4 November 2020

Prime People Plc

Results for the year ended 31 March 2020

Prime People Plc ("Prime People" or the "Group"), the global specialist recruitment business for professional and technical staff working in the Real Estate & Built Environment, Digital & Data Analytics sectors, today announces its audited results for the year ended 31 March 2020.

The Group's Annual Report and Accounts and Notice of General Meeting will be published shortly and are available to view on the Company's website at http://prime-people.co.uk/. The GM will be held on 23 November 2020 at 11.00 am at 2 Harewood Place, London, W1S 1BX.

Highlights:

		Year ended 31 March 2020	Year ended 31 March 2019
Revenue		**£23.99m**	**£24.66m**
Net Fee Income ("NFI")		**£15.52m**	**£15.78m**
Operating Profit before tax and Goodwill impairment	Note 1	**£1.96m**	**£2.47m**
Operating Profit before tax, Goodwill impairment and after non-controlling interest		**£1.80m**	**£1.96m**
Fully diluted earnings per share before Goodwill impairment	Note 2	**13.28p**	**13.37p**
Dividends for the year	Note 3	**1.80p**	**5.20p**

Note 1. Operating profit for the year ended 31 March 2020 is before goodwill impairment of £4.0m
Note 2. Fully diluted earnings per share for the year ended 31 March 2020 are based on operating profit before goodwill impairment of £4.0m
Note 3. In addition to the interim dividend, in the year ended 31 March 2020 a return of capital of 16.25p per share was paid to shareholders

Peter Moore, Managing Director of Prime People, said:

"The Covid-19 pandemic started in the early part of 2020, and while not having a material impact on performance for the year ended 31 March 2020, nonetheless, slowed activity in our final quarter. Overall, the Group delivered an acceptable performance given that our Asian markets slowed rapidly in early Q4 as the pandemic took hold in the region ahead of the UK downturn later in the quarter. I would like to personally thank all our team for their dedication, everyone has adapted and embraced the rapid changes to working practices and the business environment Covid-19 has created. The Group continues to maintain a good net cash position. At the start of the year the Group had cash of £2.3m which had declined slightly to £2.1m by the year end."

For further information, please contact:

Prime People	**020 7318 1785**
Robert Macdonald, Executive Chairman	
Peter Moore, Managing Director	
Donka Zaneva-Todorinski, Finance Director	
Cenkos Securities plc	**020 7397 8900**
Katy Birkin/Harry Hargreaves	

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

PRIME PEOPLE PLC

Chairman's Statement

Performance

The Covid-19 pandemic started in the early part of 2020, and while not having a material impact on performance for the year ended 31 March 2020, nonetheless, slowed activity in our final quarter.

Overall, the Group delivered an acceptable performance given that our Asian markets slowed rapidly in early Q4 as the pandemic took hold in the region ahead of the UK downturn later in the quarter. In the UK, although Net Fee Income ("NFI") performance was broadly consistent with the prior year, operating costs were higher due to staff turnover and localised investment in IT infrastructure and advertising.

Internationally the business has made good progress with a continuing positive growth performance in Asia including a material contribution from our majority investment in Command Recruitment Group (H.K.) Limited, and the Rest of The World breaking even this year.

We closed the year with headline Revenue of £23.9m (2019: £24.6m) and NFI of £15.5m (2019 £15.7m). NFI comprises the total fees for permanent candidates and the margin earned in the placement of contract staff.

Operating Profit, before Goodwill impairment of £4.0m, was £2.0m compared to the prior year of £2.4m, the decline attributable to a combination of lower NFI and higher operating costs.

The Group conversion rate, excluding Goodwill impairment, and which compares operating profit to NFI, was 12.9% (2019: 15.6%).

The Board have carefully considered the prospects of the Group's UK operation and market and believe it prudent to recognise an impairment charge of £4.0m against the carrying value of Goodwill. Further details of the goodwill impairment are disclosed in note 11.

Cash Flow

The Group continues to maintain a good net cash position. At the start of the year the Group had cash of £2.3m which had declined slightly to £2.1m by the year end.

Dividend

During the year, an interim Dividend of 1.8p per share was paid (2019: 1.8p). In light of the significant uncertainty created by Covid- 19, the Board is taking all measures to protect cash while at the same time ensuring the Group is properly positioned to service its markets as and when normality begins to return. Consequently, as previously reported, the Board will not be recommending a final Dividend this year (2019: 3.4p per share). This will result in a total Dividend payment of 1.8p for the 2020 financial year against 5.2p for 2019. Subject to market conditions and cash, the Group remains committed to paying progressive dividends as soon as appropriate.

Return of Capital

As of 31 March 2019, the Group had net cash of £2.3m which had increased to approximately £3.0m as of 30 September 2019. A large proportion of this net cash was considered by the Board to be surplus, at that time, to the day-to-day needs of the business. The Group's cash position had strengthened over the course of the last year, during which period the Group had continued to focus on its core markets to deliver organic revenue growth.

The Board therefore considered that the Group had sufficient funds for the purposes of pursuing its organic growth plans and concluded that it was appropriate for the Company to return surplus cash to Shareholders by way of a Capital Reduction.

The return of cash amounted to 16.25p per share and was paid to shareholders in January 2020.

Share Buy Back

During the year 19,000 shares were purchased through the Group's buyback programme at a cost of £20,950. In the year 231,750 ordinary shares were transferred from Treasury to satisfy demand arising from the part paid share incentive scheme for key personnel. At the year end the Group held no shares in Treasury.

Board

The Board believes it has continued to operate corporate governance standards appropriate to an AIM quoted company of its size. Simon Murphy stepped down from the Board in February 2020, and we extend our thanks to him for his diligent service to the Group during his tenure as a Director. Although not required to do so, the Directors have resolved that they will retire at least once every three years and seek re-appointment by shareholders at the next AGM.

The Board members have a mix of skills, experience, gender, and backgrounds that are a considerable support to the business.

People

The average number of staff (excluded Temporary Contractors) reduced from 138 last year to 137 this year.

The Group has a diverse cultural and ethnic profile within its businesses and at the year-end had a global 60:40 male to female gender ratio.

The success of the Group is dependent on having competent and committed people and the Board would like to thank all the members of our staff for their hard work, commitment and contribution over the last year.

Current trading and outlook

All our markets have been and continue to be impacted by Covid-19, and although we have experienced reasonable progress in the UK following the easing of the lockdown imposed on 26th March 2020, levels of activity have not recovered fully to pre Covid-19 levels. This is also the case in Asia although the region did not suffer as severe a contraction in trading as the UK. We are anticipating a gradual improvement in trading in H2 to 31st March 2021. Significant new lockdown measures could see progress slow.

As an international Group, we may be impacted by geopolitical uncertainty, and although our Hong Kong business continues to trade well, it is too early to assess the longer-term impact of the political landscape following recent Chinese intervention.

Post year end, in July 2020, we secured a £2.0m CBILS facility from our bank, to provide additional working capital to support the Group in the months ahead. Alongside this, on a weekly basis, we have implemented highly sensitive systems for the monitoring of trading and cash flow forecasts.

We believe that with our renewed management focus on the key business drivers, and optimising interaction between our regions, the Group is well positioned to respond swiftly across all businesses to changes impacting our activity. We are confident about our abilities to generate worthwhile, long-term returns and will continue to invest for future.

Robert Macdonald
Executive Chairman

PRIME PEOPLE PLC

Strategic Report

Overview

The Group provides Permanent and Contract recruitment services to selected, niche industry sectors. Our business model is built around our people, all of whom are specialists in their industry verticals.

Our employees are vital to the continued success of the Group and we invest heavily in them. As such, we take time to find and train the best talent that shares our ambition - to be the best, not simply the biggest.

The built environment continues to be the Group’s largest market, served through its main subsidiary, Macdonald & Company. During the various degrees of lockdown, as Governments attempted to control the pandemic in their countries, it has become clear that many people can work productively from home and the long term impact of remote working on our core markets remain unclear.

Operating as distinct brands, the sectors served by Prime Insight, Prime Energy and Command are technology & digital transformation; renewable energy & sustainability; and infrastructure, construction, and design respectively.

The business is organised into teams of specialist consultants, each managed by a team leader who is responsible for performance within the operating framework approved by the Board. The Group operates a policy of open communication in the belief that its employees are best placed to suggest operational improvements and emergent strategies that will increase earnings.

The Group is committed to managing its talent on merit and provides equal opportunities for all current and future employees. It gives full and fair consideration to applications for employment from disabled persons, where a disabled person may adequately carry out the requirements of any position within the physical constraints of the Company’s offices. The Board is concerned to provide a healthy corporate culture and in pursuit of its objectives and strategy seeks regular input through open meetings with its staff.

The Group has two locations in the UK, the London head office and Manchester, and international offices in Hong Kong (established in 2007), Dubai (established in 2008), Singapore (established in 2012), Frankfurt (established in January 2019), and a franchise in South Africa (established in 2008).

Overall, the UK permanent recruitment businesses performed satisfactorily with our built environment teams delivering consistent results while the Contract business experienced a reduction in NFI.

In Asia NFI continued to grow. The Hong Kong office with the combined businesses of Macdonald and Command contributed the majority of the region’s NFI.

Our small Macdonald business in Dubai continues to face challenging market conditions and we have made changes to realign it to the expected medium-term demand. Our Command business operates across the Middle East particularly in Saudi Arabia and we are optimistic as to its future performance in this region.

Cultivating strong client relationships, investing in the best technology, and employing the best people are the foundations of the Group’s success. With global growth seriously impacted by Covid-19 and a world economy increasingly exposed to political and macro-economic risk it is important that we remain flexible, are able to serve our clients wherever demand may be and that we closely monitor individual NFI performance against costs.

Tight management control of both expenditure and cash resource, together with a focus on improved productivity per head and NFI conversion rates, will position the Group to recover as and when markets stabilise post Covid- 19.

Regional Performance

United Kingdom

	2020 £m	2019 £m
Revenue	**15.70**	16.47
Net Fee Income (NFI)	**7.26**	7.60
Adjusted Operating Profit (Note 1)	**0.30**	0.92
Adjusted Operating Profit as % of NFI	**4.55%**	12.10%
Average number of employees	**71**	77

Note 1. Operating Profit is before Goodwill impairment costs of £4.0m.

Revenue reduced by 4.7% to £15.7m (2019: £16.5m) with NFI reducing by 4.5% to £7.3m (2019: £7.6m).

Permanent NFI decreased by 2.3% in the year and represents 87.4% (2019: 85.1%) of total UK NFI in 2020.

As a result of an internal accounting change to allocate central costs more proportionately to the regions in which they were incurred, the UK was subject to an increased charge in the year amounting to circa £0.3m. Increased costs related to planned investment in our Information Technology, brand marketing and advertising.

Contract NFI reduced by 17% in the year compared to a reduction of 7.7% in the previous year and represents 13.0% (2019: 14.6%) of total UK NFI in 2020.

Asia Pacific

	2020 £m	2019 £m
Revenue	**8.18**	7.77
Net Fee Income (NFI)	**8.12**	7.77
Operating Profit	**1.67**	1.52
Operating Profit as % of NFI	**20.68%**	19.56%
Average number of employees	**60**	57

NFI grew by 5.2% to £8.1m (2019: £7.8m) and includes contribution from Command of £3.6m (2019: £3.9m). The region is covered by our offices in Hong Kong and Singapore and represents 52.5 % of Group NFI (2019: 49.2%).

Command Operating Profit, unadjusted for Minority Interest, was approximately 85% of the reported Operating Profit in the region.

The 2018 investment in 60% of the equity of Command strengthened our presence and performance in the region particularly with its winning of substantial business from an extensive set of linked real estate infrastructure projects in the Middle East. The projects are of a long-term nature and we expect that Command's involvement will continue throughout the current financial year.

With the good performance of Command, and the investment in establishing our Insight and Analytics team in the region, the business is now well placed to expand its reach and growth.

Rest of the World

	2020 £m	2019 £m
Revenue	**0.14**	0.42
Net Fee Income (NFI)	**0.14**	0.42
Operating Profit/(loss)	**0.00**	(0.02)
Operating Profit as % of NFI	**0.00%**	-4.76%
Average number of employees	**2**	4

The region is covered by a small office in Dubai, and a franchise agreement in South Africa.

The Dubai business continues to face challenging market conditions and we have made changes to realign it to the expected medium-term demand.

Peter Moore
Managing Director

Financial Review

Revenue
The Group's Revenue was £23.9m, which represents a small decline compared to 2019 (£24.6m).

Net Fee Income (NFI)
Overall Group NFI was £15.5m which is a small decrease of 1.8% compared to the prior year.

The split of net fee income was 94% from Permanent Sales (2019: 93%) and 6.0% from Contract Sales (2019: 7.0%).

The Group generated 53.2% of its Net Fee Income from outside the UK (2019: 51.9%).

Administration Costs
Administration costs for the year were £13.5m, an increase of 1.5% on 2019.

In light of the uncertainty of future profit generation from the UK markets, an impairment charge of £4.0m has been recognised against the carrying value Goodwill of Macdonald & Company Group Ltd in accordance with IAS 36, details of which are set out in note 11.

Profit before Taxation

Operating Profit before taxation and Goodwill impairment was £2m (2019 £2.4m) and reported Operating Loss was £2.1m after Goodwill Impairment.

Taxation
The taxation charge is £0.18m on profit before taxation and goodwill impairment of £2m (from Ordinary Activities) which gives an effective tax rate of 8.9% (2019: 12.1%). The reasons for the difference from the standard UK corporation tax rate of 19% are detailed in note 7.

Earnings per Share
Basic earnings per share decreased to a loss per share of (19.36)p (2019:13.72p) The diluted earnings per share, without taking into account existing share options, decreased to a loss per share of (19.36)p (2019: 13.38p).

Balance Sheet
Net Assets at 31 March 2020 were £9.5m compared to the prior year Net Assets of £15.0m. The reduced Net Assets at year-end are after return of capital to Shareholders of £2m, Dividend payment of £1m and Goodwill impairment of £4.0m.

Trade Receivables net of provisions for doubtful debts at the year-end were £2.97m (2019: £3.54m) and reflect the reduced average credit period taken by clients to 75 days (2019: 131 days). The decrease in debtor days is explained by stronger collection from certain Command clients in Saudi Arabia.

Treasury Management and Currency Risk
Approximately 65.4% of the Group's revenue in 2020 (2019: 66.79%) was denominated in Sterling. Consequently, the Group has a currency exposure in accounting for overseas operations.

Currently the Group policy is not to hedge against this exposure, but it does seek to minimise the effect by converting into Sterling all cash balances in foreign currency that are not required for local short-term working capital needs.

Cash Flow and Cash Position
At the start of the year the Group had Cash of £2.3m. After net taxation payments of £0.16m (2019: £0.11m) cash generated from operations was £3.4m (2019: £2.04m).

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs') as adopted by the EU and applicable law.

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the Company and the Group profit or loss for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgments and accounting estimates that are reasonable and prudent.
- state whether applicable 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 company will continue in business.

The Directors are responsible for keeping adequate accounting records that are enough 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.

They are further responsible for ensuring that the Strategic Report and the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Prime People Plc web site is the responsibility of the directors.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

PRIME PEOPLE PLC

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Revenue	2, 3	**23,992**	24,660
Cost of sales		**(8,471)**	(8,873)
Net Fee Income	2	**15,521**	15,787
Administrative expenses		**(13,560)**	(13,316)
Goodwill impairment	11	**(4,018)**	-
Operating (loss)/profit	4	**(2,057)**	2,471
Interest payable		**(76)**	-
(Loss)/profit before taxation		**(2,133)**	2,471
Income tax expense	7	**(175)**	(298)
(Loss)/profit for the year		**(2,308)**	2,173
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			

Exchange (loss)/ profit on translating foreign operations		**(105)**	106
Other Comprehensive (loss)/income for the year, net of tax		**(105)**	106
Total comprehensive (loss)/income for the year		**(2,413)**	2,279
(Loss)/profit attributable to:			
Equity shareholders of the parent		**(2,384)**	1,660
Non-controlling interest		**76**	513
Total comprehensive (loss)/income attributable to:			
Equity shareholders of the parent		**(2,489)**	1,766
Non-controlling interest		**76**	513
(Loss)/earnings per share	9		
Basic (loss)/earnings per share		**(19.36)p**	13.72p
Diluted (loss)/earnings per share		**(19.36)p**	13.38p

The above results relate to continuing operations.

PRIME PEOPLE PLC

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Called up share capital	**Capital Redemption reserve**	**Treasury shares**	**Share premium account**	**Merger reserve**	**Share option reserve**	**Translation reserve**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 31 March 2018	**1,229**	**9**	**(421)**	**5,371**	**173**	**314**	**490**
IFRS 15 adjustment for revenue recognition	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-

Other comprehensive income	-	-	-	-	-	-	106
Adjustment in respect of share schemes	-	-	-	-	-	23	-
Shares purchased for treasury	-	-	(26)	-	-	-	-
Shares issued from treasury	-	-	246	-	-	-	-
Adjustment on share disposal	-	-	40	-	-	-	-
Dividend	-	-	-	-	-	-	-
At 31 March 2019	**1,229**	**9**	**(161)**	**5,371**	**173**	**337**	**596**

PRIME PEOPLE PLC

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Called up share capital	Capital Redemption reserve	Treasury shares	Share premium account	Merger reserve	Share option reserve	Translation reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2019	**1,229**	**9**	**(161)**	**5,371**	**173**	**337**	**596**
IFRS 16 adjustment for leases	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	-
Other comprehensive loss	-	-	-	-	-	-	(105)
Adjustment in respect of share schemes	-	-	-	5	-	(150)	-
Issue of ordinary shares	2	-	-	-	-	-	-
Capital repayment	-	-	-	(2,000)	-	-	-
Shares purchased for treasury	-	-	(23)	-	-	-	-
Shares issued from treasury	-	-	34	-	-	-	-
Adjustment on share disposal	-	-	150	-	-	-	-
Dividend	-	-	-	-	-	-	-
At 31 March 2020	**1,231**	**9**	**-**	**3,376**	**173**	**187**	**491**

Consolidated Statement of Financial Position

As at 31 March 2020

	Note	2020 £'000	2019 £'000
Assets			
Non – current assets			
Goodwill	11	**6,509**	10,527
Property, plant and equipment	10	**1,890**	752
Deferred tax asset	16	**40**	40
		8,439	11,319
Current assets			
Trade and other receivables	13	**3,868**	4,646
Cash at bank and in hand	21	**2,055**	2,309
		5,923	6,955
Total assets		**14,362**	18,274
Liabilities			
Current liabilities			
Trade and other payables	15	**3,205**	3,080
Lease liabilities		**497**	-
Current tax liability		**166**	173
Deferred tax liability	16	**22**	-
		3,890	3,253
Non-current liabilities			

	Note		
Deferred tax liability	16	-	22
Lease liability		**1,027**	-
Total liabilities		**4,917**	3,275
Net assets		**9,445**	14,999

PRIME PEOPLE PLC

Consolidated Statement of Financial Position

As at 31 March 2020

	Note	2020 £'000	2019 £'000
Capital and reserves attributable to the Company's equity holders			
Called up share capital	17	**1,231**	1,229
Capital redemption reserve fund	18	**9**	9
Treasury shares	18	**-**	(161)
Share premium account	18	**3,376**	5,371
Merger reserve	18	**173**	173
Share option reserve	18	**187**	337
Translation reserve	18	**491**	596
Retained earnings	18	**3,314**	6,857
		8,781	14,411
Non-controlling interest		**664**	588
Total equity		**9,445**	14,999

The financial statements were approved by the Board of Directors and authorised for issue on 3 November 2020 and are signed on its behalf by:

R J G Macdonald D Zaneva-Todorinski

PRIME PEOPLE PLC

Company Statement of Financial Position
As at 31 March 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Investment in subsidiaries	12	**7,137**	11,213
		7,137	11,213
Current assets			
Trade and other receivables	13	**3,145**	124
Cash and cash equivalents	21	**876**	322
		4,021	446
Total assets		**11,158**	11,659
Liabilities			
Current liabilities			
Trade and other payables	15	**3,912**	1,125
Current tax liability		**3**	
Total liabilities		**3,915**	1,125
Net assets		**7,243**	10,534
Capital and reserves attributable to the Company's equity holders			
Called up share capital	17	**1,231**	1,229
Capital redemption reserve fund	18	**9**	9
Treasury shares	18	**-**	(161)
Share premium account	18	**3,376**	5,371
Merger reserve	18	**173**	173
Share option reserve	18	**187**	337
Retained earnings	18	**2,267**	3,576
Total equity		**7,243**	**10,534**

The Company's retained earnings includes (loss)/profit for the year of (£524,296) (2019: £458,173).

The financial statements of Prime People Plc, Company Number 01729887 were approved by the Board and authorised for issue on 3 November 2020 and are signed on its behalf by:

R J G Macdonald D Zaneva-Todorinski

PRIME PEOPLE PLC

Company Statement of Changes in Equity

For the year ended 31 March 2020

Company	**Called up share capital**	**Capital Redemp-tion reserve**	**Treasury shares**	**Share premium account**	**Merger reserve**	**Share option reserve**	**Retained earnings**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2018	**1,229**	**9**	**(421)**	**5,371**	**173**	**314**	**3,748**	**10,423**
Total comprehensive income for the year	-	-	-	-	-	-	458	458
Shares purchased for treasury	-	-	(26)	-	-	-	-	(26)
Shares issued from treasury	-	-	246	-	-	-	-	246
Adjustment on share disposal	-	-	40	-	-	-	(35)	5
Investment in subsidiaries	-	-	-	-	-	23	-	23
Dividend	-	-	-	-	-	-	(595)	(595)
At 31 March 2019	**1,229**	**9**	**(161)**	**5,371**	**173**	**337**	**3,576**	**10,534**
Total comprehensive loss for the year	-	-	-	-	-	-	(524)	(524)
Issue of ordinary shares	2	-	-	-	-	-	-	2
Adjustment for share schemes	-	-	-	5	-	-	(5)	-
Capital repayment	-	-	-	(2,000)	-	-	-	(2,000)
Shares purchased for treasury	-	-	(23)	-	-	-	-	(23)

Shares issued from treasury	-	-	34	-	-	-	-	34
Adjustment on share disposal	-	-	150	-	-	(150)	(150)	(150)
Dividend	-	-	-	-	-	-	(630)	(630)
At 31 March 2020	**1,231**	**9**	**-**	**3,376**	**173**	**187**	**2,267**	**7,243**

PRIME PEOPLE PLC

Group and Company Cash Flow Statement

For the year ended 31 March 2020

		Group		Company	
	Note	**2020 £'000**	**2019 £'000**	**2020 £'000**	**2019 £'000**
Cash generated from (used in) underlying operations	**20**	**3,642**	2,146	**(276)**	241
Income tax paid		**(160)**	(111)	**(8)**	(9)
Net cash from/ (used in) operating activities		**3,482**	2,035	**(284)**	232
Cash flows (used in)/ from investing activities					
Net purchase of property, plant and equipment, and software		**(122)**	(727)	**-**	-
Dividend received		**-**	-	**3,450**	450
Net cash (used in)/from investing activities		**(122)**	(727)	**3,450**	450
Cash flows from financing activities					
Issue of ordinary share capital		**2**	-	**2**	-
Shares issued from treasury		**-**	260	**34**	246
Shares purchased for treasury		**(21)**	-	**(21)**	(26)
Shares issued and moved to treasury		**-**	-	**(2)**	-
Return of capital from share premium		**(2,000)**	-	**(2,000)**	-
Dividend paid to shareholders		**(948)**	(595)	**(625)**	(595)

Lease payments		**(566)**	-	**-**	-
Net cash used in financing activities		**(3,533)**	(335)	**(2,612)**	(375)
Net (decrease)/ increase in cash and cash equivalents		**(173)**	973	**554**	307
Cash and cash equivalents at beginning of the year		**2,309**	1,234	**322**	15
Effect of foreign exchange rate changes		**(81)**	102	**-**	-
Cash and cash equivalents at the end of the year	**21**	**2,055**	2,309	**876**	322

PRIME PEOPLE PLC

Notes to the Financial Statements
For the year ended 31 March 2020

1 Nature of Operations

Prime People Plc ('the Company') and its subsidiaries (together 'the Group') is an international recruitment services organisation with offices in the United Kingdom, the Middle East and the Asia Pacific region from which it serves an international client base. The Group offers both Permanent and Contract specialist recruitment consultancy for large and medium sized organisations.

The Company is a public limited company which is quoted as an AIM Company and is incorporated and domiciled in the UK. The address of the registered office and the principal place of business is 2 Harewood Place, London W1S 1BX. The registered number of the Company is 01729887.

2 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of Prime People Plc consolidate the results of the Company and all its subsidiary undertakings. As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company has not been included as part of these financial statements. The financial statements have been prepared on a going concern basis.

The consolidated financial statements of the Group and Company have been prepared on going concern basis, and in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union and comply with IFRIC interpretations and Company Law applicable to Companies reporting under IFRS, and in accordance with the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention modified as necessary to include any items at fair value, as required by accounting standards. The Parent Company's Financial Statements have also been prepared in accordance with IFRS and the Companies Act 2006.

The consolidated financial statements for the year ended 31 March 2020 (including comparatives) are presented in GBP '000.

The accounting polices applied by the Group in these consolidated financial statements are the same as those applied in its consolidated Financial Statements as at and for the year ended 31 March 2019, except for lease recognition and uncertainty over income tax treatments which are covered in more detail in Notes 2(i) and 19 and are described below.

Adjustments recognised on adoption of IFRS 16

The Group has adopted IFRS 16 for the first time in these financial statements. This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements. The Group has adopted the modified retrospective approach which does not require the restatement of comparative information. 2019 figures have therefore not been restated and IFRS 16 has an impact from 1 April 2019.

The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

The weighted average incremental borrowing rate used is 3.77%.

From 1 April 2019 the Group no longer records a rental expense within its operating costs but instead records a depreciation charge in respect of the right-of-use assets within operating costs, and an interest charge on the lease liabilities within its finance costs.

On adoption of IFRS 16, the Group recognises within the balance sheet a right-of-use asset and a corresponding lease liability for all applicable leases. Within the income statement, operating lease rentals payable has been replaced by depreciation and interest expense. This has resulted in an increase in operating profit and finance costs.

Measurement of right-of-use assets

In applying IFRS 16 for the first time right of use assets are initially measured on a retrospective basis as if the new rules had always been applied. Other right of use assets are measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease.
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).
- using hindsight in determining the lease term where the lease agreement contains options to extend or terminate the contract
- accounting for operating leases with remaining lease terms of less than 12 months as at 1 April 2019 as short- term leases

Adjustments recognised in the balance sheet as at 1 April 2019

The change in Accounting Policy affected the following balance sheet items on 1 April 2019

- right-of-use assets – increase by £1.47m
- lease liabilities - increase by £1.76m

net impact on retained earnings on 1 April 2019 was a decrease of £0.30m

The Group has applied the simplified transition approach where it does not restate any comparative information. Instead the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of retained earnings at the date of initial adoption.

The Group has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less or leases that are of low value (£5,000). Lease payments associated with these leases are expensed on a straight-line basis over the lease term.

The table below summarises the IFRS 16 impact on transition for lease liabilities and the corresponding right-of-use assets along with the movement from 1 April 2019 to 31 March 2020:

Lease liability	**£'000**
Operating lease commitment disclosed as at 31 March 2019	1,817
Less short-term and low value lease	(27)
Exchange difference	104
Operating lease commitment at 31 March 2019 falls under IFRS 16	1,894
Discounted using borrowing incremental rate at initial application	(134)
Lease liabilities recognised at 1 April 2019	**1,760**

Lease liabilities movement from 1 April 2019 to 31 March 2020	
At 1 April 2019	1,760
New lease in period	212
Lease payments	(566)
Interest charge	71
Exchange difference	48
Total lease liabilities at 31 March 2020	**1,525**
Current lease liabilities	**497**
Non-current lease liabilities	**1,027**

Right-of-use assets

	31 March 2020	**1 April 2019**
	£'000	**£'000**
Properties	1,284	1,463
Total right-of-use-assets	**1,284**	**1,463**

International Accounting Standards (IAS/IFRS) and Interpretations in issue but not yet EU approved

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective. These have not been adopted early by the Group and the initial assessment indicates that either they will not be relevant or will not have a material impact on the Group. The effective dates below are for reporting periods beginning on or after that point:

International Accounting Standards (IAS/IFRS) and Amendments adopted by the EU but not yet effective

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Issued on 31 October 2018, effective 1 January 2020)
IFRS 3 Business Combinations (Issued on 22 October 2018, effective 1 January 2020)
Revised Conceptual Framework for Financial Reporting (Issued 29 March 2018, effective 1 January 2020)

IAS 1 – Presentation of Financial Statements

Amendments to IAS 1 clarify the criteria used to determine whether liabilities are classified as current or non-current. This will be based on the Group's right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. 'Settlements' include the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Acquisition related costs are recognised in profit or loss as incurred. Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions and balances on transactions between Group companies are eliminated in preparing the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Going Concern

The directors have taken consideration of the impact of Covid- 19 on the business and the withdrawal of the United Kingdom from the European Union.

The Group's activities are funded by a combination of its operating cashflows, a £2m CBILS loan and Invoice Finance facility in the UK of £2m. The Board has reviewed the Group's profit and cash flow forecasts, and applied sensitivities to the underlying assumptions including impact of Covid-19 outbreak and the potential consequences for the Group. These projections indicate that the Group expects to meet its obligations as they fall due with the use of existing facilities and to continue to meet its covenant requirements. The Directors note that the Group is trading adequately and has sufficient working capital and other finance available to continue trading for a period of not less than 12 months from the date of issue of the Annual Report and Accounts. As such, the Directors consider it appropriate to continue to prepare the financial statements on a Going Concern basis.

Revenue recognition

Revenue

Revenue, which excludes value added tax ("VAT"), constitutes the value of services undertaken by the Group from its principal activities, which are recruitment consultancy and other ancillary services. These consist of:

Revenue from Contract placements, which represents amounts billed for the services of contract staff, including the salary of these staff. This is recognised when the service has been provided; and

Revenue from Permanent placements, which is based on a percentage of the candidate's remuneration package and is derived from both retained assignments (where income is recognised on completion of defined stages of work) and non-retained assignments. Revenue is recognised once value has been received by the customer and when the performance obligations have been satisfied. Revenue from non-retained, permanent-placement assignments is now recognised when a candidate commences employment.

b) Cost of Sales

Cost of sales consists of the salary cost of contract staff and costs incurred on behalf of clients, principally advertising costs.

c) Net Fee Income

Net Fee Income represents Revenue less Cost of Sales and consists of the total placement fees of Permanent candidates and the margin earned on the placement of Contract candidates.

d) Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(iii) Group Companies

On consolidation the results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

assets and liabilities for each year end presented are translated at the closing rate of that year end;

income and expenses for each statement of comprehensive income are translated at average exchange rates; and

all resulting exchange differences are recognised in other comprehensive income.

e) Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible' assets.

As permitted by the exception in IFRS1 'First time adoption of International Reporting Standards', the Group has elected not to apply IFRS3 'Business combinations' to goodwill arising on acquisition that occurred before the date of transition to IFRS.

Separately recognised goodwill is reviewed annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity 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.

Intangible assets that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with any changes being accounted for on a prospective basis.

f) Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation less provisions for impairment. Depreciation is provided on all property, plant and equipment using the straight-line method at rates calculated to write off the cost less estimated residual values over their estimated useful lives, as follows:

Furniture, fittings and computer equipment 25% – 33%

The gain or loss arising on disposal or retirement of an asset is determined by comparing the sales proceeds with the carrying amount of the asset and is recognised within profit and loss.

g) Impairment of Assets

Assets that have an indefinite useful economic life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

h) Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or 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 substantially enacted by the balance sheet date.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

i) Leases

IFRS 16 was adopted on 1 April 2019 without the restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 April 2019, see note 2 above. The following policies apply subsequent to the date of initial application, 1 April 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case applying a single discount rate to leases with reasonably similar characteristics. The Group does not have any leases with variable lease payments.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the revised remaining lease term.

j) Pension Costs

The Group operates a defined contribution pension scheme. The Group adopts both the minimum legally required employer contribution rate of 3% of qualifying earnings, and the maximum earning threshold for automatic enrolment for 2019-20, as set by the Pension Regulator.

The assets of the scheme are held separately from those of the Group in independently administered workplace pension - NEST. The pension costs charged to the income statement represent the contributions payable by the Group to NEST during the year.

The Pension liabilities at the Balance Sheet date represent employer and employee pension contributions, that are payable to the pension provider by the 22nd day of each month.

k) Segmental Reporting

IFRS 8 requires operating segments to be identified based on internal reports that are regularly reviewed by the Board of Directors to allocate resources to the segment and to assess their performance.

l) Financial instruments

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provision of the instrument.

m) Financial assets

The Group's financial assets comprise cash and various other receivable balances that arise from its operations.
This includes the Group's trade and other receivables. They are initially recorded at fair value and subsequently measured at amortised cost. For trade receivables amortised cost includes an allowance for expected credit losses. This is assessed applying a provision percentage of expected loss to each of these which is assessed by reference to past default experience. Trade receivables are only written off once the potential of collection is considered to be nil and any local requirements such as withholding sales taxes are met.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables, where the carrying amount is reduced using an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss account.

Cash and cash equivalents include cash in hand and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are classified with current liabilities in the statement of financial position.

The Group's operating activities in the UK are part funded by Invoice Financing facilities. Movements in the Invoice Discounting balance are shown within financing activities in the Group's Cash flow Statement. Interest charges on invoice discounting are included in finance costs and service charges are included in administrative costs in the Group's Income Statement.

n) Financial liabilities and equity

Financial liabilities and equity instruments are initially measured at fair value and are classified according to the substance of the contractual arrangements entered. Financial liabilities are subsequently measured at amortised cost. The Group's financial liabilities comprise trade payables, bank overdrafts and other payable balances that arise from its operations. They are classified as 'financial liabilities measured at amortised cost'.

o) Share-Based Compensation

The Group operates equity-settled, share-based compensation plans.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At the balance sheet date, the number of outstanding options is adjusted to reflect those options that have been granted during the year or have lapsed in the year.

p) Dividend Distribution

A final 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 dividend distributions are recognised in the period in which they are approved and paid.

q) Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Revenue Recognition

Revenue from permanent placements is recognised when a candidate commences employment.

Goodwill Impairment

The Group tests goodwill for impairment at least annually. The recoverable amount is determined based on value-in-use calculations. This method requires the estimation of future cash flows and the assessment of a suitable discount rate in order to calculate their present value. Details of the impairment review are disclosed in note 11.

Trade Receivables

There is uncertainty regarding customers who may not be able to pay as their debts fall due. In reviewing the appropriateness of the provisions in respect of recoverability of trade receivables, consideration has been given to the ageing of the debt and the potential likelihood of default, considering current economic conditions. Details of the total amount of receivables past due and the movement in allowance for doubtful debts are disclosed in note 13.

3 Segment Reporting

a) Revenue and Net Fee Income, by Geographical Region

Information provided to the Board is focused on regions and as a result, reportable segments are on a regional basis.

	Revenue		Net fee income	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
UK	**15,677**	16,472	**7,262**	7,599
Asia	**8,176**	7,770	**8,120**	7,770
Rest of World	**139**	418	**139**	418
	23,992	24,660	**15,521**	15,787

All revenues disclosed by the Group are derived from external clients and are for the provision of recruitment services. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit before taxation represents the profit earned by each segment after allocations of central administration costs.

b) Revenue and Net Fee Income, by Classification

	Revenue		Net fee income	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Permanent				
- UK	**6,344**	6,501	**6,344**	6,493
- Asia	**8,110**	7,770	**8,110**	7,770
- Rest of World	**139**	418	**139**	418
Contract				
- UK	**9,333**	9,971	**918**	1,106
- Asia	**66**	-	**10**	-
Total	**23,992**	24,660	**15,521**	15,787

c) Profit before Taxation by Geographical Region

	2020	**2019**
	£'000	**£'000**
UK - operations	**299**	928
UK – impairment of investment asset	**(4,018)**	-
Asia	**1,672**	1,523
Rest of World	**(10)**	20

Operating (loss)/profit	**(2,057)**	2,471
Net finance income	**(76)**	-
(Loss)/profit before taxation	**(2,133)**	2,471

Operating profit is the measure of profitability regularly reviewed by the Board, which collectively acts as the Chief Operating Decision Maker. Consequently, no segmental analysis of interest or tax expenses is provided.

Segment operating profit is the profit earned by each operating unit and includes inter segment revenues totalling £0.80m (2019: £0.83m) for the UK, and charges of £0.80m (2019: £0.77m) for Asia and nil for the rest of the world (2019: £0.06m).

Intersegmental revenue and charges relate to transfer of services from one subsidiary of the Group to another. They are based on arm’s length calculations and in proportion to segmental headcount as percentage of the total Group headcount.

d) Segment Assets and Liabilities by Geographical Region

	Total assets		**Total liabilities**	
	2020 £’000	**2019 £’000**	**2020 £’000**	**2019 £’000**
UK	**9,418**	12,502	**386**	2,036
Asia	**4,867**	5,375	**4,522**	1,159
Rest of World	**77**	397	**9**	80
Total	**14,362**	18,274	**4,917**	3,275

The analysis above is of the carrying amount of reportable segment assets and liabilities. Segment assets and liabilities include items directly attributable to a segment and include income tax assets and liabilities.

4 Profit on ordinary activities before taxation

		2020 £’000	**2019 £’000**
Profit for the year is arrived at after charging:			
Depreciation	- owned assets and leased assets	**737**	220
Operating lease rentals	- land and buildings	-	586

Loss/(profit) on disposal of fixed assets	**374**	(1)
Exchange rate loss	**29**	3

The analysis of auditor's remuneration is as follows:		
Audit of Company	**31**	23
Audit of subsidiaries	**53**	36
Total audit fees	**84**	59

5 Directors' emoluments

	2020 **£'000**	**2019** **£'000**
Emoluments for qualifying services	**538**	562
	538	562
Highest paid Director:		
Emoluments for qualifying services	**210**	231

Details of Directors' emoluments and interests, which form part of these financial statements, are provided in the Director's Remuneration report in the Annual Report.

6 Employees

Group	**2020** **Number**	**2019** **Number**
The average monthly number of employees of the Group during the year, including Directors, was as follows:		
Consultants	**107**	6
Management and administration	**30**	32
Temporary staff	**30**	37
	167	5

Company	**2020** **Number**	**2019** **Number**

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

Management	**6**	5

Staff costs for all employees, including Directors, but excluding contract staff placed with clients are as follows and have been included in Administration expenses in the Consolidated statement of comprehensive income:

Group	**2020 £'000**	**2019 £'000**
Wages and salaries	**8,795**	8,360
Social security costs	**741**	709
Pension contributions	**65**	84
Share option charge	**49**	57
	9,650	9,210

Remuneration of key management	**2020 £'000**	**2019 £'000**
Short-term employee benefits	**1,568**	1,139
Social security costs	**151**	115
Share-based payments	**38**	33
Pension contributions	**11**	49
	1,768	1,336

Key management includes executive Directors and senior divisional managers.

7 Taxation on Profits on Ordinary Activities

	2020 £'000	**2019 £'000**
Analysis of tax charge in the year		
Current tax		
UK Corporation tax	**118**	173
Foreign tax	**97**	129
Foreign tax over-provision in prior years	**(40)**	-
Total current tax	**175**	302
Deferred tax		

Deferred tax on fair value share option charge	-	(4)
Total charge on profit for the year	**175**	298

UK corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profits for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

b) The charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2020 £'000	**2019 £'000**
(Loss) / profit before taxation	**(2,133)**	2,471
Tax at UK corporation tax rate of 19% (2019: 19%) on profit on ordinary activities	**(405)**	470
Effects of:		
Expenses not deductible for tax purposes	**18**	8
Capital allowances for the period less than depreciation	**(22)**	(26)
Depreciation on non-qualifying assets	**116**	-
Increase in general debt provision	**26**	-
Tax losses not utilised/(utilised)	**-**	2
Tax rate differences	**(250)**	(125)
Exchange rate differences	**(23)**	-
Temporary differences recognised	**(3)**	(34)
Permanent timing differences	**727**	(2)
Share option charge/exercised	**(9)**	5
Total current tax	**175**	298
Deferred Tax	**-**	-
Tax charge for the year	**175**	298

8 Dividends

	2020 £'000	**2019 £'000**
Final dividend for 2019: 3.40p per share (2018: 3.25p per share)	**411**	383
Interim dividend for 2020: 1.80p per share (2019: 1.80p per share)	**220**	212
Command Recruitment Group (HK) Limited dividend to non-controlling shareholders	**317**	-
	948	595

A final dividend of 3.40p (2018: 3.25p) was paid on 2 August 2019 to shareholders on the register on 19 July 2019.

An interim dividend of 1.80p (2019: 1.80p) was paid on 6 December 2019 to shareholders on the register at the close of business on 22 November 2019. The interim dividend was approved by the Board on 11 November 2019.

A final dividend of £1m was approved by the directors of the partly owned (60%) subsidiary Command Recruitment (H.K) Group Limited in December 2019. 75% of the declared dividend was paid on 31 December 2019, with the remainder payable by 31 December 2020.

The Board did not and will not recommend any final dividend for the year to 31 March 2020.

9 Earnings per share

Earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Fully diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares by existing share options assuming dilution through conversion of all potentially dilutive existing options.

Earnings and weighted average number of shares from continuing operations used in the calculations are shown below.

	2020 £'000	**2019 £'000**
(Loss) / profit for the year and earnings used in basic and diluted earnings per share	**(2,384)**	1,660
	Number	**Number**
Weighted average number of shares used for basic earnings per share	**12,307,273**	12,094,523
Dilutive effect of share options	**-**	307,031
Diluted weighted average number of shares used for diluted earnings per share	**12,307,273**	12,401,554
	Pence	**Pence**
Basic (loss)/earnings per share	**(19.36) p**	13.72p
Diluted (loss)/earnings per share	**(19.36) p**	13.38p

The following table shows earnings per share as they would be without the effect of goodwill impairment.

	£'000	**£'000**
Profit for the year and earnings used in basic and diluted earnings per share prior to goodwill impairment	**1,635**	1,660

	Number	Number
Weighted average number of shares used for basic earnings per share	**12,307,273**	12,094,523
Dilutive effect of share options	**-**	307,031
Diluted weighted average number of shares used for diluted earnings per share	**12,307,273**	12,401,554

	Pence	Pence
Basic earnings per share prior to goodwill impairment	**13.28p**	13.72p
Diluted earnings per share prior to goodwill impairment	**13.28p**	13.38p

10 Property, Plant and Equipment

	Fixtures, fittings, and equipment	Right-of-use assets - Land and buildings	Total
Group	**£'000**	**£'000**	**£'000**
Cost			
At 1 April 2018	1,368	-	1,368
Additions	727	-	727
Disposals	(133)	-	(133)
Exchange difference	18	-	18
At 1 April 2019	1,980	2,932	4,912
Additions	122	212	334
Disposals	(28)	-	(28)
Exchange difference	37	62	99
At 31 March 2020	**2,111**	**3,206**	**5,317**
Depreciation			
At 1 April 2018	1,126	-	1,126
Provision for the year	220	-	220
Disposals	(133)	-	(133)
Exchange difference	15	-	15
At 1 April 2019	1,228	1,469	2,697
Provision for the year	283	440	723
Disposals	(28)	-	(28)

Exchange difference	22	13	35
At 31 March 2020	**1,505**	**1,922**	**3,427**
Net book value			
At 31 March 2020	**606**	**1,284**	**1,890**
At 31 March 2019	752	-	752
At 31 March 2018	242	-	242

11 Goodwill

	£'000
Cost	
At 1 April 2019	**10,527**
Goodwill impairment	**(4,018)**
At 31 March 2020	**6,509**

The total carrying value of goodwill is £6.51m, which relates to the acquisition of the Macdonald & Company Group in January 2006 and Command Recruitment Group (H.K.) Limited in October 2017. Goodwill is reviewed and tested for impairment on an annual basis or more frequently if there is an indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of the group of cash generating units (CGUs) the goodwill has been allocated to, with the recoverable amount of those CGUs. The recoverable amounts of the CGUs are their value in use.

The assessment for Macdonald & Company Group is based on UK projected operating profit. Whilst the assessment model has remained consistent with prior years, the impact of Covid- 19 has influenced the basis of forecasting that has been applied. The recoverable amount is determined on a value-in-use basis utilising the value of cash flow projections over five years with terminal value which equates to an earnings multiple of six times year 5 earnings of the UK CGU. This has changed from prior years' model, where a multiple of 10 was applied.

As the business has been impacted by Covid-19, the forecast results for the first year are significantly reduced from previous years. As the 2021 forecast is not reflective of the expected business performance going forward post pandemic, management used the second year as a base with the expectation that the business will return to reduced but nevertheless normal NFI levels. The second year UK segment profit forecast shows a recovery with operating profit improvement, although it is still below levels achieved in the past.

Assumptions	**% Rate used**
Growth rate (NFI)	4- 6%

Cost increases	5-8%
Discount rate	6.49%

A key assumption in the forecasts applied is that the impact of the pandemic will recede to an extent and allow the business to improve performance, although still at significantly reduced levels. As 2022 has been used as the base year for the modelling, growth rates have only been applied in 2023, 2024 and 2025, of 6%, 4% and 4% respectively. These rates are more than the 2% that has been applied in previous years, but also reflect the fact that the business is starting from a significantly reduced position, with capacity for growth.

The model has applied a terminal value of 6 times year 5 earnings. A pre-tax discount rate of 6.49% (2019: 6.60%) has been applied, representing the weighted average cost of capital for the Group. The reduced discount rate reflects the fact that the Group have taken on CBILS debt bearing interest at 3.99%.

As a result of the impairment reviews carried out at 31 March 2020, an impairment charge of £4m (2019: Nil) has been recognised for the UK business segment, reducing the carrying amount of goodwill in respect of that business to £5.75m.

Potential sensitivity scenarios have been considered. With a 1.0% increase in the discount rate the level of impairment recognised will reduce at the rate of approximately £0.27m. Different modelled scenarios indicate that the impairment could be both less or more than the £4m recognised.

Management are confident the assessment is reasonable as the NFI activity in the first six months post 31 March 2020 is in line with the forecast applied.

Goodwill recognised on the business combination in 2018 with Command recruitment Group (HK) limited was £758k. The assessment of Command Recruitment Group (H.K) Limited is based on projected results in Hong Kong and Dubai. The approach is the same as that used for Macdonald & Company Group. In assessing value in use, the estimated future cash flows are calculated by preparing cash flow forecasts derived from the most recent financial forecasts for five years. This analysis does not indicate any impairment. Several potential sensitivity scenarios have been considered and these would only indicate impairment in the carrying value of goodwill if the discount rate were to be increased to 26% and if the forecast operating profit is underachieved by 52%. Management believes that both scenarios are unlikely as Command continues to profitable and perform in line with management expectations. As a result, the Group has continued to make significant investments in the business to accelerate its growth in line with the Group’s strategy to build a strong presence in Hong Kong and maximise the long-term growth opportunities available in the market.

12 Investments

Company shares in subsidiary undertakings	**2020**	**2019**
	£’000	**£’000**
Cost		
At 1 April 19	**11,213**	11,190
Impairment of investment asset	**(3,926)**	-
(Decrease)/ increase in shares from subsidiary from share option reserve	**(150)**	23

At 31 March 20	**7,137**	11,213

The investment value is linked to the Goodwill and accordingly the impairment in the carrying value of the UK CGU, is an indication that there is an impairment in the underlying investment. The model and assumptions applied to assessing the Goodwill impairment have been applied to the carrying value of the investment and an impairment has been recognised in the period.

Non-Controlling Interest

The following table summarises the information relating to Command Recruitment Group (HK) Limited, that is a subsidiary with material non-controlling interest ("NCI"), before any intra-group eliminations.

	2020	2019
	£'000	£'000
NCI percentage	**40%**	40%
Non-current assets	**288**	110
Current assets	**1,892**	2,237
Non-current liabilities	**(145)**	-
Net assets	**2,035**	2,347
Net assets attributable to NCI	**814**	939
Revenue	**3,596**	3,972
Operating profit	**1,412**	907
Other comprehensive (loss)/ income	**(35)**	20
Total comprehensive income	**1,372**	1,414
Operating profit allocated to NCI	**565**	566
Other comprehensive (loss)/ income allocated to NCI	**(14)**	8
Cash flows from operating activities	**4,831**	2,585
Cash flows from financing activities (dividends to NCI: nil)	**(318)**	-
Net increase /(decrease) in cash and cash equivalents	**4,513**	2,585

The following are subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements:

	Country of incorporation	**Principal activity**	**Registered address**
Macdonald & Company Group Limited	England and Wales	Holding Company	2 Harewood Place, Hanover Square, London, W1S 1BX
Macdonald & Company Property Limited	England and Wales	Recruitment	2 Harewood Place, Hanover Square, London, W1S 1BX

Macdonald and Company Freelance Limited	England and Wales	Recruitment	2 Harewood Place, Hanover Square, London, W1S 1BX
Macdonald & Company (Overseas) Limited	England and Wales	Dormant	2 Harewood Place, Hanover Square, London, W1S 1BX
Macdonald & Company Ltd	Hong Kong	Recruitment	29th Floor 3 Lockhart Road Wan Chai, Hong Kong
Ru Yi Consulting Limited	Hong Kong	Dormant	29th Floor 3 Lockhart Road Wan Chai, Hong Kong
Macdonald & Company (Shenzhen) limited	P.R. China	Recruitment	1503M, 15/F, Tower 2, Kerry Plaza, No.1 Zhong Xin Si Road, Futian District, Shenzhen 518048, P.R. China
Macdonald and Company Pte Limited	Singapore	Recruitment	63 Market Street #05-02, Bank of Singapore Centre, Singapore 048942
Macdonald & Company Pty Ltd	Australia	Dormant	Storey Blackwood & Co, Level 4, 222 Clarence Street, Sydney NSW 2000 Australia
Macdonald & Company Recruitment Proprietary Ltd	South Africa	Dormant	1 Emfuleni, 79 Crassula Crescent, Woodmead, Johannesburg, 2052 South Africa
The Prime Organisation Ltd	England and Wales	Dormant	2 Harewood Place, Hanover Square, London, W1S 1BX
Command Recruitment Group (H.K.) Limited	Hong Kong	Recruitment	29th Floor 3 Lockhart Road Wan Chai, Hong Kong
Blackbox Compliance Pte. Limited	Singapore	Recruitment	63 Market Street #05-02, Bank of Singapore Centre, Singapore 048942

For all undertakings listed above, the country of operation is the same as its country of incorporation.

The Group holds 100% of all classes of issued share capital except in the case of Command Recruitment Group (H.K.) Limited, where it owns 60%, and Blackbox Compliance Pte. Limited where it owns 40%. The percentage of the issued share capital held is equivalent to the percentage of voting rights for all companies.

13 Trade and other receivables

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Current				
Trade receivables	**3,312**	4,156	**-**	-
Allowance for doubtful debts	**(340)**	(621)	**-**	-
Other receivables	**284**	243	**133**	119
Amounts owed by subsidiary company	**-**	-	**3,000**	-
Prepayments and accrued income	**612**	868	**12**	5

	3,868	4,646	**3,145**	124

At 31 March 2020, the average credit period taken on sales of recruitment services was 75 days (2019: 131 days) from the date of invoicing. An allowance of £340,000 (2019: £621,000) has been made for estimated irrecoverable amounts. Due to the short-term nature of trade and other receivables, the Directors consider that the carrying value approximates to their fair value.

A provision for impairment of trade receivables has been made. In reviewing the appropriateness of the provision, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current economic conditions.

The ageing of trade receivables at the reporting date was:

	Gross trade receivables	**Provisions**	**Expected Loss rate**	**Gross trade receivables**	**Provisions**	**Expected Loss rate**
	2020	**2020**	**2020**	**2019**	**2019**	**2020**
	£'000	**£'000**	**%**	**£'000**	**£'000**	**%**
Not past due 0 -30days	**1,548**	**50**	**3.2%**	1,654	68	4.1%
Past due 30-90 days	**792**	**80**	**10.2%**	1,435	157	10.9%
Past due more than 90 days	**972**	**210**	**21.6%**	1,067	396	37.1%
	3,312	**340**		4,156	621	

The expected loss rates for trade receivables and contract assets are based on the payment profile and the shared credit risk characteristics arising in the different industries in which the Group operates. The Company has incorporated forward-looking information based on the clients' industries and financial position, including the assessment of any perceived impact of Covid- 19. Based on the Group's assessment, no expected credit loss allowance has been recognised in the financial year ended 31 March 2020.

Movement in allowance for doubtful debts:

	2020	**2019**
	£'000	**£'000**
1 April 2019	**621**	178
Impairment losses recognised	**340**	621
Amounts written off as uncollectable	**(38)**	(117)
Amounts paid by the client	**(452)**	(61)
Impairment losses reversed	**(131)**	-

31 March 2020	**340**	621

14 Financial Instruments

	Note	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Financial assets at amortised cost					
Trade and other receivables	13	**3,256**	3,778	**133**	119
Amounts owed by subsidiary company	13	**-**	**-**	**3,000**	**-**
Cash and cash equivalents		**2,055**	2,309	**876**	322
		5,311	6,087	**4,009**	441

Cash is held either on current account or on short-term deposits at floating rates of interest determined by the relevant bank's prevailing base rate.

	Note	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Financial liabilities at amortised cost					
Trade and other payables	15	**1,619**	1,123	**3,873**	1,097
Accruals	15	**901**	1,227	**35**	27
		2,520	2,350	**3,908**	1,124

There is no material difference between the book values of the Group's financial assets and liabilities and their fair values.

The Group and the Company do not hold any derivative financial instruments.

15 Trade and other Payables

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Current				
Trade payables	**371**	316	**1**	3
Other payables	**1,248**	807	**-**	1

Amount owed to subsidiary undertakings	**-**	-	**3,872**	1,093
Taxation and social security	**685**	730	**4**	6
Accruals	**901**	1,227	**35**	27
	3,205	3,080	**3,912**	1,130

Due to the short-term nature of the trade and other payables, the Directors consider that the carrying value approximates to their fair value. Trade payables are generally on 30–60-day terms. No payables are past their due date.

16 Deferred Tax

Group (Liability)	**Other temporary differences £'000**	**Total £'000**
At 1 April 2018	-	-
Credit to income	22	22
At 31 March 2019	22	22
Debit to income	-	-
At 31 March 2020	**22**	**22**

Group (Asset)	**Share Options £'000**	**Total £'000**
At 1 April 2018	45	45
Debit to income	(5)	-
At 31 March 2019	40	45
Debit to income	-	(5)
At 31 March 2020	**40**	**40**

17 Share Capital

	2020		**2019**	
	Number	**£'000**	**Number**	**£'000**

ALLOTTED CALLED UP				
Ordinary shares of 10p each				
As at 1 April	**12,290,199**	**1,229**	12,290,199	1,229
Shares issued during the year	**17,074**	**2**	-	-
At 31 March	**12,307,273**	**1,231**	12,290,199	1,229

Share capital includes unpaid shares of nil (2019: nil).

The Company has one class of ordinary shares which carries no right to fixed income and which represents 100% of the total issued nominal value of all share capital.

Each share carries the right to one vote at general meetings of the Company. No person has any special rights of control over the company's share capital and all its issued shares are fully paid.

Pursuant to shareholder resolutions at the AGM of the Company on 22 September 2020, the Company has the following authorities during the period up to the next AGM:

to issue new/additional ordinary shares to existing shareholders through a rights issue up to a maximum nominal amount of £410,242 representing one- third of the Company's issued share capital;

to issue new/additional ordinary shares to new shareholders up to a maximum nominal amount of £410,242 representing one third of the issued shares capital of the Company;

to allot equity securities for cash, without the application of pre-emption rights, up to a maximum nominal amount of £184,609 representing 15% of the Company's issued share capital of the Company;

to purchase through the market up to 15% of the Company's issued share capital, subject to certain restrictions on price; and

to make off-market purchases of its ordinary shares for the purposes of or pursuant to an employee 'share scheme with the maximum aggregate number of ordinary shares authorised to be purchased is 4,102,424 representing approximately one-third of the Company's issued ordinary share capital.

Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising returns to shareholders through the optimisation of debt and equity balances. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital reserves and earnings.

The Group manages the capital structure and adjusts it in the light of changes to economic conditions and risks. In order to manage capital, the Group has continued to consider and adjust the level of dividends paid to shareholders and made purchases of its own shares which are held as Treasury Shares.

Employee Share Schemes

The Company operates two share options schemes with one of them, the Save as You Earn scheme, being dormant.

Enterprise Management Incentive Share Option Scheme

At 31 March 2020 the following options had been granted and remained outstanding in respect of the Company's ordinary shares:

Year of grant	Exercise Price Pence	Exercise Period	Number of options 31 March 2019	Granted	Exercised	Forfeited	**Number of Options 31 March 2020**
2011/12	68.00	2014-2019	3,000	-	-	-	**3,000**
2013/14	10.00	2016-2021	12,000	-		-	**9,000**
	10.00	2019-2021	40,250	-	(3,000)	(15,000)	**6,000**
					(19,250)		
2014/15	10.00	2016-2021	20,000	-		-	**10,000**
	10.00	2019-2021	229,500	-	(10,000)	(30,000)	**25,000**
					(174,500)		
2015/16	10.00	2020-2022	30,000	-		-	**30,000**
	58.00	2017-2022	25,000	-	-	-	**15,000**
	58.00	2020-2022	60,000	-		(10,000)	**50,000**
					(10,000)		
					-		
2016/17	50.00	2019-2024	15,000	-	(15,000)	-	-
	50.00	2022-2027	45,000	-	-	(35,000)	**10,000**
	90.00	2019-2024	20,000	-	-	(5,000)	**15,000**
	90.00	2022-2027	25,000	-	-	(5,000)	**20,000**
2018/19	10.00	2020-2028	80,000	-	-	-	**80,000**
2019/20	50.00	2022-2029	-	15,000	-	-	**15,000**
	50.00	2024-2029	-	50,000	-	-	**50,000**
	42.50	2022-2029	-	30,000	-	-	**30,000**
Total 2020			**604,750**	**95,000**	**(231,750)**	**(100,000)**	**368,000**
Weighted average exercise price 2020 (pence)			**26.96p**	**47.63**	**17.25p**	**36.8p**	**35.73p**
Total 2019			662,750	90,000	(30,000)	(118,000)	604,750
Weighted average exercise price 2019 (pence)			28.37p	10.00p	10.00p	10.00p	27.84p

There were 368,000 options outstanding at 31 March 2020 (2019: 604,750) which had a weighted average price per share of 35.73p (2019: 27.84p) and a weighted average contractual life of 4.3 years. The options vest over a period of two to four years conditional upon the option holders continued employment with the Company.

The conditions applying to those options which are fully vested have been achieved. The number of outstanding options that will vest is dependent on the achievement of several key performance measures of the group, measured at a regional and consolidated level for the financial years 2019 and 2020. The fair value of the employee services received in exchange for the grant of the share options is charged to the profit and loss account over the vesting period of the share option, based on the number of options which are expected to become exercisable.

	2020	2019
Option pricing model used	**Black-Scholes**	Black-Scholes
Weighted average share price at grant date (in pence)	**91.00 & 81.50**	76.00 & 74.00
Exercise price (in pence)	**50.00 & 42.50**	10.00
Fair value of options granted during the year	**46.44**	68.98
Expected volatility (%)	**20**	20
Risk-free interest rate (%)	**4**	4
Expected life of options (years)	**2 & 5**	2 & 5

Expected volatility was determined by reference to historical volatility of the Company's share price.

The share-based payment expense recognised within the income statement during the period was £48,836 (2019: expense £57,306).

18 Reserves

Capital Redemption Reserve Fund

The capital redemption reserve relates to the cancellation of the Company's own shares.

Treasury Shares

At 31 March 2020, the total number of ordinary shares of 10p held in Treasury and their values were as follows:

	2020		**2019**	
	Number	**£'000**	**Number**	**£'000**
As at 1 April	**195,676**	**161**	505,676	421
Shares purchased for treasury	**36,074**	**23**	34,000	26
Shares issued from treasury	**(231,750)**	**(34)**	(344,000)	(246)
Loss on treasury shares disposal		**(150)**		(40)
As at 31 March	**-**	**-**	195,676	161

Nominal value	-	20
Market value	-	156

The maximum number of shares held in treasury during the year was 195,676 shares representing 1.6% of the called-up ordinary share capital of the Company (2019: 505,676 representing 4.1% of the called-up ordinary share capital of the Company).

Merger Reserve

The merger reserve represents the fair value of the consideration given in excess of the nominal value of ordinary shares issued to acquire subsidiaries.

Share Option Reserve

The reserve represents the cumulative amounts charged to profit in respect of employee share option arrangements where the scheme has not yet been settled by means of an award of shares to an individual.

Share Premium Account

The balance on the share premium account represents the amounts received in excess of the nominal value of the ordinary shares. On 3 January 2020 a special resolution was passed to return £2m of this reserve to the shareholders.

Translation Reserve

The foreign currency translation reserve comprises all presentation foreign exchange differences arising from translation of the financial statements of foreign operations into the presentation currency of the Group accounts.

Retained Earnings

The balance held on this reserve is the accumulated retained profits of the Group.

19 Leases

The Group has adopted IFRS 16 Leases for the first time in the financial statements. The Group has opted to apply the transition approach which does not require the restatement of comparative information. Further details are provided in note 1.

The Group's leases are property leases. These include leases for the offices from which the businesses across the Group operate and these have terms of typically 1 to 10 years. The movements in the carrying value of right-of-use assets is provided below.

	Right-of-use asset - Property £'000
Cost	
At 1 April 2019	2,994
Additions	212

At 31 March 2020	**3,206**
Accumulated depreciation	
At 1 April 2019	1,482
Depreciation	440
At 31 March 2020	**1,922**
Net Book Value as at 31 March 2020	**1,284**

Additional disclosures as required under IFRS 16 Leases are provided in the table below:

	2020
	£'000
Depreciation of right-of-use assets	440
Interest on lease obligations	71
Cash outflow for leases	566
Additions to right-of-use-assets	212

20 Reconciliation of Profit before Tax to Net Cash Inflow from Operating Activities

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
(Loss)/ Profit before taxation	**(2,133)**	2,471	**(3,965)**	10
Adjust for:				
Depreciation of property, plant and equipment and software amortisation	**737**	220	-	-
Impairment of goodwill	**4,018**	-	3,926	-
Share-based payment expense	**49**	38	-	-
Loss on sale of tangible asset	**1**	1	-	-
Finance costs	**76**	-	-	-
Operating cash flow before changes in working capital	**2,748**	2,730	**(39)**	10
IFRS 15 adjustment on reserves b/f	-	(1,976)	-	-
(Increase)/decrease in receivables	**778**	976	**(3,021)**	(115)
Increase/(decrease) in payables	**116**	416	**2,784**	346
Cash generated from / (used by) underlying operations	**3,642**	2,146	**(276)**	241

Changes in financial liabilities arise solely from financing cashflows and leases.

21 Analysis of Cash less overdrafts

Group	At 1 April 2019	Cash flow	At 31 March 2020
	£'000	£'000	£'000
Cash at bank and in hand	2,309	(254)	**2,055**
Total cash	2,309	(254)	**2,055**

Company	At 1 April 2019	Cash flow	At 31 March 2020
	£'000	£'000	£'000
Cash at bank and in hand	322	554	**876**
Total cash	322	554	**876**

22 Financial Risk Management

The Board of Directors has overall responsibility for the risk management policies that are applied by the business to identify and control the risks faced by the Group. The Group has exposure from its use of financial instruments to foreign currency risk, credit risk and liquidity risk.

Foreign Currency

The Group publishes its consolidated financial statements in Sterling. The functional currencies of the Group's main operating subsidiaries are Sterling, the Singapore Dollar, the Hong Kong Dollar and the UAE Dirham.

The Group's international operations account for approximately 34.66% (2019: 31.53% of revenue and approximately 24.27% (2019: 29.64%) of the Group's assets and consequently the Group has a degree of translation exposure in accounting for overseas operations.

The Group exposure to foreign currency risk is as follows:

As at 31 March 2020	Euro	AUD	USD	HK$	S$	AED
	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank	66	7	1	259	211	410
Trade and other receivables	-	-	-	1,350	299	336
Trade and other payables	-	-	-	(1,101)	(117)	(115)
Net exposure	**66**	**7**	**1**	**508**	**393**	**631**

As at 31 March 2019	Euro	AUD	USD	HK$	S$	AED
	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank	78	-	32	645	95	805

Trade and other receivables	-	-	-	648	140	1,389
Trade and other payables	-	-	-	(27)	(4)	-
Net exposure	**78**	-	**32**	**1,266**	**231**	**2,194**

Sensitivity analysis – currency risk

A 10% weakening of Sterling against the above currencies at 31 March 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is applied currency by currency in isolation, i.e. ignoring the impact of currency correlation, and assumes that all other variables, interest rates, remain constant. The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain adverse market conditions occur. Actual results in the future may differ materially from those projected, due to developments in the global financial markets which may cause fluctuations in interest and exchange rates to vary from the hypothetical amounts disclosed in the table below, which therefore should not be considered a projection of likely future events and losses.

	2020 equity £'000	**2020 PTB £'000**	2019 equity £'000	2019 PBT £'000
Euro	**(6)**	**(6)**	(7)	(7)
US Dollar	**-**	**-**	(3)	(3)
Hong Kong Dollar	**(46)**	**(46)**	(115)	(115)
Singapore Dollar	**(36)**	**(36)**	(21)	(21)
UAE Dirham	**(57)**	**(57)**	(199)	(199)
Australian Dollar	**(1)**	**(1)**	-	-

A 10% strengthening of Sterling against the above currencies at 31 March 2020 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Currently the Group's policy is not to hedge against this exposure, but it does seek to minimise this exposure by converting into sterling all cash balances in foreign currency that are not required for capital monetary needs. The settlement of intercompany balances held with foreign operations is neither planned nor likely to occur in the foreseeable future. Therefore, exchange differences arising from the translation of the net investments are recognised in Other Comprehensive income.

Credit Risk

The Group's principal financial assets are bank balances, trade and other receivables. The Group's credit risk is primarily in respect of trade receivables. Credit risk refers to the risk that a client will default on its contractual obligations resulting in financial loss to the Group. The Group's largest credit risk exposure to a single client is in the UK and represents 6.43% of the Group trade receivables balance. Although there is no indication that the debt is uncollectable, the Directors are of the opinion that adequate provision is in place to cover any potential default by this client. Public investment funds in Hong Kong and Saudi Arabia accounted for 12.57% and 8.48% of Group trade receivables respectively. Apart from this exposure, at the year-end no other customer represented more than 5.73% (2019: 4.86%) of the total balance of trade receivables.

In reviewing the appropriateness of the provisions in respect of recoverability of trade receivables, consideration has been given to the ageing of the debt and the potential likelihood of default, considering current economic conditions.

It is the Directors' opinion that no further provision for doubtful debts is required.

Liquidity Risk

The Group manages it liquidity risk by maintaining adequate cash and or credit facilities to meet forecast cash requirements of the Group. Management monitors its forecasted cash flow requirements at a Group level based on monthly returns made by the Group's operating units.

The Group has no financial liabilities other than short-term trade payables and accruals as disclosed in note 15, all due within one year of the year end.

The Group has net funds of £2.06m (2019: £2.31m) which the Board consider are more than adequate to meet future working capital requirements and to take advantage of business opportunities.

As at 31 March 2020, the Group's financial liabilities have contractual maturities as follows:

At 31 March 20	**Less than 6 months £'000**	**6 – 12 months £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**
Trade payables	371	-	-	-	-
Other payables	1,248	-	-	-	-
Taxation and social security	440	245	-	-	-
Accruals	901	-	-	-	-
Lease liabilities	254	243	500	508	20
Total contractual cash flows	**3,214**	**488**	**500**	**508**	**20**

At 31 March 19	**Less than 6 months £'000**	**6 – 12 months £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**
Trade payables	316	-	-	-	-
Other payables	807	-	-	-	-
Taxation and social security	730	-	-	-	-
Accruals	1,227	-	-	-	-
Total contractual cash flows	**3,080**	**-**	**-**	**-**	**-**

The amounts disclosed in the table are the contractual undiscounted cash flows.

23 Related Party Transactions

Prime People Plc provides various management services to its subsidiary undertakings. These services take the form of centralised finance and operations support. The total amount charged by the Company to its subsidiaries during the year is £215k (2019: £215k). The balance owed to the subsidiary undertakings at the year-end is £3.87m (2019: £1.09m).

The Company also provides corporate guarantees on the subsidiary bank accounts. At 31 March 2020 amounts overdrawn by subsidiary bank accounts were £nil (2019: £nil).

The Directors receive remuneration from the Group, which is disclosed in the Directors' Remuneration Report. As shareholders, the Directors also received dividends in the year from the Company amounting to £318,213 (2019: £359,697).