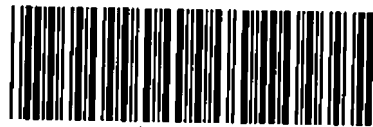


Impellam Holdings Limited

Annual Report

for the 52 weeks ended 3 January 2020

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Impellam Holdings Limited

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Impellam Holdings Limited

Company Information

Directors
T Briant
S I Moore
J Robertson
R J Watson

Company secretary R J Watson

Registered office 800 The Boulevard
Capability Green
Luton
Bedfordshire
LU1 3BA

Auditors BDO LLP
55 Baker Street
London
W1U 7EU

Impellam Holdings Limited

Strategic Report for the 52 weeks ended 3 January 2020

The directors present their strategic report for the 52 weeks ended 3 January 2020.

Fair review of the business

The company acts as the main paying agent for purchase ledger payments for the majority of the UK companies within Impellam Group Plc. These costs are charged through inter-company so there is no trading exposure in this company other than foreign exchange on various balances held in local currencies. The directors are satisfied with the performance of the company for the year.

The operating loss for the year resulted from an adverse change in exchange rates such that the Company recognised a loss of £1.1m compared to a gain of £2.9m in the prior year. The underlying financial instrument creating this exchange risk is acting as a natural hedge against an opposite balance elsewhere in the Group, so the directors are satisfied to expose the Company to this risk. The company also recognised an impairment over subsidiaries of £25.9m compared to a net reversal of impairments of £55.1m in the prior period. An adjustment has been made to the numbers reported in the prior period (see note 21).

Whilst the COVID-19 global pandemic has had no direct post balance sheet impact on the underlying profitability of the company, the directors have identified material impacts on some of the trading subsidiaries of the company. This has led to impairments being recognised within the Impellam Group Plc consolidated half year statement over cash-generating units which include some of the subsidiaries of the company. Further work is required to quantify the exact impact on the carrying value of the investments held by the company but there is an expectation that a provision in the range of £2.5m to £3.0m will be required over Career Teachers Limited. One of the impairments posted within the Impellam Group Plc consolidated half year statement was to the cash-generating unit containing Lorient Limited, but there is no indication of an impairment required over the investment held by the company as there is more than £30.0m excess of value-in-use over carrying value. The company has availed itself on the support offered by the government around the deferral of payment of certain tax payments. The directors are monitoring the situation and will continue to take all appropriate actions both for the benefit of the company and to assist the subsidiaries of the company.

The directors recognise that Brexit has increased the general level of uncertainty and degree of business confidence around permanent and temporary hiring decisions for the clients of the company's trading subsidiaries. The company's trading subsidiaries derive a limited amount of their trade from countries within the European Union, and whilst it is currently too early to have a clear view of the consequences for the operations of the company's subsidiaries, the directors are aware of the potential impact of Brexit and continue to monitor the situation in this regard.

Principal risks and uncertainties

The principal risks over financial instruments for the company are foreign currency risk, interest rate risk and liquidity risk. The board reviews and agrees policies for managing each of these risks as summarised below:

Foreign currency risk

The company is exposed to fluctuations in the exchange rates, mainly between sterling and US dollar over intra-group balances. The directors accept that there is then a risk and this is reviewed regularly to see whether action is required to accelerate repayment of the balances, thus mitigating the exposure.

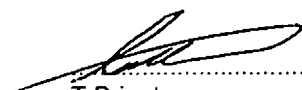
Interest rate risk

The company's exposure to interest rate risk arises on interest charged on intra-group balances. The company manages these risks by looking to have the balance paid down so that the principal exposure is limited. The company does not currently hedge this risk.

Liquidity risk

The Group has a central Treasury function in place with regular forecasting, reporting and review procedures.

Approved by the Board on 29 October 2020 and signed on its behalf by:


T Briant
Director

Impellam Holdings Limited

Directors' Report for the 52 weeks ended 3 January 2020

The directors present their Annual Report and the financial statements for the 52 weeks ended 3 January 2020.

Directors' of the company

The directors, who held office during the period, were as follows:

S I Moore

J Robertson

R J Watson

The following director was appointed after the period end:

T Briant (appointed 20 February 2020)

Principal activity

The principal activity of the company is that of an investment holding company.

Dividends

No dividend is paid or declared for the current period. During the prior period an interim dividend of 1.0p per ordinary share totalling £60,000,000 was paid, with no final dividend declared.

Financial instruments

Objectives and policies

The company's principal financial instruments comprise cash and access to the Group revolving credit facility. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions.

Political donations

The company made no political donations during either the current or prior periods.

Environmental matters

Although the company is a service-based organisation with no manufacturing facilities and limited transportation requirements, we are still committed to following environmental best practices in the day-to-day conduct of our business. This includes the use of sustainable and/or recyclable materials when available. A regular review of the potential impacts on the various businesses is undertaken and parts of the company have achieved accreditation to ISO 14001 in relation to their environment management systems.

Social and community issues

As part of the Company's mission to find people fulfilling work, we strongly oppose modern slavery in all its forms and will try to prevent it by any means that we can. We expect anyone who has any suspicions of modern slavery in our business or our supply chain to raise their concerns without delay. In light of the Modern Slavery Act 2015 we annually review internal and external measures to ensure we are doing what we can to prevent slavery and human trafficking in our businesses and in our supply chains. Our policy is available on the website of Impellam Group Plc, our ultimate parent company, at www.impellam.com.

We have a commitment to carrying out business fairly, honestly and openly. We also have zero tolerance towards bribery. Our Bribery Policy is in place to provide relevant guidance and information to all our people in compliance with the law relating to bribery and corruption, in particular the Bribery Act 2010 ('the Act'). We are determined to maintain our reputation as a business that will not tolerate fraudulent or corrupt dealings – whether they are attempted against us from outside, from within our own workforce, or towards our clients or suppliers.

Impellam Holdings Limited

Directors' Report for the 52 weeks ended 3 January 2020 (continued)

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

This assessment has been carried out on the cash flows of the wider Impellam Group, which the company is a member of, as cash is managed by a centralised treasury function who ensure all parts of the Group have sufficient cash to meet their immediate needs. The company has also issued a guarantee over the Group revolving credit facility, which includes an overdraft arrangement, so the cash flows implicit in the company on a stand-alone basis are not the most appropriate when reviewing the going concern basis of the company. As part of the arrangement, the Group has issued a letter of support for a period of twelve months from the date of approval of these financial statements to the company which includes both making funds available if required and not to seek repayment of amounts due at the balance sheet date if this would be detrimental to the company.

The going concern assessment carried out has taken into account the impact of the COVID-19 pandemic on the worldwide Impellam Group. Impellam Group Plc, the ultimate parent company, has carried out various assessments over the Group's profit and cash flow plans for the 18 months after the date of approval of these financial statements. These assessments included adjusting assumptions which impact gross profit as well as administrative expenses and considering the related impact on our working capital requirements and covenant calculations. These tests resulted in the directors concluding that it is appropriate to continue adopting the going concern basis in preparing the financial statements. The Group has cyclical working capital requirements which increase during periods of higher trading levels and therefore if there is a significant short-term decline in trading, the working capital requirements and therefore net debt would initially reduce providing a natural hedge against a sharp downturn. In the projections, as business activity increases, the working capital requirements and net debt levels would rise, but would remain within both the overall credit limit and the key covenant ratio of net debt being less than two and a half times the twelve months' earnings before exceptional, one off, non-recurring or extraordinary items, interest, tax, depreciation and amortisation at the quarterly testing points. Given the lack of certainty that COVID-19 will have on the Group's customers and the markets in which it operates, which may result in a more pronounced downturn than expected, and given the uncertainty for Impellam Group Plc, if the impacts of COVID-19 on the Group are worse or more prolonged than the Directors' expectations, and further mitigating actions are not sufficient, the Group may need to seek the support of its lenders. These events or conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the going concern basis of preparation was no longer appropriate.

Important non adjusting events after the financial period

In line with the FRC's guidance that COVID-19 should be treated as a non-adjusting post balance sheet event given our year-end and the development of the pandemic after that date, we have performed a re-assessment (but not adjustment) the carrying value of the reported assets and liabilities.

Investments

The Company holds investments in its subsidiaries which have been negatively impacted by the COVID-19 pandemic. Impairments have been recognised within the Impellam Group Plc consolidated half year statement over cash-generating units which include some of the subsidiaries of the company. Further work is required to quantify the exact impact on the carrying value of the investments held by the company, but there is an expectation that a provision in the range of £2.5m to £3.0m will be required over Career Teachers Limited. One of the impairments posted within the Impellam Group Plc consolidated half year statement was to the cash-generating unit containing Lorien Limited, but there is no indication of an impairment required over the investment held by the company as there is more than £30.0m excess of value-in-use over carrying value.

Receivables and their recoverability

The Company hold various receivables from related parties, including the lease debtor which is an amount which will fall due from various Group companies. At the date of these financial statements there had been no specific issues identified in the recoverability of amounts due from the relates parties.

Impellam Holdings Limited

Directors' Report for the 52 weeks ended 3 January 2020 (continued)

Directors' liabilities

During the period and to the date of these financial statements, the company had in force an indemnity provision in favour of one or more Directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

On 19 September 2019, KPMG LLP resigned as the Company auditor. Subsequently, in accordance with Section 489 of the Companies Act 2006, BDO LLP was appointed as the Company's auditor. A resolution to reappoint BDO LLP as the Company's auditor will be proposed at the Annual General Meeting.

Approved by the Board on 29 October 2020 and signed on its behalf by:



T Briant
Director

Impellam Holdings Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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.

Impellam Holdings Limited

Independent Auditor's Report to the Members of Impellam Holdings Limited

Opinion

We have audited the financial statements of Impellam Holdings Limited (the 'Company') for the 52 weeks ended 3 January 2020, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 3 January 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

We draw attention to note 2 to the financial statements which indicates the directors' assessment over going concern including the potential impact of the Covid-19 pandemic. If the impacts of Covid-19 are more significant or prolonged than the directors' expectations, and further mitigating actions are not sufficient, the company may need to seek the support of its lenders. As stated in note 2, these events or conditions, along with other matters as set out in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 period 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.

Impellam Holdings Limited

Independent Auditor's Report to the Members of Impellam Holdings Limited (continued)

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Mark Cardiff (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

London, UK

29 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Impellam Holdings Limited

Profit and Loss Account for the 52 weeks ended 3 January 2020

		52 weeks 3 January 2020 £ 000	53 weeks 4 January 2019 £ 000
	Note		
Turnover		-	-
Administrative expenses		<u>(1,113)</u>	<u>2,936</u>
Operating (loss)/profit	4	(1,113)	2,936
Income from shares in group undertakings		7,500	71,234
Interest receivable and similar income	5	1,812	1,983
Impairment of subsidiaries	10	(25,912)	(20,663)
Reversal of impairment	10	-	75,790
Interest payable and similar expenses	6	<u>(298)</u>	<u>(6)</u>
(Loss)/profit before tax		(18,011)	131,274
Tax on (loss)/profit	9	<u>339</u>	<u>(154)</u>
(Loss)/profit for the period		<u><u>(17,672)</u></u>	<u><u>131,120</u></u>

The above results were derived from continuing operations.

Impellam Holdings Limited

Statement of Comprehensive Income for the 52 weeks ended 3 January 2020

	52 weeks 3 January 2020 £ 000	53 weeks 4 January 2019 £ 000
(Loss)/profit for the period	<u>(17,672)</u>	<u>131,120</u>
Total comprehensive (loss)/income for the period	<u><u>(17,672)</u></u>	<u><u>131,120</u></u>

Impellam Holdings Limited

(Registration number: 00490212)
Balance Sheet as at 3 January 2020

		(As restated)	
	Note	3 January 2020 £ 000	4 January 2019 £ 000
Fixed assets			
Investments	10	236,965	259,979
Lease debtor due after more than one year	11	7,388	-
		<u>244,353</u>	<u>259,979</u>
Current assets			
Debtors	11	113,683	116,009
Cash at bank and in hand	12	126	231
Tax asset	9	1	28
		<u>113,810</u>	<u>116,268</u>
Creditors: Amounts falling due within one year	13	<u>(224,116)</u>	<u>(231,913)</u>
Net current liabilities		<u>(110,306)</u>	<u>(115,645)</u>
Total assets less current liabilities		134,047	144,334
Creditors: Amounts falling due after more than one year	14	(7,388)	-
Provisions for liabilities	15	-	(3)
Net assets		<u>126,659</u>	<u>144,331</u>
Capital and reserves			
Called up share capital	16	57,385	57,385
Profit and loss account		<u>69,274</u>	<u>86,946</u>
Shareholders' funds		<u>126,659</u>	<u>144,331</u>

These financial statements were approved by the Board on 29 October 2020 and signed on its behalf by:


T Briant
Director

Impellam Holdings Limited

Statement of Changes in Equity for the 52 weeks ended 3 January 2020

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 30 December 2017	57,385	11,943	69,328
Prior period adjustment (see note 21)	-	3,883	3,883
At 30 December 2017 (As restated)	57,385	15,826	73,211
Profit for the period	-	131,120	131,120
Total comprehensive income	-	131,120	131,120
Dividends	-	(60,000)	(60,000)
At 4 January 2019	57,385	86,946	144,331

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 5 January 2019	57,385	86,946	144,331
Loss for the period	-	(17,672)	(17,672)
Total comprehensive income	-	(17,672)	(17,672)
At 3 January 2020	57,385	69,274	126,659

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020

1 General information

The company is a private company limited by share capital, incorporated and domiciled in the United Kingdom.

The address of its registered office is:
800 The Boulevard
Capability Green
Luton
Bedfordshire
LU1 3BA

These financial statements were authorised for issue by the Board on 29 October 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Summary of disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Comparative period reconciliations for share capital and investments;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Cash flow statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Impellam Group Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

Going concern

The directors have set out their business review for the company in the Strategic Report on page 2.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

This assessment has been carried out on the cash flows of the wider Impellam Group, which the company is a member of, as cash is managed by a centralised treasury function who ensure all parts of the Group have sufficient cash to meet their immediate needs. The company has also issued a guarantee over the Group revolving credit facility, which includes an overdraft arrangement, so the cash flows implicit in the company on a stand-alone basis are not the most appropriate when reviewing the going concern basis of the company. As part of the arrangement, the Group has issued a letter of support for a period of twelve months from the date of approval of these financial statements to the company which includes both making funds available if required and not to seek repayment of amounts due at the balance sheet date if this would be detrimental to the company.

The going concern assessment carried out has taken into account the impact of the COVID-19 pandemic on the worldwide Impellam Group. Impellam Group Plc, the ultimate parent company, has carried out various assessments over the Group's profit and cash flow plans for the 18 months after the date of approval of these financial statements. These assessments included adjusting assumptions which impact gross profit as well as administrative expenses and considering the related impact on our working capital requirements and covenant calculations. These tests resulted in the directors concluding that it is appropriate to continue adopting the going concern basis in preparing the financial statements. The Group has cyclical working capital requirements which increase during periods of higher trading levels and therefore if there is a significant short-term decline in trading, the working capital requirements and therefore net debt would initially reduce providing a natural hedge against a sharp downturn. In the projections, as business activity increases, the working capital requirements and net debt levels would rise, but would remain within both the overall credit limit and the key covenant ratio of net debt being less than two and a half times the twelve months' earnings before exceptional, one off, non-recurring or extraordinary items, interest, tax, depreciation and amortisation at the quarterly testing points. Given the lack of certainty that COVID-19 will have on the Group's customers and the markets in which it operates, which may result in a more pronounced downturn than expected, and given the uncertainty for Impellam Group Plc, if the impacts of COVID-19 on the Group are worse or more prolonged than the Directors' expectations, and further mitigating actions are not sufficient, the Group may need to seek the support of its lenders. These events or conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the going concern basis of preparation was no longer appropriate.

Exemption from preparing group accounts

The financial statements contain information about Impellam Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Impellam Group Plc, a company incorporated in United Kingdom.

Changes resulting from adoption of IFRS 9

IFRS 9 Financial Instruments became mandatorily effective on 1 January 2018. The company has applied IFRS 9 for the first time in this accounting period which has resulted in changes to the accounting policies. The nature and effect of these changes are described below.

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets; and hedge accounting. The standard also prescribes an 'expected credit loss' model for determining the basis of providing for bad debts (for further details, please refer to the accounting policies that form these financial statements).

The adoption of IFRS 9 has resulted in changes to the accounting policies and adjustments to the amounts recognised in the financial instruments, combining the three aspects; classification and measurement; impairment; and hedge accounting.

No adjustment to the prior period was required as a result of the adoption of IFRS 9.

Changes resulting from adoption of IFRS 16

IFRS 16 Leases became mandatorily effective on 1 January 2019. The company has applied this for the first time in this accounting period which resulted in changes to the accounting policies.

The company transitioned to IFRS 16 using the modified retrospective approach and as a result the cumulative effect of initial application is recognised in retained earnings at 5 January 2019. The prior period figures were not adjusted.

On adoption of IFRS 16, the company elected to apply the relief provisions available and has not reviewed contracts under the definition of a lease per IFRS 16, which had previously not been classified as leases under the principles of IAS 17. Therefore, only contracts entered into or modified on or after 5 January 2019 have the definition of a lease per IFRS 16 applied.

In addition, the company decided to apply recognition exemptions to leases with a term not exceeding 12 months and leases where the underlying assets are of low value.

For leases classified as operating leases under IAS 17, these lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 5 January 2019. The company has used the following practical expedients permitted by IFRS 16 when applying this for the first time to leases previously classified as operating leases:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Excluded initial direct costs for the measurement of right-to-use assets at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Right-of-use assets are measured at either:

- Their carrying amount as if IFRS 16 has been applied since commencement, discounted using the lessee's incremental borrowing rate at the date of initial application; or
- An amount equal to the lease liability, adjusted for any prepaid or accrued lease payments.

No adjustments are required on transition to IFRS 16 for leases where the company acts as a lessor, except for a sub-lease. A reassessment of the classification of a sub-lease is required under IFRS 16.

The company recognised lease liabilities in relation to leases that were classified as 'operating leases' under the principles of IAS 17 - Leases. On transition, an additional £9,022,000 of lease debtors and £9,022,000 of lease liabilities were recognised.

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

	As originally reported 4 January 2019 £ 000
Operating lease commitments at 4 January 2019	-
Operating lease commitments discounted at the incremental borrowing rate	-
Recognition of leases fully sub-let to fellow Group companies	9,022
Lease liabilities recognised at 5 January 2019	9,022

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 5 January 2019. The weighted average rate applied was 3.23%.

Finance income and costs policy

Interest payable and similar charges include interest payable in profit or loss using the effective interest method. Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

Investments

Fixed asset investments are stated at cost less a provision for impairment. The carrying values of investments are reviewed for impairment at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the assets are allocated. Estimating the value in use requires the company to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as Fixed assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Amounts owed by related parties

Amounts owed by related parties are assessed for impairment based upon the current financial position and expected future performance of the party to which they relate. Amounts due from related parties are interest free demand loans.

The Company applies the IFRS 9 general approach to measuring expected credit losses. This approach requires an assessment at the initiation of the loan as to the risk of default, and a further assessment when the credit risk profile of the loans change. IFRS 9 applies a 3 stage model that is applied when calculating the expected credit losses:

- Stage 1 is defined as having no Significant Increase In Credit Risk ('SICR') – a 12 month expected credit loss is recognised at this point.
- Stage 2 is defined as having a SICR – a lifetime expected credit loss is recognised at this point.
- Stage 3 is defined as being credit impaired – a lifetime expected credit loss is recognised at this point.

There is no impact to any interest due to the Group company loans being interest free.

The Company defines the following:

Definition of a default – A loan is considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient assets to repay the loan on demand.

SICR assessment – The risk that the borrower will default on a demand loan depends on whether the party has sufficient cash or other assets to repay the loan immediately (meaning that the risk of default is very low and the loan is in Stage 1); or does not have sufficient cash or other assets to repay the loan immediately (meaning that the risk of default is higher, and the loan could be in Stage 2 or Stage 3).

The Company performs this assessment qualitatively by reference to the borrower's immediate cash flow and asset position. **Credit impaired indicators** - A loan is considered to be credit impaired if it meets the definition of a defaulted loan.

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Financial instruments (post January 2018)

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding investments, and deferred tax assets.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The company's accounting policy for each category is as follows:

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

Financial assets at amortised cost

Impairment provisions for current and non-current debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade debtors is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade debtors. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. From time to time, the company elects to renegotiate the terms of trade debtors due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company does not have any such assets nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Financial assets at fair value through the profit or loss (FVTPL)

The company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Financial liabilities at amortised cost

The company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The company does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss. The company's accounting policy for each category is as follows:

- Trade creditors and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Financial liabilities at fair value through the profit or loss

The company does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss.

Offsetting financial instruments

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

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

Investments

Fixed asset investments are stated at cost less a provision for impairment. The carrying values of investments are reviewed for impairment at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the assets are allocated. Estimating the value in use requires the company to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Lease end dates

Under IFRS 16 'Leases' a right-of-use asset and lease liability need to be recognised in line with the expected lease term, which may not be the same as the term of the lease. This has led to a level of judgement over the leases in our portfolio on the expected lease termination date. Depending on the circumstances on the individual lease, the Company has taken either the break date (for those circumstances where the break is expected to be exercised), the actual lease end date or an estimate of the how long we will stay in a property for those leases which are held-over.

Lease interest rates

The Company has estimated the interest rates implicit in the lease when calculating the lease liability and related right-of-use asset under IFRS 16 'Leases'. Unless stipulated clearly when taking on the liability the Company uses an incremental borrowing rate calculation to determine the relevant rate. Consideration is taken over the term of the lease, the credit risk of the acquirer and any specific risks relating to the assets acquired by an individual lease.

4 Operating (loss)/profit

Arrived at after charging/(crediting)

	52 weeks 3 January 2020 £ 000	53 weeks 4 January 2019 £ 000
Foreign exchange losses/(gains)	1,092	(2,935)

5 Interest receivable and similar income

	52 weeks 3 January 2020 £ 000	53 weeks 4 January 2019 £ 000
Interest income on leases	294	-
Interest from loans to subsidiaries	1,518	1,983
	<u>1,812</u>	<u>1,983</u>

6 Interest payable and similar expenses

	52 weeks 3 January 2020 £ 000	53 weeks 4 January 2019 £ 000
Interest expense on leases	294	-
Other finance costs	4	6
	<u>298</u>	<u>6</u>

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

7 Directors' remuneration

Other than the directors, the company had no employees throughout the current or prior years.

The directors are remunerated by the ultimate parent company, Impellam Group Plc, for their services to the Group as a whole. The directors do not believe it is practical to apportion their remuneration between their services to this company and their services as directors of the parent company and fellow subsidiaries.

8 Auditors' remuneration

Auditor's remuneration of £14,000 (4 January 2019: £14,000) has been borne by a Group company for the current and prior periods.

9 Income tax

Tax charged/(credited) in the profit and loss account

	52 weeks 3 January 2020 £ 000	53 weeks 4 January 2019 £ 000
Current taxation		
UK corporation tax	(361)	375
UK corporation tax adjustment to prior periods	(5)	(199)
	<u>(366)</u>	<u>176</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	-	54
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	27	(76)
	<u>27</u>	<u>(22)</u>
Total deferred taxation		
	<u>(339)</u>	<u>154</u>
Tax (receipt)/expense in the profit and loss account		

The tax on (loss)/profit for the period is lower than the standard rate of corporation tax in the UK (4 January 2019 - lower than the standard rate of corporation tax in the UK) of 19% (4 January 2019 - 19%).

The differences are reconciled below:

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

9 Income tax (continued)

	52 weeks 3 January 2020 £ 000	53 weeks 4 January 2019 £ 000
(Loss)/profit before tax	<u>(18,011)</u>	<u>131,274</u>
Corporation tax at standard rate	(3,422)	24,942
Decrease in current tax from adjustment for prior periods	(5)	(199)
Increase/(decrease) from effect of expenses not deductible in determining taxable profit	4,936	(10,474)
Decrease from transfer pricing adjustments	(450)	(559)
Deferred tax expense/(credit) from unrecognised temporary difference from a prior period	27	(76)
Decrease from effect of dividends from UK companies	(1,425)	(13,534)
Other effects for reconciliation between accounting profit and tax expense	-	54
Total tax (credit)/charge	<u>(339)</u>	<u>154</u>

UK legislation requires, in broad terms, that most transactions between connected parties be at an arm's length price for tax purposes (commonly known as 'transfer pricing'). As a result, this company must make an adjustment for deemed net interest on intercompany balances that has not been recognised in the financial statements.

A reduction in the UK Corporation Tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017 and was used as the basis of calculation for the deferred tax balance at 3 January 2020, as the relevant rate enacted at the balance sheet date. On 19 March 2020 the UK Corporation Tax was held at 19% under the Finance Act 2020. This change will affect the tax charge in future periods.

Deferred tax

Deferred tax assets and liabilities

2020	Asset £ 000
Provisions	<u>1</u>
2019	Asset £ 000
Provisions	<u>28</u>

Deferred tax movement during the period:

	At 5 January 2019 £ 000	Recognised in income £ 000	At 3 January 2020 £ 000
Provisions	<u>28</u>	<u>(27)</u>	<u>1</u>

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

9 Income tax (continued)

Deferred tax movement during the prior period:

	At 30 December 2017 £ 000	Recognised in income £ 000	At 4 January 2019 £ 000
Provisions	<u>6</u>	<u>22</u>	<u>28</u>

10 Investments

Subsidiaries	£ 000
Cost or valuation	
At 5 January 2019	413,675
Additions	<u>2,898</u>
At 3 January 2020	<u>416,573</u>
Provision	
At 5 January 2019	153,696
Provision	<u>25,912</u>
At 3 January 2020	<u>179,608</u>
Carrying amount	
At 3 January 2020	<u>236,965</u>
At 4 January 2019	<u>259,979</u>

Details of the subsidiaries as at 3 January 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				3 January 2020	4 January 2019
Barpellam Inc	Employment Services	2711 Centerville Road Suite 400, Wilmington Delaware 19808 USA	Ordinary	49%	49%
Bartech Belgium NV	Employment services	Straatsburgdok-Noordkaai 3, 2030 Antwerp Belgium	Ordinary	73%	73%
Bartech Mexico Holding LLC	Holding company	17199 N Laural Park Drive, Suite 224 Livonia, Michigan 48152 USA	Ordinary	100%	100%
Bartech Mexico S. de R.L. de C.V.	Employment services	Rio Tiber 40 102, Col Cuauhtemoc 06500, Cuauhtemoc, Distrito Federal Mexico	Ordinary	100%	100%

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				3 January 2020	4 January 2019
Bartech Technical Services LLC	Employment services	17199 N Laurel Park Drive, Suite 224 Livonia, Michigan 48152 USA	Ordinary	100%	100%
Bartech Technical Services of Canada Limited	Employment services	250 Howe Street, 20th Floor Vancouver, BC V6C 3R8 Canada	Ordinary	100%	100%
Blue Arrow Financial Services Limited	Dormant	800 The Boulevard, Capability Green, Luton LU1 3BA United Kingdom	Ordinary	100%	100%
Blue Arrow Holdings Limited*	Holding company	800 The Boulevard, Capability Green, Luton LU1 3BA United Kingdom	Ordinary	100%	100%
Blue Arrow Limited	Employment agency	800 The Boulevard, Capability Green, Luton LU1 3BA United Kingdom	Ordinary	100%	100%
Canada Corporate Employment Resources ULC	Employment agency	250 Howe Street, 20th Floor Vancouver, BC V6C 3R8 Canada	Ordinary	100%	100%
Career Teachers Limited*	Employment agency	800 The Boulevard, Capability Green, Luton LU1 3BA United Kingdom	Ordinary	100%	100%
CER Canada Holding Inc.	Holding company	2711 Centerville Road Suite 400, Wilmington Delaware 19808 USA	Ordinary	100%	100%
Comensura Limited*	Vendor procurement and management	800 The Boulevard, Capability Green, Luton LU1 3BA United Kingdom	Ordinary	100%	100%
Comensura Pty Limited	Vendor procurement	Level 2, 14 Martin Place, Sydney NSW 2000, Australia	Ordinary	100%	100%

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				3 January 2020	4 January 2019
Corestaff Support Services Inc.	Employment agency	2711 Centerville Road Suite 400, Wilmington Delaware 19808 USA	Ordinary	100%	100%
Corporate Employment Resources Inc.	Employment agency	2711 Centerville Road Suite 400, Wilmington Delaware 19808 USA	Ordinary	100%	100%
Corporate Services Group Holdings Inc.*	Holding company	2711 Centerville Road Suite 400, Wilmington Delaware 19808 USA	Ordinary	100%	100%
Flexy Corporation Limited*	Employment agency	800 The Boulevard, Capability Green, Luton LU1 3BA United Kingdom	Ordinary	100%	0%
Guidant Global-Europe Limited	Dormant	800 The Boulevard, Capability Green, Luton LU1 3BA United Kingdom	Ordinary	100%	100%
Guidant Global Canada Holding Inc.	Holding company	2711 Centerville Road Suite 400, Wilmington Delaware 19808 USA	Ordinary	100%	100%
Guidant Global Germany GmbH	Employment services	Anne-Schneider-Steig 22, 50678 Cologne Germany	Ordinary	100%	100%
Guidant Global Holding Corporation	Holding company	2711 Centerville Road Suite 400, Wilmington Delaware 19808 USA	Ordinary	100%	100%
Guidant Global Inc	Employment agency	2711 Centerville Road Suite 400, Wilmington Delaware 19808 USA	Ordinary	100%	100%
Guidant Global Italy SRL	Employment Agency	Via Filippo Turati 29, 20121 Milan Italy	Ordinary	100%	100%

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				3 January 2020	4 January 2019
Guidant Global Puerto Rico Inc	Employment services	Oriental Center, Suite P1, 254 Muñoz Uñoz Rivera Avenue San Juan, PR 00918 Puerto Rico	Ordinary	100%	100%
Guidant Global SG Pte Limited	Employment services	133 New Bridge Road, #10-05, Chinatown Point, 059413 Singapore	Ordinary	100%	100%
Guidant Group Canada ULC	Employment agency	250 Howe Street, 20th Floor Vancouver, BC V6C 3R8 Canada	Ordinary	100%	100%
Guidant Group Inc.	Employment agency	2711 Centerville Road Suite 400, Wilmington Delaware 19808 USA	Ordinary	100%	100%
Kenard Investments Limited*	Non trading	57/63 Line Wall Road, Gibraltar	Ordinary	100%	100%
Laybridge Limited*	Dormant	800 The Boulevard, Capability Green, Luton LU1 3BA, United Kingdom	Ordinary	100%	100%
Lorien Limited*	Holding company	800 The Boulevard, Capability Green, Luton LU1 3BA United Kingdom	Ordinary	100%	100%
Lorien Resourcing Limited	Employment agency	800 The Boulevard, Capability Green, Luton LU1 3BA United Kingdom	Ordinary	100%	100%
Younifi Limited	Non trading	800 The Boulevard, Capability Green, Luton LU1 3BA United Kingdom	Ordinary	90%	90%

* indicates direct investment of the company

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

11 Trade and other receivables

	(As restated)	
	3 January 2020 £ 000	4 January 2019 £ 000
Receivables from related parties	111,786	114,677
Lease debtor due within one year	8,345	-
Other receivables	940	1,332
	<u>121,071</u>	<u>116,009</u>
Less non-current portion	<u>(7,388)</u>	<u>-</u>
	<u>113,683</u>	<u>116,009</u>

Amounts owed by group undertakings are unsecured and repayable on demand. Within this amount is a loan to a subsidiary undertaking of £31,827,000 - \$41,671,000 (4 January 2019: £39,202,000 - \$49,940,000), including outstanding interest, which bears interest at 2.0% above the US Dollar one month LIBOR rate. All other intercompany balances are not interest bearing.

Details of non-current trade and other receivables

£7,388,000 (3 January 2020: £Nil) of the lease debtor is classified as non current. Lease debtors represent the present value of leased property which has been sub-let. During the period the company received £972,000 against leases debtors (4 January 2019: £Nil) and recognised £294,000 in interest income (4 January 2019: £Nil). These amounts are paid in equal instalments totalling £972,000 per annum until December 2029. All lease debtors are due from related parties.

12 Cash at bank and in hand

	3 January 2020 £ 000	4 January 2019 £ 000
Cash at bank	<u>126</u>	<u>231</u>

13 Trade and other payables

	3 January 2020 £ 000	4 January 2019 £ 000
Trade payables	2,153	2,235
Accrued expenses	-	211
Amounts owed to related parties	220,106	229,092
Income tax liability	900	375
Current portion of long term lease liabilities	957	-
	<u>224,116</u>	<u>231,913</u>

Payables to related parties are interest free, unsecured and repayable on demand.

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

14 Leases

During the period the Company accounted for 1 leased property under IFRS 16 in the United Kingdom with the rent charge fixed over the lease term. The weighted average Incremental Borrowing Rate used to calculate the lease liability was 3.23%. This lease has been fully sublet.

Leases included in creditors

	3 January 2020 £ 000	4 January 2019 £ 000
Current portion of long term lease liabilities	957	-
Long term lease liabilities	<u>7,388</u>	<u>-</u>

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	3 January 2020 £ 000	4 January 2019 £ 000
Less than one year	972	-
2 years	972	-
3 years	972	-
4 years	972	-
5 years	972	-
6 years	972	-
7 years	972	-
8 years	972	-
9 years	972	-
10 years	<u>972</u>	<u>-</u>
Total lease liabilities (undiscounted)	<u>9,720</u>	<u>-</u>

Within the payments listed above is £1,375,000 which will be recognised as interest on the lease liability.

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	3 January 2020 £ 000	4 January 2019 £ 000
Payment		
Right of use assets	678	-
Interest	<u>294</u>	<u>-</u>
Total cash outflow	<u>972</u>	<u>-</u>

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

15 Other provisions

	Other provisions £ 000	Total £ 000
At 5 January 2019	3	3
Provisions used	(3)	(3)
At 3 January 2020	-	-

The other provision relates to an onerous contract provision which is unwinding over the expected life of the contract.

16 Share capital

Allotted, called up and fully paid shares

	3 January 2020		4 January 2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.01 each	5,738,478	57,385	5,738,478	57,385

17 Dividends

	3 January 2020 £ 000	4 January 2019 £ 000
Interim dividend of £Nil (4 January 2019 - £0.01) per each Ordinary share	-	60,000

18 Contingent liabilities

The company has given cross guarantees as part of the Group's revolving credit facility of which the company is a member; the aggregate amount outstanding against this facility at 3 January 2020 was £166,732,000 (4 January 2019: £186,265,000).

19 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is Impellam Group Plc.

These financial statements are available upon request from Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF14 3UZ

The Group has identified Lord Ashcroft as the ultimate controlling party as he has influence over more than 50%, but less than 75%, of both the shares and voting rights of Impellam Group Plc and together with being Chairman of Impellam Group Plc has significant influence over the Group.

Impellam Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

20 Non adjusting events after the financial period

In line with the FRC's guidance that COVID-19 should be treated as a non-adjusting post balance sheet event given our year-end and the development of the pandemic after that date, we have performed a re-assessment (but not adjustment) the carrying value of the reported assets and liabilities.

Investments

The Company holds investments in its subsidiaries which have been negatively impacted by the COVID-19 pandemic. Impairments have been recognised within the Impellam Group Plc consolidated half year statement over cash-generating units which include some of the subsidiaries of the company. Further work is required to quantify the exact impact on the carrying value of the investments held by the company, but there is an expectation that a provision in the range of £2.5m to £3.0m will be required over Career Teachers Limited. One of the impairments posted within the Impellam Group Plc consolidated half year statement was to the cash-generating unit containing Lorient Limited, but there is no indication of an impairment required over the investment held by the company as there is more than £30.0m excess of value-in-use over carrying value.

Receivables and their recoverability

The Company holds various receivables from related parties, including the lease debtor which is an amount which will fall due from various Group companies. At the date of these financial statements there had been no specific issues identified in the recoverability of amounts due from the related parties.

21 Prior year adjustment

Following the review of receivables from related parties, a provision of £3,883,000 was released as at 29 December 2017 as it was not required for the prior period.