
Rest of World	21,793	29,389
United States	10,886	15,669
Asia Pacific	10,907	13,720
Total gross profit	95,850	134,432
Service Line		
Leadership services	14,756	24,844
Technology recruitment	62,848	86,934
Solutions	18,246	22,654
Total gross profit	95,850	134,432
Operating profit and profit before tax		
Geographical		
United Kingdom & Ireland	3,866	8,717
Mainland Europe	8,539	10,793
Benelux	8,515	10,085
Nordics	(517)	827
Central Europe	541	(119)
Rest of World	4,196	4,502
United States	527	816
Asia Pacific	3,669	3,686
Total	16,601	24,012
Service Line		
Leadership services	(509)	1,454
Technology recruitment	11,853	17,276
Solutions	5,257	5,282
Total	16,601	24,012
Group and central service costs	(6,551)	(11,439)
Total operating profit before exceptional items	10,050	12,573
Exceptional items	(5,372)	(11,250)
Total operating profit	4,678	1,323
Finance costs	(1,936)	(3,071)
Exceptional finance costs	(219)	(1,170)
Profit/ (loss) before tax	2,523	(2,918)

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

7. Finance costs

	12 month period ended 31 January 2021	15 month period ended 31 January 2020
	£' 000	£' 000
Net interest on bank borrowings	1,540	2,565
Interest expense on lease liabilities	396	506
Finance costs	1,936	3,071

8. Operating profit

The following items have been included in arriving at operating profit from continuing operations:

	12 month period ended 31 January 2021	15 month period ended 31 January 2020
	£' 000	£' 000
Employee costs - salaries and wages	58,033	78,336
Bad debt provision and debts directly written off	1,030	1,070
Depreciation of property, plant and equipment	2,196	2,070
Depreciation on right of use assets	4,959	5,474
Amortisation	6,079	7,055
Operating lease rentals payable	255	1,163
Profit / (loss) on foreign exchange	(26)	1,091
Loss on disposal of property, plant and equipment	-	6

9. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	12 month period ended 31 January 2021	15 month period ended 31 January 2020
	£' 000	£' 000
Fees payable to the Company's auditor for the audit of the Company's Annual Report	185	141
Fees payable to the Company's auditor for the audit of the Company's subsidiaries pursuant to legislation	375	365
Total audit fees	560	506
Tax and other services	-	9
Total non-audit fees	-	9
Total Fees	560	515

No services were performed pursuant to contingent fee arrangements. There were no other non-audit fees incurred in the current period.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

10. Exceptional items

Exceptional items	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Acquisition costs	2,341	3,914
Covid-19 related costs	561	-
Group transformation	1,601	5,654
Optimisation projects	814	812
Other	55	870
Total exceptional items	5,372	11,250

During the period, the Group acquired Latitude 36 Inc. The Group incurred exceptional costs related to the acquisition including professional and legal fees. These amounted to £2.3m.

Covid-19 had an impact on the Group during the period resulting in exceptional costs relating to advisory, legal and professional fees, restructuring and other related costs. Costs incurred for the period were £0.6m.

The Group also engaged in a number of various transformation projects ranging from the restructuring of relevant divisions, investments in key areas and redundancies of senior executives. In the month period, £1.6m of exceptional costs related to this.

In the period, a number of projects were initiated with the aim of optimising the group entity structure and mitigating potential compliance risk areas. The total of the costs to date for the period were £0.8m.

Other exceptional items amounted to £0.05m for the period.

Exceptional finance costs	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Exceptional finance costs	219	1,170

During the period the Group incurred exceptional costs related to funding the Latitude 36 acquisition. As a result of Covid-19, the Group engaged with its lenders in securing amendments to the senior finance debt facility. Costs incurred relating to this amounted to £0.2m.

11. Other income

Other income	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Interest received	76	90
Job retention furlough scheme	913	-
Other income	562	3
Total other income	1,551	94

As a result of Covid-19 during the period the Group took advantage of government job retention schemes whereby a portion of salaries were reimbursed for furloughed staff. The total benefit for the period was £0.9m.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

12. Employees and Directors

Average number of people employed	UK & Ireland	Europe	Rest of World	Total
Executive directors	2	-	-	2
Sales	244	227	60	531
Administrative	124	81	121	326
Employees included within cost of sales	-	374	1,545	1,919
Total for the 12 month period ended 31 January 2021	370	682	1,726	2,778

Average number of people employed	UK & Ireland	Europe	Rest of World	Total
Executive directors	3	-	-	3
Sales	274	229	102	605
Administrative	118	87	110	315
Employees included within cost of sales	-	431	1,525	1,956
Total for the 15 month period ended 31 January 2020	395	747	1,737	2,879

No directors or employees were employed by the company during the period.

	12 month period ended 31 January 2021	12 month period ended 31 January 2021	12 month period ended 31 January 2021	15 month period ended 31 January 2020	15 month period ended 31 January 2020	15 month period ended 31 January 2020
	Cost of sales £' 000	Admin expenses £' 000	Total £' 000	Cost of sales £' 000	Admin expenses £' 000	Total £' 000
Total staff costs for the Group						
Wages and salaries	50,741	50,454	101,195	49,044	67,291	116,335
Social security costs	7,232	6,326	13,558	9,271	9,615	18,886
Pension costs	1,920	1,253	3,173	2,808	1,430	4,238
Total	59,893	58,033	117,926	61,123	78,336	139,459

Directors' emoluments in respect of qualifying services to the Group were as follows:

	12 month period ended 31 January 2021	15 month period ended 31 January 2020
	£' 000	£' 000
Directors' remuneration		
Aggregate emoluments	582	1,954
Pension contributions	65	140
Share-based payments	70	-
Termination benefits included in exceptional items	-	1,586
Total director's remuneration	717	3,680
Highest paid director		
Aggregate emoluments	300	878
Pension contributions	39	64
Share-based payments	50	-
Termination benefits included in exceptional items	-	766
Total highest paid director	389	1,708

In accordance with the Companies Act 2006, Directors' emoluments above represent the proportion of total emoluments paid or payable in respect of qualifying services.

During the period the Directors received no emoluments for non-qualifying services which are required to be disclosed.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

13. Tax	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Corporation tax - UK	4	190
Corporation tax - overseas	2,693	2,590
Adjustments in respect of prior periods	463	286
Total current tax expense	3,160	3,066
Decrease in deferred tax liability	(4,945)	2,009
Total deferred tax (credit) / charge	(4,945)	2,009
Total tax (credit) / charge	(1,785)	5,075

The tax rate used for the reconciliation above is the corporate tax rate of 19.00% (2020: 19.00%) which was in effect the entire period.

The difference are explained below for the 12 month period ended 31 January 2021 using the UK standard rate of corporation tax:

	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Profit / (loss) before tax	2,523	(2,918)
Adjustments to profit / (loss) before tax	-	(176)
Tax at standard UK corporation tax rate of 19.00%	479	(588)
Effects of:		
Expenses not deductible and other permanent items	568	1,255
Income not taxable	(725)	-
Tax losses which are not recoverable	-	263
Recognition of previously unrecognised tax losses	(1)	(26)
Adjustments to current tax in respect of prior year adjustments	463	286
Effect of changes in tax rates on deferred tax balances	244	9
Deferred tax adjustment in respect of prior years	(333)	535
Profits taxed at overseas rates	(133)	(15)
Derecognition of previously recognised deferred tax asset	(2,347)	3,356
Total taxation	(1,785)	5,075
Current tax:		
Tax in the period	2,697	2,780
Adjustments in respect of prior periods	463	286
Total current tax	3,160	3,066
Deferred tax:		
Origination and reversal of timing differences	(4,856)	1,465
Effect of changes in tax rates on deferred tax balances	244	9
Prior period adjustment to deferred tax	(333)	535
Total deferred tax (credit) / charge	(4,945)	2,009
Total tax (credit) / charge	(1,785)	5,075

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

13. Tax continued

The Finance Act 2020 included legislation to maintain the main rate of UK corporation at 19%, rather than reducing it to 17% from 1 April 2020. The change to the main rate of corporation tax was substantively enacted by the balance sheet date and therefore included in these financial statements. Temporary differences have been remeasured using these enacted tax rates that are expected to apply when the liability is settled or the asset realised.

The UK Budget 2021 announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances.

	12 month period ended 31 January 2021	15 month period ended 31 January 2020
	£' 000	£' 000
Deferred tax		
Deferred tax liabilities:		
Deferred tax liability to be settled after more than 12 months	(7,311)	(9,652)
Deferred tax liability to be settled within 12 months	(1,544)	(1,192)
	(8,855)	(10,844)
Net deferred tax liability	(8,855)	(10,844)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The table above sets out the analysis of the deferred tax balances for financial reporting purposes.

The deferred tax position is analysed below:

	Acquired intangibles £' 000	Accelerated capital allowances £' 000	Tax losses £' 000	Accrued interest charges £' 000	Other £' 000	Total £' 000
01 November 2018	-	-	-	-	-	-
Acquired in acquisition	(13,101)	22	1,894	1,759	591	(8,835)
Movement	1,490	(68)	(1,283)	(1,759)	(389)	(2,009)
31 January 2020	(11,611)	(46)	611	-	202	(10,844)
Acquired in acquisition	(2,750)					(2,750)
Movement	1,022	(1)	938	2,482	504	4,945
Foreign exchange					(206)	(206)
31 January 2021	(13,339)	(47)	1,549	2,482	500	(8,855)

Deferred tax assets arising from deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they are realised. The rates enacted or substantively enacted by the UK Government for the relevant periods of reversal are 19% (2020: 17%). The rates enacted by the US Government for the relevant periods of reversal was 26% from 22 December 2017.

Due to the uncertainty of recoverability, deferred tax assets in respect of tax losses, depreciation in excess of accelerated capital allowance and deductible temporary differences of £1.8m (2020: £3.7m) have not been recognised. Future tax charges may be reduced as a result of tax losses for which a deferred tax asset is currently not recognised.

Deferred tax on intangible assets relates to a deferred tax liability raised on separately identified intangible assets recognised as part of the acquisition of the Harvey Nash Group. The balance is released proportionately in line with the amortisation of the underlying intangible assets. £0.9m (2020: £1.5m) was released during the period. The acquisition of Latitude 36 Inc on 20 October 2020 resulted in an additional deferred tax liability raised on intangible assets amounting to £2.6m.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

14. Dividends

The dividends paid in the period were £0.6m (2020: £1.13m). This amounted to 0.77p per share (2020: 1.79p per share). No dividends were proposed subsequent to period end.

	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Dividends declared and paid during the period	562	1,131
Total	562	1,131

15. Intangible assets

	Customer relationships £' 000	Brand: Harvey Nash £' 000	Brand: Alumni £' 000	Brand: TalentIT £' 000	Brand: Nashtech £' 000	Brand: Latitude 36 £' 000	Internally developed software £' 000	Total £' 000
Cost								
At 01 November 2018	-	-	-	-	-	-	-	-
Acquisitions	49,300	6,100	1,600	700	1,400	-	1,000	60,100
At 31 January 2020	49,300	6,100	1,600	700	1,400	-	1,000	60,100
Acquisitions	12,815	-	-	-	-	281	-	13,096
At 31 January 2021	62,115	6,100	1,600	700	1,400	281	1,000	73,196
Accumulated amortisation and impairment								
At 01 November 2018	-	-	-	-	-	-	-	-
Charge for the 15 month period	5,621	763	200	88	175	-	208	7,055
At 31 January 2020	5,621	763	200	88	175	-	208	7,055
Charge for the 12 month period	4,764	610	160	70	140	168	167	6,079
At 31 January 2021	10,385	1,373	360	158	315	168	375	13,134
Carrying amount								
At 31 January 2020	43,679	5,337	1,400	612	1,225	-	792	53,045
At 31 January 2021	51,729	4,728	1,240	543	1,085	112	625	60,061
Goodwill								
								£' 000
At 01 November 2018								-
Acquisitions								58,577
At 31 January 2020								58,577
Acquisitions								17,666
At 31 January 2021								76,243
Intangible assets (including goodwill)								
At 01 November 2018								-
At 31 January 2020								111,622
At 31 January 2021								136,304

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

15. Intangible assets continued

The carrying amounts of goodwill at acquisition and at period end allocated by cash-generating unit ('CGU') are as follows:

	As at 31 January 2021	As at 31 January 2020
	£' 000	£' 000
Goodwill		
Tech Recruitment - UK & Ireland	30,762	30,762
Tech Recruitment - Belgium	11,700	11,700
Tech Recruitment - Netherlands	7,525	7,525
Tech Recruitment - Central Europe	1,803	1,803
Tech Recruitment - USA	17,666	-
Leadership Services - UK & Ireland	1,036	1,036
Leadership Services - Nordics	1,240	1,240
Solutions - Nashtech	4,511	4,511
	76,243	58,577

During the period the goodwill in respect of each CGU was tested for impairment in accordance with IAS 36 'Impairment of Assets'. All CGU's were assessed to have a value-in-use in excess of their respective carrying values, thus no impairment adjustments to goodwill were considered necessary.

The assumptions applied in the impairment review are consistent with those applied within the Group's long-term strategic plan, approved by management and the Board. The assumptions are based on latest industry forecasts and the expectations of management given their past experience. The key assumptions in the value-in-use calculations are disclosed below.

Significant cash-generating unit	Average growth rate in first five years		Long-term growth rate	
	2021	2020	2021	2020
Tech Recruitment - UK & Ireland	22.0%	17.1%	0.5%	3.6%
Tech Recruitment - Belgium	19.7%	25.1%	0.9%	2.6%
Tech Recruitment - Netherlands	21.6%	24.0%	1.4%	3.2%
Tech Recruitment - Central Europe	36.1%	(0.3%)	1.3%	2.8%
Tech Recruitment - USA	19.7%	22.4%	2.5%	4.0%
Leadership Services - UK & Ireland	42.2%	20.1%	0.4%	3.4%
Leadership Services - Nordics	30.7%	33.1%	2.3%	3.4%
Solutions - Nashtech	12.9%	17.4%	2.4%	(7.1%)

The full five year average has been utilised for all cash generating entities. The terminal growth rate is based on the long-term growth rate for each country and was on average 1.5% (2020: 3%). Management believes the forecasts are achievable.

Management has taken the current economic downturn as a result of Covid-19 into account and has applied an additional sensitivity percentage to ensure that Goodwill does not need to be impaired should there be a further downturn. Based on the outcome of management analysis the Group considers the effect of Covid-19 to be a non-adjusting event.

The pre-tax discount rate used was based on the industry weighted average cost of capital for each country and was on average 20.3% (2020: 20.3%).

The Group has carried out a sensitivity analysis on the impairment tests of each cash generating unit to which goodwill has been allocated. Based on this analysis management believes any reasonable changes in the key assumptions used in the impairment model would not result in any material impairment charge being recorded in the financial statements.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

16. Property, plant and equipment

	Leasehold Improvements	Office Equipment	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Total
	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000
Cost						
At 01 November 2018	-	-	-	-	-	-
Additions	943	139	245	3,333	-	4,660
Acquisitions	2,963	602	1,572	9,015	16	14,168
Disposals	(202)	(60)	(211)	(1,974)	-	(2,447)
Exchange adjustments	95	35	240	356	-	726
At 31 January 2020	3,799	716	1,846	10,730	16	17,107
Additions	109	63	44	2,145	-	2,361
Acquisitions	-	-	194	-	-	194
Disposals	(1)	(22)	(4)	(492)	-	(519)
Exchange adjustments	(11)	(38)	8	80	1	40
At 31 January 2021	3,896	719	2,088	12,463	17	19,183
Accumulated depreciation						
At 01 November 2018	-	-	-	-	-	-
Charge for the year	356	68	213	1,433	-	2,070
Acquisitions	2,039	512	1,342	7,322	16	11,231
Disposals	(200)	(59)	(211)	(1,970)	-	(2,440)
Exchange adjustments	58	29	188	256	-	531
At 31 January 2020	2,253	550	1,532	7,041	16	11,392
Charge for the year	485	92	160	1,459	-	2,196
Acquisitions	-	-	151	23	-	174
Disposals	(1)	(10)	(12)	(433)	-	(456)
Exchange adjustments	(1)	(10)	(10)	79	1	59
At 31 January 2021	2,736	622	1,821	8,169	17	13,365
Carrying amount						
At 01 November 2018	-	-	-	-	-	-
At 31 January 2020	1,546	166	314	3,689	-	5,715
At 31 January 2021	1,160	97	267	4,294	-	5,818

On 01 November 2018 the Group was formed when Harvey Nash Group Holdings Ltd acquired 100% of Harvey Nash Group Ltd. As a result under IFRS 3: Business combinations the Group acquired all property, plant and equipment as at that date.

On 20 October 2020 the Group acquired 100% of Latitude 36 Inc. As a result under IFRS 3: Business combinations the Group acquired all property, plant and equipment as at that date.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

17. Leases under IFRS16

	Right of use assets - Property £' 000	Total £' 000
Cost		
At 01 November 2018	-	-
Additions	5,790	5,790
Acquisitions	13,112	13,112
Exchange adjustments	(694)	(694)
At 31 January 2020	18,208	18,208
Additions	2,416	2,416
Acquisitions	1,124	1,124
Exchange adjustments	293	293
At 31 January 2021	22,041	22,041
Accumulated depreciation		
At 01 November 2018	-	-
Charge for the year	5,474	5,474
Acquisitions	2,211	2,211
Exchange adjustments	(233)	(233)
At 31 January 2020	7,452	7,452
Charge for the year	4,959	4,959
Acquisitions	-	-
Exchange adjustments	15	16
At 31 January 2021	12,426	12,426
Carrying amount		
At 01 November 2018	-	-
At 31 January 2020	10,756	10,756
At 31 January 2021	9,615	9,615

The carrying amount of the lease liability is as follows:

	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Lease liability		
Opening Balance	10,867	-
Additions	2,388	5,790
Acquisitions	1,124	10,901
Lease payments	(5,147)	(5,864)
Interest incurred	396	506
Exchange adjustments	279	(466)
Closing balance	9,907	10,867
Current	6,164	6,640
Non-current	3,743	4,227
Total	9,907	10,867

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

18. Trade and other receivables

	As at 31 January 2021	As at 31 January 2020
	£' 000	£' 000
Trade receivables	102,658	138,961
Less: Provision for estimated credit loss	(1,046)	(1,178)
	101,612	137,783
Other receivables	2,774	312
Prepayments	2,721	2,750
Accrued income	47,783	32,512
	154,890	173,357

Debtor days were 41.2 days (2020: 42.3 days). Debtor days are calculated by reference to outstanding debtors relative to amounts invoiced in the preceding months up to the year end.

Trade receivables that are less than three months past due are not considered impaired. As of 31 January 2021, trade receivables of £40.5m (2020: £34.9m) were aged over 30 days but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 January 2021	As at 31 January 2020
	£' 000	£' 000
1-2 months	18,945	20,436
2-3 months	12,496	9,179
Over 3 months	9,041	5,270
	40,482	34,885

As of 31 January 2021, trade receivables of £1.05m (2020: £1.18m) were impaired and provided for.

The individually impaired receivables mainly relate to customers who are in difficult economic situations. All the impaired receivables are more than three months overdue. In the current period, the creation and release of provisions for impaired receivables have been included in 'administrative expenses' in the consolidated statement of profit or loss. The other classes within trade and other receivables do not contain impaired assets.

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

Provisions	£' 000
At 1 November 2018	-
Acquired in acquisition	367
Provision raised during the period	811
At 31 January 2020	1,178
Acquired in acquisition	38
Provision raised during the period	(170)
At 31 January 2021	1,046

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

18. Trade and other receivables continued

	Current £' 000	30-60 days £' 000	60-90 days £' 000	90+ days £' 000	Total £' 000
Default rate	0.00%	1.25%	2.50%	5.00%	
Gross carrying amount	61,280	18,945	12,496	9,937	102,658
Lifetime expected credit loss	-	(237)	(312)	(497)	(1,046)
	61,280	18,708	12,184	9,440	101,612

The Group has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

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

	As at 31 January 2021 £' 000	As at 31 January 2020 £' 000
Sterling	38,488	45,022
Euro	87,702	110,889
US Dollar	18,837	8,815
Other currencies	9,863	8,631
	154,890	173,357

The directors consider the above trade and other receivables to be reflected at fair value.

19. Cash and cash equivalents

	As at 31 January 2021 £' 000	As at 31 January 2020 £' 000
Bank balances	21,673	17,646
Petty cash	11	9
Total	21,684	17,655

20. Trade and other payables

	As at 31 January 2021 £' 000	As at 31 January 2020 £' 000
Trade payables	69,283	87,649
Other tax and social security payable	17,025	10,523
Accruals	62,213	57,768
Other payables	1,344	1,342
	149,865	157,282

The directors consider the above trade and other payables to be reflected at fair value.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

21. Provisions	12 month period ended 31 January 2021	15 month period ended 31 January 2020
	£' 000	£' 000
Opening Balance	304	-
Acquired through acquisition	-	431
Charge in the period	-	202
Utilised in the period	(304)	(323)
Foreign exchange movements	-	(6)
Closing balance	-	304
Current	-	304
Non-current	-	-

Provisions in the prior year consisted of £0.2m relating to the closure of Norway and £0.1m relating to an onerous lease in Germany. This lease expired in July 2020 and all provisions were utilised within the 12 months ended 31 January 2021.

22. Share capital	As at 31 January 2021	As at 31 January 2020
	£' 000	£' 000
Allotted and fully paid		
73,323,183 (2020: 63,323,183) ordinary shares of 0.001 pence each	1	1

During the period 10,000,000 shares at a nominal value of 0.001 pence each were issued.

23. Other reserves

Fair value and other non-distributable reserves of £15.4m (2020: £15.4m) remain unchanged in the current financial period and include £2.8m relating to a capital contribution movement as part of the share reduction exercise, £11.9m related to the fair value of the investment as part of the acquisition under IFRS3 and the remaining £0.6m related to the movement in fair value of contingent considerations outstanding, all of which took place in the prior financial period.

Other distributable reserve consists of £67.9m (2020: £67.9m) relating to the transfer from share capital and share premium as a result of the share reduction undertaken in the prior financial period.

Cumulative translation reserves for the year amounted to £2.75m (2020: £2m).

24. Retained earnings

	£' 000
At 1 November 2018	-
Loss for the year	(7,993)
Dividends paid	(1,131)
At 31 January 2020	(9,124)
Profit for the year	4,309
Dividends paid	(562)
At 31 January 2020	(5,378)

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

25. Group undertakings and related party transactions

Banking guarantees

Group guarantees have been entered into by the companies listed below and relate to any payment due under the banking agreement. The following companies have given security to Harvey Nash Group Ltd, the Company:

Name of company	Security	Security
Harvey Nash Ltd	Group guarantee	Debenture
Broadbay Networks Inc	Group guarantee	-

Group undertakings

Included in loans from group undertakings are the following outstanding balances as at 31 January 2021.

Loans receivable

	As at 31 January 2021 £' 000	As at 31 January 2020 £' 000
DBAY Funds	1	1
The Power of Talent Topco Limited	-	-
The Power of Talent Finco Limited	-	-
The Power of Talent Midco Limited	844	844
The Power of Talent Plano Limited	-	-

Loans payable

DBAY Advisors	-	-
The Power of Talent Midco Limited	(912)	(344)

DBAY Advisors and DBAY Funds are considered related parties due to their investment in and control of the Group's ultimate parent The Power of Talent Topco Limited.

26. Subsidiaries

The Group consists of a parent Company, Harvey Nash Group Holdings Ltd, incorporated in the UK and registered in England and Wales, and a number of directly and indirectly held subsidiaries around the world.

All subsidiary companies are consolidated. The directors consider that the investments in subsidiaries should not be impaired at period end.

At 31 January 2021 the Group was a wholly owned subsidiary of The Power of Talent Kartanesi Ltd (company number: 11665541) incorporated and registered in England and Wales.

The ultimate parent of the Group, and the only entity to prepare consolidated accounts, is The Power of Talent Topco Limited (company number: 132333C) incorporated and registered in the Isle of Man.

The ultimate controlling party is DBAY Advisors Limited (company number: 126150C) incorporated and registered in the Isle of Man.

A full list of the Company's subsidiaries at 31 January 2021 is shown on pages 52 - 53.

27. Pensions

The Group operates separate defined contribution pension schemes in all locations. The Group's total contribution to such schemes for the 12 month period ended 31 January 2021 was £3.1m (2020: £4.3m).

The Group's largest pension scheme is a defined contribution scheme provided by Scottish Widows in the UK. Employees are invited to join the scheme automatically on completion of three months' qualifying service, although senior employees may be invited to join earlier at the discretion of the Directors. The Group contributes 5% and the employee contributes 5% of the employee's basic earnings (excluding bonuses) to the plan.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

28. Leases

Leases classified under IFRS 16 "Leases"

On adoption, the Group applied a modified retrospective approach under which right-of use assets are recognised and initially measured at the same amount as lease liability on the date of initial application. Under this approach, prior information has not been restated, and is reported under IAS 17 'Leases'. IFRS 16 leases are disclosed within note 17.

The lease liability is initially measured at the present value of lease payments, discounted using the Group's incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option. Subsequently the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

Lease liabilities are shown separately on the consolidated balance sheet in current liabilities and non-current liabilities.

	As at 31 January 2021	As at 31 January 2020
	£' 000	£' 000
Current-liabilities - leases	6,164	6,640
Non-Current liabilities - leases	3,743	4,227
	9,907	10,867

The Group has elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value. For these leases the lease payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

Operating lease commitments

The Group has total future minimum lease payments under non-cancellable operating leases for each of the following periods:

	As at 31 January 2021	As at 31 January 2021
	Property	Vehicles, plant and equipment
	£' 000	£' 000
Minimum lease payments under non-cancellable operating leases:		
Within one year	181	1,004
Later than one year and less than five years	-	1,007
	181	2,011

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

29. Financial instruments

The Group's financial instruments comprise cash, bank overdraft, invoice discounting and various items such as trade receivables and trade payables that arise directly from its operations. The fair value of financial assets and liabilities is approximately equal to their book values.

Additional disclosures are set out in the accounting policies relating to risk management. An explanation of the role that financial instruments have had during the period in the management of the Group's funding liquidity and foreign exchange is provided within note 4.

In accordance with IFRS 9 "Financial Instruments", the Group has reviewed all contracts and confirmed that none contain embedded derivatives that are required to be assessed and measured as per the requirements set out in the standard. There were no material embedded derivatives at 31 January 2021.

Borrowing facilities

Invoice discount facility

At 31 January 2021 the Group has a syndicated invoice discounting facility of £90m. This facility is allocated across the Group's operations as follows: £38m in the UK (Harvey Nash: £35m, Crimson: £3m), EUR equivalent of £5m in Ireland, EUR equivalent of £30m in the Netherlands, EUR equivalent of £9.5m in Belgium and the USD equivalent of £7.5m in the USA.

The overdraft facilities are repayable on demand and the invoice discounting facilities are available on a rolling 12-month basis. The rates on all facilities are floating. All conditions precedent to the overdraft and invoice discounting were met at 31 January 2021.

		As at 31 January 2021	As at 31 January 2021		As at 31 January 2020	As at 31 January 2020
		'000	£'000		'000	£'000
Drawn borrowing facilities						
Invoice discounting facilities – UK	£	15,836	15,836	£	15,528	15,528
Invoice discounting facilities – Ireland	€	(687)	(608)	€	(1,803)	(1,516)
Invoice discounting facilities – Belgium	€	3,432	3,039	€	11,961	10,058
Invoice discounting facilities – Netherlands	€	14,007	12,404	€	26,341	22,150
Invoice discounting facilities – USA	\$	4,174	3,046	\$	5,306	4,037
Invoice discounting facilities – Crimson	£	82	82	£	609	609
Total			33,799			50,866

		As at 31 January 2021	As at 31 January 2021		As at 31 January 2020	As at 31 January 2020
		'000	£'000		'000	£'000
Undrawn borrowing facilities						
Invoice discounting facilities – UK	£	19,164	19,164	£	19,472	19,472
Invoice discounting facilities – Ireland	€	6,333	5,608	€	7,749	6,516
Invoice discounting facilities – Belgium	€	7,296	6,461	€	1,715	1,442
Invoice discounting facilities – Netherlands	€	19,870	17,596	€	6,957	5,850
Invoice discounting facilities – USA	\$	6,104	4,454	\$	4,552	3,463
Invoice discounting facilities – Crimson	£	2,918	2,918	£	2,391	2,391
Total			56,201			39,134

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

29. Financial instruments continued

Borrowing facilities continued

Senior finance debt

As at 1 February 2020 the Group had a senior finance facility of £20m comprising of two term loans "A" and "B" each of £10m. Term loan "A" is repaid in quarterly instalments, term loan "B" remains at £10m until final repayment date on 31 October 2023. The loans accrue interest at Libor plus 4% and Libor plus 4.5% respectively and are paid quarterly. During the current financial period the Group increased this facility by term "C" which amounted to an additional £5.8m. Term loan "C" is repaid in quarterly installments and accrues interest at libor plus 4.25%.

	12 month period ended 31 January 2021	15 month period ended 31 January 2020
	£' 000	£' 000
Senior finance debt		
Opening Balance	17,900	-
Additions	5,769	20,000
Repayments	(1,917)	(2,100)
Closing Balance	21,752	17,900
Current	3,309	2,100
Non-current	18,443	15,800

30. Deferred consideration

	12 month period ended 31 January 2021	15 month period ended 31 January 2020
	£' 000	£' 000
Opening Balance	687	-
Acquisitions	14,101	4,368
Fair value gain on contingent consideration	19	(629)
Consideration settled	(194)	(3,000)
Foreign exchange	(779)	(52)
Closing Balance	13,834	687
Current	7,190	175
Non-current	6,644	512

31. Loan receivable

Nash Technologies GmbH

	12 month period ended 31 January 2021	15 month period ended 31 January 2020
	£' 000	£' 000
Opening Balance	1,934	-
Acquisitions	-	2,053
Foreign exchange	-	(119)
Closing Balance	1,934	1,934

The Group has a £1.9m (€2.3m) loan receivable from Nash Technologies GmbH included within non-current assets. The rate of interest is three-month EURIBOR plus 1.5%. The loan is due to mature on 30 June 2023.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2021

32. Business combinations

Harvey Nash Group Ltd

On 20 October 2020, the Group acquired 100% of the share capital of Latitude 36 Inc, a technology recruitment business with subsidiaries and offices in the United States of America and India for a consideration of £30.2m. On this date the transaction was identified under "IFRS3 - Business Combinations".

The provisional fair value of the net assets acquired is approximately equal to the acquiree's carrying amount. The excess of consideration above net asset values has been attributed in full to goodwill as no other intangible assets have been identified.

The amounts of revenue and profit of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period were £15.3m and £0.7m respectively.

Details of the purchase consideration, the net assets acquired and the goodwill recognised were as follows:

	£' 000
Purchased consideration	
Cash paid	16,105
Deferred consideration	14,101
Total purchase consideration	30,205

The assets and liabilities arising at the date of acquisition were as follows:

	£' 000
Cash	1,186
Property, plant and equipment	51
Right of use assets	1,124
Trade and other receivables	11,398
Borrowings	(6,177)
Deferred tax liability	(2,750)
Trade and other payables	(4,264)
Lease liabilities on right of use assets	(1,124)
Intangible assets identified	13,095
Net identifiable assets acquired	12,539
Goodwill	17,666
Total purchase consideration	30,205

Cash outflow to acquire subsidiary

	£' 000
Cash consideration	(16,105)
Cash balances acquired	1,186
Acquisition of subsidiary, net of cash acquired	(14,919)

Company Statement of Financial Position

As at 31 January 2021

	Notes	31 January 2021 £' 000	31 January 2020 £' 000
ASSETS			
Non-current assets			
Investments	3	108,627	98,627
Loans receivable from group undertakings	4	845	845
		109,472	99,472
Current assets			
Trade and other receivables		267	-
Cash and cash equivalents		1	2
		268	2
Total assets		109,740	99,474
LIABILITIES			
Current liabilities			
Trade and other payables		(2)	(2)
Borrowings		(3,309)	(2,100)
		(3,311)	(2,102)
Non-current liabilities			
Borrowings		(18,443)	(15,800)
Loans payable to group undertakings	5	(1,055)	(3,653)
		(19,498)	(19,453)
Total liabilities		(22,809)	(21,555)
Net assets		86,931	77,919
EQUITY			
Ordinary shares	6	1	1
Share Premium		10,000	-
Fair value and other non-distributable reserves		14,751	14,751
Other distributable reserves		67,969	67,969
Retained loss		(5,790)	(4,802)
Total equity		86,931	77,919

The company financial statements on pages 48 - 51 were approved by the board and signed on its behalf by Chris Tilley on 26 May 2021.



Chris Tilley
Director

Date: 26 May 2021

Company Statement of Changes in Equity

For the 12 month period ended 31 January 2021

	Share capital	Share premium	Fair value and other non-distributable reserves	Other distributable reserves	Retained earnings	Total
	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000
Balance at 1 November 2018	-	-	-	-	-	-
Loss for the period	-	-	-	-	(3,671)	(3,671)
Gain on fair value of investments	-	-	11,918	-	-	11,918
Total comprehensive (loss)/income for the period	-	-	11,918	-	(3,671)	8,247
Shares issued during the period	63,323	3,324	-	-	-	66,647
Share reduction during the period	(63,322)	(3,324)	-	66,646	-	-
Capital contribution adjustments	-	-	2,833	1,323	-	4,156
Dividends paid	-	-	-	-	(1,131)	(1,131)
Balance at 31 January 2020	1	-	14,751	67,969	(4,802)	77,919
Loss for the period	-	-	-	-	(426)	(426)
Total comprehensive (loss)/income for the period	-	-	-	-	(426)	(426)
Shares issued during the period	-	10,000	-	-	-	10,000
Dividends paid	-	-	-	-	(562)	(562)
Balance at 31 January 2021	1	10,000	14,751	67,969	(5,790)	86,931

Notes to the Company Financial Statements

For the 12 month period ended 31 January 2021

1. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Financial Reporting Standard ('FRS') 100, issued by the Financial Reporting Council ('FRC'). Accordingly, the financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, financial instruments, capital management, presentation of a cash-flow statement, standards not yet effective, impairment of assets and certain related party transactions.

Where required, equivalent disclosures are given in the Group accounts.

The financial statements have been prepared on the historical cost basis, which is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

No critical judgements were applied in the parent company other those discussed in note 5 to the consolidated financial statements.

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. Impairment reviews are conducted annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the asset's fair value less costs of sale and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. Loss for the period

The loss for the 12 month period ended 31 January 2021 in the financial statements of Harvey Nash Group Holdings Ltd, the Company, was £0.4m (2020: loss £3.7m). As permitted by s408 Companies Act 2006, no profit and loss account is presented in respect of the parent Company.

3. Investment in subsidiaries

	12 month period ended 31 January 2021 £' 000	15 month period ended 31 January 2020 £' 000
Shares in Group undertakings		
Opening Balance	98,627	-
Additions	10,000	98,627
Closing Balance	108,627	98,627

During the period the Company increased its investment in Harvey Nash Group Ltd by £10m in order to facilitate the Latitude 36 acquisition.

The directors consider that the carrying value of the investments is supported by their underlying net assets. The carrying value of the investments was tested against discounted future cash flows during the period. The forecasts were based on post-tax cash flows derived from the approved budget for FY2021 and the long-term strategic plan. Management considers that these forecasts are achievable. Should future cash flows be unable to support the carrying value, an impairment would be recognised.

A full list of subsidiary companies and branches owned directly or indirectly by the Company as at 31 January 2021 is presented on pages 52 - 53.

Notes to the Company Financial Statements

For the 12 month period ended 31 January 2021

4. Loans receivable from group undertakings

	As at 31 January 2021	As at 31 January 2020
	£' 000	£' 000
Amounts owed by group undertakings	845	845

Amounts owed by Group undertakings are unsecured and may be paid by the borrower at any time unless otherwise agreed between Group undertakings. The interest is charged at a 2.5% margin over LIBOR in accordance with formal loan agreements between the parties. These are not expected to be repaid within the next 12 months.

Information on each loan is included in note 25 of the notes to the consolidated financial statements.

5. Loans payable to group undertakings

	As at 31 January 2021	As at 31 January 2020
	£' 000	£' 000
Amounts owed to group undertakings	(1,055)	(3,653)

Amounts owed to Group undertakings are unsecured and may be paid by the Company at any time unless otherwise agreed between Group undertakings. Interest is charged at a 2.5% margin over the bank base rate applicable in the jurisdiction of the lender, in accordance with formal loan agreements between the parties. These are not expected to be repaid within the next 12 months.

Information on each loan is included in note 25 of the notes to the consolidated financial statements.

6. Share capital

	As at 31 January 2021	As at 31 January 2020
	£' 000	£' 000
Allotted and fully paid		
73,323,183 (2020: 63,323,183) ordinary shares of 0.001 pence each	1	1

During the period 10,000,000 shares at a nominal value of 0.1 pence each were issued.

Full List of Subsidiaries of Harvey Nash Group Holdings Ltd

Full list of Subsidiaries

	% Holding	Principal activity
United Kingdom		
110 Bishopsgate, London, EC2N 4AY		
Harvey Nash Ltd	100%	Recruitment consultancy
NashTech Ltd	100%	Software consultancy
Crimson Ltd	100%	Recruitment consultancy
Impact Executives Ltd	100%	Recruitment consultancy
Impact Executives Holdings Ltd	100%	Non-trading
Ireland		
Unit 2, 51 Sir John Rogerson's Quay, Dublin 2		
Harvey Nash (Ireland) Ltd	100%	Recruitment consultancy
NashTech Software Ltd	100%	Software consultancy
Netherlands		
Industrieweg 4 Maarssen, 3606 AS		
Harvey Nash BV	100%	Recruitment consultancy
Harvey Nash Newco BV	100%	Non-trading
Harvey Nash Perspective BV	100%	Recruitment consultancy
Germany		
Grafenberger Allee 337a-c 40235 Düsseldorf		
Harvey Nash GmbH	100%	Recruitment consultancy
Nash Direct GmbH	100%	Recruitment consultancy
Impact Executives (Germany) GmbH	100%	Non-trading
Belgium		
Nieuwe gentesteenweg21/3, 1702 Groot-ijgaarden		
Harvey Nash IT Consulting NV	100%	Recruitment consultancy
Harvey Nash NV	100%	Recruitment consultancy
Residentie Docklands, Indiëstraat 2, 2000 Antwerpen		
eMenka NV	100%	Recruitment consultancy
Talent IT BVBA	100%	Recruitment consultancy
Team4Talent BVBA	100%	Recruitment consultancy
Pro-Cured BVBA	100%	Procurement
Switzerland		
Badenerstrasse 15, Postfach 8021 Zürich		
Harvey Nash AG	100%	Recruitment consultancy
Impact Executives Holdings AG	100%	Non-trading
Poland		
Al. Jerozolimskie 56C, 00-803 Warsaw		
Harvey Nash Alumni Sp. z o.o.	100%	Recruitment consultancy
Harvey Nash Technology Poland Sp. z o.o.	100%	Recruitment consultancy
India		
5-9-22/57/D/1 1st Floor BM, Birla Science Centre Complex, Adarshnagar, Hyderabad		
Harvey Nash Private Limited	100%	Recruitment consultancy

Full list of Subsidiaries

	% Holding	Principal activity
Sweden		
World Trade Center, Kungsbron 1, Box 843, 101 36 Stockholm		
IE Management AB	100%	Recruitment consultancy
Harvey Nash Recruitment AB	100%	Recruitment consultancy
Harvey Nash Services AB	100%	Recruitment consultancy
PAT Management AB	100%	Recruitment consultancy
Finland		
Unionsgatan 22, 00130 Helsinki		
Harvey Nash OY	100%	Recruitment consultancy
Norway		
Haakon VII's Gate 6, 0161 Oslo		
Harvey Nash AS	100%	Recruitment consultancy
United States of America		
1680 Route 23 North, Suite 300, Wayne, NJ 07470		
Harvey Nash Inc	100%	Recruitment consultancy
Harvey Nash Holdings Inc	100%	Non-trading
SBS Group Inc	100%	Non-trading
Broadbay Networks Inc	100%	Non-trading
Tech Discovery LLC	100%	Non-trading
Euro Systems International Inc	100%	Non-trading
Applied Concepts Inc	100%	Non-trading
Scientific & Business Systems Inc	100%	Non-trading
810, Crescent Centre Dr., Suite 120, Franklin, Tennessee 37067		
Latitude 36 Inc	100%	Recruitment consultancy
Japan		
Tokyo Square Garden 14F, WeWork, 3-1-1 Kyobashi, Chuo-ku, Tokyo		
Harvey Nash Japan KK	100%	Software consultancy
Vietnam		
364 Cong Hoa Street, Tan Binh District, Ho Chi Minh City		
Harvey Nash (Vietnam) Company Ltd	100%	Software consultancy
British Virgin Islands		
P.O Box 957, Offshore Incorporations Centre, Road Town, Tortola		
Harvey Nash Ltd (BVI)	100%	Non-trading
Singapore		
One Raffles Quay, North Tower, Level 25		
Harvey Nash Singapore PTE Ltd	100%	Non-trading
71 Robinson Road, #13-129		
NashTech Singapore PTE Ltd	100%	Software consultancy
Hong Kong		
Unit 1501, 15/F Henley Building, 5 Queen's Road Central, Central		
Harvey Nash (Hong Kong) Ltd	100%	Non-trading

Offices

United Kingdom

London

110 Bishopsgate
London EC2N 4AY

Birmingham

4301 Waterside Centre
Birmingham Business Park
Birmingham B37 7YE

Leeds

Marshalls Mill
Marshall Street
Leeds LS11 9YJ

Manchester

Lowry House
17 Marble Street
Manchester M2 3AW

Newcastle

Hoult's Yard, Walker Road
Newcastle-upon-Tyne
NE6 2HL

Nottingham

11 Clarendon Street
Nottingham, NG1 5HR

Bristol

Ten Victoria Street
Bristol BS1 6BN

Edinburgh

Waverley Gate
2-4 Waterloo Place
Edinburgh, EH1 3EG

Glasgow

2 West Regent Street
Glasgow G2 1RW

Ireland

Dublin

Mount Street Lower
Grand Canal Dock
Dublin 2

Belgium

Antwerp

Houtdok-Noordkaai
12 – 2030 Antwerpen

Brussels

Nieuwe Gentesteenweg 21/3
1702 Groot-Bijgaarden

Ghent

Huize Minne
Kortrijksesteenweg 62
9830 Sint-Martens-Latem

Netherlands

Utrecht

Industrieweg 4
Maarsse, Utrecht 3606 AS

Groningen

Verlengde Hereweg 173
Groningen, 9721 AP

Germany

Düsseldorf

Grafenberger Allee 337a-c
40235 Düsseldorf

Stuttgart

Tübinger Strasse 26
D-70178 Stuttgart

Munich

Leonrodstrasse 52
D-80636 München

Poland

Warsaw

Al. Jerozolimskie 56C
00-803 Warsaw

Finland

Helsinki

Unionsgatan 22
00130 Helsinki

Australia

Sydney

Suite 14.02, Level 14
20 Hunter Street
Sydney NSW 2000

Sweden

Stockholm

World Trade Center,
Kungsbron 1
Box 843, 101 36 Stockholm

Gothenburg

Södra Larmgatan 20
411 16 Göteborg

Malmö

Gibraltargatan 7
211 18 Malmö

Lund

Kyrkogatan 9B
222 22 Lund

Norway

Oslo

Haakon VII's Gate 6
0161 Oslo

Switzerland

Zürich

Badenerstrasse 15
Postfach 8021 Zürich

Denmark

Copenhagen

Regus Tuborg Havn, 3 sale
Tuborg Boulevard 12
2900 Hellerup, Copenhagen

USA

New Jersey

1700 Route 23 North
Suite 100
Wayne, NJ 07470

California

39465 Paseo Padre Parkway
Suite 3000
Fremont, CA 94538

Tennessee

810, Crescent Centre Dr.,
Suite 120
Franklin, Tennessee 37067

New York

401 Park Avenue South
9th Floor
New York, NY 10016

Washington

2101 4th Avenue, Suite 720
Seattle, WA 98121

India

Hyderabad

5-9-22/57/D/1 1st Floor BM
Birla Science Centre Complex
Adarshnagar, Hyderabad

Vietnam

Hanoi

4F & 6F, HITC Building
239 Xuan Thuy Road
Cau Giay District, Hanoi

Ho Chi Minh City

e.town Building
364 Cong Hoa Street
Tan Binh District
Ho Chi Minh City

Japan

Tokyo

Tokyo Square Garden 14F
WeWork
3-1-1 Kyobashi
Chuo-ku, Tokyo

Singapore

Singapore

One Raffles Quay
North Tower, Level 25
Singapore

71 Robinson Street
#13-129
Singapore, 068895

Officers and professional advisers

Officers

Directors

Bev White	Gary Browning
Chris Tilley	Michael Haxby
David Morrison	Diederik Vos
Michael Branigan	Streisan Bevan
Adrian Gunn	Joanna Macleod

Secretary

Chris Tilley

Registered office

Harvey Nash Group Holdings Ltd
110 Bishopsgate
London EC2N 4AY

Registered number

11464274 (England and Wales)

Contact details

+44 (0) 20 7333 0033
info@harveynash.com
www.harveynash.com

Social Media

 twitter.com/HarveyNashGroup

 linkedin.com/company/Harvey-Nash

 facebook.com/HarveyNashGroup

Ultimate parent

The Power of Talent Topco Limited
Company number: 132333C
Registered in the Isle of Man

Professional advisers

Solicitors

Addleshaw Goddard LLP
60 Chiswell Street
London
EC1Y 4AG
United Kingdom

Independent Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
1 New Street Square
London EC4A 3BZ

Principal bankers

National Westminster Bank plc
280 Bishopsgate
London EC2M 4RB




Harvey Nash
Group