

Registered number: 08729262

TALENT INTERNATIONAL (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018



TALENT INTERNATIONAL (UK) LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Directors | J R Butterfield R W Earl |
| Company secretary | P M Dundon |
| Registered number | 08729262 |
| Registered office | First Floor 138 Edmund Street Birmingham B3 2ES |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB |
| Solicitors | Clarke Willmott 1 Georges Square Bath Street Bristol BS1 6BA |

TALENT INTERNATIONAL (UK) LIMITED

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TALENT INTERNATIONAL (UK) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

Introduction

The principal activity of the Group is the recruitment of technology and digital professionals for our customers. Our services are provided to our customers through recruitment process outsourcing (RPO), retained search, exclusive project-based recruitment projects and contingency recruitment covering the supply of both contract and permanent technology and digital professionals.

Business review

Market conditions that we reported on in the previous year, in particular, relating to sourcing high quality professionals in the UK has continued into the current year. Against the backdrop of political uncertainty, the UK market has remained challenging in the permanent recruitment divisions, this is mainly due to the lack of available permanent candidates looking to move jobs and concerns from candidates about moving jobs whilst the Brexit issues remain unclear. Our policy of investment and expansion in Europe, with a growing and expanding presence in Germany has offset some of the financial impact of this. The performance of our contracting business remains positive.

The loss for the financial year of £774,666 (2017: £821,889) was disappointing but as in the prior year, the company has continued to invest in its internal resources to support its future longer-term growth plans, and overseas infrastructure to widen the scope of its services offered outside the UK.

Discussions took place in the early part of the year with Talent International Holdings Ltd (THL) around the merits of further integration of the company into the Group, this full integration was part of our original business plan. The successful conclusion of those discussions resulted in the acquisition by THL of the remaining share capital of the company on 23 May 2018. Talent International UK Ltd is now a full subsidiary of THL. This full integration has allowed for various Group wide initiatives to be adopted.

Principal risks and uncertainties

At the time of reporting, the terms of the departure of the UK from the European Union have not been finalised, and we are unclear at this point about the impact on this on both the buying decisions of customers and the availability of a substantial part of the candidate base.

TALENT INTERNATIONAL (UK) LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Treasury Policies

Financial Instruments

The Group's financial instruments comprise cash at bank, balances with group undertakings and trade debtors and creditors, loan notes and the invoice discounting facility arising from normal operations.

These financial instruments are used to fund the Group's operations. It is group policy that no trading in financial instruments be undertaken.

Interest Rate Risk

There are no bank borrowings so interest rate risk arises only from the loan notes and invoice discounting facility. Loan note interest is at a fixed rate and the invoice discount rate varies in line with changes in LIBOR.

Credit Risk

The Group's objective is to reduce the risk of financial loss due to a counterparty's failure to honour its obligations. The Group's principal financial assets are cash and trade debtors. The principal credit risk arises from its trade debtors. In order to mitigate this risk the company operates a robust credit management policy which includes a review of the customer credit and payment history and has in place a credit insurance policy which substantively covers its trade debtors.

Liquidity Risk

Liquidity risk is mitigated by careful and active management of the Group's funds to provide sufficient liquidity for its foreseeable needs.

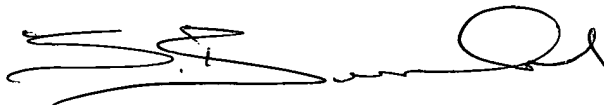
Financial key performance indicators

The financial key performance indicators of the group are:

| | 2018 | 2017 |
|-------------------------|---------|---------|
| Net fee income per head | £98,004 | £91,850 |
| % contract margin | 13.5% | 12.79% |
| Average perm fee | £8,602 | £7,382 |

The results of these are in line with the business review on page 1.

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



J R Butterfield
Director

Date: 26th March 2019.

TALENT INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

Results and dividends

The loss for the year, after taxation, amounted to £774,666 (2017: loss £821,889).

Dividends of £Nil (2017: £Nil) were paid during the year.

Directors

The directors who served during the year, unless otherwise stated, were:

J R Butterfield
P M Dundon (resigned 31 May 2018)
D E Earl (resigned 31 May 2018)
R W Earl
I D Kembery (resigned 31 May 2018)
M Nielsen (resigned 31 May 2018)
A B J Scholes (resigned 31 May 2018)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group 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 Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differ from legislation in other jurisdictions.

TALENT INTERNATIONAL (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018**

Future developments

Deeper integration with the Talent International organisation and a closer alignment within the global strategy will have a positive impact on the financial position of the company.

Going Concern

The group has the continued support of its shareholders for a period in excess of twelve months from the approval of the financial statements. The directors are confident the group has sufficient cash headroom within its facilities to achieve its forecast outturn for the period to at least March 2020.

The directors are satisfied the going concern basis of preparation of these financial statements is appropriate.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

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

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



J R Butterfield
Director

Date: 26 March 2019



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TALENT INTERNATIONAL (UK) LIMITED

Opinion

We have audited the financial statements of Talent International (UK) Limited (the 'company') and its subsidiaries (the 'Group') for the year ended 30 June 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TALENT INTERNATIONAL (UK)
LIMITED (CONTINUED)**

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

We have nothing to report in this regard.

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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the 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.



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TALENT INTERNATIONAL (UK)
LIMITED (CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 3, 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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

Grant Thornton UK LLP

Stuart Muskett
Senior statutory auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Manchester

Date: *28 March 2017*

TALENT INTERNATIONAL (UK) LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

| | Note | 2018 £ | 2017 £ |
|---|------|------------------|------------------|
| Turnover - continuing operations | 4 | 36,928,739 | 30,667,726 |
| Cost of sales | | (28,990,376) | (23,961,363) |
| Gross profit | | 7,938,363 | 6,706,363 |
| Administrative expenses | | (8,506,098) | (7,363,642) |
| Other operating income | | 10,568 | - |
| Operating loss | 6 | (557,167) | (657,279) |
| Interest receivable and similar income | 10 | 167 | - |
| Interest payable and expenses | 11 | (217,666) | (162,466) |
| Loss before taxation | | (774,666) | (819,745) |
| Tax on loss | 12 | - | (2,144) |
| Loss for the financial year | | (774,666) | (821,889) |
| Loss for the year attributable to: | | | |
| Owners of the parent Company | | (774,666) | (821,889) |

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

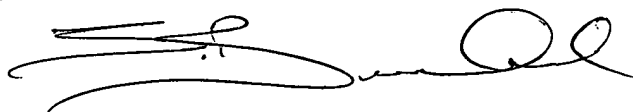
The notes on pages 15 to 35 form part of these financial statements.

TALENT INTERNATIONAL (UK) LIMITED
REGISTERED NUMBER:08729262

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2018

| | Note | 2018 £ | 2017 £ |
|---|------|---------------------------|---------------------------|
| Fixed assets | | | |
| Intangible assets | 14 | 30,412 | 63,885 |
| Tangible assets | 15 | 106,272 | 62,557 |
| Investments | 16 | 10,376 | 10,002 |
| | | <u>147,060</u> | <u>136,444</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 17 | 5,908,306 | 5,759,591 |
| Cash at bank and in hand | 18 | 418,180 | 368,427 |
| | | <u>6,326,486</u> | <u>6,128,018</u> |
| Creditors: amounts falling due within one year | 19 | (7,569,395) | (6,938,021) |
| Net current liabilities | | <u>(1,242,909)</u> | <u>(810,003)</u> |
| Total assets less current liabilities | | <u>(1,095,849)</u> | <u>(673,559)</u> |
| Creditors: amounts falling due after more than one year | 20 | (648,464) | (694,808) |
| Net liabilities | | <u><u>(1,744,313)</u></u> | <u><u>(1,368,367)</u></u> |
| Capital and reserves | | | |
| Called up share capital | 23 | 287,827 | 241,357 |
| Share premium account | 24 | 2,706,718 | 2,354,468 |
| Profit and loss account | 24 | (4,738,858) | (3,964,192) |
| | | <u><u>(1,744,313)</u></u> | <u><u>(1,368,367)</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
26th March 2019



J R Butterfield
Director

The notes on pages 15 to 35 form part of these financial statements.

TALENT INTERNATIONAL (UK) LIMITED
REGISTERED NUMBER:08729262

COMPANY BALANCE SHEET
AS AT 30 JUNE 2018

| | Note | 2018 £ | 2017 £ |
|---|------|---------------------------|---------------------------|
| Fixed assets | | | |
| Intangible assets | 14 | 30,412 | 63,885 |
| Tangible assets | 15 | 100,310 | 62,557 |
| Investments | 16 | 33,362 | 10,091 |
| | | <u>164,084</u> | <u>136,533</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 17 | 6,158,675 | 5,021,563 |
| Cash at bank and in hand | 18 | 414,504 | 354,023 |
| | | <u>6,573,179</u> | <u>5,375,586</u> |
| Creditors: amounts falling due within one year | 19 | (7,215,996) | (6,111,850) |
| Net current liabilities | | <u>(642,817)</u> | <u>(736,264)</u> |
| Total assets less current liabilities | | <u>(478,733)</u> | <u>(599,731)</u> |
| Creditors: amounts falling due after more than one year | 20 | (648,464) | (694,808) |
| Net liabilities | | <u><u>(1,127,197)</u></u> | <u><u>(1,294,539)</u></u> |
| Capital and reserves | | | |
| Called up share capital | 23 | 287,827 | 241,357 |
| Share premium account | 24 | 2,063,247 | 1,710,997 |
| Profit and loss account brought forward | | (3,246,893) | (2,527,441) |
| Loss for the year | | (231,378) | (719,452) |
| Profit and loss account carried forward | | <u>(3,478,271)</u> | <u>(3,246,893)</u> |
| | | <u><u>(1,127,197)</u></u> | <u><u>(1,294,539)</u></u> |

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

26th March 2019


J R Butterfield
 Director

The notes on pages 15 to 35 form part of these financial statements.

TALENT INTERNATIONAL (UK) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|----------------------------------|---------------------------------|--------------------|
| At 1 July 2017 | 241,357 | 2,354,468 | (3,964,192) | (1,368,367) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (774,666) | (774,666) |
| Total comprehensive income for the year | - | - | (774,666) | (774,666) |
| Shares issued during the year | 46,470 | 352,250 | - | 398,720 |
| Total transactions with owners | 46,470 | 352,250 | - | 398,720 |
| At 30 June 2018 | 287,827 | 2,706,718 | (4,738,858) | (1,744,313) |

The notes on pages 15 to 35 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|----------------------------------|---------------------------------|--------------------|
| At 1 July 2016 | 223,896 | 2,228,749 | (3,142,303) | (689,658) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (821,889) | (821,889) |
| Total comprehensive income for the year | - | - | (821,889) | (821,889) |
| Shares issued during the year | 17,461 | 125,719 | - | 143,180 |
| Total transactions with owners | 17,461 | 125,719 | - | 143,180 |
| At 30 June 2017 | 241,357 | 2,354,468 | (3,964,192) | (1,368,367) |

The notes on pages 15 to 35 form part of these financial statements.

TALENT INTERNATIONAL (UK) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|----------------------------------|---------------------------------|--------------------|
| At 1 July 2017 | 241,357 | 1,710,997 | (3,246,893) | (1,294,539) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (231,378) | (231,378) |
| Total comprehensive income for the year | - | - | (231,378) | (231,378) |
| Shares issued during the year | 46,470 | 352,250 | - | 398,720 |
| Total transactions with owners | 46,470 | 352,250 | - | 398,720 |
| At 30 June 2018 | 287,827 | 2,063,247 | (3,478,271) | (1,127,197) |

The notes on pages 15 to 35 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|----------------------------------|---------------------------------|--------------------|
| At 1 July 2016 | 223,896 | 1,585,278 | (2,527,441) | (718,267) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (719,452) | (719,452) |
| Total comprehensive income for the year | - | - | (719,452) | (719,452) |
| Shares issued during the year | 17,461 | 125,719 | - | 143,180 |
| Total transactions with owners | 17,461 | 125,719 | - | 143,180 |
| At 30 June 2017 | 241,357 | 1,710,997 | (3,246,893) | (1,294,539) |

The notes on pages 15 to 35 form part of these financial statements.

TALENT INTERNATIONAL (UK) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Loss for the financial year | (774,666) | (821,889) |
| Adjustments for: | | |
| Amortisation of intangible assets | 34,253 | 34,829 |
| Depreciation of tangible assets | 45,192 | 33,321 |
| Loss on disposal of tangible assets | 829 | - |
| Interest paid | 217,667 | 162,466 |
| Interest received | (167) | - |
| Taxation charge | - | 2,144 |
| Increase in debtors | (62,025) | (296,084) |
| Increase in creditors | 372,680 | 1,332,605 |
| (Decrease)/increase in amounts owed to groups | (6,350) | 154,761 |
| Corporation tax received/(paid) | - | (7,595) |
| Net cash (used in)/generated from operating activities | (172,587) | 594,558 |
| Cash flows from investing activities | | |
| Purchase of intangible fixed assets | (780) | (5,636) |
| Purchase of tangible fixed assets | (89,736) | (22,384) |
| Purchase of other investments | - | (10,002) |
| Purchase of share in joint ventures | (374) | - |
| Interest received | 167 | - |
| Net cash used in investing activities | (90,723) | (38,022) |
| Cash flows from financing activities | | |
| Issue of ordinary shares | 398,720 | 143,180 |
| Other new loans | 290,874 | 154,808 |
| Repayment of other loans | (344,808) | - |
| New finance leases | 13,662 | - |
| Movements on invoice discounting | 172,282 | (681,475) |
| Interest paid | (217,667) | (162,466) |
| Net cash generated from/(used in) financing activities | 313,063 | (545,953) |

TALENT INTERNATIONAL (UK) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Net increase in cash and cash equivalents | 49,753 | 10,583 |
| Cash and cash equivalents at beginning of year | 368,427 | 357,844 |
| Cash and cash equivalents at the end of year | 418,180 | 368,427 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 418,180 | 368,427 |

The notes on pages 15 to 35 form part of these financial statements.

TALENT INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. General information

Talent International (UK) Limited is a private company limited by shares and incorporated in England and Wales. Its registered office is First Floor, 134 Edmund Street, Birmingham, B3 2ES.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in Sterling (£), the functional currency of the Company.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 July 2014.

TALENT INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.4 Going concern

The group has the continued support of its shareholders for a period in excess of twelve months from the approval of the financial statements. The directors are confident the group has sufficient cash headroom within its facilities to achieve its forecast outturn for the period to at least March 2020.

The directors are satisfied the going concern basis of preparation of these financial statements is appropriate.

2.5 Revenue

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

Permanent placement revenue is recognised in the month in which the candidate starts and contractor revenue is recognised in the accounts based on week ending date.

TALENT INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets - website development

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

| | | | |
|---------------------|---|----|-------|
| Website development | - | 10 | years |
| Goodwill | - | 5 | years |

TALENT INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.7 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

| | |
|-------------------------------|---------|
| Short-term leasehold property | - 20.0% |
| Fixtures and fittings | - 33.3% |
| Computer equipment | - 33.3% |

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

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

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

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

2.10 Cash and cash equivalents

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

TALENT INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.11 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

TALENT INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.14 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease

TALENT INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

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

2.17 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.19 Taxation

Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses during the year. However the nature of estimation means that actual outcomes differ from those estimates.

Information about the estimates and assumptions that have most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below:

- Provision for bad and doubtful debtors: trade debtors are assessed individually for their recoverability and a provision is made against the balance if management determine there is uncertainty over whether the balance will be recoverable.

TALENT INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

4. Turnover

The whole of the turnover is attributable to the principal activity of the group.

Analysis of turnover by country of destination:

| | 2018 £ | 2017 £ |
|----------------|-------------------|-------------------|
| United Kingdom | 33,185,312 | 26,676,184 |
| Rest of Europe | 3,743,427 | 3,991,542 |
| | <u>36,928,739</u> | <u>30,667,726</u> |

5. Other operating income

| | 2018 £ | 2017 £ |
|-------------------------------|---------------|-----------|
| Other operating income | | |
| Other income | <u>10,568</u> | <u>-</u> |

6. Operating loss

The operating loss is stated after charging:

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Depreciation of tangible fixed assets | 45,192 | 33,321 |
| Amortisation of intangible assets, including goodwill | 34,253 | 34,829 |
| Exchange differences | 33,079 | 3,160 |
| Other operating lease rentals | <u>330,708</u> | <u>265,700</u> |

7. Auditor's remuneration

| | 2018 £ | 2017 £ |
|--|---------------|---------------|
| Fees payable to the Group's auditor and its associates in respect of: | | |
| Auditor's remuneration | 26,500 | 18,000 |
| Other services relating to taxation | 6,100 | 5,600 |
| | <u>32,600</u> | <u>23,600</u> |

TALENT INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

8. Employees

The average monthly number of employees, including the directors, during the year was as follows:

| | Group 2018 No. | <i>Group 2017 No.</i> | Company 2018 No. | <i>Company 2017 No.</i> |
|--------------------------------------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| Office, administration and directors | 93 | 86 | 89 | 83 |

Staff costs, including directors' remuneration, were as follows:

| | Group 2018 £ | <i>Group 2017 £</i> | Company 2018 £ | <i>Company 2017 £</i> |
|------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Wages & salaries | 5,229,255 | 4,567,951 | 5,063,080 | 4,412,332 |
| Social security costs | 594,417 | 560,088 | 576,723 | 541,026 |
| Defined contribution pension | 184,746 | 173,028 | 177,760 | 169,838 |
| | 6,008,418 | 5,301,067 | 5,817,563 | 5,123,196 |

9. Directors' remuneration

| | 2018 £ | 2017 £ |
|---|-------------------|-------------------|
| Directors' emoluments | 355,470 | 393,603 |
| Company contributions to defined contribution pension schemes | 14,061 | 13,104 |
| | 369,531 | 406,707 |

During the year retirement benefits were accruing to 2 directors (2017: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £210,000 (2017: £240,125).

10. Interest receivable

| | 2018 £ | 2017 £ |
|---------------------------|-------------------|-------------------|
| Other interest receivable | 167 | - |

TALENT INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

11. Interest payable and similar expenses

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Bank interest payable | 75,311 | - |
| Other loan interest payable | 137,057 | 156,697 |
| Finance leases and hire purchase contracts | 932 | - |
| Other interest payable | 4,366 | 5,769 |
| | <u>217,666</u> | <u>162,466</u> |

12. Taxation

| | 2018 £ | 2017 £ |
|--|-----------|--------------|
| Corporation tax | | |
| Adjustments in respect of previous periods | - | 2,144 |
| Total current tax | <u>-</u> | <u>2,144</u> |
| Deferred tax | | |
| Total deferred tax | <u>-</u> | <u>-</u> |
| Taxation on loss on ordinary activities | <u>-</u> | <u>2,144</u> |

TALENT INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

12. Taxation (continued)

Factors affecting tax charge for the year

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

| | 2018 £ | 2017 £ |
|---|-----------|--------------|
| Loss on ordinary activities before tax | (774,666) | (819,745) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19%) | (147,187) | (155,752) |
| Effects of: | | |
| Fixed asset differences | 8,859 | 6,867 |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 21,882 | 6,473 |
| Adjust closing deferred tax to average rate | 3,901 | 46,070 |
| Deferred tax not recognised | 112,545 | 98,486 |
| Total tax charge for the year | - | 2,144 |

Trading losses carried forward at the year end amounted to £3,515,193 (2017: £3,399,116). Deferred tax assets not recognised relating to brought forward losses amounted to £597,234 (2017: £586,512). These will be redeemed against future profits.

Factors that may affect future tax charges

The main rate of corporation tax was reduced from 21% to 20% from the 1 April 2015 (enacted 31 July 2013) and this was the main rate of corporation tax until 31 March 2017.

A number of changes to the UK Corporation tax system were announced in the summer 2015 Budget including that the main rate of corporation tax was to be reduced by a further 1% to 19% from 1 April 2017 and an additional 1% to 18% from 1 April 2020. These announcements were enacted on 18 November 2015.

In the 2016 Budget, it was announced that the Corporation Tax main rate will fall further to 17% from 1 April 2020. Finance Act 2016 was enacted on 15 September 2016 including the rate change to 17% from 1 April 2020.

All rate changes above had been enacted at the balance sheet date and so have been reflected in the deferred tax working where applicable.

TALENT INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £231,378 (2017: loss £719,452).

14. Intangible assets

Group and Company

| | Website development £ | Goodwill £ | Total £ |
|-----------------------|-----------------------------|----------------|----------------|
| Cost | | | |
| At 1 July 2017 | 9,885 | 164,089 | 173,974 |
| Additions | 780 | - | 780 |
| At 30 June 2018 | <u>10,665</u> | <u>164,089</u> | <u>174,754</u> |
| Amortisation | | | |
| At 1 July 2017 | 7,338 | 102,751 | 110,089 |
| Charge for the year | 1,435 | 32,818 | 34,253 |
| At 30 June 2018 | <u>8,773</u> | <u>135,569</u> | <u>144,342</u> |
| Net book value | | | |
| At 30 June 2018 | <u>1,892</u> | <u>28,520</u> | <u>30,412</u> |
| At 30 June 2017 | <u>2,547</u> | <u>61,338</u> | <u>63,885</u> |

Goodwill relates to the trade and assets acquired in the business combinations involving Hunter Charles Limited and Talent International City Limited.

TALENT INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

15. Tangible fixed assets

Group

| | Short-term leasehold property £ | Fixtures and fittings £ | Office equipment £ | Total £ |
|-----------------------|--|-------------------------------|--------------------------|------------|
| Cost | | | | |
| At 1 July 2017 | 11,175 | 30,026 | 109,596 | 150,797 |
| Additions | 19,599 | 34,752 | 35,385 | 89,736 |
| Disposals | (1,422) | - | - | (1,422) |
| At 30 June 2018 | 29,352 | 64,778 | 144,981 | 239,111 |
| Depreciation | | | | |
| At 1 July 2017 | 3,957 | 13,271 | 71,012 | 88,240 |
| Charge for the year | 4,290 | 11,788 | 29,114 | 45,192 |
| Disposals | (593) | - | - | (593) |
| At 30 June 2018 | 7,654 | 25,059 | 100,126 | 132,839 |
| Net book value | | | | |
| At 30 June 2018 | 21,698 | 39,719 | 44,855 | 106,272 |
| At 30 June 2017 | 7,218 | 16,755 | 38,584 | 62,557 |

TALENT INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

15. Tangible fixed assets (continued)

Company

| | Short-term leasehold property £ | Fixtures and fittings £ | Office equipment £ | Total £ |
|-----------------------|--|-------------------------------|--------------------------|----------------|
| Cost | | | | |
| At 1 July 2017 | 11,175 | 30,026 | 109,596 | 150,797 |
| Additions | 19,599 | 34,752 | 27,670 | 82,021 |
| Disposals | (1,422) | - | - | (1,422) |
| At 30 June 2018 | <u>29,352</u> | <u>64,778</u> | <u>137,266</u> | <u>231,396</u> |
| Depreciation | | | | |
| At 1 July 2017 | 3,957 | 13,271 | 71,012 | 88,240 |
| Charge for the year | 4,290 | 11,788 | 27,361 | 43,439 |
| Disposals | (593) | - | - | (593) |
| At 30 June 2018 | <u>7,654</u> | <u>25,059</u> | <u>98,373</u> | <u>131,086</u> |
| Net book value | | | | |
| At 30 June 2018 | <u>21,698</u> | <u>39,719</u> | <u>38,893</u> | <u>100,310</u> |
| At 30 June 2017 | <u>7,218</u> | <u>16,755</u> | <u>38,584</u> | <u>62,557</u> |

TALENT INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

16. Fixed asset investments

Group

| | Investment in Mindsauce Ltd £ | Investment in joint ventures £ | Total £ |
|-----------------------|--|---|---------------|
| Cost | | | |
| At 1 July 2017 | 10,002 | - | 10,002 |
| Additions | - | 374 | 374 |
| At 30 June 2018 | <u>10,002</u> | <u>374</u> | <u>10,376</u> |
| Net book value | | | |
| At 30 June 2018 | <u>10,002</u> | <u>374</u> | <u>10,376</u> |
| At 30 June 2017 | <u>10,002</u> | <u>-</u> | <u>10,002</u> |

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Class of shares | Holding | Principal activity |
|--------------------------------------|------------------------|----------------|---------------------------|
| Talent Outsourcing Solutions Limited | Ordinary | 100 % | Recruitment agency |
| Avec Global UK Limited | Ordinary | 100 % | Recruitment agency |
| Talent International B.V. | Ordinary | 100 % | Recruitment agency |
| Talent International GmbH | Ordinary | 100 % | Recruitment agency |

Participating interests

Joint ventures

Talent International (UK) Limited also owns 50% of the ordinary share capital of Talent UK US Inc. The company's principal activity is that of a recruitment agency.

TALENT INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

16. Fixed asset investments (continued)

Company

| | Investments in subsidiary companies £ | Investment in Mindsauce Ltd £ | Investment in joint ventures £ | Total £ |
|-----------------------|--|--|---|---------------|
| Cost | | | | |
| At 1 July 2017 | 89 | 10,002 | - | 10,091 |
| Additions | 23,683 | - | - | 23,683 |
| Partial disposal | (785) | - | 374 | (411) |
| Amounts written off | (1) | - | - | (1) |
| At 30 June 2018 | <u>22,986</u> | <u>10,002</u> | <u>374</u> | <u>33,362</u> |
| Net book value | | | | |
| At 30 June 2018 | <u>22,986</u> | <u>10,002</u> | <u>374</u> | <u>33,362</u> |
| At 30 June 2017 | <u>89</u> | <u>10,002</u> | <u>-</u> | <u>10,091</u> |

During the prior year the company acquired 752 ordinary shares in Mindsauce Ltd. at a cost of £10,002. This investment represents less than 1% of the total share capital of the entity. The company is registered in England.

During the year, the company subscribed £22,898 for the initial share capital of Talent International GmbH which is registered in Germany.

Additionally, the company subscribed £785 for the initial share capital of Talent UK US Inc. which is registered in United States of America. On 23 May 2018, 50% of the shareholding was disposed of and the investment in subsidiary was transferred to that of an investment in joint venture.

The investment in Hunter Charles of £1 was also disposed of during the period.

TALENT INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

17. Debtors

| | Group 2018 £ | <i>Group 2017 £</i> | Company 2018 £ | <i>Company 2017 £</i> |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade debtors | 5,431,864 | 5,324,675 | 5,010,450 | 4,507,916 |
| Amounts owed by group undertakings | 86,690 | - | 766,454 | 162,142 |
| Other debtors | 140,170 | 202,208 | 132,328 | 125,363 |
| Prepayments and accrued income | 249,582 | 232,708 | 249,443 | 226,142 |
| | <u>5,908,306</u> | <u>5,759,591</u> | <u>6,158,675</u> | <u>5,021,563</u> |

An impairment loss of £Nil (2017: £Nil) was recognised against trade debtors.

18. Cash and cash equivalents

| | Group 2018 £ | <i>Group 2017 £</i> | Company 2018 £ | <i>Company 2017 £</i> |
|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Cash at bank and in hand | 418,180 | 368,427 | 414,504 | 354,023 |

TALENT INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

19. Creditors: Amounts falling due within one year

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Loan notes | 160,000 | 160,000 | 160,000 | 160,000 |
| Trade creditors | 3,871,252 | 3,585,672 | 3,497,501 | 2,799,883 |
| Pension creditor | 19,299 | 18,662 | 19,299 | 18,662 |
| Amounts owed to group undertakings | 475,677 | 395,337 | 498,968 | 438,671 |
| Amounts owed to related parties | 3,577 | - | 3,577 | - |
| Other taxation and social security | 427,272 | 489,616 | 385,064 | 446,950 |
| Obligations under finance lease and hire purchase contracts | 6,072 | - | 6,072 | - |
| Invoice discounting | 1,800,686 | 1,628,404 | 1,916,383 | 1,633,018 |
| Accruals and deferred income | 805,560 | 660,330 | 729,132 | 614,666 |
| | 7,569,395 | 6,938,021 | 7,215,996 | 6,111,850 |

The amount advanced by the invoice discounters is secured by a fixed and floating charge on the company's assets.

Included in amounts owed to group undertakings is £475,677 (2017: £395,337) due to Talent International Holdings PTY Limited, a company incorporated in Australia and a shareholder of Talent International (UK) Limited. These amounts incur no interest, are unsecured and are repayable on demand.

Loan notes falling due within one year incur interest at a rate of 8% plus Libor. The loan notes are unsecured and can be redeemed on 8 May 2019.

20. Creditors: Amounts falling due after more than one year

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Loan notes | 640,874 | 694,808 | 640,874 | 694,808 |
| Net obligations under finance leases and hire purchase contracts | 7,590 | - | 7,590 | - |
| | 648,464 | 694,808 | 648,464 | 694,808 |

Loan notes interest is paid at a rate of 8% and 11% plus Libor. The loan notes are unsecured.

Loan notes totalling £640,874 fall due for repayment on 1 May 2021.

TALENT INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | Group 2018 £ | <i>Group 2017 £</i> | Company 2018 £ | <i>Company 2017 £</i> |
|-------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Within one year | 6,072 | - | 6,072 | - |
| Between 1-5 years | 7,590 | - | 7,590 | - |
| | <u>13,662</u> | <u>-</u> | <u>13,662</u> | <u>-</u> |

22. Financial instruments

| | Group 2018 £ | <i>Group 2017 £</i> | Company 2018 £ | <i>Company 2017 £</i> |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Financial assets | | | | |
| Financial assets that are debt instruments measured at amortised cost | <u>6,076,904</u> | <u>5,911,529</u> | <u>6,323,736</u> | <u>5,165,002</u> |
| Financial liabilities | | | | |
| Other financial liabilities measured at fair value through profit or loss | (800,874) | (854,808) | (800,874) | (854,808) |
| Financial liabilities measured at amortised cost | (6,989,339) | (6,216,777) | (6,655,231) | (5,433,272) |
| | <u>(7,790,213)</u> | <u>(7,071,585)</u> | <u>(7,456,105)</u> | <u>(6,288,080)</u> |

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, pension creditors, invoice discounting and accruals and deferred income.

Loan notes are measured at fair value through profit and loss.

23. Share capital

| | 2018 £ | <i>2017 £</i> |
|---|-------------------|-------------------|
| Allotted, called up and fully paid | | |
| 28,782,732 (2017: 24,135,696) ordinary shares of £0.01 each | <u>287,827</u> | <u>241,357</u> |

TALENT INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

23. Share capital (continued)

The following Ordinary Shares were issued during the period:

13 March 2018 - 2,439,024 Ordinary £0.01 shares for a consideration of £0.082 per share.

24 May 2018 - 2,208,000 Ordinary £0.01 shares for a consideration of £0.09 per share.

24. Reserves

Share premium account

Includes any premium received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current and prior period retained profits and losses.

25. Share based payments

At 1 July 2017, a total of 2,870,000 share options had been granted at 9p per share under an approved EMI scheme.

During the year, 254,000 options were granted, 916,000 options have lapsed and 2,208,000 options were exercised. This leaves a balance of Nil share options at 30 June 2018.

26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £184,746 (2017: £173,028). Contributions totalling £19,298 (2017: £18,662) were payable to the fund at the balance sheet date and are included in creditors.

27. Commitments under operating leases

At 30 June 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|-----------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Expiry date: | | | | |
| Within 1 year | 149,765 | 146,604 | 149,765 | 146,604 |
| Between 2 and 5 years | 183,134 | 332,899 | 183,134 | 332,899 |
| | 332,899 | 479,503 | 332,899 | 479,503 |

TALENT INTERNATIONAL (UK) LIMITED

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28. Related party transactions

The Company has taken advantage of the exemption available under FRS 102 'Related Party Transactions' from disclosing related party transactions with other group entities that are wholly owned.

Transactions with directors

£290,874 (2017: £220,306) is due to J Butterfield, a director during the period, for loan notes issued during the prior year.

£Nil (2017: £7,788) is due to P Dundon, a director during the period, for loan notes issued during the prior year.

£Nil (2017: £8,307) is due to A Scholes, a director during the period, for loan notes issued during the prior year.

Key management personnel

The cost to the company of individuals that are considered to be key management was £530,314 (2017: £678,248).

29. Ultimate parent undertaking and Controlling party

The company is a subsidiary of Talent International Holdings Pty which is its ultimate parent and ultimate controlling related undertaking.

Talent International Holdings Pty, a company incorporated in Australia, is the ultimate holding entity for this company.

Talent International (UK) Limited is included within the consolidation results of Talent International Holdings Pty. Copies of the financial statements can be obtained from 201 Elizabeth Street, Sydney, NSW 2000.