Nakama Group Plc

**Final Results**



RNS Number : 4594I

Nakama Group Plc

14 December 2020

This announcement contains inside information as stipulated under the Market Abuse Regulations (EU) no. 596/2014 ("MAR")

 14 December  2020

**Nakama Group**  **plc**

**("Nakama" or the "Company")**

**Final results for the year ended 31 March 2020**

Nakama (AIM:NAK) announces its final audited results for the year ended 31 March 2020, together with the publication of its annual report and accounts (the "Annual Report").

The Company will post the Annual Report to shareholders this week and make a copy available on its website [www.nakamagroupplc.com](http://www.nakamagroupplc.com/) .

**Financial Overview**

· Group revenue decreased by 27.5 per cent. to £9.7m (2019: £13.4m)

· Net fee income reduced by 29.5 per cent. to £2.9m (2019: £4.1m)

· Net fee income percentage decreased to 30.0 per cent. (2019: 30.8 per cent.)

· Operating profit moved to a loss of £182,000 (2019: profit £91,000)

**Enquiries:**

|  |  |
| --- | --- |
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| Robert Thesiger, Chief Executive Officer  | 00 44 20 3588 4560  |
| **Allenby Capital Limited**(Nominated Adviser and Broker) | 00 44 20 3328 5656 |
| Nick Naylor / Liz Kirchner |   |

**CHAIRMAN'S STATEMENT**

**Strategy**

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

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

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

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

**Financial**

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

**Outlook and summary**

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

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

Tim Sheffield

Chairman

11 December 2020

**CEO'S STATEMENT**

**Financial review**

|  |  |  |
| --- | --- | --- |
|  | **2020£'000** | 2019£'000 |
| Revenue | **9,719** | 13,408 |
| NFI (Net feeincome) | **2,914** | 5,134 |
| EBITDA\* | **(92)** |   424 |
| Operating (loss) / profitforthefinancialyear |   **(182)** | 91 |
| Profit from discontinued operations |   **-** | 266 |
| (Loss) / profitforthefinancialyearbeforetax |   **(114)** | 354 |
| Net current assets |   **56** | 176 |
| Equity | **87** | 202 |
| Earnings/(loss)pershare | **(0.10)p** | 0.27 p |

\* EBITDA - Earnings before interest, tax, depreciation and amortization

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

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

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

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

**COVID-19**

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

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

Robert Thesiger

Chief Executive Officer

11 December 2020

#### Material uncertainty related to going concern

The independent auditor's report in the Annual Report contains a section regarding material uncertainty related to going concern, which is reproduced below.

In forming our opinion on the financial statements we have considered the adequacy of the disclosures made in the financial statements concerning the Company's and Group's ability to continue as a going concern. We draw your attention to the Group's Strategic Report and Note 2 to the financial statements (*The "Going Concern" wording from Note 2 in the Annual Report is reproduced in full at the start of the Notes section of this announcement*) which explain that the Company's and Group's ability to continue as a going concern relies on the proposed sale of the Group's trading businesses to Sanderson Group.  The completion of the sale is conditional on the passing by shareholders of a resolution agreeing to the terms and conditions of sale, and there not having occurred any material adverse change in the business, operations, assets, liabilities, financial or trading condition or operating results of the trading businesses, and that the sale will complete by 4 January 2021.

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

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

# CONSOLIDATED   INCOME STATEMENT

# **FOR THE YEAR ENDED 31 MARCH 2020**

###

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|      | **Continuing operations****2020****£'000** | **Discontinued operations****2020****'000** | **Total****2020****£'000** | Continuing operations2019£'000 | Discontinued operations 2019£'000 | Total  2019£'000 |
| RevenueCost of sales | **9,719****(6,805)** | **-****-** | **9,719****(6,805)** | 12,315(8,692) | 1,093(582) | 13,408  (9,274) |
| **Net fee income**Administrative costs | **2,914****(3,096)** | **-****-** | **2,914****(3,096)** | 3,623(3,498) | 511(544) | 4,134(4,042) |
| **Operating (loss)/profit**Finance costsExceptional Item | **(182)****(14)****82** | **-****-****-** | **(182)****(14)****82** | 125(37)- | (34)(15)  315 | 91(52)315 |
| **(Loss)/profit before tax**Tax expense | **(114)****(8)** | **-****-** | **(114)****(8)** | 88(31) |   266-   | 354(31) |
| **(Loss)/profit for the period attributable to owners of the parent** | **(122)** | **-** | **(122)** | 57 |   266 |   323 |
| **Earnings per share**Basic and diluted (loss)/profit per share attributable to owners of the parent | **(0.10)p** | **-** | **(0.10)p** |  0.05p |  0.22p |  0.27p |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

# **FOR THE YEAR ENDED 31 MARCH 2020**

|  |  |  |
| --- | --- | --- |
|   | **2020****£'000** | 2019£'000 |
| (Loss)/profitfortheyear | **(122)** | 323 |
| Exchange difference ontranslationof foreign operations | **7** | 18 |
| **Total comprehensive (loss)/profitfortheperiodattributabletoowners of the parent** | **(115)** | 341 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

# **AS AT 31 MARCH 2020**

|  |  |  |
| --- | --- | --- |
|   | **2020** | 2019 |
|  | **£'000** | £'000 |
| **Assets** |   |   |
| **Non-currentassets** |   |   |
| Property, plant andequipment   | **13** | 8 |
| Deferred taxasset   | **18** | 18 |
| Total | **31** | 26 |
| **Currentassets** |  |   |
| Trade and otherreceivables   | **1,497** | 1,599 |
| Cash and cashequivalents  | **190** | 166 |
| Total | **1,687** | 1,765 |
| **Total assets** | **1,718** | 1,791 |
| **CurrentLiabilities** |  |   |
| Trade and otherpayables   | **(830)** | (1,151) |
| Borrowings   | **(801)** | (438) |
| Total | **(1,631)** | (1,589) |
| **NetAssets** | **87** | 202 |
| **Equity** |  |   |
| Sharecapital   | **1,602** | 1,602 |
| Sharepremiumaccount | **2,580** | 2,580 |
| Mergerreserve | **90** | 90 |
| Employeesharebenefittrustreserve | **(61)** | (61) |
| Currencyreserve | **12** | 5 |
| Retainedearnings | **(4,136)** | (4,014) |
| **Total equityattributabletotheshareholdersoftheCompany** | **87** | 202 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

# **AS AT 31 MARCH 2020**

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

# **FOR THE YEAR ENDED 31 MARCH 2020**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |      | **Continuing****Operations****2020****£'000** | **Discontinued Operations****2020****£'000** | **Total****2020****£'000** | Continuing Operations2019£'000 | Discontinued Operations2019£'000 | Total 2019£'000 |
| **Operatingactivities** |   |   |   |   |   |   |   |
| (Loss)/profitfortheyearbeforetax |  | **(114)** | **-** | **(114)** | 88 | 266 | 354 |
| Depreciation of property, plant andequipment  |   | **8** | **-** | **8** | 12 | 6 | 18 |
| Loss on disposal of fixed assets    |   | **-** | **-** | **-** | 1 | 5 | 6 |
| Loss on abandonment of fixed assets  |   | **-** | **-** | **-** | - | 5 | 5 |
| Impairment and amortization of intangibleassets   |     | **-** | **-** | **-** | - |   - | - |
| Net financecosts |   | **14** | **-** | **14** | 37 | 15 | 52 |
| Tax credit/( paid) |   | **(8)** | **-** | **(8)** | 5 | - | 5 |
| Decrease intradeandotherreceivables |  | **102** | **-** | **102** | 1,078 | 194 | 1,272 |
| Decrease intradeandotherpayables |  | **(321)** | **-** | **(321)** | (296) |  (578) |   (874) |
|   |  |  | **-** |  |   |   |   |
| **Netcashgeneratedbyoperatingactivities** |  | **(319)** | **-** | **(319)** | 924 | (86) | 838 |
| **Cash flows from investingactivities** |   |  |  |  |   |   |   |
| Purchaseofproperty,plantandequipment |  | **(13)** | **-** | **(13)** | - | - | - |
| **Netcash outflow frominvestingactivities** |  | **(13)** | **-** | **(13)** | - | - | - |
| **Financingactivities** |   |  |  |  |   |   |   |
| (Increase)/decrease in invoice discounting facility |  | **363** | **-** | **363** | (678) |   (101) | (779) |
| Finance costpaid |  | **(14)** | **-** | **(14)** | (37) | (15) | (52) |
| **Net cash outflow from financingactivities** |  | **349** | **-** | **349** | (715) | (116) | (831) |
| Netchangesincashandcashequivalent |  | **17** | **-** | **17** | 209 | (202) | 7 |
| Cash and cash equivalents, beginning ofyearEffect of foreign exchange rate movements |  | **166****7** | **-****-** | **166****7** | 120(13) | 2131 | 14118 |
| **Cashandcashequivalentsatendofyear** |  | **190** | **-** | **190** | 316 | (150) | 166 |
| Cashandcashequivalentsforthepurposeofthestatementofcashflowscomprises: |   |  |  |  |   |   |   |
| Cash at bank |   | **190** | **-** | **190** | 316 | (150) | 166 |
|   |   |  | **-** |  |   |   |   |
| **Cashandcashequivalentsatendofyear** |  | **190** | **-** | **190** | 316 | (150) | 166 |
|   |   |   |   |   |   |   |   |  |

**NOTES TO THE FINANCIAL STATEMENTS**

 A full set of notes to the Financial Statements is included in the Annual Report.

**Basis of Preparation**

This announcement and the financial information were approved by the Board on 11 December 2020. The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 31 March 2020 and 31 March 2019. Statutory accounts for the years ended 31 March 2020 and 31 March 2019 have been reported on by the Independent Auditors.

The Independent Auditors' Reports on the Annual Report and Financial Statements for the year ended 31 March 2020 was unqualified, did not contain a statement under 498(2) or 498(3) of the Companies Act 2006, but included a Material Uncertainty Related to Going Concern paragraph, as the group's ability to continue as a going concern relies on the proposed sale of the Group's trading businesses.

The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31 March 2019 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 March 2019 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 March 2020 will be delivered to the Registrar in due course.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), IFRIC interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention.

The preparation of Financial Statements in conformity with IFRS require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information, including the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Copies of the statutory accounts for the year ended 31 March 2020 will be posted to all shareholders. Additional copies will be available from the Company Secretary, Nakama Group plc, Bourne House, 475 Godstone Road, Whyteleafe, Surrey, CR3 0BL and will be available to download from the investor relations section on the Company's website  [www.nakamagroupplc.com](http://www.nakamagroupplc.com/) .

**Going concern**

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

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

1. **Operating Segments**

Operating segments are reported on a geographical basis.

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

• Asia Pacific - This segment includes Australia (discontinued), Hong Kong and Singapore.

• UK - The UK segment includes candidates placed in the UK and Europe.

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

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

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

**Measurement of operating segment profit or loss, assets and liabilities**

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

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

The Board does not review assets and liabilities by segment.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | **Asia Pacific****2020****£'000** | **USA****2020****'000** | **UK****2020****£'000**  | **Total****2020****£'000**  |
| Revenuefromexternalcustomers | 1,626 | - | 8,093 | 9,719 |
| Segmentprofit  beforeinterest, tax and exceptional items | 129 | - | 74 | 203 |
|   The comparisons for 2019:  |     |     |     |     |
|   | **Asia Pacific 2019****£'000** | **USA****2019****£'000** | **UK****2019****£'000** | **Total****2019****£'000** |
| Revenue from external customers | 2,980 | - | 10,428 | 13,408 |
| Segment profit/(loss) before interest, tax and exceptional items | 36 | -  - | 55 | 91 |
|   Reconciliation of reportable segment profit to the Group's corresponding amounts: |   |   |   |   |
|  **Profit or loss after income tax expense** |   |   | **2020****£'000** | 2019£'000 |
| Total profit or loss for reportable segments |   |   | **203** | 91 |
| PLC costs not cross charged |   |   | **(385)** | (51) |
| Interest |   |   | **(14)** | (52) |
| **Profit/(Loss) before tax and exceptional items** |   |   | **(196)** | 39 |
| **Exceptional items** |   |   | **82** | 315 |
| Corporation taxes |   |   | **(8)** | (31) |
| **Profit/(Loss) after income tax expense** |   |   | **(122)** | 323 |

1. **Revenue**

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

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

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

1. **Operating Profit/(Loss )**

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

The analysis of auditor's remuneration is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|   |  | **2020****£'000** | 2019£'000 |
| RemunerationreceivedbyCompany'sauditororanassociateoftheCompany'sauditor:Company annual accountsGroup annual accountsMoneypurchasepensioncontributions |  | **6****11** |  510  |
|   |  | **17** | 15 |
| OtherfeespayabletotheCompany'sauditors:Audit of subsidiary companiesTax complianceOther compliance |  | **10****5****9** |  85- |
|   |  | **41** | 28 |
| Depreciation of equipmentLoss on disposal of fixed asset and exchangeForeign exchange gain/(loss)Operating leaserentals:PropertyPlant and equipmentStaff costs   |   | **8****-****15****266****-****1,783** | 181124 14023,034 |

1. **Income tax expense**

|  |  |  |  |
| --- | --- | --- | --- |
|   |  | **2020****£'000** | 2019£'000 |
| Comprising Current tax chargeDeferred tax from timing difference between depreciation and capital allowanceDeferred tax from trading losses |  | **8****-****-** |  (6)(2)39 |
|   |  | **8** | 31 |

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

|  |  |  |  |
| --- | --- | --- | --- |
|   |  | **2020****£'000** | 2019£'000 |
| Result for the year before taxationExpected tax expenseExpenses  / (income) not deductible for tax purposesUnrecognised deferred taxDifference in tax rates between UK and overseas  |  | **(114)****(22)****(115)****145****-** | 35467(66)33(3)  |
| Total income tax expense |  | **8** | 31 |

1. **Earnings /(Loss) per share**

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

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

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

|  |  |  |
| --- | --- | --- |
| 1. **Trade and other receivables**
 | **2020****£'000** | 2019£'000 |
| Trade receivables | **1,398** | 1,488 |
| Otherreceivables | **-** | - |
| Prepaymentsandaccruedincome | **99** | 111 |
|   | **1,497** | 1,599 |

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

|  |  |  |
| --- | --- | --- |
|   | **2020****£'000** | 2019£'000 |
| Morethanonemonthbutnotmorethan3months | **392** |   250 |
| Morethan3monthsbutnotmorethan6months | **29** |   87 |
|   | **421** |   337 |

**7. Trade and other payables**

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

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

|  |  |  |
| --- | --- | --- |
|   | **2020****£'000** | 2019£'000 |
| 0to30days | **281** | 77 |
| 31to60days | **9** | 31 |
| 61to120days | **21** | - |
|   | **311** | 108 |

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

**8.Borrowings**

|  |  |  |
| --- | --- | --- |
|    | **2020****£'000** | 2019£'000 |
| Currentliabilities | **801** | 438 |
| Invoicediscounting | **801** | 438 |

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

**9. Contingent Liability**

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

**10. Post Balance Sheet Event**

The company has been affected post year end by the Coronavirus pandemic and there is a proposed sale of the trading businesses.

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