



Annual Financial Statements

For the financial year ended 31 January 2019

Company Number: 02202476

Harvey Nash Ltd

Harvey Nash Ltd

For the financial year ended 31 January 2019

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Company information

For the financial year ended 31 January 2019

Directors

The Directors currently hold office at the date of this report:

AGH Ellis
SM Wassall
MJ Garratt

Company Secretary

MJ Garratt

Business Address

110 Bishopsgate
London
EC2N 4AY
United Kingdom

Registered Office

110 Bishopsgate
London
EC2N 4AY
United Kingdom

Independent Auditor

Deloitte LLP
London
United Kingdom

Bankers

National Westminster Bank plc
280 Bishopsgate
London
EC2M 4RB

Strategic Report

For the financial year ended 31 January 2019

Strategic report

The Directors, in compliance with s414C of the Companies Act 2006, present their Strategic Report on the Company for the financial year ended 31 January 2019.

Principal activities and business review

During the year, the Company continued to pursue its principal business activity of the provision of recruitment services, the majority of which occurs in the UK. The Company also has a branch, as defined in 1046(3) of the Companies Act 2006, in Australia.

A review of the Company's intercompany receivables led to the recognition of a provision totalling £1,144,000 against receivables from NashTech Software Ltd, Harvey Nash (Hong Kong) Ltd, Harvey Nash Singapore PTE Ltd, Harvey Nash Japan KK and SA Harvey Nash.

Results from continuing trading operations before exceptional items show a profit of £5,903,000 (2018: £2,751,000). The results from continuing operations show a pre-tax loss on ordinary activities for the financial year of £3,974,000 (2018: £12,032,000).

The loss after tax for the financial year of £4,424,000 (2018: £12,032,000) will be transferred from reserves. The Directors consider the results for the financial year and the year-end position of the Company to be satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties of Harvey Nash Group Ltd, which include those of the Company, are discussed on pages 2 to 3 of the Group's Annual Report which does not form part of this report. The Group's Annual Report is available on the Company's website www.harveynash.com.

Key performance indicators (KPIs)

The Directors of Harvey Nash Group Ltd, the Company's parent undertaking manage the Group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Harvey Nash Ltd. However, for the purpose of understanding the business as a statutory entity, the turnover, gross profit and debtors days of the business are the primary KPIs used.

Key performance indicator	2019	Restated due to IFRS 15
	£' 000	2018 £' 000
Turnover	295,208	264,436
Gross profit	36,846	35,508
Debtor days	31 days	37 days

The future development, performance and position of Harvey Nash Group Ltd, which includes the Company, is discussed in the Group's Annual Report which does not form part of this report.

By Order of the Board


MJ Garratt
Director

Date: 26 June 2019

Directors' Report

For the financial year ended 31 January 2019

Directors' report

The Directors present their annual report and the audited financial statements of the Company for the financial year ended 31 January 2019.

Directors

The Directors who held office throughout the financial year and at the date of this report are shown on page 2.

Future Developments

Details of future developments can be found in the strategic report on page 3 and form part of this report by cross-reference.

Financial Risk Management

a) Financing

The Company's principal financial instruments are overdrafts and cash, which include lending and borrowing to and from other group companies. The Company has other financial instruments such as trade debtors and trade creditors that arise directly from its operations. Working capital finance for day-to-day requirements is provided through operating cash generation, invoice discount facilities, intercompany funding and small short-term overdraft facilities.

b) Interest rate risk management

The Company's interest risk management is undertaken at Group level. It is the Group's policy to charge interest on intergroup funding at the transfer pricing rate.

c) Foreign exchange risk management

The Company's policy is to minimise foreign currency risk. The currency risk of holding assets and liabilities in foreign currencies across the Company is managed by partially matching foreign currency assets with foreign currency liabilities.

d) Credit risk management

The Company has no significant concentration of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

Going concern

The directors have considered the current and forecast levels of trading, taking into account the cash and facilities available to the Company, and have concluded that the going concern basis of preparation remains appropriate. When forecasting future profitability, the directors foresee no material change from that disclosed in the financial statements.

Directors' and officers' liability insurance

Insurance has been taken out by the Company (as permitted by Section 236 of the Companies Act 2006) for its Directors and officers against liabilities in relation to the Company. The insurance is a qualifying third party indemnity provision which was in force throughout the last financial year and is currently in force. There are no outstanding claims or provisions at the balance sheet date.

Dividends

During the year ended 31 January 2019, there were no dividends declared, paid or proposed (2018: £nil).

Auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' Report

For the financial year ended 31 January 2019

Directors' report continued

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

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



MJ Garratt
Director

Date: 26 June 2019

Statement of Directors' Responsibilities in Respect of the Annual Report

For the financial year ended 31 January 2019

Directors' Responsibilities Statement for the financial year ended 31 January 2019

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

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

In preparing the 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 the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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.

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

Independent auditor's report to the members of Harvey Nash Ltd

For the financial year ended 31 January 2019

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Harvey Nash Ltd:

- give a true and fair view of the state of the Company's affairs as at 31 January 2019 and of its loss for the financial year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

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).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

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 respect of these matters.

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.

Independent auditor's report to the members of Harvey Nash Ltd

For the financial year ended 31 January 2019

Report on the audit of the financial statements continued

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

We have nothing to report in respect of these matters.

Use of our report

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



Peter Saunders (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 June 2019

Income Statement

For the financial year ended 31 January 2019

	Notes	2019 £' 000	Restated due to IFRS 15 2018 £' 000
Continuing operations			
Revenue	4	295,208	264,436
Cost of sales		(258,362)	(228,928)
Gross profit		36,846	35,508
Administrative expenses		(30,943)	(32,757)
Operating profit before exceptional items		5,903	2,751
Exceptional items	22	(9,750)	(14,444)
Operating loss	4	(3,847)	(11,693)
Interest receivable	7	1,051	830
Interest payable	8	(1,178)	(1,169)
Loss before tax		(3,974)	(12,032)
Income tax expense	9	(450)	-
Loss for the year		(4,424)	(12,032)

Statement of Comprehensive Income

For the year ended 31 January 2019

	2019 £' 000	2018 £' 000
Loss for the year	(4,424)	(12,032)
Foreign currency translation differences	5	(2)
Total comprehensive loss for the year	(4,419)	(12,034)

Balance Sheet

As at 31 January 2019

	Notes	2019 £' 000	2018 £' 000
ASSETS			
Non-current assets			
Intangible assets	10	106	71
Tangible assets	11	4,641	1,360
Investments	12	31,792	26,394
		36,539	27,825
Current assets			
Debtors	13	105,952	74,052
Cash at bank and in hand		1,172	939
		107,124	74,991
Total assets		143,663	102,816
LIABILITIES			
Current liabilities			
Creditors	14	(135,376)	(92,361)
Provisions	15	-	(903)
Short-term lease liabilities	18	(1,075)	-
		(136,451)	(93,264)
Net current liabilities		(29,327)	(18,273)
Non-current liabilities			
Long-term lease liabilities	18	(2,079)	-
		(2,079)	-
Total liabilities		(138,530)	(93,264)
Net assets		5,133	9,552
Capital and reserves			
Called up share capital	16	53	53
Capital redemption reserve	17	17	17
Retained earnings		5,063	9,482
Total shareholders' funds		5,133	9,552

Company Number: 02202476

Approved and signed on behalf of the board:



MJ Garratt

Date: 26 June 2019

Director

Statement of Changes in Equity

For the financial year ended 31 January 2019

	Called-up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£' 000	£' 000
Balance at 01 February 2017	53	17	13,469	13,539
Total comprehensive loss for the year				
Loss for the year	-	-	(12,032)	(12,032)
Other comprehensive loss	-	-	(2)	(2)
Total comprehensive loss for the year	-	-	(12,034)	(12,034)
Contributions by and distributions to owners				
Employee share options charge	-	-	187	187
Dividends received	-	-	8	8
Total contributions by and distributions to owners	-	-	195	195
Balance at 31 January 2018	53	17	9,482	9,552
Total comprehensive loss for the year				
Loss for the year	-	-	(4,424)	(4,424)
Other Comprehensive income	-	-	5	5
Total comprehensive loss for the year	-	-	(4,419)	(4,419)
Balance at 31 January 2019	53	17	5,063	5,133

1. Accounting Policies

(a) Basis of accounting

The Company is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 3.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

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

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the Harvey Nash Group Ltd Annual Report 2019, which can be obtained at the principal registered address as shown on page 51.

Going concern

The directors have considered the current and forecast levels of trading, taking into account the cash and facilities available to the Company, and have concluded that the going concern basis of preparation remains appropriate. When forecasting future profitability, the directors foresee no material change from that disclosed in the financial statements.

(b) Turnover

As set out in IFRS 15, turnover is measured at the fair value of the consideration received or receivable for the supply of services, net of value-added tax, rebates and discounts.

The Company derives its turnover in the contract services business on a time and materials basis. It is recognised as services are rendered as validated by receipt of a client approved timesheet or equivalent. For fixed price development work, turnover is recognised on the percentage completion basis, using pre-specified milestones or a client sign off to trigger invoices and the estimate of profit. For contingency permanent placements, normal policy is to recognise turnover on start date or on acceptance date with written agreement from the client.

Executive search and permanent placement fees are recognised as services are provided, typically in three stages: placement, shortlist and retainer fee.

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

Royalty turnover and management fee turnover are recognised on an accrual basis in accordance with the substance of the relevant agreements. Both royalty turnover and management fee turnover are measured by reference to the underlying agreements.

(c) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment is their purchase cost together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of the assets (excluding motor vehicles), less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvements	Straight-line over the life of the lease
Office equipment	20% straight-line
Furniture, fittings and equipment	20% straight-line
Computer equipment	33.33% straight-line

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater. The gain or loss on disposal or retirement of an item of plant, property or equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

1. Accounting Policies continued

(d) Foreign exchange

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency). Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. An assessment of the Company's intercompany funding arrangements is made each reporting period and the accounting treatment determined based on the nature of the agreements. Long-term intercompany receivables and loans are considered to be monetary in nature. Transactions in foreign currencies are translated into the Company's local currency at the rate prevailing at the date of the transaction. Exchange differences on the retranslation of non-monetary assets and liabilities, opening net assets and results of overseas branch offices are dealt with through reserves.

(e) Leases

Leases are recognised, measured and presented in line with IFRS 16 'Leases'. Rentals payable for short-term leases, low value leases and leases which are not in scope for IFRS 16 are taken to the income statement on a straight-line basis over the lease term.

(f) Retirement benefit schemes

For defined contribution schemes the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(g) Taxation

Current taxation is applied to taxable profits at the rates ruling in the United Kingdom. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

(h) Treasury management

Treasury policy and significant treasury transactions are approved by the Board. The Company's policies in respect of treasury management are as follows:

Interest rates

The Company's policy is to minimise interest charges. Interest rates are managed using floating rate borrowings linked to UK base rates, including overnight rates where these are favourable.

Hedging

The Company does not enter into any derivative instruments to hedge interest rate or currency risk.

(i) Investments

Investments held as fixed assets are shown at cost less provisions for impairment.

Harvey Nash Group Ltd shares held in the Harvey Nash Employee Benefit Trust to satisfy potential obligations under the share option schemes are carried at cost, less provision for impairment, as part of fixed asset investments. Any differences between the cost of the shares at date of award and anticipated proceeds are written off to the Profit and Loss Account over the period to which the underlying options relate to.

(j) Financial instruments

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

Financial Assets

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

1. Accounting Policies continued

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

Financial Liabilities

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

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

(k) Provisions

A provision is required when the Company has a present legal or constructive obligation as a result of a past event and probable settlement will be required of an amount that can reliably estimated.

(l) 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. Interim dividends are recognised when paid.

(m) Consolidation of subsidiary undertakings - exemption

The Company is a wholly-owned subsidiary of Harvey Nash Group Ltd and is included in the consolidated financial statements of Harvey Nash Group Ltd, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements.

(n) Exceptional Items

Exceptional items are presented separately on the face of the Income Statement due to their nature and/or size with further information included in the notes to the financial statements. The separate reporting of such items helps to provide a better indication of the Company's underlying business performance as it enables shareholders to see the results of the ongoing trading operations.

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

At each balance sheet date, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired through a change in circumstances.

An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

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

(p) Employee share ownership

Harvey Nash Ltd has granted right over Harvey Nash Group Ltd's shares to its employees during the year the Group's management awarded certain employees share options. The company applied IFRS 2 'Share-based payments' to all instruments granted and adopted an appropriate model for the purposes of calculating fair value. All options vested during the year and at year end, no options were outstanding. These are detailed in note 20.

2. Critical accounting judgement and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1 above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Company's accounting policies

The Directors consider there to be no critical judgements, apart from those involving estimations, which are dealt with separately below.

Key sources of estimation uncertainty

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

(a) Turnover recognition

Judgement applied in respect of recognition of turnover is significant in two key areas: cut-off and presentation of temporary recruitment fees; and cumulative turnover generated by fixed price contract work. Management estimates temporary recruitment fees when a timesheet for a placed contractor is either missing or unapproved at the reporting date.

An annual review is performed to ensure management estimates are appropriate. The turnover generated by fixed price contract work is recognised on a percentage completion basis, which is based on management's best estimate of utilisation at the reporting date.

(b) Carrying value of trade receivables

Recoverability of trade receivables and accrued income is a key area of focus given the material nature of these balances. The debt profile of the Company covers a high volume of balances from a considerable number of customers. Management must therefore apply judgement in determining the amount of provision required to be made for possible non-collection of bad or doubtful debts. This is performed on a case-by-case basis across the Company taking into account differences between countries and service lines. The carrying value of receivables is set out in note 13. The judgment in respect of the provision is based on the individual circumstances of the customer.

Notes to the Financial Statements

For the year ended 31 January 2019

3. Adoption of new and revised standards

As at the date of authorisation of these financial statements, the following key standards and amendments were in issue and became effective during the year. The Company has applied these standards and interpretations in the preparation of these financial statements.

IFRS 9 'Financial Instruments'	Effective for annual periods beginning on or after 1 January 2018
IFRS 15 'Revenue from Contracts with Customers'	Effective for annual periods beginning on or after 1 January 2018

The following key standards and amendments were in issue but not yet effective. The Company has opted to early apply these standards and interpretations in the preparation of these financial statements.

IFRS 16 'Leases'	Effective for annual periods beginning on or after 1 January 2019
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The impact of IFRS 9, IFRS 15 and IFRS 16 is set out below and in the notes to the financials accordingly.

IFRS 9 'Financial Instruments'

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

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

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

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

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

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

Impairment of financial assets

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

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

Notes to the Financial Statements

For the financial year ended 31 January 2019

3. Adoption of new and revised standards continued

IFRS 15 'Revenue from Contracts with Customers'

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

The Company has performed a detailed analysis of the impact of the transition to IFRS 15, including a review of contracts, to determine the timing of the transfer of control in each of its service lines.

Principal versus agent considerations

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

A summary of the changes which have impacted the Company upon transition to IFRS 15 is shown below.

Temporary contractors

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

Contract management services – temporary contractors arranged by third party agencies

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

Revenue earned on a retained basis

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

Commissions

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

Notes to the Financial Statements

For the financial year ended 31 January 2019

3. Adoption of new and revised standards' continued

IFRS 15 'Revenue from Contracts with Customers' continued

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

	Prior to IFRS 15	IFRS15 Impact	Restated
	£000	£000	£000
2019			
Revenue	296,801	(1,593)	295,208
Cost of sales	(259,955)	1,593	(258,362)
Gross profit	36,846	-	36,846
	Prior to IFRS 15	IFRS15 Impact	Restated
	£000	£000	£000
2018			
Revenue	265,950	(1,514)	264,436
Cost of sales	(230,442)	1,514	(228,928)
Gross profit	35,508	-	35,508

Notes to the Financial Statements

For the financial year ended 31 January 2019

3. Adoption of new and revised standards continued

IFRS 16 'Leases'

In the current financial year, the Company, for the first time, has applied IFRS 16 Leases (as issued by the IASB in January 2016) in advance of its effective date.

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

The Company has elected to early adopt IFRS 16 'Leases' and it has been applied from 1 February 2018, using the modified retrospective approach, under which the right-of use asset is measured at the same amount as lease liability on the date of initial application (1 February 2018), adjusted only for any prepaid or accrued lease payments recognised in balance sheet on that date under IAS 17 'Leases'. Comparative information has therefore not been restated, and is reported under IAS 17 'Leases'.

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

Impact of the new definition of a lease

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

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 February 2018 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Company.

Impact on Lessee Accounting

Operating leases

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

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

- Recognises right-of-use assets and lease liabilities in the balance sheet, initially measured at the present value of future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the +G167 income statement; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the income statement.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

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

Finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. The impact of this change is set out in note 18.

Notes to the Financial Statements

For the financial year ended 31 January 2019

4. Segment Information

The entity operates in one business segment, being that of recruitment. As a result, no additional business segment information is required to be provided. The entity's secondary segment is geography. The segment results by geography, for continuing operations, are shown by origin below:

	2019	Restated due to IFRS 15
	£' 000	2018 £' 000
Turnover		
UK	293,430	262,747
Australia	1,779	1,689
Total	295,209	264,436
(Loss) before taxation		
UK	(4,057)	(11,839)
Australia	(367)	(193)
Total	(4,424)	(12,032)
Net assets / (liabilities)		
UK	6,264	10,345
Australia	(1,131)	(793)
Total	5,133	9,552

5. Operating loss

The following items have been included in arriving at the operating loss from continuing operation:

	2019	2018
	£' 000	£' 000
Depreciation of tangible fixed assets (note 10)	1,610	571
Auditor's remuneration		
- the audit of the company	45	98
Operating lease rentals		
- plant and equipment	26	29
- land and buildings	220	1,075
Profit on foreign currency translations	789	1,848
Share option charge	3,852	187

The Company's branch in Australia is consolidated into the Company's financial statements and accordingly, exchange differences arising on this non-monetary asset continue to be recognised in the statement of comprehensive income.

The fee in relation to non-audit services was £nil (2018: £nil).

Notes to the Financial Statements

For the financial year ended 31 January 2019

6. Information regarding directors and employees

	2019 £' 000	2018 £' 000
Wages and salaries	21,987	21,256
Social welfare costs	2,690	2,348
Share-based payments	3,852	187
Retirement benefit costs	740	659
	29,269	24,450

Directors' emoluments included above are:

Aggregate emoluments	1,834	1,933
Pension contributions	119	127
Share-based payments	3,513	187
	5,466	2,247

Remuneration of the highest paid director:

Aggregate emoluments	801	778
Pension contributions	51	51
Share-based payments	1,805	-
	2,657	829

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

During the year the Directors received no emoluments for non-qualifying services which are required to be disclosed. All long-term incentive scheme shares vested and were given during the financial year and none were outstanding at year end.

	2019 Number	2018 Number
Director	3	3
Sales	233	214
Administration	97	98
Total average employees	333	315

7. Interest receivable

	2019 £' 000	2018 £' 000
Interest on group receivables	1,051	830
Interest receivable	1,051	830

8. Interest payable

	2019 £' 000	2018 £' 000
Invoice discounting and overdraft	482	363
Interest on group payables	595	806
Interest on lease liabilities	101	-
Interest payable	1,178	1,169

Notes to the Financial Statements

For the financial year ended 31 January 2019

9. Tax

	2019	2018
	£' 000	£' 000
Current tax		
Corporation tax at 19.00% (2018: 19.17%)	-	-
Total current tax	-	-
Deferred tax		
Current financial year	142	-
Adjustment in respect of previous periods	323	-
Effect of changes in tax rates	(15)	-
Total deferred tax	450	-
Total tax charge for the financial year	450	-

The current tax charge for the financial year is lower (2018: lower) than the charge that would result from applying the standard rate of UK corporation tax to profit on ordinary activities. The differences are explained below:

	2019	2018
	£' 000	£' 000
Factors affecting the total tax charge for the current period		
Loss on ordinary activities before tax	(3,974)	(12,032)
Loss on ordinary activities multiplied by the standard rate of UK corporation tax for the financial year of 19.00% (2018: 19.17%)	(755)	(2,307)
Effects of:		
Expenses not deductible for tax purposes	1,009	2,309
Depreciation in excess of capital allowances	29	(29)
Group relief claimed	(94)	27
Adjustments in respect of prior years	323	27
Tax rate changes	(15)	-
Income not taxable	5	-
Share options	(52)	-
Tax charge for the period	450	27

	Fixed assets	Pension	FX	Tax losses	Total
	£' 000	£' 000	£' 000	£' 000	£' 000
Analysis of deferred tax					
At 1 February 2018	10	-	-	433	443
Prior year adjustment	101	9	-	(433)	(323)
Current year charge	(3)	(1)	(123)	-	(127)
At 31 January 2019	108	8	(123)	-	(7)

Notes to the Financial Statements

For the financial year ended 31 January 2019

10. Intangible assets

	Capitalised development costs £' 000	Total £' 000
Cost		
At 31 January 2018	71	71
Additions	69	69
At 31 January 2019	140	140
Accumulated depreciation		
At 31 January 2018	-	-
Charge for the financial year	(34)	(34)
At 31 January 2019	(34)	(34)
Carrying amount		
At 31 January 2018	71	71
At 31 January 2019	106	106

The amortisation of development costs is 5 years.

11. Property, plant and equipment

	Leasehold Improvements £' 000	Office Equipment £' 000	Furniture Fittings & Equipment £' 000	Computer equipment £' 000	Assets Under Construction £' 000	Right of use assets £' 000	Total £' 000
Cost							
At 31 February 2018	1,442	176	55	3,956	-	-	5,629
Additions	84	-	-	453	254	4,110	4,901
Disposals	-	(28)	-	(732)	-	-	(760)
Exchange adjustments	(5)	-	-	(4)	-	-	(9)
At 31 January 2019	1,521	148	55	3,673	254	4,110	9,761
Accumulated depreciation							
At 31 February 2018	791	141	52	3,285	-	-	4,269
Charge for the financial year	150	12	3	488	-	957	1,610
Disposals	-	(28)	-	(732)	-	-	(760)
Exchange adjustments	(1)	(1)	(1)	4	-	-	1
At 31 January 2019	940	124	54	3,045	-	957	5,120
Carrying amount							
At 31 January 2018	651	35	3	671	-	-	1,360
At 31 January 2019	581	24	1	628	254	3,153	4,641

During the financial year the Group early adopted IFRS 16. As a result of this, right of use assets were recognised during the financial year. The closing net book balance at 31 January 2019 for right of use assets was £3,153,000.

Notes to the Financial Statements

For the financial year ended 31 January 2019

12. Investments

	2019	2018
Cost	£' 000	£' 000
At 1 February	26,394	22,882
Additions	2,209	8,091
Disposals	-	(154)
Impairment	(811)	(4,425)
Deferred consideration	4,000	-
At 31 January	31,792	26,394

During the financial year intercompany debt of £2,209,000 owed by the Company's subsidiary Harvey.Nash GmbH was recapitalised. Following the recapitalisation the value of the new capital held in Harvey Nash GmbH was treated as an investment on the balance sheet.

Due to the closure of the Harvey Nash Performance Share Plan during the financial year the investment in Harvey Nash Group EBT Ltd was fully impaired resulting in a charge to the income statement of £811,000.

During the financial year certain earn-out conditions relating to the purchase of Crimson Ltd were met, this resulted in deferred consideration becoming payable. Consequently deferred consideration of £4,000,000 was recognised as additional investment in Crimson Ltd during the financial year.

Due to the closure of the Harvey Nash Performance Share Plan during the financial year the investment in Harvey Nash Group EBT Ltd was fully impaired resulting in a charge to the income statement of £811,000.

13. Trade and other receivables

	2019	2018
	£' 000	£' 000
Trade debtors	25,241	26,912
Amounts owed by group undertakings	67,010	36,350
Other debtors	342	194
Prepayments	866	876
Accrued income	12,493	9,277
Deferred tax asset	-	443
	105,952	74,052

Credit note and bad debt provisions included within trade debtors of £67,000 (2018: £42,000).

Amounts owed by group undertakings are unsecured and may be prepaid by the borrower at any time unless otherwise agreed between the group undertakings. Interest is charged at a 2.5% (2018: 2.5%) margin over the bank base rate applicable in the jurisdiction of the lender.

Notes to the Financial Statements

For the financial year ended 31 January 2019

14. Trade and other payables

	2019	2018
	£' 000	£' 000
Bank loans and overdrafts	96	1,581
Invoice discounting facility	11,639	12,326
Trade creditors	16,067	15,919
Amounts owed to group undertakings	89,439	48,132
Taxation and social security	2,074	2,494
Other creditors	680	489
Corporation tax	-	18
Accruals and deferred income	13,374	11,402
Deferred tax	7	-
Deferred consideration	2,000	-
	135,376	92,361

There is a UK invoice discounting facility secured over the UK debtor book. Interest is charged at 1.25% margin over the bank base rate.

Amounts owed by group undertakings are unsecured and may be prepaid by the borrower at any time unless otherwise agreed between the group undertakings. Interest is charged at a 2.5% (2018: 2.5%) margin over the bank base rate applicable in the jurisdiction of the lender.

15. Provisions

	2019	2018
	£' 000	£' 000
At 1 February	-	903
Utilised in the financial year	-	(903)
At 31 January	-	-

16. Share capital

	2019	2018
	£' 000	£' 000
Allotted, called up and fully paid:		
52,500 (2018: 52,500) ordinary shares of £1 each	53	53

17. Capital redemption reserve

	2019	2018
	£' 000	£' 000
Reserve in respect of share re-purchase from former Director	17	17

Notes to the Financial Statements

For the financial year ended 31 January 2019

18. Leases

Leases classified under IFRS 16 "Leases"

During the financial year the Company elected to early adopt IFRS 16 "Leases". The Company applied a modified retrospective approach under which right-of use assets are recognised and initially measured at the same amount as lease liability on the date of initial application. Under this approach, comparative information has not been restated, and is reported under IAS 17 'Leases'.

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

Lease liabilities are shown separately on the Balance Sheet in current liabilities and non-current liabilities.

	2019 Leasehold offices £' 000
Current liabilities - leases	1,075
Non-Current liabilities - leases	2,079
	3,154

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

Operating lease commitments

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

	2019 Property £' 000	2019 Vehicles plant & equipment £' 000	2018 Property £' 000	2018 Vehicles plant & equipment £' 000
Minimum lease payments under non-cancellable operating leases:				
Within one year	91	20	1,162	26
Later than one year and less than five years	16	4	3,217	17
After five years	-	-	269	-
	107	24	4,648	43

19. Retirement benefit schemes

Harvey Nash Ltd operates a Group Personal Pension Plan (the "Plan"), a defined contribution scheme provided by Scottish Widows. The assets of the schemes are held separately from those of the Company in funds under the control of trustees.

The total cost charged to the income statement of £579,000 (2018: £552,000) represents contributions payable to the scheme by the Company at rates specified in the scheme rules. As at 31 January 2019, contributions of £48,000 (2018: £51,000) due in respect of the current reporting period had not been paid over to the schemes and are included in other creditors.

Notes to the Financial Statements

For the financial year ended 31 January 2019

20. Share-based payments

Under the Harvey Nash Performance Share Plan ('PSP') scheme, the Remuneration Committee previously granted awards to Executive Directors subject to the achievement of performance targets. During the financial year the Group was acquired by Dbay Advisors and subsequently delisted off the AIM, resulting in all qualifying share awards vesting. No further awards are to be granted.

Details of the awards outstanding are as follows:

	2019	2018
	£' 000	£' 000
Outstanding at the beginning of the financial year	2,909,141	2,921,357
Granted	53,669	927,487
Lapsed	-	(939,703)
Exercised	(2,962,810)	-
Outstanding at the end of the financial year	-	2,909,141
Exercisable at end of the financial year	-	-

The fair value of PSP awards granted during the financial year were calculated using the accepted share purchase price per share of 130p, agreed as part of the acquisition. The fair value of PSP awards granted in 2018 were calculated at the date of grant using a Monte Carlo binomial model or a Black-Scholes model, depending on the vesting criteria of each award.

Valuation model inputs were as follows:

	2019	2018
	£' 000	£' 000
Share price at grant	130p	88.0p
Exercise price	-	5.0p
Expected volatility	-	29.62%
Expected life (years)	-	3.00%
Risk-free rate	-	0.54%
Expected dividends	-	4.64%

In order to fulfil the obligation created as a result of the vested awards granted, the company utilised its 545,972 own shares held, and issued 2,416,838 additional shares.

The total charge under IFRS 2 - "Share-based payments" accruing as a result of the vesting of awards amounted to £3,852,000 and were included in non-recurring expenditure during the financial year (see note 24).

21. Related party transactions

The Company has taken advantage of exemptions permitted under FRS101 not to publish details of related party transactions and balances, which will be eliminated upon consolidation with its parent undertaking. No further transactions fall under this category.

Notes to the Financial Statements

For the financial year ended 31 January 2019

22. Exceptional items

	2019	2018
	£' 000	£' 000
Group transformation	291	2,058
Intercompany loan impairment	1,144	7,425
Investment impairment	-	4,425
Re-listing on AIM	-	245
Acquisition costs	-	291
GDPR compliance	17	-
Delisting & change of ownership costs	7,111	-
Refinancing costs	186	-
Other	489	-
New accounting standards	44	-
Optimisation projects	467	-
Total exceptional items	9,749	14,444

During the financial year, the ultimate parent undertaking, Harvey Nash Group Ltd's shares were acquired by a newly incorporated entity (Harvey Nash Group Holdings Ltd) owned and controlled by DBAY funds. Harvey Nash Group Ltd subsequently delisted from the AIM market. The Company incurred significant exceptional costs involved in the acquisition including professional and legal fees. Additionally as a result of the acquisition, £3,852,000 share options vested during the financial year (see note 21).

A review of the Company's intercompany receivables led to the recognition of a provision of £1,144,000 against receivables from NashTech Software Ltd, Harvey Nash (Hong Kong) Ltd, Harvey Nash Singapore PTE Ltd, Harvey Nash Japan KK and SA Harvey Nash.

The Company engaged in a refinancing project during the financial year in relation to the Invoice Finance debt. Total costs of the refinancing were £186,000.

The Company continued the transformation projects initiated in the prior financial year. £291,000 of exceptional costs related to this.

The Company engaged in a number of optimisation projects during the financial year in relation to the review of the Group's intercompany loan and equity structure. Total costs of the optimisation projects were £467,000.

Other items of £489,000 included a one-off non-trading cash bonus.

23. Ultimate parent Company

The immediate parent company is Harvey Nash Group Ltd, a company registered in the England & Wales, which is the only undertaking to consolidate the results of the Company. As a wholly owned subsidiary, the Company is exempt under Section 400 of the Companies Act 2006 from the obligation to prepare and deliver group financial statements. Copies of the group financial statements can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ. The ultimate parent and controlling company is Harvey Nash Group Holdings Ltd, a company registered in the England & Wales.

Full List of Subsidiaries of Harvey Nash Ltd

Full list of Subsidiaries of Harvey Nash Ltd

Subsidiaries	% Holding	Principal activity
United Kingdom		
110 Bishopsgate, London, EC2N 4AY		
NashTech Ltd	100%	Software consultancy
2640 Kings Court, Birmingham, West Midlands, B37 7YE		
Crimson Ltd	100%	Recruitment consultancy
Ireland		
Unit 2, 51 Sir John Rogerson's Quay, Dublin 2		
NashTech Software Ltd	100%	Recruitment consultancy
Netherlands		
Industrieweg 4 Maarssen, 3606 AS		
Harvey Nash BV	100%	Recruitment consultancy
Germany		
Graf-Adolf-Platz 15, D-40213 Düsseldorf		
Harvey Nash GmbH	100%	Recruitment consultancy
Nash Direct GmbH	100%	Recruitment consultancy
Impact Executives (Germany) GmbH	100%	Non-trading
Belgium		
Nieuwe genesteenweg21/3, 1702 Groot-Iggaarden		
Harvey Nash IT Consulting NV	100%	Recruitment consultancy
Harvey Nash NV	100%	Recruitment consultancy
Residentie Docklands, Indlëstraat 2, 2000 Antwerpen		
Talent IT BVBA	100%	Recruitment consultancy
Team4Talent BVBA	100%	Recruitment consultancy
Pro-Cured BVBA	100%	Procurement
Switzerland		
Badenerstrasse 15, Postfach 8021 Zürich		
Harvey Nash AG	100%	Recruitment consultancy
Impact Executives Holdings AG	100%	Procurement
France		
121 Avenue des Champs-Elysees, 75008 Paris		
SA Harvey Nash	100%	Non-trading
Harvey Nash IT SASU	100%	Non-trading
Norway		
Haakon VII's Gate 6, 0160 Oslo		
Harvey Nash AS	100%	Recruitment consultancy
Singapore		
One Raffles Quay, North Tower, Level 25		
NashTech Singapore PTE Ltd	100%	Software consultancy