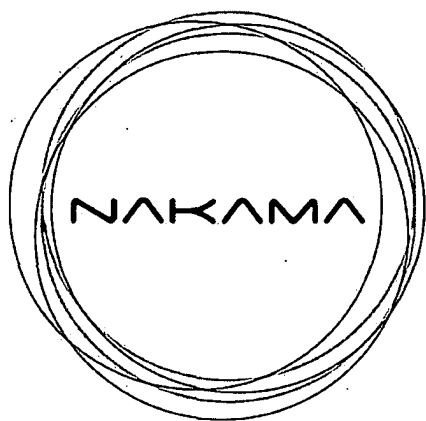
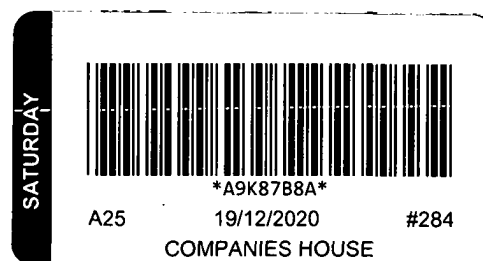




NAKAMAGROUP PLC

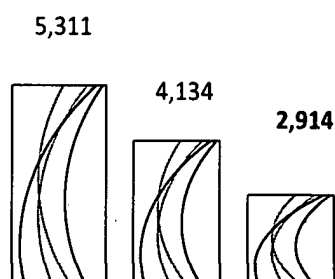
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020





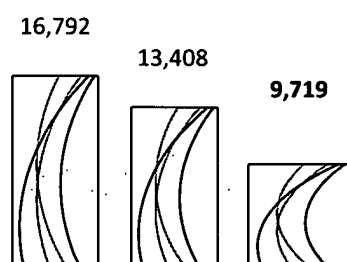
ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NET FEE INCOME £'000



2018 2019 2020

REVENUE £'000



2018 2019 2020

Financial Overview

- Group revenue decreased by 27.5 percent. to £9.7m (2019: £13.4m)
- Net fee income reduced by 29.5 percent. to £2.9m (2019: £4.1m)
- Net fee income percentage decreased to 30.0 percent. (2019: 30.8 percent.)
- Operating profit moved to a loss of £182,000 (2019: profit £91,000)

	2020 £'000	2019 £'000
Revenue	9,719	13,408
NFI (Net fee income)	2,914	4,134
EBITDA	(92)	424
Operating (loss)/profit for the financial year	(182)	91
Profit from discontinued operations		266
(Loss)/profit for the financial year before tax	(114)	354
Net current assets	56	176
Equity	87	202
(Loss)/earnings per share	(0.10)p	0.27p

* EBITDA – Earnings before interest, tax, depreciation and amortization

Group at a glance

Our markets

Nakama Group plc is a recruitment group of two branded solutions placing people into specialist and management positions; the Nakama businesses operate in the digital, creative, media, marketing and technology sectors from offices in the UK and Asia. The UK also specialises in the Financial Services sector, specifically Business Change and IT in Insurance and Investment Management, through the Highams brand. We offer services in recruitment – permanent & contract/ freelance, search and project management.



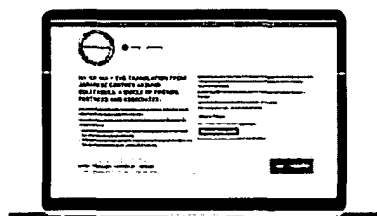
Our consultants, contractors and applicants

Our speciality is finding excellent career opportunities and assignments for senior digital, IT, business and professional services talent. We are constantly developing our relationships and networks to ensure we obtain the best available positions for such talent, whilst ensuring that their skills and personalities are compatible with the needs of our clients. Ultimately, it's people who transform, improve & grow business.



Our people

At Nakama, we work hard to develop and maintain long-term relationships with our clients, contractors and applicants. To do this, we focus on the development and retention of our experienced staff to ensure they are among the most knowledgeable in the industry, both in terms of recruitment best practice and the niche markets in which Nakama operates. We believe in specialisation, technology, network – all with the right people.



Visit us online for further information at
www.nakamagroupplc.com

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CHAIRMAN'S STATEMENT

Strategy

Nakama Group's strategy is to support the talent acquisition programmes of high growth companies across multiple industries. We provide permanent and contract recruitment solutions to a broad range of clients across Europe and Asia Pacific geographies.

The primary objective of the executive management team is to focus on delivering acceptable returns for shareholders and take advantage of the opportunities in the sectors in which we operate.

2020 has been another challenging period for the Group: the onset of COVID 19 has had an immediate impact on the group and has seen trading decline accordingly. As a business we took immediate and decisive action which saw us take advantage of the various government support schemes. We immediately implemented a working from home strategy and reduced our cost base in line with our reduced levels of trading.

In the UK the proposed changes to IR35 (since revised) also had a big impact on our contractor business and the deferral of these changes came too late. As a result, our UK contractor business declined during the year.

Financial

Due to the Covid-19 pandemic the Group's revenues for the year ended 31 March 2020 were lower by 27.6% compared to the prior year at £9.7m (2019: £13.4m) and Net Fee Income ("NFI") was 29.3% lower at £2.9m (2019: £4.1m). This reduction in revenue was primarily a result of poor overall consultant performance. We are disappointed not to increase revenues and saw a reduction in EBITDA to negative £76,000 (2019: £424,000).

Outlook and summary

2020 has been an incredibly challenging year, however, I am very proud of the way we have met these challenges and continued to trade. We have recently announced a sale of our trading businesses to Sanderson Group as it has become increasingly clear that without an injection of capital the Group may not be able to continue to trade. Further details of the proposed disposal are set out in a circular sent to shareholders on 10 December 2020. Should the proposed disposal, which is subject to shareholder approval, proceed the Company will become an AIM Rule 15 cash shell. As such, the Company, will either be required to make an acquisition or acquisitions constituting a reverse takeover under AIM Rule 14 on or before the date falling six months from the date of becoming a cash shell or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which, the Company's shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of any suspension should the suspension not have been lifted beforehand.

This has been a difficult journey for the Company and our teams across the Group have worked hard in trying to reposition the business onto a more positive footing. I would like to thank our valued members of staff for their hard work during a prolonged challenging period.



Tim Sheffield
Chairman
11 December 2020

CEO'S REPORT

Financial review

	2020	2019
	£'000	£'000
Revenue	9,719	13,408
NFI (Net fee income)	2,914	5,134
EBITDA *	(92)	424
Operating (loss) / profit for the financial year	(182)	91
Profit from discontinued operations	-	266
(Loss) / profit for the financial year before tax	(114)	354
Net current assets	56	176
Equity	87	202
Earnings/(loss) per share	(0.10)p	0.27p

* EBITDA – Earnings before interest, tax, depreciation and amortization

2019/20 proved a challenging year for the business as a whole and there were many factors both internal and external that materially affected performance.

Internally, the business had to replace all three Nakama MD's primarily due to performance issues. This in turn saw a further reduction in headcount across the Nakama businesses due to performance related issues. In Hong Kong, H2 was materially impacted by the onset of anti-government demonstrations which saw business confidence decline quickly. In the UK, the Nakama business struggled to find a stranglehold on the market and with the Company's cash constraints hiring was not possible. As such, the business reduced headcount significantly during the year.

Nakama Singapore had a satisfactory H1, however, H2 saw a dramatic decrease in activity and revenues and as such management changes were needed. Unfortunately, the replacement MD took office at the outset of COVID 19 and as such has had a limited amount of time to re-grow the business.

Highams continued to trade in line with expectations but was impacted by the onset (now deferred) of changes to IR35. This had an immediate impact on our contractor revenue base.

COVID-19

As mentioned in previous market updates, the onset of COVID-19 had an immediate and material impact on the Group's trading in Q1 2020 especially in APAC. This combined with the proposed changes to IR35 (later revised) saw the Group's revenue decrease almost immediately, particularly in Hong Kong and Singapore.

Furthermore, the impact of BREXIT negotiations has also seen client confidence reduce during 2020 and this has had an impact on volumes of business particularly in Highams.

Robert Thesiger

Robert Thesiger

Chief Executive Officer

11 December 2020

DIRECTORS

Tim Sheffield

Non-Executive Chairman

Tim has been a professional services advisor and business leader for the past 24 years and currently serves as Chairman of Sheffield Haworth Limited ("Sheffield Haworth"). He founded Sheffield Haworth in 1993 and is responsible for the leadership and strategic development of the business. He is also co-founder of Empresaria Group PLC and served on the Board from 1996 to 2008. Tim moved into executive search in 1989 following a career on the Sydney, Chicago and London exchanges, trading exchange-traded derivatives. He studied Business and Finance at Anglia University. He is a UK committee member of the Association of Executive Search Consultants and a board trustee of the SMA Trust, a UK charity. Due to Sheffield Haworth's shareholding in the company, Tim is not considered to be independent under the QCA code.

Rob Thesiger

Chief Executive Officer

Robert Thesiger has worked in the recruitment sector for over 25 years and was most recently founder and Chief Executive Officer of The FISER Group Limited. Prior to this he was Chief Executive Officer of both Imprint PLC and Morgan McKinley Limited. Robert is a graduate of Exeter University and Cranfield Business School.

Michael Clelland

Non-Executive Director

Michael joined Nakama Group PLC as a non-executive Director on 24 July 2018 and is Chair of the Audit Committee as well as a member of the Remuneration Committee. Michael has more than 25 years' experience in the marketing services industry and held several senior executive roles within Publicis Groupe across Europe, APAC and North America. Michael's other current roles include that of co-founder of Loupe 16, a marketing consultancy and as a hands-on advisor to The Funding Box Group, a start-up accelerator operating in Spain and Poland. Michael is an independent director.

DIRECTORS AND ADVISERS

**Country of incorporation
of parent company:** England and Wales

Company number: 01700310

**Principal place of
business:** United Kingdom
and Asia Pacific region

Auditors HAZLEWOODS LLP
Staverton Court
Staverton
Cheltenham
GL51 0UX

Principal activities: Recruitment consultants

Directors: T Sheffield (Non-executive
Chairman)

R Thesiger (CEO)

M Clelland (NED)

**Nominated adviser
and brokers:** Allenby Capital Ltd
5 St Helens Place
London
EC3A 6AB

Secretary: P Holt

Registrars: Link Asset Services
The Registry
34 Beckenham
Road Beckenham
Kent
BR3 4TU

Registered office Bourne House
475 Godstone Road
Surrey
CR3 0BL

Solicitors: Blake Morgan LLP
6 New St Square
London
EC4A 3DJ

Bankers: HSBC Bank plc
28 Borough High Street
London
SE1 1YB

STRATEGIC REPORT

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2020.

Business model

The Group provides recruitment services and solutions to its specialist niche market clients in a variety of geographical locations where there is both growing demand and a skills shortage.

Recruitment services include permanent staff placements as well as temporary/freelance, contract and interim placements.

The UK is represented by one consolidated office on Caterham, Surrey. APAC is represented by an office in Hong Kong and another in Singapore. They serve the digital technology markets across a broad range of clients from various corporates to digital marketing agencies.

Our teams of digital and technology recruitment consultants are fully immersed in their areas of specialisation and consistently assist their clients with local and global market information as part of the recruitment services we provide.

Strategy

We believe that it is people who transform, improve and grow businesses.

We specialise in each location, focusing on delivering a quality service to our candidates and our clients. By being focused in key digital, creative and technology areas we are able to grow and nurture effective networks which enable us to deliver successful outcomes for our clients time and again.

What we do:

- Recruitment – permanent, contract, interim and freelance
- Search
- Project Management
- Research and Insights

We target sectors where we can secure profitable business and where we can differentiate ourselves by providing bespoke and specialist services that delivers incremental value to our clients, helping them in managing and growing their businesses.

	2020 £'000	2019 £'000
Revenue	9,719	13,408
NFI percentage	30.0%	30.8%
Staff costs	1,783	3,034
Staff costs as a percentage of NFI	61.2%	73.4%

Financial review

A description and review of the performance of the business is included in the CEO's report on page 3.

Key Performance Indicators

The Board uses a number of key performance indicators in order to monitor the business. These include the number of requirements received, net fee income (NFI) by consultant, tracking staff costs to gross margin generated and revenue versus budget and prior year.

KEY RISKS OF THE GROUP

This report forms part of the Strategic report.

Details of the Group's financial risk management objectives and policies and the Group's financial instruments are given in note 21 to the Group financial statements.

Principal risks and uncertainties of the Group

The Board continuously monitors the key risks and uncertainties that may impact the business and the ability to deliver our strategy. These are identified below:

Staff

The business undertakes a continuous review of its staff with a key focus on driving better performance and an increase in the skills base. This has been across all regions of the business. In a service company it is essential to maintain client relationships and build new business, therefore, it is important that high quality staff are recruited and retained. It is however of equal importance that all staff contribute to the profitability of the business. The use of appropriate incentives, focused training and a challenging and supportive environment all work to this end. We also make every effort to ensure that our staff enjoy working in the business and have developed a culture of cooperation, support, professionalism and friendliness to give the Group every opportunity to make each office an environment where people enjoy coming to work.

As opportunities grow, we offer the potential for staff to relocate to any of our offices, experiencing different cultures and to enhance their position in the Group. We recognise that staff retention is vital to our operation. We continue to recruit new staff, both experienced and non-experienced to ensure that we mitigate any reliance on key individuals and nurture our own sales consultants.

Office locations

Nakama has offices in the UK, Hong Kong and Singapore. It is essential that we examine each of our locations for risks of performance and the operational management of these offices, ensuring we are aware of local laws and cultures and can secure licences for the employment of our own staff and those of our placements at clients. Where appropriate we continue to recruit new staff to increase the number of consultants to ensure that we are not reliant on key individuals. We have been monitoring the impact of political unrest in Hong Kong and the possibility of a no deal Brexit and have found no significant impact on our business so far and shall continue to monitor and prepare for any negative impact should it arise.

Competition

There are many competing recruitment organisations and Recruitment Process Outsourcing (RPO) companies. This number continues to grow as the digital and technology recruitment market is seen as a lucrative and future-proof area to be operational within.

The changing social media world also creates competition, with increasing numbers of companies now having moved towards in-house recruitment models. This has continued to drive down margins in sectors that have become more commoditised. Nakama has continued to refine the business focus on highly specialised digital and technology sectors and we continue to work with internal recruiters and staffing teams as the specialist agency to support the specific skills needed, particularly where speed of delivery is important. Nakama maintains and enhances its niche market approach in order to continue to differentiate itself from its competitors. Competition remains robust and was previously mainly from local SME based businesses but we continue to see more traditional IT businesses as well as larger, more generalist players compete in the digital space. Competitors are looking closely at the markets we operate in. Therefore, we need to ensure we stay ahead of the new competition by continuing to deliver high quality services with a proven knowledge base in our areas of specialisation. However, it is also the case that we have seen some traditional competitors in local markets cease trading due to lack of scale and reach. Our ability to remain specialised within the digital, technology, creative and marketing industry locally and globally continues to provide a significant competitive advantage.

On-line recruiting/other competition

This is an increasingly competitive space and whilst we have not seen much impact to date from new service offerings entering the market, we continue to monitor this closely.

We differentiate ourselves by being highly specialised and delivering a solution to clients' issues globally. We have a reputation for providing quality recruitment solutions, for having industry expertise and for being a valued partner. Not only are the local and global recruitment markets becoming increasingly saturated with staffing agencies, but also internal teams are more regularly taking on the recruitment process. Businesses operating with a transactional recruitment approach of simply sending CVs to a job are increasingly unable to compete. The demand for speed of service, high quality and the delivery of niche talent is more important than ever. Both clients and candidates demand more and will engage with recruitment partners who really understand their businesses and their requirements and offer a premium service.

Clients

Clients may choose not to continue to use Nakama's services if our service fails to meet the required standards. It is therefore essential to harness technology to deliver rapid solutions and to maintain consultant standards by providing ongoing training and development. We are committed to ensuring the delivery of high

EW

KEY RISKS OF THE GROUP (CONTINUED)

Candidates

Nakama's ability to work in niche, high demand sectors has been a key reason for candidates to want to be represented by the Group. The quality of support services around payroll, job registration, job search and market/ recruitment information are key factors in retaining and increasing Nakama's talent pools globally. Consultants form close working relationships with their candidates often working with them on multiple opportunities and often help them gain new assignments/ careers on more than one occasion. We aim to develop long-lasting and trusting relationships with candidates so that they use our services time and again and have every reason to refer their friends/colleagues to the business. This creates extremely strong, global networks which benefits the whole group.

Nakama continues to increase its networks and knowledge about niche business and technical areas by developing a network of clients, contractors and applicants relevant to that niche. We strongly believe in focus and specialisation which will keep us ahead of the growing competition for talent in our markets.

Going Concern

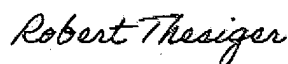
We have recently announced the sale of our trading businesses to Sanderson Group as it has become increasingly clear that without an injection of capital the Group may not be able to continue to trade. Further details of the proposed sale are set out in a circular sent to shareholders on 10 December 2020. Should the proposed sale proceed, which is subject to shareholder approval, the Company will become an AIM Rule 15 cash shell. As such, the Company, will either be required to make an acquisition or acquisitions constituting a reverse takeover under AIM Rule 14 on or before the date falling six months from the date of becoming a cash shell or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which, the Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of any suspension should the suspension not have been lifted beforehand.

Based on the latest trading expectations and the aforementioned

proposed sale, the directors believe that the group and company will be able to trade within its existing facilities and therefore meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and have therefore prepared the financial statements on a going concern basis. Should the sale of the trading businesses not proceed, the directors believe that without additional funding and a material improvement in market conditions it will not be possible to grow the trading businesses further or to maintain the Group as a going concern. Should the sale of the Trading Businesses not proceed, the Directors believe they will be forced to take steps to protect the interests of the Group's creditors.

Approval

This strategic report was approved on behalf of the Board on 11 December 2020.



Robert Thesiger

Chief Executive Officer
11 December 2020

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements for the year ended 31 March 2020.

Review of the business

The results for the year and financial position of the Group are as shown in the attached financial statements and a detailed review is set out in the CEO's Report and the Strategic Report.

Results and dividends

The Group made a loss of £98,000 before taxation and exceptional items for the year (2019: profit of 39,000) on revenue of £9.7m (2019: £13.4m).

The Directors do not recommend a final dividend (2019: nil). No interim dividend was paid during the year (2019: nil).

Directors

The Directors of the Company throughout the year were:

T Sheffield Non-Executive Chairman
A Williams Non-Executive Director (resigned September 2019)
M Clelland Non-Executive Director
P Meehan Finance Director (resigned September 2019)
R Thesiger (appointed April 2019) Chief Executive Officer

There has been significant change in the make-up of the Board this year as performance had been significantly below budget and a new team was appointed to turnaround the business. Currently, there are three members and the Group has no plans to increase the number of directors in the near term.

Indemnity insurance for Company Officers

The Company has maintained insurance cover (including and up to the date of this report) for the Directors against liability arising from negligence, default, breach of duty and breach of trust in relation to the Company.

Substantial shareholders

As at 31 March 2020, the following substantial shareholdings have been notified to the Company:

	Number of shares	% of issued share capital
First Point Group	35,280,240	29.9%
Sheffield Haworth Limited	28,430,000	24.1%
D & G Hart	8,714,286	7.4%
Ken Ford	5,000,000	4.2%
Peter Kellner	4,000,000	3.4%
Edward Andrews	3,570,000	3.0%

During the period between 31 March 2020 and 4 December 2020, the company received notifications of changes shareholdings. As at 4 December the following substantial shareholdings were reported

	Number of shares	% of issued share capital
First Point Group	35,280,240	29.9%
Sheffield Haworth Limited	28,430,000	24.1%
Barry Reynolds	11,230,000	9.5%
D & G Hart	8,714,286	7.4%
Ken Ford	5,000,000	4.2%
Peter Kellner	4,000,000	3.4%
Edward Andrews	3,570,000	3.0%

Share option schemes

Information regarding the Company's share option schemes is given in note 22 to the Group financial statements.

Financial instruments

Details of the Group's financial instruments and risk are given in note 21 to the financial statements.

Likely future developments in the business of the Group

Information on likely future developments in the business of the Group has been included in the Strategic Report.

Employee involvement

The Company maintains an intranet site that provides employees with information on matters of concern to them as employees. The intranet site includes information on policies and procedures relating to their employment at Nakama Group plc.

Auditors

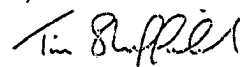
All of the Directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Company's auditor is unaware.

A resolution to reappoint Hazlewoods LLP as auditors will be proposed at the Annual General Meeting.

Approval

This report was approved by the Board of Directors on 11 December 2020.

By order of the Board



T Sheffield, Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

The Directors are responsible for preparing the annual report, 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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group. The Directors are also required to prepare financial statements in accordance with rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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 they have been prepared in accordance with IFRSs as adopted by the European Union, 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 sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

SECTION 172 STATEMENT

The Directors of the Group are required to promote the success of the Group for the benefit of the Members / Shareholders as a whole. Section 172(1) of the Companies Act 2006) expands this duty and requires the Directors to consider a broader range of interested parties when considering the promotion of the Group. This wider group of stakeholders will include employees, customers, regulators and others, and the Board will look to understand and take into account the needs of each stakeholder, although recognising that different stakeholders may have conflicting priorities and not all decisions made will be to the benefit of all stakeholder groups. When making decisions the Board should consider the following:

- the likely consequences of any decisions in the long-term;
- the interests of the Group's employees (if applicable);
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Group.

At every Board meeting the Directors review the performance of the Group against its strategy. The financial performance is reviewed and measured against the Key Performance Indicators as set by the Board. The compliance with existing legal and regulatory requirements are reviewed, together with any new regulations that are to be introduced or are being proposed. Any new regulations are discussed and their potential impact on the Group and its stakeholders assessed. The Board recognises the importance of, and is committed to, understanding the views of Shareholders and maintaining communication with its Shareholders in the most appropriate manner.

The Directors have identified the following groups as key stakeholders and relevant according to Section 172 Companies Act 2006:

Employees

Employees are key for the performance and development of the business. Employees are engaged and communicated with regularly on the performance, health and safety, and cultural and environmental effects of the business. Engagement is maintained with employees to ensure a strong diverse and talented workforce.

Regulators

The Group operates in an environment that is governed by legal and regulatory requirements, which prescribe what the Group can undertake and how it can operate. The Board recognises that these restrictions are there to protect stakeholders. The Board's view is to adopt the sentiment and ethos of the rules and regulations.

Environment and Community

Due to the nature of the Group's activities it has little direct impact on the community or the environment. The Group seeks to reduce its impact on the environment by recycling whenever possible.

The Directors believe that they have effectively implemented their duties under section 172 of the Companies Act 2006. The Group has considered the long-term strategy of the business and consider that this strategy will continue to deliver long term success to the business and its stakeholders.

Strategy and Key Performance Indicators

The Group's principle activity is set out in the Strategic Report. The company recruits professionals into insurance and professional services organisations. The Group operates in the UK, Hong Kong and Singapore.

The Group believes that the key drivers for the success of the business are its Key Performance Indicators, which are set out in the Strategic Report.

CORPORATE GOVERNANCE

GOVERNANCE

Compliance Statement

The Board is committed to high standards of corporate governance so that the Company's management procedures are transparent and clearly understood by those who work within the Company, and by those who invest in it. From 28 September 2018 there is a requirement for AIM listed companies to comply with a recognised Corporate Governance Code and the Board follows the QCA Corporate Governance code 2018, details of which will be found on the company's website.

The Board

The aim of the Board is to function at the head of the Company's management structures, leading and controlling its activities and setting a strategy for enhancing shareholder value. Regular strategy meetings are held to review the Group's forward planning - vital in a rapidly changing market and technology environment.

All new directors appointed since the previous Annual General Meeting (AGM) are required to seek election at the next AGM and one third of the other directors retire annually in accordance with the company's articles of association. This enables the shareholders to decide on the election of the company's board.

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary and finance function.

Board performance

Since the appointment of Tim Sheffield as Chairman, he has been assessing the individual contributions of each of the members of the team to ensure that:

- Their contribution is relevant and objective
- That they are committed
- Where relevant, they have maintained their independence

Over the next 12 months we intend to review the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient and productive manner.

All Directors undergo a performance evaluation before being proposed for re-election to ensure that their performance is and continues to be effective, that where appropriate they maintain their independence and that they are demonstrating continued commitment to the role.

Appraisals are carried out each year with all Executive Directors.

The Chairman and the executive directors

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer. The primary role of the Chairman is to ensure that the Board functions properly, meets its obligations, and has the correct organisation and mechanisms in place to work effectively.

The Chief Executive Officer's primary role is to provide overall leadership and vision in developing, alongside the Board, the strategic direction of the Company.

The Chief Executive Officer is also responsible for the management of the overall business, ensuring strategic and business plans are effectively implemented and the results of which are monitored and reported to the Board to ensure financial and operational objectives are attained.

The Board has a clear understanding as to the split of responsibilities between them, and they meet and communicate regularly (at least 6 times per annum) so that each is aware of the ideas and actions of the others.

Internal control

The Board has overall responsibility for ensuring that the Group maintains systems and internal financial controls that provide them with reasonable assurance regarding the financial information both for use within the business and for external publication, and that the assets are safeguarded.

Each business has defined financial performance plans that are agreed by the Board at the beginning of each financial year to meet Group objectives. These plans contain measurable performance targets which are continuously monitored to identify shortfalls, so that corrective actions can be taken.

An ongoing process has been established for identifying, evaluating and managing the principal risks faced by the Group. The process has been in place for the full year and up to the date of approval of the annual report and financial statements.

Risk management structure

The Group's principal risks and uncertainties are listed on pages 7 and 8 (Key Risks of the Group).

Nakama is exposed to a number of risks in the markets it operates across. The Board considers the risks to the business each quarter and it formally reviews and documents the principal risks to the business at least annually.

CORPORATE GOVERNANCE

Identify risk

The Board has overall responsibility for monitoring the Group's systems of control, for identification of risks and for taking appropriate action to prevent, mitigate or manage those risks.

Assess risk

A detailed schedule of risks is considered each quarter under the following categories – macro-economic, client concentration, candidates, competition, staff, data security, accounting and internal controls, foreign exchange, legal and regulatory, strategy and performance. These risks are graded against a list of criteria of likelihood and potential impact in order to identify the key risks impacting the Group.

Mitigate risk

The Board seeks to ensure that the Group's activities do not expose it to significant risk. The Group's aim is to diversify the Group sufficiently to ensure we are not exposed to risk of concentration in product, market or channel, without compromising the overall strategy.

Update risk register

The risk register is updated quarterly, after the relevant Board meeting. The Board meets formally at least 6 times per year.

Review and evaluate risks

The Board and senior managers are all responsible for reviewing and evaluating risk. The Directors review ongoing trading performance, discuss budgets and forecasts and new risks associated with ongoing trading in each Board meeting (at least 6 times per annum).

The Board intends to keep its risk control procedures under review, particularly with regard to the need to embed internal control and risk management procedures further into the operations of the business, both in the UK and overseas, and to deal with areas of improvement which come to management's and the Board's attention.

As might be expected in a group of this size, a key control procedure is the day-to-day supervision of the business by the Chief Executive Officer, supported by the senior managers with responsibility for key operations. The Board has considered the impact of the values and culture of the Group and ensures that, through staff communication and training, the Board's expectations and attitude to risk and internal control are embedded in the business.

Board committees

The Board has an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities. The composition of these committees may change over time as the composition of the Board changes. The reports of the Audit Committee and Remuneration Committee are included within the Corporate Governance Report and Directors' Remuneration Report rather than as separate sections of the Annual Report.

The Board collectively undertakes the functions of the Audit Committee which is chaired by Michael Clelland. The Audit Committee meets at least twice in each financial year and has unrestricted access to the Company's auditors.

The Audit Committee met in July 2020 in order to discuss and agree the audit strategy for the year ended March 2021 proposed by the auditors. The Committee also reviewed the Company's system of internal controls at this meeting and concluded that they are appropriate for a company of Nakama's size and complexity. The Audit Committee also met to review and approve these accounts. Each year the Committee undertakes to seek reassurance that the external auditors are independent.

Remuneration Committee

The members of the Remuneration Committee are Tim Sheffield, who acts as chairman of the committee and Michael Clelland. The committee meets twice a year and reviews the performance of the executive directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment.

The committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time.

The Company does not have a Nomination Committee as such; the Board collectively undertakes the functions of such a committee.

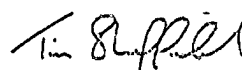
The committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time.

The Company does not have a Nomination Committee as such; the Board collectively undertakes the functions of such a committee.

Corporate culture

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are enshrined in the written policies and working practices adopted by all employees of the Group. An open culture is encouraged within the Group, with regular communications to staff regarding progress and staff feedback regularly sought. The management regularly monitors the Group's cultural environment and seeks to address any concerns that may arise, escalating to Board level as necessary.

By order of the Board



Tim Sheffield
Chairman
11 December 2020

DIRECTORS' REMUNERATION REPORT

This report sets out the remuneration policies for the Group's executive directors. It should be read in conjunction with details of directors' remuneration in note 8 which forms part of the audited financial statements. The members of the Remuneration Committee (Remcom) are identified on page 13.

Remuneration policies

Remcom recommends to the Board a framework for executive remuneration. Remcom determines specific packages for each executive director including pension rights and compensation payments.

The general philosophy underlying the Group's remuneration policy for executive directors is the same as that applied to all senior employees in order to encourage performance. The basic components of remuneration are: salary and benefits, cash bonuses, share schemes and pensions.

Salary and benefits

Remcom studies independent reports and market trends in considering the level of salary and benefits. It also takes into account experience, responsibility and performance.

Bonuses

Bonuses may be awarded at Remcom's discretion depending on Group performance and profits within the relevant business area.

Share schemes

Sheffield Haworth's shareholding is a beneficial interest of Tim Sheffield's.

Service contract of the executive directors

Robert Thesiger has a service agreement terminable by the Company or him of not less than three months' notice.

Non-executive directors

Non-executive directors receive an annual fee in respect of their duties. The fees are reviewed annually and are set by the Board. Their contracts are immediately terminable.

By order of the Board



T Sheffield
Chairman
11 December 2020

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NAKAMA GROUP PLC

Opinion

We have audited the financial statements of Nakama Group PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

In forming our opinion on the financial statements we have considered the adequacy of the disclosures made in the financial statements concerning the Company's and Group's ability to continue as a going concern.

We draw your attention to the Group's Strategic Report and Note 2 to the financial statements which explain that the Company's and Group's ability to continue as a going concern relies on the proposed sale of the Group's trading businesses to Sanderson Group. The completion of the sale is conditional on the passing by shareholders of a resolution agreeing to the terms and conditions of sale, and there not having occurred any material adverse change in the business, operations, assets, liabilities, financial or trading condition or operating results of the trading businesses, and that the sale will complete by 4 January 2021.

Completion of the sale is inherently uncertain which casts significant doubt on the Group and ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Group and the Parent Company were unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the judgements involved in assessing the going concern assertion, we considered going concern to be a Key Audit Matter.

Our approach to addressing this key audit matter is set out below:

- Understanding management's proposed strategy for the Group from discussions with management
- Reviewing announcements made to the market in respect of the proposed disposal; and
- Reviewing the appropriateness of the disclosures made within the financial statements

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NAKAMA GROUP PLC

Key audit matter	How We Addressed the Key Audit Matter in the Audit
Revenue recognition Under ISA 240 there is always a presumed risk that revenue may be misstated due to the improper recognition of revenue. As detailed in notes 2 and 5, revenue is recognised when a placement commences for the permanent revenue or when the work is undertaken for contractor revenue as this is when the service is completed. Revenue is recognised on the confirmation of the start of the placement or based on the timesheets recorded and approved. We considered there to be significant risk over the existence and completeness of revenue, particularly in respect of cut-off, being the recognition of revenue in the correct period.	Our audit work included but was not restricted to: - Reviewing revenue recognition policies with management and comparing against underlying transactions - Reviewing and testing the internal control over revenue recognition. - Performing analytical review and cut off testing to third party supporting documentation. - Agreeing a sample of transactions throughout the year to third party supporting documentation; and - Reviewing provisions for credit notes and accrued income.
Management override of controls Under ISA 240 there is a presumption that the risk of management override of controls is always present.	Our audit work included, but was not restricted to: - Reviewing material estimates, judgements and decisions made by management; and - Performing journal testing on all material manual journals.
Going Concern Given the judgements involved assessing the going concern assertion, we considered going concern to be a key audit matter.	Our audit work included, but was not restricted to: - Discussions with management - Understanding management's proposed strategy for the Group from discussions with management; - Reviewing announcements made to the market in respect of the proposed disposal; and - Reviewing the appropriateness of the disclosures made within the financial statements

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the group financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we used to determine the extent of testing needed, to reduce to an appropriately low level that the aggregate of uncorrected and undetected misstatements exceed materiality of the group financial statements as a whole.

Materiality for the group as a whole was set at £139,000 (2019: £200,000) which represents 1.5% of group revenue. Revenue has been used as it provides a consistent year on year basis for determining materiality due to the losses being incurred by the group and has been concluded as the most relevant performance measure and 1.5% was applied based on prior years low incidences of errors.

Other profit and loss metrics that are used by management as KPIs were reviewed and gave further reassurance over the materiality level set. Materiality for the parent company was set at £17,000 (2019: £16,000), which represented 5% of the parent company's net assets. An assets basis has been used as the parent company is a holding company and 5% was applied due to the straightforward nature of the parent company balance sheet.

Materiality of the significant components has been set on the same basis as the group materiality. The materiality for these entities ranged from £22,000 to £71,000.

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Group's business and is risk based. In arriving at our opinions set out in this report, we highlight the following risks that in our judgment, had the greatest effect on the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NAKAMA GROUP PLC

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our 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 Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

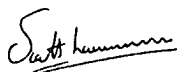
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Scott Lawrence (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor
Windsor House
Bayshill Road
Cheltenham
GL50 3AT
11 December 2020

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Continuing operations 2020 £'000	Discontinued operations 2020 £'000	Total 2020 £'000	Continuing operations 2019 £'000	Discontinued operations 2019 £'000	Total 2019 £'000
Revenue	5	9,719	-	9,719	12,315	1,093	13,408
Cost of sales		(6,805)	-	(6,805)	(8,692)	(582)	(9,274)
Net fee income		2,914	-	2,914	3,623	511	4,134
Administrative costs		(3,096)	-	(3,096)	(3,498)	(544)	(4,042)
Operating (loss)/profit	9	(182)	-	(182)	125	(34)	91
Finance costs	6	(14)	-	(14)	(37)	(15)	(52)
Exceptional Item		82	-	82	-	315	315
(Loss)/profit before tax		(114)	-	(114)	88	266	354
Tax expense	10	(8)	-	(8)	(31)	-	(31)
(Loss)/profit for the period attributable to		(122)	-	(122)	57	266	323
Earnings per share							
Basic and diluted (loss)/profit per share attributable to owners of the parent	11	(0.10)p	-	(0.10)p	0.05p	0.22p	0.27p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	2020 £'000	2019 £'000
(Loss)/profit for the year	(122)	323
Exchange difference on translation of foreign operations	7	18
Total comprehensive (loss)/profit for the period attributable to owners of the parent	(115)	341

The notes on pages 22 to 40 form a part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

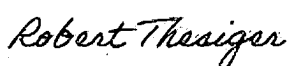
Company number 1700310

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	13	8
Deferred tax asset	19	18	18
Total		31	26
Current assets			
Trade and other receivables	15	1,497	1,599
Cash and cash equivalents		190	166
Total		1,687	1,765
Total assets		1,718	1,791
Current Liabilities			
Trade and other payables	16	(830)	(1,151)
Borrowings	17	(801)	(438)
Total		(1,631)	(1,589)
Net Assets		87	202
Equity			
Share capital	24	1,602	1,602
Share premium account		2,580	2,580
Merger reserve		90	90
Employee share benefit trust reserve		(61)	(61)
Currency reserve		12	5
Retained earnings		(4,136)	(4,014)
Total equity attributable to the shareholders of the Company		87	202

The financial statements were approved and authorised for issue by the Board of Directors on 11 December 2020.



Tim Sheffield
Chairman



Rob Thesiger
Chief Executive Officer

The notes on pages 22 to 40 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	Employee share reserve £'000	Currency reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2018	1,602	2,580	90	(61)	(13)	(4,337)	(139)
Profit for the year	-	-	-	-	-	323	323
Other comprehensive income	-	-	-	-	18	-	18
Total comprehensive income for 2018	-	-	-	-	18	323	341
At 1 April 2019	1,602	2,580	90	(61)	5	(4,014)	202
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	(122)	(122)
Other comprehensive income	-	-	-	-	7	-	7
Total comprehensive income for the year	-	-	-	-	7	(122)	(115)
At 31 March 2020	1,602	2,580	90	(61)	12	(4,136)	87

The notes on pages 22 to 40 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Continuing Operations 2020 £'000	Discontinued Operations 2020 £'000	Total 2020 £'000	Continuing Operations 2019 £'000	Discontinued Operations 2019 £'000	Total 2019 £'000
Operating activities							
(Loss)/profit for the year before tax		(114)	-	(114)	88	266	354
Depreciation of property, plant and equipment	14	8	-	8	12	6	18
Loss on disposal of fixed assets		-	-	-	1	5	6
Loss on abandonment of fixed assets		-	-	-	-	5	5
Impairment and amortization of intangible		-	-	-	-	-	-
Net finance costs	6	14	-	14	37	15	52
Tax credit/(paid)		(8)	-	(8)	5	-	5
Decrease in trade and other receivables		102	-	102	1,078	194	1,272
Decrease in trade and other payables		(321)	-	(321)	(296)	(578)	(874)
Net cash generated by operating activities		(319)	-	(319)	924	(86)	838
Cash flows from investing activities							
Purchase of property, plant and equipment		(13)	-	(13)	-	-	-
Net cash outflow from investing activities		(13)	-	(13)	-	-	-
Financing activities							
(Increase)/decrease in invoice discounting facility		363	-	363	(678)	(101)	(779)
Finance cost paid		(14)	-	(14)	(37)	(15)	(52)
Net cash outflow from financing activities		349	-	349	(715)	(116)	(831)
Net changes in cash and cash equivalent		17	-	17	209	(202)	7
Cash and cash equivalents, beginning of year		166	-	166	120	21	141
Effect of foreign exchange rate movements		7	-	7	(13)	31	18
Cash and cash equivalents at end of year		190	-	190	316	(150)	166
Cash and cash equivalents for the purpose of the statement of cash flows comprises:							
Cash at bank		190	-	190	316	(150)	166
Cash and cash equivalents at end of year		190	-	190	316	(150)	166

The notes on pages 22 to 40 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1. Nature of operations and general information

Nakama Group includes Nakama; a global recruitment consultancy for the digital technology and interactive media industry and also Highams; a technology and business information recruitment consultancy for the insurance and investment management industry.

Nakama Group plc, a public limited company, is the Group's ultimate parent company. It is registered in England and Wales. The address of Nakama Group plc's registered office, which is also its principal place of business, is Bourne House, 475 Godstone Road, Whyteleafe, Surrey CR3 0BL. The details of subsidiary undertakings are listed in note 5 to the Company Financial Statements.

Nakama Group plc's shares are listed on the London Stock Exchange's Alternative Investment Market (AIM). Nakama Group plc's consolidated full year financial statements are presented in British pounds (£), which is also the functional currency of the ultimate parent company.

2. Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The financial statements have been prepared under the historical cost convention. The principal accounting policies of the group are set out below.

The accounting policies that have been applied in the opening statement of financial position have also been applied throughout all periods presented in these financial statements.

The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Going concern

The directors have recently announced the sale of the Group's trading businesses to Sanderson Group as it has become increasingly clear that without an injection of capital the Group may not be able to continue to trade. Further details of the proposed sale are set out in a circular sent to shareholders on 10 December 2020. Should the proposed sale proceed, which is subject to shareholder approval, the Company will become an AIM Rule 15 cash shell. As such, the Company will either be required to make an acquisition or acquisitions constituting a reverse takeover under AIM Rule 14 on or before the date falling six months from the date of becoming a cash shell or be re-admitted to trading on AIM as an investing company under the AIM rules (which requires the raising of at least £6m million) failing which, the Ordinary Shares, would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of any suspension should the suspension not have been lifted beforehand.

Should the sale of the trading businesses not proceed, the directors believe that without additional funding and a material improvement in market conditions it will not be possible to grow the trading businesses further or to maintain the Group as a going concern. Should the sale of the Trading Businesses not proceed, the Directors believe they will be forced to take steps to protect the interests of the Group's creditors. However, the directors are confident that the proposed sale will proceed and subsequently the Company will make an acquisition and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 March 2020. Subsidiaries are entities controlled by the Group. The Company controls a subsidiary if all three of the following elements are present: power over the subsidiary; exposure to variable returns from the subsidiary; and the ability of the investor to use its power to affect those variable returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Business combinations

Business combinations of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Direct costs of acquisition are recognised immediately as an expense.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies continued

Revenue

Revenue is measured at the fair value of consideration received or receivable for services provided during the accounting period net of trade discounts and value added tax. Revenue in respect of contract placements is recognised in the period in which the contractor undertakes the work. Revenue in respect of permanent placements is recognised in the period in which a candidate commences employment. A provision is made against any potential rebates that may become due on permanent placements, should the employee leave within a specified period of time. These provisions are reviewed annually. As there were no potential rebates at the end of the current year, no provision has been made.

Goodwill

Goodwill represents any excess of the cost of a business combination over the fair value of the identifiable assets and liabilities acquired for acquisitions after 31 March 2006, together with goodwill recognised on transition to IFRS on 1 April 2006.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses.

Other intangible assets

Computer software included at cost is amortised on a straight-line basis over its useful economic life of two years. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques. Identified intangible assets comprise of customer relationships and a candidate database, which are amortised over a six and five-year period, respectively and recognised in administrative expenses.

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of property, plant and equipment over their estimated useful lives at the following rates. The depreciation charge is recognised in administrative expenses.

Leasehold improvements	– over remaining period of lease on a straight-line basis
Computer equipment	– 50% per annum on a straight-line basis
Furniture, fittings and office equipment	– 25% per annum on a straight-line basis

Impairment testing of goodwill, other intangible assets and property, plant and equipment

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually on 31 March. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount the asset is written down immediately to its recoverable amount. Any impairment is recognised in administrative expenses.

Leased assets

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term. All of the Group's current leases are operating leases.

Taxation

Current tax is the tax currently payable based on taxable profit for the year. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and the tax laws used to compute the amount are those that are enacted by the balance sheet date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on:

- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax assets are recognised in the statement of financial position only where it is probable that suitable taxable profit will be available against which the deductible temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies continued

Deferred taxation is measured at the tax rates that are expected to apply in the periods in which the asset is realised or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the statement of financial position date.

Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rate of exchange at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement.

On consolidation the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at rates of exchange ruling on the statement of financial position date. Exchange differences arising from this policy are recognised directly in the currency reserve via other comprehensive income.

The Group has taken advantage of the exemption in IFRS 1 and has deemed cumulative translation differences for all foreign operations to be £ nil at the date of transition to IFRS. The gain or loss on disposal of these operations excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

Pension costs

The Group operates a defined contribution pension scheme. The pension cost expensed to the income statement this year totalling £30,000 (2019: £54,000) represents contributions payable by the Group to the pension scheme in the period.

Financial assets

All of the Group's financial assets are categorised as loans and receivables.

The Group's financial assets comprise trade receivables, cash and cash equivalents. Trade and other receivables are measured initially at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired, such as significant financial difficulties on the part of the counterparty or default or significant delay in payment so that the Group will be unable to collect all of the amounts due under the terms receivable. The amount of any provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. However, no such provision was required in the current year.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group's financial liabilities comprise trade payables, other payables, and an interest bearing confidential invoice discounting facility. All financial liabilities are measured initially at fair value and subsequently at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in the current liabilities on the consolidated statement of financial position.

Employee share benefit trust

The cost of the Company's shares held by the employee share benefit trust is deducted from equity in the consolidated statement of financial position. Any gain or loss received by the employee share benefit trust on disposal of the shares is also recognised directly in equity. Other assets and liabilities of the employee share benefit trust (including borrowings) are recognised as assets and liabilities of the Group. Any shares held by the employee share benefit trust are treated as cancelled for the purposes of calculating earnings per share.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As the share price during the year had been substantially below the exercise price, no charge has been made to the income statement.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies continued

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares.
- "Merger reserve" represents the difference between the value of shares and the nominal value in accordance with the requirements of Merger Relief under the Companies Act.
- "Employee share benefit trust reserve" represents the cost of the Company's shares held by the employee share benefit trust.
- "Currency reserve" represents the differences arising from translation of investments in overseas subsidiaries.
- "Retained earnings" represents retained profits less accumulated losses.

New standards, interpretations and amendments effective from 1 April 2019

No new standards, interpretations and amendments, effective from 1 April 2019 have had a material impact and no practical expedients were applied in first time adoption.

Standards and interpretations to existing standards that are not yet effective and have not yet been adopted by the Group

The amendments and interpretations to published standards that have an effective date for accounting periods on or after 31 March 2020 or later periods have not been adopted early by the Group and assessment of the impact of these standards is currently under review.

International Accounting Standards (IAS/IFRS)

Effective date:

- | | |
|---|------------|
| • Amendments to IFRS 3 Definition of a business | 01/01/2020 |
| • Amendments to References to the Conceptual Framework in IFRS standards | 01/01/2020 |
| • Definition of Material (Amendments to IFRS 9, IAS 39 and IFRS 7) | 01/01/2020 |
| • Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) | 01/01/2020 |
| • Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) | 01/01/2022 |

The Group does not expect these to have a material impact on the Group's financial statements.

3. Critical accounting judgements and estimates

In preparing the financial statements it is necessary for the Directors to make estimates and judgements about the future. There are no significant judgments made by the Group. The key estimate made by the Directors in the preparation of the financial statements this year concerns goodwill. The Group is required to test, on an annual basis, whether goodwill has suffered any impairment (see note 13). The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. The Group estimates that future cash flows of the subsidiaries will be insufficient to recognize any goodwill.

The Group has made a loss before depreciation and amortisation, which is why it is anticipated there will be no current tax liability. However, the Directors are confident of future profitability within some of its subsidiaries and consider it appropriate to recognise a deferred tax asset for the future relief of these subsidiaries' losses, with the amount recognised based on formalised budgets. However, the actual amount of losses that will be relieved in future will be driven by the subsidiary's actual profitability (including periods beyond those for which formal budgets are prepared) and therefore the amount of the deferred tax asset recognised this year may be greater or smaller than the actual benefit accruing to the Group. Details of the Group's provided and unprovided deferred tax position are shown in notes 10 and 19.

The estimates used in the preparation of the financial statements of the Company have been detailed on page 45.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

4. Operating segments

Operating segments are reported on a geographical basis.

The Group has two main reportable segments based on the location revenue is derived from:

- Asia Pacific—This segment includes Australia (discontinued), Hong Kong and Singapore.
- UK—The UK segment includes candidates placed in the UK and Europe.

These segments are monitored by the Board of Directors and are reported in a manner consistent with the internal reporting provided to them. The Board of Directors are considered to be the chief operating decision makers. All revenue is derived from the supply of recruitment and human resource services.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that, although supplying the same product offerings, operate in distinct markets and are therefore managed on a day to day basis by separate teams.

Measurement of operating segment profit or loss, assets and liabilities

The accounts policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including overhead costs incurred by the head office such as plc AIM related costs not recharged, exceptional items, amortisation and share based payments.

The Board does not review assets and liabilities by segment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

4. Operating segments (continued)

	Asia Pacific 2020 £'000	USA 2020 £'000	UK 2020 £'000	Total 2020 £'000
Revenue from external customers	1,626	-	8,093	9,719
Segment profit before interest, tax and exceptional items	129	-	74	203

The comparisons for 2019:

	Asia Pacific 2019 £'000	USA 2019 £'000	UK 2019 £'000	Total 2019 £'000
Revenue from external customers	2,980	-	10,428	13,408
Segment profit/(loss) before interest, tax and exceptional items	36	-	55	91

Reconciliation of reportable segment profit to the Group's corresponding amounts:

	2020 £'000	2019 £'000
Profit or loss after income tax expense		
Total profit or loss for reportable segments	203	91
PLC costs not cross charged	(385)	(51)
Interest	(14)	(52)
Profit/(Loss) before tax and exceptional items	(196)	39
Exceptional items	82	315
Corporation taxes	(8)	(31)
Profit/(Loss) after income tax expense	(122)	323

5. Revenue

The Group makes sales to Europe and Asia. Operations in USA and Australia have been discontinued. All revenue is derived from the provision of services. An analysis of sales revenue by country is given below:

Revenue by country	2020 £'000	2019 £'000
United Kingdom	8,093	10,260
Europe	-	168
Hong Kong	1,351	1,449
Singapore	275	439
Australia	-	1,093
	9,719	13,408

There was one client in the United Kingdom who accounted for £1.4 million or 14% of Group revenue (2019: £2.3 million: 17%)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

6. Finance costs

	2020 £'000	2019 £'000
Interest expense on invoice discounting facility	14	52
	14	52

7. Employees' remuneration

(a) Staff costs

Staff costs, including executive directors, during the year were as follows:

	2020 £'000	2019 £'000
Wages and salaries	1,616	2,769
Social security	137	211
Other pension costs	30	54
	1,783	3,034

(b) Staff numbers

The average number of persons employed during the year was as follows:

	2020 Number	2019 Number
Sales	26	35
Finance and administration	7	15
Management	4	3
	40	53

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

8. Directors' remuneration

Aggregate remuneration

The total amounts for Executive Directors' remuneration of the Group and other benefits were as follows:

	2020 £'000	2019 £'000
Emoluments	138	179
Money purchase pension contributions	-	-
	138	179

(a) Directors' remuneration

	Fees/basic salary 2020 £'000	Other amounts/ benefits 2020 £'000	Total emoluments 2020 £'000	Money purchase pension contribution 2020 £'000	National Insurance 2020 £'000	Total 2020 £'000	Total 2019 £'000
Executive							
A Williams (resigned 17.10.2019)	6	-	6	-	-	6	135
P Meehan (resigned 17.10.2019)	-	-	-	-	-	-	19
R Thesiger (appointed 1.04.2019)	110	-	110	-	14	124	-
Non-executive							
M Clelland	8	-	8	-	-	8	12
T Sheffield	-	-	-	-	-	-	-
Aggregate emoluments	124	-	124	-	14	138	199

The highest paid director was Robert Thesiger (2019: Andrea Williams).

All executive directors are employed under a service agreement which can be terminated at any time by either the director or the Company giving three months' prior notice. The services of T Sheffield are secured by letters of appointment, and these appointments can be terminated by the Company in general meeting at any time.

(b) Directors' pension entitlements

During the year there were no directors in the company pension scheme (2019: Nil).

(c) Directors' share options and interests

Details of directors' share options and interests are shown in the directors' remuneration report on page 14.

The key management personnel of the Group consist exclusively of the directors named above.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

9. Operating profit/(loss)

The profit/(loss) on ordinary activities before taxation is stated after charging:

The analysis of auditor's remuneration is as follows:

	2020 £'000	2019 £'000
Remuneration received by Company's auditor or an associate of the Company's auditor:		
Company annual accounts	6	5
Group annual accounts	11	10
	17	15
Other fees payable to the Company's auditors:		
Audit of subsidiary companies	10	8
Tax compliance	5	5
Other compliance	9	-
	41	28
Depreciation of equipment	8	18
Loss on disposal of fixed asset and exchange	-	11
Foreign exchange gain/(loss)	15	24
Operating lease rentals:		
Property	266	140
Plant and equipment	-	2
Staff costs (Note 7)	1,783	3,034

10. Income tax expense

	2020 £'000	2019 £'000
Comprising		
Current tax charge	8	(6)
Deferred tax from timing difference between depreciation and capital allowance	-	(2)
Deferred tax from trading losses	-	39
	8	31

The relationship between the expected tax expense based on the effective tax rate of the Group at 19% (2019: 19%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	2020 £'000	2019 £'000
Result for the year before taxation	(114)	354
Expected tax expense	(22)	67
Expenses / (income) not deductible for tax purposes	(115)	(66)
Unrecognised deferred tax	145	33
Difference in tax rates between UK and overseas	-	(3)
Total income tax expense	8	31

Please refer to note 19 for information on the entity's deferred tax assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

11. Earnings/(Loss) per share

	2020			2019		
	Profit / (Loss) £'000	Weighted average number of shares '000	Earnings per share p	Profit £'000	Weighted average number of shares '000	Earnings per share p
Basic profit/(loss) per share	(122)	117,607	(0.10)	323	117,607	0.27
Diluted profit/(loss) per share *	(122)	120,027	-	323	120,027	0.27

The weighted average number of shares excludes 183,953 (2019: 183,953) shares held by the Employee Share Benefit Trust.

* No diluted earnings per share is shown where the effect would be anti-dilutive.

12. Intangible assets

The amounts recognised in the statement of financial position relate to the following:

	Software £'000	Goodwill £'000	Customer Relationship £'000	Database £'000	Total £'000
Cost:					
At 1 April 2019	167	487	647	227	1,528
At 31 March 2020	167	487	647	227	1,528
Amortisation/impairment:					
At 1 April 2019	167	487	647	227	1,528
Impairment charge for year	-	-	-	-	-
Amortisation charge for year	-	-	-	-	-
At 31 March 2020	167	487	647	227	1,528
Net book amount:					
At 31 March 2020	-	-	-	-	-
At 31 March 2019	-	-	-	-	-
At 31 March 2018	-	-	-	-	-

	Software £'000	Goodwill £'000	Customer Relationship £'000	Database £'000	Total £'000
Cost:					
At 1 April 2018	167	487	647	227	1,528
At 31 March 2019	167	487	647	227	1,528
Amortisation/impairment:					
At 1 April 2018	167	487	647	227	1,528
Impairment charge for year	-	-	-	-	-
Amortisation charge for year	-	-	-	-	-
At 31 March 2019	167	487	647	227	1,528
Net book amount:					
At 31 March 2019	-	-	-	-	-
At 31 March 2018	-	-	-	-	-
At 31 March 2017	-	487	37	-	524

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

13. Goodwill

The Goodwill arose on the acquisition of Nakama Group in October 2011. The business formed part of the Group with effect from the date of acquisition of Nakama offices in London, Australia and Hong Kong.

The carrying amount of goodwill is allocated to the cash generating units (CGU's) as follows:

	Nakama London £'000	Nakama Hong Kong £'000	Nakama Sydney £'000	Nakama Melbourne £'000	Total £'000
Cost:	255	28	168	36	487
At 1 April 2019					
At 31 March 2020	255	28	168	36	487
Impairment:					
As at 1 April 2019	255	28	168	36	487
Charge for the year	-	-	-	-	-
As at 31 March 2020	255	28	168	36	487
Net book amount:					
As at 31 March 2020	-	-	-	-	-
As at 31 March 2019	-	-	-	-	-

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. Impairment tests are undertaken annually on 31 March using value in use calculations for each CGU. The value in use calculations are based on cash flow projections from formally approved budgets covering a 12 month period and an extrapolation from that budget covering a further 4 years plus a terminal value. The key assumptions within the calculations are considered to be revenue growth and the discount rate.

Following the impairment review for the year ended 31 March 2018 goodwill was written off.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

14. Property, plant and equipment

	Improvements to property £'000	Computer Equipment £'000	Furniture, fittings and office equipment £'000	Total £'000
Cost:				
At 1 April 2019	91	146	48	287
Additions	-	13	-	13
Disposals	-	-	-	-
At 31 March 2020	91	159	48	298
Depreciation:				
At 1 April 2019	91	143	43	279
Charge for the year	-	4	4	8
Disposals	-	-	-	-
At 31 March 2020	91	147	47	285
Net book value 31 March 2020	-	12	1	13

	Improvements to property £'000	Computer Equipment £'000	Furniture, fittings and office equipment £'000	Total £'000
Cost:				
At 1 April 2018	118	284	149	551
Additions	-	-	-	-
Disposals	(27)	(138)	(101)	(264)
At 31 March 2019	91	146	48	287
Depreciation:				
At 1 April 2018	113	272	129	514
Charge for the year	2	9	7	18
Disposals	(25)	(138)	(92)	(241)
Foreign exchange difference	-	(5)	-	(5)
At 31 March 2019	91	143	43	279
Net book value 31 March 2019	-	3	5	8
Net book value 31 March 2018	5	12	20	37

HSBC Invoice Finance (UK) Limited has a floating charge on the assets of Highams Recruitment Limited and Nakama Limited as security against the purchase of debts agreements with these companies.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

15. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	1,398	1,488
Other receivables	-	-
Prepayments and accrued income	99	111
	1,497	1,599

All amounts are receivable within one year. The carrying value of trade receivables is considered a reasonable approximation of fair value. All of the receivables have been reviewed for indicators of impairment and no provision (2019: £nil) has been considered necessary. Some of the receivables are past due as at the reporting date. The age of trade receivables past due but not impaired is as follows:

	2020 £'000	2019 £'000
More than one month but not more than 3 months	392	250
More than 3 months but not more than 6 months	29	87
	421	337

16. Trade and other payables

	2020 £'000	2019 £'000
Trade payables	311	654
Other taxes and social security costs	304	273
Other creditors	14	-
Accruals and deferred income	200	224
	830	1,151

All amounts are payable within one year. The carrying values are considered to be a reasonable approximation of fair value. The contractual maturity trade payables are as follows:

	2020 £'000	2019 £'000
0 to 30 days	281	77
31 to 60 days	9	31
61 to 120 days	21	-
	311	108

At the time of signing these financial statements, there is an ongoing claim for the repayment of intercompany balances with Nakama Sydney. The group has obtained professional opinion and been advised that the amount is not due. Consequently, no provision has been included within these financial statements. All other financial liabilities including borrowings are repayable on demand.

17. Borrowings

	2020 £'000	2019 £'000
Current liabilities	801	438
Invoice discounting	801	438

The Group has confidential invoice discounting facilities of £2,500,000 (2019: £2,500,000). The facilities are secured by cross guarantees and debentures. The carrying values are to be considered to be a reasonable approximation of fair value. All the borrowings relate to the UK operations.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

18. Commitments

The total future value of minimum lease payments is due as follows:

	2020		2019	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Not later than one year	137	1	89	3
Later than 1 year and not later than 5 years	31	-	-	-
Later than 5 years	-	-	-	-
	168	1	89	3

Lease payments recognised as an expense during the year amount to £266,000 (2019: £354,000). No sublease income is expected as all assets held under lease agreements are used exclusively by the Group. All leases relate to offices and office equipment.

Operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding further leasing.

19. Deferred tax

Deferred tax recognised in the financial statements is set out below.

	2020 £'000	2019 £'000
Movement on deferred taxation balance in the period		
As at 1 April	18	5
(Charge)/credit to profit and loss	-	(37)
As at 31 March	18	18

	2020 £'000	2019 £'000
Available trading losses	-	-
Accelerated capital allowances	18	18
Deferred tax asset	18	18

In accordance with IAS 12 "Income Taxes", the deferred tax asset has been recognised to the extent that trade losses will be recoverable against profits in the foreseeable future. A deferred tax asset brought forward from the previous year in relation to the trading losses in Highams Recruitment Limited only was fully utilised in the current year. The temporary differences for which the deferred tax asset has not been provided in the financial statements are set out below:

	2020 £'000	2019 £'000
UK losses	692	1,124
Accelerated capital allowances	69	83
	761	1,207

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

20. Related party transactions and controlling related party

The Group's related parties include its Board of Directors. Details of the Directors' remuneration are given in note 8. During the year Nakama Singapore sold services to Sheffield Haworth, a major shareholder, to the value of £nil (2019: £118,000). The balance outstanding from Sheffield Haworth on 31 March 2020 was £nil (2019: £57,000). These transactions were in line with an agreement between the Group and Sheffield Haworth. There were no other related party transactions.

21. Financial risk management objectives and policies

Financial instruments

The Group uses various financial instruments; these include cash and cash equivalents, and various items such as trade receivables, trade payables that arise directly from its operations and an invoice discounting arrangement. The main purpose of these financial instruments is to raise finance for the Company's operations.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, credit risk and currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group finances its operations through invoice discounting. The Group borrows in Pounds Sterling through the invoice discounting facility. The invoice discounting facilities are charged at 1.5% above the UK base rate. Cash deposits are non-interest bearing unless placed on money markets at overnight rates. The Group is therefore exposed to changes in interest rates primarily through its invoice discounting facility. An increase of 100 basis points in interest rates would have increased the loss to the Group and reduced equity by £2,000 (2019: £4,000).

Liquidity risk

The Group manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands including on a day-to-day and week-to-week basis, as well as on a monthly basis. As at 31 March 2020 all of the Group's financial liabilities are contractually due within six months of the statement of financial position date. The majority of working capital is provided through the invoice discounting facility; additional draw down of these payments are directly related to the trade receivables. The Group's liquidity needs are assessed periodically.

Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing its offerings commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position. Capital for the reporting years under review is summarised on the next page.

Although Nakama Group plc is not constrained by any externally imposed capital requirements, its goal is to maximise its capital to overall financing structure ratio.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

21. Financial risk management objectives and policies (continued)

The Group sets the amount of capital in proportion to its overall financing structure and manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	2020 £'000	2019 £'000
Capital		
Total equity	87	202
Overall financing		
Total equity	87	202
Plus net borrowings	801	438
	888	640
Capital-to-overall financing ratio	10%	32%

Borrowings comprise invoice financing borrowings. The change in the capital to overall financing ratio this year is due to the profit from discontinued operations and the reduced usage of the invoice financing facility.

Credit risk

The Group's principal financial assets are cash deposits and trade receivables. Risks associated with cash deposits are low as they are held at banks with high credit ratings assigned by international credit rating agencies.

The principal credit risk lies with trade receivables. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The Group has historically not suffered from significant bad debt problems. The Group's principal bankers are HSBC Bank plc, the Group's invoice discounting facility is also held with HSBC Invoice Finance.

Currency risk

The Group trades within international markets. These transactions are generally priced and invoiced in Hong Kong Dollar and Singapore Dollar. The exposure to foreign exchange movements on the Group's sales ledger balance, purchase ledger balance and cash at banks as follows:

	2020 £'000	2019 £'000
Hong Kong Dollar	210	187
Singapore Dollar	35	86
Australian Dollar	-	-
Euros	-	-
Total	235	273

A weakening of 5% of these currencies against the functional currency of the Group will impact on the Group's sales ledger balance, purchase ledger balance and cash at bank as follows:

	2020 £'000	2019 £'000
Hong Kong Dollar	(11)	(9)
Singapore Dollar	(1)	(4)
Australian Dollar	-	-
Euros	-	-
Total	(12)	(13)

A 5% strengthening of the above currencies will have an equal but opposite effect to the amounts above assuming all other variables remain

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

21. Financial risk management objectives and policies (continued)

Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at the statement of financial position date of the years under review may also be categorised as follows:

Statement of financial position headings	Cash, loans and receivables £'000	Non-financial assets £'000	Financial liabilities at amortised cost £'000	Non-financial liabilities £'000	Total 2020 £'000
Trade receivables	1,398	-	-	-	1,398
Cash at bank	190	-	-	-	190
Other receivables	-	-	-	-	-
Prepayments	-	99	-	-	99
Trade payables	-	-	(311)	-	(311)
Other taxes and social security costs	-	-	-	(304)	(304)
Accruals	-	-	(214)	-	(214)
Borrowings	-	-	(801)	-	(801)
Total	1,588	99	(1,326)	(304)	57

Statement of financial position headings	Cash, loans and receivables £'000	Non-financial assets £'000	Financial liabilities at amortised cost £'000	Non-financial liabilities £'000	Total 2019 £'000
Trade receivables	1,488	-	-	-	1,488
Cash at bank	166	-	-	-	166
Other receivables	-	-	-	-	-
Prepayments	-	111	-	-	111
Trade payables	-	-	(654)	-	(654)
Other taxes and social security costs	-	-	-	(273)	(273)
Accruals	-	-	(212)	-	(224)
Borrowings	-	-	(438)	-	(438)
Total	1,654	111	(1,316)	(273)	176

The fair values of the financial assets and liabilities at 31 March 2020 and 31 March 2019 are not materially different from their book values.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

22. Employee share schemes

(a) EMI option scheme

The EMI option scheme was amended with effect from 29 March 2007 in order to reflect legislative changes since the scheme's creation in 2000. Options over 1,380,368 ordinary shares were granted on 7 September 2010 at an exercise price of 2.75p per share. Options over 690,200 ordinary shares were granted on 7 July 2011 at an exercise price of 3.00p per share. Options over 513,900 ordinary shares were granted on 11 December 2012 at an exercise price of 1.88p. Options over 1,500,000 ordinary shares were granted on 1 August 2013 at an exercise price of 1.12p. Options over 2,150,000 ordinary shares were granted on 31 July 2014 at an exercise price of 2.88p. Options over 400,000 ordinary shares were granted on 18 August 2015 at an exercise price of 3.88p.

As at 31 March 2020, 2,235,284 (2019: 2,235,284) of the share options granted with a value of £26,000 (2019: £26,000) have not yet lapsed. The share options value is immaterial.

The share-based payment expense for the period is nil and therefore no further IFRS 2 disclosures are given.

(b) Employee Share Benefit Trust

An Employee Share Benefit Trust was established in November 1995 and its Trustees have the power to grant options to eligible employees over shares in the Company at the Trust's expense, and the Company's discretion, upon such terms as they think fit and to purchase such shares to be acquired by the eligible employees.

The Company did not make any contributions to the Trust during the year (2019: £nil). The Trust holds 183,953 shares in the Company, with a market value of £1,012 (2019: 183,953 shares at a market value of £1,647). These shares were purchased at a cost of £61,000.

No shares have been transferred to employees or were under option as at 31 March 2020. The Trust's only other asset at 31 March 2020 was cash at bank of £2,111 (2019: £2,080) which is included in the Group's statement of financial position as part of cash and cash equivalents. The Trust had no liabilities.

All other options granted in prior years have lapsed and no other types of options were granted in the year.

23. Contingent Liability

At the time of signing these financial statements, there is an ongoing claim for the repayment of intercompany balances with Nakama Sydney. The group has obtained professional opinion and been advised that the amount is not due. Consequently, no provision has been included within these financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

24. Share capital

	At 31 March 2020 £ '000	At 31 March 2019 £ '000
Authorised		
5,603,514,584 Ordinary 0.01p shares	560	560
31,875,568 Deferred shares at 4.99p	1,590	1,590
	2,150	2,150

	At 31 March 2020 £ '000	At 31 March 2019 £ '000
Allotted, called up and fully paid		
117,791,441 Ordinary 0.01p shares	12	12
31,875,568 Deferred shares at 4.99p	1,590	1,590
	1,602	1,602

	2020 Number	2019 Number
Movement in Ordinary shares		
Total number of shares in issue	117,791,441	117,791,441
Deferred shares		
Deferred shares of 4.99p	31,875,568	31,875,568

The Deferred shares do not carry any voting rights and do not entitle the holders to receive any dividend or other distribution.

25. Notes Supporting the Statement of Cash Flow

	2020 £'000	2019 £'000
Net Debt at 31 Mar 2019	438	1,217
Cash Flow	(611)	779
Net Debt at 31 Mar 2020	(173)	438

26. Post Balance Sheet Event

The company has been affected post year end by the Coronavirus pandemic and there is a proposed sale of the trading businesses. See the Strategic Report and Going Concern accounting policy in Note 2 for further details.

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	4	-	-
Investments	5	182	182
		182	182
Current assets			
Debtors: amount due within one year	6	38	251
Cash at bank and in hand		7	3
		45	254
Creditors: amount falling due within one year	7	(73)	(117)
Net current (liabilities) / assets		(28)	137
Total assets less current liabilities being net assets		154	319
Capital and reserves			
Called up share capital	9	1,602	1,602
Share premium account		2,580	2,580
Merger reserve		297	297
Employee share benefit trust reserve		(61)	(61)
Profit and loss account		(4,264)	(4,099)
Shareholders' funds		154	319

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss in these financial statements and is reporting under FRS 101. The loss for the financial year was £165,000 (2019: Loss of £51,000).

The financial statements were approved by the Board of Directors and authorised for issue on 11 December 2020.



Tim Sheffield
Chairman



Robert Thesiger
Chief Executive Officer

The notes on pages 43 to 47 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	Employee share benefit reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2018	1,602	2,580	297	(61)	(4,048)	370
Loss for the year	-	-	-	-	(51)	(51)
Total comprehensive income for the year	-	-	-	-	(51)	(51)
At 1 April 2019	1,602	2,580	297	(61)	(4,099)	319
Loss for the year	-	-	-	-	(165)	(165)
Total comprehensive income for the year	-	-	-	-	(165)	(165)
At 31 March 2020	1,602	2,580	297	(61)	(4,264)	154

The notes on pages 43 to 47 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1. Principal accounting policies

Basis of preparation

The parent company financial statements are prepared under the historical cost convention. The particular accounting policies adopted are described below.

Going-concern

The directors have recently announced the sale of the Group's trading businesses to Sanderson Group as it has become increasingly clear that without an injection of capital the Group may not be able to continue to trade. Further details of the proposed sale are set out in a circular sent to shareholders on 10 December 2020. Should the proposed sale proceed, which is subject to shareholder approval, the Company will become an AIM Rule 15 cash shell. As such, the Company will either be required to make an acquisition or acquisitions constituting a reverse takeover under AIM Rule 14 on or before the date falling six months from the date of becoming a cash shell or be re-admitted to trading on AIM as an investing company under the AIM rules (which requires the raised of at least £6m million) failing which, the Ordinary Shares, would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of any suspension should the suspension not have been lifted beforehand.

Should the sale of the trading businesses not proceed, the directors believe that without additional funding and a material improvement in market conditions it will not be possible to grow the trading businesses further or to maintain the Group as a going concern. Should the sale of the Trading Businesses not proceed, the Directors believe they will be forced to take steps to protect the interests of the Group's creditors. However, the directors are confident that the proposed sale will proceed and subsequently the Company will make an acquisition and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

Application of FRS 100 and 101

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101, therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with wholly owned members of Nakama Group plc group of companies.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- share based payments;
- financial instruments; and
- fair value measurement other than certain disclosures required as a result of recording financial instruments at fair value.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold improvements	– over period of lease
Computer equipment	– 50% on cost per annum
Furniture, fittings and office equipment	– 25% on cost per annum
Motor vehicles	– 25% on written down value per annum

Investments

Investments are stated at cost less provision for impairment.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

1. Principal accounting policies (continued)

Leased assets

Rentals payable under operating leases being leases which do not result in the transfer to the Company of substantially all the risks and rewards of ownership of the assets, are charged to the profit and loss on a straight-line basis over the lease term.

Current taxation

Current taxation represents corporation tax payable on the taxable profits for the year or prior periods and is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss over the remaining vesting period.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss.

Financial guarantee contracts

Where the Company enters into financial guarantee contracts and guarantees the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time that it becomes probable that the Company will be required to make a payment under the guarantee.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

1. Principal accounting policies (continued)

Critical accounting judgements and estimates

In preparing the financial statements it is necessary for the Directors to make estimates and judgements about the future. The key assumptions made by the Directors in the preparation of the financial statements this year concern the value of the investment made by the Company. The Directors assess the value of the investment every year based on the future profitability of the investments through detailed formalised budgets.

The Group is required to consider, on an annual basis, whether there are indications of impairment over investments and whether the intercompany receivables are recoverable. For the investments, the Directors consider there to be indications of impairment as some of the subsidiaries are loss making and as such have performed an impairment review. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. For the receivables, trading performance is assessed annually to check for impairment.

2. Directors' remuneration

Directors' remuneration has been disclosed within the directors' remuneration report and note 8 of the Group financial statements.

(a) Staff costs

Staff costs, including executive directors, during the year were as follows:

	2020 £'000	2019 £'000
Wages and salaries	216	236
Social security	23	27
Other pension costs	2	-
	241	263

(b) Staff numbers

The average number of persons employed during the year was as follows:

	2020 Number	2019 Number
Management	3	3

3. Auditors' remuneration

Auditors' remuneration attributable to the Company is as follows:

	2020 £'000	2019 £'000
Audit fees – statutory audit	5	5

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

4. Tangible fixed assets

	Improvements to property £'000	Computer Equipment £'000	Total £'000
Cost:			
At 1 April 2019	80	21	101
Additions	-	-	-
Disposals	-	-	-
At 31 March 2020	80	21	101
Depreciation:			
At 1 April 2019	80	21	101
Charge for the year	-	-	-
Disposals	-	-	-
At 31 March 2020	80	21	101
Net book value 31 March 2020	-	-	-
Net book value 31 March 2019	-	-	-

5. Investments

The amount recognised in the Company's statement of financial position relate to the following:

	2020 £'000	2019 £'000
Investment in subsidiary undertakings	182	182

The value carried relates to the acquisition of Nakama Limited on 14 October 2011. Following the investment impairment review undertaken, it was clear that Highams Recruitment Limited and Nakama Hong Kong are profitable and projected to continue making positive cash flow. Therefore, the Board has decided there was no impairment to the value of the investment (2019: £Nil).

Subsidiaries	Principal activity	Registered office
Highams Recruitment Limited*	Recruitment	Bourne House 475 Godstone Road Whyteleafe CR3 0BL
Highams Recruitment BV**, *	Dormant	's-Gravenhage (Den Haag, The Hague), 2501 CK,
Highams New York Inc**	Dormant	175 Varick Street, New York, NY 10014
Highams Holding BV**, *	Holding company	's-Gravenhage (Den Haag, The Hague), 2501 CK, Netherlands
Highams Share Scheme Trustee Limited*	Trustee of Employee Benefit Trust	Bourne House 475 Godstone Road Whyteleafe CR3 0BL
Nakama Limited*	Recruitment	Bourne House 475 Godstone Road Whyteleafe CR3 0BL
Nakama Hong Kong**	Recruitment	3801, 118 Connaught Street West, Sai Ying Pun, Hong Kong
Nakama Singapore pte**, *	Recruitment	8 Cross Street #18-01 Manulife Tower Singapore 048424

All subsidiaries marked with ** are incorporated outside the UK.

All subsidiaries marked with * are wholly owned by the Company, all others are indirectly wholly owned.

All shares in subsidiary undertakings are ordinary shares and the percentage owned is 100% either directly or indirectly.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

6. Debtors

	2020 £'000	2019 £'000
Prepayment and accrued income	7	8
Other debtors	31	-
Amounts due from subsidiary undertakings	-	243
	38	251

7. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade payables	41	72
Social security and other taxes	5	35
Accruals and deferred income	27	-
Amount due to subsidiary undertakings	-	10
	73	117

8. Commitments

The company has no lease commitments at the year end.

9. Share capital

For details of the share capital please refer to note 23 of the consolidated accounts.

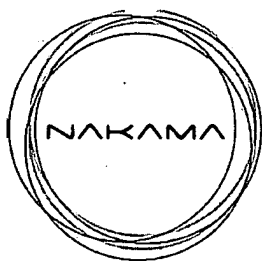
10. Contingent liabilities

The Company is subject to cross guarantees and debentures in relation to the invoice discounting facility that resides in the subsidiary companies. At the 31 March 2020 the invoice discounting overdraft amounted to £801,000 (2019: £438,000).

At the time of signing these financial statements, there is an ongoing claim for the repayment of intercompany balances with Nakama Sydney. The company has obtained professional opinion and been advised that the amount is not due. Consequently, no provision has been included within these financial statements.

11. Post Balance Sheet Event

The company has been affected post year end by the Coronavirus pandemic and there is a proposed sale of the trading businesses. See the Strategic Report and Going Concern accounting policy in Note 2 for further details.



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