NAKAMA

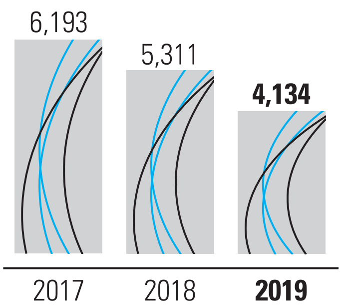
NAKAMA GROUP PLC

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

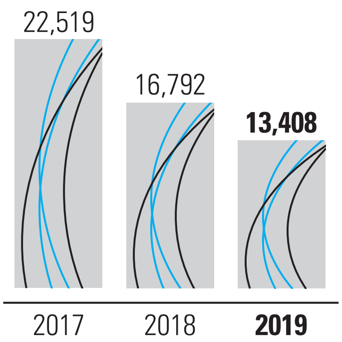
NAKAMA

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NET FEE INCOME
£'000



REVENUE
£'000



Financial Highlights

- Group revenue decreased by 20.2per cent. to £13.4m (2018: £16.8m)
- Net fee income reduced by 22.6 per cent. to £4.1m (2018: £5.3m)
- Net fee income percentage decreased to 30.8 per cent. (2018: 31.6 per cent.)
- Operating profit increased to £91,000 (2018: loss £1,480,000)

	2019 £'000	2018 £'000
Revenue	**13,408**	16,792
NFI (Net fee income)	**4,134**	5,311
EBITDA*	**424**	(845)
Operating profit/(loss) for the financial year	**91**	(1,425)
Profit from discontinued operations	**266**	(537)
Profit/(loss) for the financial year before tax	**354**	(1,480)
Net current assets/(liabilities)	**176**	(231)
Equity	**202**	(139)
Earnings/(loss) per share	**0.27p**	(1.29)p

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

Group at a glance

Our markets

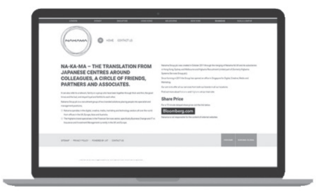
Nakama Group plc is a recruitment group of two branded solutions placing people into specialist and management positions; the Nakama businesses operate in the digital, creative, media, marketing and technology sectors from offices in the UK and Asia. The UK also specialises in the Financial Services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

Our consultants, contractors and applicants

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

Our people

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



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

OVERVIEW

STRATEGIC REVIEW

GOVERNANCE

FINANCIALS

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.

Our competitive advantage is that our teams have deep domain knowledge in the areas of digital, creative, technology, analytics, data, marketing and project/change management. It is the strategy of the Board and management team to be a leading international specialist staffing company, delivering a quality service to our customers and candidates whilst creating a sustainable business for the long-term benefit of all stakeholders.

After a difficult period for the Company, over the past year, the business has undergone further change and transformation.

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

During the trading period, the Group has become more disciplined in its financial management and more focused on improving its core operating business. This resulted in the closure of the Sydney and Melbourne offices and refocusing our energies on UK, and Asia Pacific regions. There are currently no new offices planned for the next financial year as the Board intends to continue improving the performance of existing operations.

Financial

The Group revenue for the year ended 31 March 2019 was lower by 20.2% compared to the prior year at £13.4m (2018: £16.8m) and Net Fee Income ("NFI") was 22.6% lower at £4.1m (2018: £5.3m). This reduction in revenue was primarily as a result of the closure of our activities in Australia. Although we are disappointed not to increase revenues, the significant improvement in EBITDA to £424,000 (2018: Loss £845,000) is in line with our turnaround strategy and provides a stronger base to begin the next financial year.

Executives and staff

After a year of consolidation, in April 2019, the Company appointed Rob Thesiger as Group Chief Executive. Rob's experience and knowledge of the staffing sector brings significant expertise to the business and enables us to begin the process of carefully rebuilding our revenues and improving profitability.

Rob is building a unified management team, responsible for delivering growth and profitability in the offices where we now operate. Each office has clear goals and budgets to achieve, and we expect to see further improvement at both top and bottom line. Any priority investment will be concentrated around improving and expanding our core services. The Group has several experienced consultants, however, in order to deliver improved returns for shareholders, specific performance metrics have been implemented and new consultants recruited where necessary.

Outlook

Trading so far this year has been in line with expectations, however, exceptional costs will be incurred as we continue the restructuring of some local offices. Attracting strong talent and building a higher performance culture takes time and therefore we remain cautious on increasing operating profit margin. Our objective is to continue to focus on financial discipline and improving revenues and profit margins over the year ahead.

This has been a difficult journey for the Company and our teams across the Group have worked hard to reposition the business onto a more positive footing. I would like to thank our valued members of staff for their contribution to the business and I look forward to working with the Board and management team to deliver further positive outcomes in the next financial year.

Tim Sheffield
Chairman
18 September 2019

CEO'S REPORT

Financial review

	2019 £'000	2018 £'000
Revenue	**13,408**	16,792
NFI (Net fee income)	**4,134**	5,311
EBITDA*	**424**	(845)
Operating profit/(loss) for the financial year	**91**	(1,425)
Profit from discontinued operations	**266**	(537)
Profit/(loss) for the financial year before tax	**354**	(1,480)
Net current assets/(liabilities)	**176**	(231)
Equity	**202**	(139)
Earnings/(loss) per share	**0.27p**	(1.29)p

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

Group revenue for the year ended 31 March 2019 decreased by 20.2% and Net Fee Income ("NFI") decreased on the prior year by 22.6%. This was a result of APAC revenue decreasing to £3.0m from £5.3m last year and UK revenues decreasing to £10.4m from £11.5m in FY 2018. The decrease in both markets was predominantly due to a slowdown in the contractor market, which is explained in more detail in the Operational Review below.

The NFI percentage has decreased to 30.8% (2018: 31.6%). The slight decrease in NFI percentage is due to a slight drop in contractor margins, due to change in mix of permanent and temporary placements which have different margins.

The EBITDA of £424,000 for the year (2018: loss £845,000) was mainly as a result of good performance at Highams Recruitment and Nakama Hong Kong in addition to general cost reductions. Nakama Singapore and Nakama Limited made substantial losses which offset most of the profit made by Highams Recruitment and Nakama Hong Kong. The year-end balance sheet shows borrowings decreased from

£1.2m to £438,000, this is due to a lower requirement for invoice finance as contractor revenue slowed down during the period as a result of quitting the Australian market.

There was an operating profit for the year of £91,000 (2018: loss of £1,425,000). There was also profit from discontinued operations in Australia which were derived from the write backs of liabilities following the liquidations of Nakama Sydney and Nakama Melbourne totalling £315,000 (2018: Nil) The Group has seen a gain on foreign exchange of £24,000 (2018: loss £72,000) due to the strengthening of sterling against the other currencies in the markets the Group has been trading in.

The Directors are not recommending the payment of a dividend for the year.

UK operations

The London unit continued to see existing markets come under pressure from in-house recruitment teams, recruitment process outsourcing (RPO) and managed service providers. The market continues to become more heavily brokered and fragmented and the ability to generate value in traditional digital sectors has been eroded. The business has attempted to diversify its recruitment offerings into data and analytics as well as show a decreasing reliance on digital agencies as a client base, where it has been difficult to create value. Throughout the year staff turnover has continued to be an issue. However, with the appointment of a new London Manager, we have been able to maintain a more stable team in the second half of the year.

In contrast, the Highams business, which is already highly specialised in its services and client base (insurance market – project focus) had a pleasingly profitable year further consolidating its position as a recruitment partner of choice across General Insurance, Life & Pensions and Asset Management markets. There are also real opportunities for the London Nakama business to leverage off these relationships and thus grow our UK footprint further.

The UK operations have yet to experience any significant impact due to the pending Brexit timetable. The senior managers continue to discuss this with clients and candidates alike in order to be prepared for any potential downturns that may be experienced.

CEO'S REPORT
CONTINUED

APAC Operations

Trading conditions in the APAC region remained challenging throughout the year and after a full review of our operating activities the decision was made to cease trading in Australia entirely which saw the closure of the Sydney office following the earlier closure of the Melbourne office. This decision was made in light of the office continuing to underperform in an increasingly challenging market.

The offices in Hong Kong and Singapore saw further staff retention challenges which has resulted in headcount reducing further. However, with renewed focus on our core markets we have recruited some highly experienced consultants thus providing stability, particularly in Hong Kong.

The Singapore office continues to face hiring challenges due to the increased competition, however, we are confident that we can hire experienced consultants who will further complement our existing staff. Singapore focuses on the South East Asian corridor into Malaysia and Thailand. Hong Kong continues to build market share and has experienced higher demands from China and the wider region. However, the main focus is into the local markets where quickest and best gains can be made in the shorter term. The businesses in APAC are now working in a far more collaborative manner which will see both operations benefit from a more regional approach to client development and candidate acquisition.

The market continues to be competitive and the business has seen a higher than expected turnover of staff for a variety of reasons.

After conducting a full operational review of the business our "modus operandi" will be one of contingent search across all our chosen markets. This will see more junior staff being hired, trained and developed into our future consultants and leaders.

This research model will also hugely benefit our candidate acquisition strategy (see strategic report).

Robert Thesiger

Robert Thesiger
Chief Executive Officer
18 September 2019

DIRECTORS

Tim Sheffield

Non-Executive Chairman

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

Rob Thesiger

Chief Executive Officer

Robert Thesiger has worked in the recruitment sector for over 25 years and was most recently founder and Chief Executive Officer of The FISER Group Limited. Prior to this he was Chief Executive Officer of both Imprint PLC and Morgan McKinley Limited. Robert is a graduate of Exeter University and Cranfield Business School. Rob joined Nakama as CEO in April 2019 following the resignation of Andrea Williams.

Michael Clelland

Non-Executive Director

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

Patrick Meehan

Finance Director

Patrick is an experienced finance director who has worked both inside and outside the recruitment industry. He is currently the finance director of Sheffield Haworth Limited ("Sheffield Haworth") and previously worked in the finance team at an AIM company. Following the detailed review of the Group's finance function, Patrick has been serving as interim finance director on a part-time basis and has been working closely with the Board in driving the cost saving programme. Patrick's services will continue to be supplied to Nakama by Sheffield Haworth pursuant to the secondment agreement on a part-time basis. Patrick joined Nakama in November 2018.

Andrea Williams

Non-Executive Director

Andrea has extensive experience of the recruitment sector in Asia, Australia and the UK having worked across these locations for over twenty years holding senior managerial and Board positions at a number of private and publicly quoted recruitment companies. Previously, she was UK Managing Director at The Ambition Group Plc, the Australian Stock Exchange listed recruitment group with offices in Australia, Asia and the U.K., where she oversaw the turnaround and restructuring of the business. After stepping down as Chief Executive Officer, Andrea continues to serve the Board as an independent director.

DIRECTORS AND ADVISERS

Country of incorporation of parent company:	England and Wales
Company number:	01700310
Principal place of business:	United Kingdom and Asia Pacific region
Principal activities:	Recruitment consultants
Directors:	T Sheffield (Non-executive Chairman) R Thesiger (CEO) P Meehan (FD) A Williams (NED) M Clelland (NED)
Secretary:	R Nadarajah
Registered office:	Bourne House 475 Godstone Road Surrey CR3 0BL
Auditors	HAZLEWOODS LLP Windsor House Bayshill Road Cheltenham GL50 3AT
Nominated adviser and brokers:	Allenby Capital Ltd 5 St Helens Place London EC3A 6AB
Registrars:	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Solicitors:	Bates Wells & Braithwaite London LLP 10 Queen Street Place London EC4R 1BE
Bankers:	HSBC Bank plc 28 Borough High Street London SE1 1YB

STRATEGIC REPORT

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2019.

Business model:

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

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

The UK is represented by two offices: the Nakama brand operating from London and the Highams brand operating from offices in Caterham.

APAC is represented by an office in Hong Kong and another in Singapore. They serve the digital technology markets across a broad range of clients from various corporates to digital marketing agencies.

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

Strategy:

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

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

What we do:

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

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

Following a full review of our operating model and service offerings the Group will operate a contingent search methodology across all our locations. We will continue to invest in experienced hires, however, 2019/20 will see the Group establish a structured research function. This model will allow us to further strengthen our candidate acquisition strategy but will also enable us to grow our consultant base from the bottom up. Essentially, we will be developing our own consultants during a 6-12 month training program. We will further enhance our staff retention strategy through structured career progression, performance analysis and bespoke incentivisation.

The Group will also undergo several infrastructure projects to include Marketing, Branding, HR/Performance analysis and Training/Development.

The Group has also implemented a more transparent and cohesive incentivisation plan across each business unit and has increased internal communication that supports cross fertilisation of knowledge and information which will improve our services and increase revenues.

The executive management team will continue to rigorously manage the cost base of the business in line with revenue thus driving profitability and subsequent shareholder value.

	2019 £'000	2018 £'000
Revenue	**13,408**	16,792
NFI percentage	**30.8%**	31.6%
Staff cost	**3,034**	4,053
Staff costs as a percentage of NFI	**73.4%**	76.3%

Financial review

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

Key Performance Indicators:

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

STRATEGIC REPORT
CONTINUED

The requirements received this year was 2,254 (2018:3,322). This is mainly due to the discontinuation of operations in Australia. Average net fee income by consultant was £118,000 (2018: £102,000). Staff costs were 73.4% for NFI (2018: 76.3%). The reduction in staff costs is due to the salary reductions on some management roles. Revenue was £13,408,000 (Budget: £17,845,000; 2018: £16,792,000). The Group's revenue was lower compared to budget and prior year due to the liquidation of Nakama Melbourne and Nakama Sydney during the year.

The 2018/19 financial year proved to be a challenging one for the business. Due to higher than expected staff turnover and the closure of the Sydney office we saw a decrease in overall NFI across the Group.

Future Developments

Overall the results for this financial year have been disappointing. Following a full review of the Group there is now a clear and transparent operating model which, with strong management and leadership, will deliver better results. Whilst challenges remain the Board is confident that the improvements made in Q1 2019/20 will see an improved financial performance for the current financial year. The Board believes that the Group operates in excellent markets which are growing year on year. Based on this they believe that the business has every opportunity to grow and deliver profitable results with some careful and considered financial and operational management practices.

The Group's target market is diversifying and we continue to develop new relationships in each location in order to replicate all services in each country of operation.

KEY RISKS OF THE GROUP

This report forms part of the Strategic report.

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

Principal risks and uncertainties of the Group

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

Staff

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

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

Office locations

Nakama has offices in the UK (2), Hong Kong and Singapore. It is essential that we examine each of our locations for risks of performance and the operational management of these offices, ensuring we are aware of local laws and cultures and can secure licences for the employment of our own staff and those of our placements at clients. Where appropriate we continue to recruit new staff to increase the number of consultants to ensure that we are not reliant on key individuals. We have been monitoring the impact of political unrest in Hong Kong and the possibility of a no deal Brexit and have found no significant impact on our business so far and shall continue to monitor and prepare for any negative impact should it arise.

Competition

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

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

On-line recruiting/other competition

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

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

Clients

Clients may choose not to continue to use Nakama's services if our service fails to meet the required standards. It is therefore essential to harness technology to deliver rapid solutions and to maintain consultant standards by providing ongoing training and development. We are committed to ensuring the delivery of high standards and to retaining our excellent relationship with clients. We also measure our consultants on the frequency and quality of their client meetings and monitor feedback on work undertaken in each location.

KEY RISKS OF THE GROUP CONTINUED

Candidates

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

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

Going Concern

Based on the latest trading expectations and associated cash flow forecasts, the directors believe that the Group and Company will be able to trade within its existing facilities and therefore meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and have therefore prepared the accounts on a going concern basis.

Approval

This strategic report was approved on behalf of the Board on 18 September 2019.

Robert Thesiger

Robert Thesiger
Chief Executive Officer
18 September 2019

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements for the year ended 31 March 2019.

Review of the business

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

Results and dividends

The Group made a profit of £39,000 before taxation and exceptional items for the year (2018: loss of £1,480,000) on revenue of £13.4m (2018: £16.8m).

The Directors do not recommend a final dividend (2018: nil). No interim dividend was paid during the year (2018: nil).

Directors

The Directors of the Company throughout the year were:

T Sheffield	Non-Executive Chairman
A Williams	Non-Executive Director
M Clelland (appointed 24.07.2018)	Non-Executive Director
P Meehan (appointed 20.11.2018)	Finance Director
A Watson (resigned 09.04.2018)	Finance Director
JE Higham (resigned 25.05.2018)	Non-Executive Director
P Goodship (resigned 11.07.2018)	Managing Director Nakama Ltd
R Thesiger (appointed 01.04.2019)	Chief Executive Officer

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

Substantial shareholders

As at 31 March 2019, the following significant shareholdings have been notified to the Company:

	Number of shares	% of issued share capital
First Point Group	**35,280,240**	29.9%
Sheffield Haworth	**28,430,000**	24.1%
Milton Asset Management	**10,425,000**	8.9%
D & G Hart	**8,714,286**	7.4%
Edward Andrews	**3,570,000**	3.0%

Indemnity insurance for Company Officers

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

Share option schemes

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

Financial instruments

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

Likely future developments in the business of the Group Information on likely future developments in the business of the Group has been included in the Strategic Report. These include the reduction in services, new hiring strategies and improved cost controls.

Employee involvement

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

Auditors

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

BDO LLP resigned as auditors during the year. Hazlewoods LLP was appointed in March 2019.

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

Approval

This report was approved by the Board of Directors on 18 September 2019.

By order of the Board

Roshan Nadarajah

R Nadarajah
Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

The Directors are responsible for preparing the annual report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework.

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

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible

for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

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

CORPORATE GOVERNANCE

Compliance Statement

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

The Board

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

The Board currently consists of two executive director and three non-executive directors. The Board has seen significant change during the financial year as discussed in the Report of the Directors. Patrick Meehan joined the Board in November 2018 as Finance Director. Michael Clelland joined in July 2018 as a Non-executive director bringing with him strong international and financial management experience. At the end of the financial year, Andrea Williams stepped down as CEO though she continues to serve as a Non-Executive Director. Robert Thesiger was appointed as the new Chief Executive Office on 1 April 2019.

The Board considers Michael Clelland is independent in character and judgement. Whilst Tim Sheffield and Patrick Meehan are not deemed independent for the purposes of the QCA code, the Board considers that their detailed experience and long-standing knowledge of the recruitment sector are essential in guiding the overall strategy of the Company.

As the business develops, the composition of the Board will remain under review to ensure that it remains appropriate to the managerial requirements of the Company.

Executive directors with the exception of Patrick Meehan work on a full-time basis for the Company. Non-executive directors are expected to spend a minimum of one day per month on Company activities in addition to preparation for and attendance at Board and sub-committee meetings. The Chairman will spend an additional day per month although in practice this is usually exceeded.

The Chairman, in conjunction with the Company Secretary, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Group, its operational environment and to the Directors' responsibilities as members of the Board. During the course of the year, Directors received updates from the Company Secretary and various external advisers on a number of corporate governance matters.

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

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

Board performance

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

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

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

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

Appraisals are carried out each year with all Executive Directors.

The Chairman and the executive directors

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

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

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

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

CORPORATE GOVERNANCE
CONTINUED

Internal control

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

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

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

Risk management structure

The Group's principal risks and uncertainties are listed on pages 9 and 10 (Key Risks of the Group).

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

Identify risk

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

Assess risk

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

Mitigate risk

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

Update risk register

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

Review and evaluate risks

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

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

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

Board committees

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

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

The Audit Committee last met in July 2019. At this meeting the main item was to discuss and agree the audit strategy for the year ended March 2019 proposed by the auditors. The Committee also reviewed the Company's system of internal controls at this meeting and concluded that they are appropriate for a company of Nakama's size and complexity. Each year the Committee undertakes to seek reassurance that the external auditors are independent.

Remuneration Committee

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

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

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

Corporate culture

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are enshrined in the written policies and working practices adopted by all employees of the Group. An open culture is encouraged within the

Group, with regular communications to staff regarding progress and staff feedback regularly sought. The management regularly monitors the Group's cultural environment and seeks to address any concerns that may arise, escalating to Board level as necessary.

By order of the Board

Tim Sheffield
Chairman
18 September 2019

DIRECTORS' REMUNERATION REPORT

This report sets out the remuneration policies for the Group's executive directors. It should be read in conjunction with details of directors' remuneration in note 8 which forms part of the audited financial statements. The members of the Remuneration Committee (Remcom) are identified on page 15.

Remuneration policies

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

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

Salary and benefits

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

Bonuses

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

Share schemes

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

Service contract of the executive directors

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

Non-executive directors

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

By order of the Board

Roshan Nadarajah

Roshan Nadarajah
Company Secretary
18 September 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NAKAMA GROUP PLC

Opinion

We have audited the financial statements of Nakama Group PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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 Group's or the parent 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.

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF NAKAMA GROUP PLC

Audit risk	How we responded to the risk
Recognition of revenue Under ISA 240 there is always a presumed risk that revenue may be misstated due to the improper recognition of revenue. As detailed in notes 2 and 5, revenue is recognised when a placement commences for the permanent revenue or when the work is undertaken for contractor revenue as this is when the service is completed. Revenue is recognised on the confirmation of the start of the placement or based on the timesheets recorded and approved. We considered there to be significant risk over the existence and completeness of revenue, particularly in respect of cut-off, being the recognition of revenue in the correct period.	Our audit work included but was not restricted to: • Reviewing revenue recognition policies with management and comparing against underlying transactions. • Reviewing and testing the internal control over revenue recognition. • Performing analytical review and cut off testing to third party supporting documentation. • Agreeing a sample of transactions throughout the year to third party supporting documentation; and • Reviewing provisions for credit notes and accrued income.
Management override of controls Under ISA 240 there is a presumption that the risk of management override of controls is always present.	Our audit work included, but was not restricted to: • Reviewing material estimates, judgements and decisions made by management; and • Performing journal testing on all material manual journals.
Going concern Given the judgements involved in forecasting cash flows of the group and following the restructuring of the group during the year and given its net liabilities position at the year-end, we considered going concern to be a key audit matter.	Our audit work included, but not limited to: • Discussions with management. • Reviewing the most recent management accounts and forecasts and the assumptions which they are based upon; and • Reviewing the invoice discounting facilities.

Our application of materiality

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

Materiality for the Group as a whole was set at £200,000 (2018: £250,000) which represents 1.5% of Group revenue. Revenue has been used as it provides a consistent year on year basis for determining materiality due to the losses being incurred by the Group and has been concluded as the most relevant performance measure and 1.5% was applied based on prior years low incidences of errors. Other profit and loss metrics that are used by management as KPIs were reviewed and gave further reassurance over the materiality level set. Materiality for the parent company was set at £16,000 (2018: £40,000), which represented 5% of the parent company's net assets. An assets basis has been used as the parent company is a holding company and 5% was applied due to the straightforward nature of the parent company balance sheet.

Materiality of the significant components has been set on the same basis as the group materiality. The materiality for these entities ranged from £12,000 to £90,000.

An overview of the scope of our audit

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF NAKAMA GROUP PLC

Auditor's responsibilities for the audit of the financial statements

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

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

Use of this report

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

Scott Lawrence

Scott Lawrence (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor
Windsor House
Bayshill Road
Cheltenham
GL50 3AT
18 September 2019

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	Note	**Continuing operations 2019 £'000**	**Discontinued operations 2019 £'000**	**Total 2019 £'000**	Continuing operations 2018 £'000	Discontinued operations 2018 £'000	Total 2018 £'000
Revenue	5	**12,315**	**1,093**	**13,408**	13,591	3,201	16,792
Cost of sales		**8,692**	**582**	**9,274**	9,395	2,086	11,481
Net fee income		**3,623**	**511**	**4,134**	4,196	1,115	5,311
Administrative costs		**3,498**	**544**	**4,042**	5,120	1,616	6,736
Operating profit/(loss)	9	**125**	**(34)**	**91**	(924)	(501)	(1,425)
Finance costs	6	**(37)**	**(15)**	**(52)**	(19)	(36)	(55)
Exceptional Item		**–**	**315**	**315**	–	–	–
Profit/(loss) before tax		**88**	**266**	**354**	(943)	(537)	(1,480)
Tax expense	10	**(31)**	**–**	**(31)**	(34)	–	(34)
Profit/(loss) for the period attributable to owners of the parent		**57**	**266**	**323**	(977)	(537)	(1,514)
Earnings per share							
Basic and diluted profit/(loss) per share attributable to owners of the parent	11	**0.05p**	**0.22p**	**0.27p**	(0.84)p	(0.45)p	(1.29)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	2019 £'000	2018 £'000
Profit/(Loss) for the year	**323**	(1,514)
Exchange difference on translation of foreign operations	**18**	(39)
Total comprehensive profit/(loss) for the period attributable to owners of the parent	**341**	(1,553)

The notes on pages 25 to 43 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

COMPANY NUMBER 01700310

	Notes	2019 £'000	2018 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	**8**	37
Deferred tax asset	19	**18**	55
Total		**26**	92
Current assets			
Trade and other receivables	15	**1,599**	2,870
Cash and cash equivalents		**166**	141
Total		**1,765**	3,011
Total assets		**1,791**	3,103
Current Liabilities			
Trade and other payables	16	**(1,151)**	(2,025)
Borrowings	17	**(438)**	(1,217)
Total		**(1,589)**	(3,242)
Net Assets/(Liabilities)		**202**	(139)
Equity			
Share capital	23	**1,602**	1,602
Share premium account		**2,580**	2,580
Merger reserve		**90**	90
Employee share benefit trust reserve		**(61)**	(61)
Currency reserve		**18**	(13)
Retained earnings		**(4,027)**	(4,337)
Total equity attributable to the shareholders of the Company		**202**	(139)

The financial statements were approved and authorised for issue by the Board of Directors on 18 September 2019

Tim Sheffield

Robert Thesiger

Tim Sheffield
Chairman

Robert Thesiger
Chief Executive Officer

The notes on pages 25 to 43 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2019

	Share capital £'000	Share premium £'000	Merger reserve £'000	Employee share reserve £'000	Currency reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2017	1,602	2,580	90	(61)	26	(2,823)	1,414
Loss for the year	–	–	–	–	–	(1,514)	(1,514)
Other comprehensive loss	–	–	–	–	(39)	–	(39)
Total comprehensive income for 2017	–	–	–	–	(13)	(4,337)	(139)
At 1 April 2018	1,602	2,580	90	(61)	(13)	(4,337)	(139)
Comprehensive income for the year							
Profit for the year	–	–	–	–	–	323	323
Other comprehensive income	–	–	–	–	18	–	18
Total comprehensive income for the year	–	–	–	–	18	323	341
At 31 March 2019	1,602	2,580	90	(61)	5	(4,014)	202

The notes on pages 25 to 43 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR 31 MARCH 2019

	Notes	**Continuing Operations 2019 £'000**	**Discontinued Operations 2019 £'000**	**Total 2019 £'000**	Continuing Operations 2018 £'000	Discontinued Operations 2018 £'000	Total 2018 £'000
Operating activities							
Profit/(loss) for the year before tax		**88**	**266**	**354**	(885)	(595)	(1,480)
Depreciation of property, plant and equipment	14	**12**	**6**	**18**	31	25	56
Loss on disposal of fixed assets		**1**	**5**	**6**	–	–	–
Loss on abandonment of fixed assets		**–**	**5**	**5**	–	–	–
Impairment and amortization of intangible assets	12	**–**	**–**	**–**	320	204	524
Net finance costs	6	**37**	**15**	**52**	19	36	55
Tax credit/(paid)		**5**	**–**	**5**	(5)	–	(5)
Decrease in trade and other receivables		**1,078**	**194**	**1,272**	126	889	1,015
(Decrease)/increase in trade and other payables		**(296)**	**(578)**	**(874)**	35	35	70
Net cash generated by operating activities				**838**	(359)	594	235
Cash flows from investing activities							
Purchase of property, plant and equipment		**–**	**–**	**–**	(6)	(8)	(14)
Net cash outflow from investing activities		**–**	**–**	**–**	(6)	(8)	(14)
Financing activities							
(Decrease)/increase in invoice discounting facility		**(678)**	**(101)**	**(779)**	186	(440)	(254)
Finance cost paid		**(37)**	**(15)**	**(52)**	(19)	(36)	(55)
Net cash (outflow)/inflow from financing activities		**(715)**	**(116)**	**(831)**	167	(476)	(309)
Net changes in cash and cash equivalent		**209**	**(202)**	**7**	(198)	110	(88)
Cash and cash equivalents, beginning of year		**120**	**21**	**141**	241	18	259
Effect of foreign exchange rate movements		**(13)**	**31**	**18**	(7)	(23)	(30)
Cash and cash equivalents at end of year				**166**	36	105	141

Cash and cash equivalents for the purpose of the statement of cash flows comprises:

Cash at bank				**166**			141
Cash and cash equivalents at end of year				**166**			141

The notes on pages 25 to 43 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. Nature of operations and general information

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

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

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

2. Accounting policies

Basis of preparation

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

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

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

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

Going concern

The Directors have considered forecasts for the next 12 months and, whilst the Group is not achieving the revenue that it is currently targeting, it is outperforming previous years and turnaround plans are progressing. In common with many businesses revenue is inherently uncertain, however the Directors believe that the Group is financially strong enough to complete the turnaround process and believe that the Group and Company will be able to trade within its existing facilities and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. Therefore, the financial statements have been prepared on a going concern basis.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 March 2019. Subsidiaries are entities controlled by the Group. The Company controls a subsidiary if all three of the following elements are present: power over the subsidiary; exposure to variable returns from the subsidiary; and the ability of the investor to use its power to affect those variable returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Business combinations

Business combinations of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the basis for subsequent measurement

in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Direct costs of acquisition are recognised immediately as an expense.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies continued

Revenue

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

Goodwill

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

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

Other intangible assets

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

Property, plant and equipment

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

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

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

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

Leased assets

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

Taxation

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

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

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

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

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

Foreign currencies

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

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

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

Pension costs

The Group operates a defined contribution pension scheme. The pension cost expensed to the income statement this year totaling £54,000 (2018: £22,000) represents contributions payable by the Group to the pension scheme in the period.

Financial assets

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

The Group's financial assets comprise trade receivables, cash and cash equivalents. Trade and other receivables are measured initially at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired, such as significant financial difficulties on the part of the counterparty or default or significant delay in payment so that the Group will be unable to collect all of the amounts due under the terms receivable. The amount of any provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies continued

Cash and cash equivalents

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

Employee share benefit trust

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

Share based payments

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

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

Equity

Equity comprises the following:

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

New standards, interpretations and amendments effective from 1 April 2018

The new standards, interpretations and amendments, effective from 1 April 2018 include a new disclosure requirement as per IAS 7 which has been reflected in the current financial statements. Implementation of IFRS 15 has had no material impact and no practical expedients were applied in first time adoption. Implementation of IFRS 9 has had no material impact as the Group does not utilise financial instruments. IFRS 16 has had no impact in the current financial statements as there are no lease commitments over 1 year though it may apply in future.

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

The amendments and interpretations to published standards that have an effective date for accounting periods on or after 31 March 2019 or later periods have not been adopted early by the Group and assessment of the impact of these standards is currently under review.

International Accounting Standards (IAS/IFRS)	Effective date:
• Amendments to IFRS 3 Definition of a business	01/01/2020
• IFRS 17 Insurance Contracts	01/01/2020

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

3. Critical accounting judgements and estimates

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

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

The estimates using the preparation of the financial statements of the Company have been detailed on page 47.

4. Operating segments

Operating segments are reported on a geographical basis.

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

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

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

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

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

Measurement of operating segment profit or loss, assets and liabilities

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

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

The Board does not review assets and liabilities by segment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

4. Operating segments continued

	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 before interest, tax and exceptional items	**36**	**–**	**55**	**91**

The comparisons for 2018:

	Asia Pacific 2018 £'000	USA 2018 £'000	UK 2018 £'000	Total 2018 £'000
Revenue from external customers	5,320	4	11,468	16,792
Segment profit/(loss) before interest, tax and exceptional items	(705)	(53)	38	(720)

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

Profit or loss after income tax expense	**2019 £'000**	2018 £'000
Total profit or loss for reportable segments	**90**	(720)
PLC costs not cross charged	**(51)**	(236)
Amortisation and impairment of intangibles	**–**	(524)
Profit/(Loss) before tax and exceptional items	**39**	(1,480)
Exceptional items	**315**	–
Corporation taxes	**(31)**	(34)
Profit/(Loss) after income tax expense	**323**	(1,514)

5. Revenue

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

Revenue by country	**2019 £'000**	2018 £'000
United Kingdom	**10,260**	11,026
Europe	**168**	305
Hong Kong	**1,449**	1,551
Singapore	**439**	709
Australia	**1,093**	3,197
USA	**–**	4
	13,408	16,792

There was one client in the United Kingdom who accounted for £2.3 million or 17% of Group revenue (2018: £1.8 million: 11%)

6. Finance costs

	2019 £'000	2018 £'000
Interest expense on invoice discounting facility	**52**	55
	52	55

7. Employees' remuneration

(a) Staff costs

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

	2019 £'000	2018 £'000
Wages and salaries	**2,769**	3,675
Social security	**211**	356
Other pension costs	**54**	22
	3,034	4,053

(b) Staff numbers

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

	2019 Number	2018 Number
Sales	**35**	52
Finance and administration	**15**	11
Management	**3**	12
	53	75

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

8. Directors' remuneration

Aggregate remuneration

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

	2019 £'000	2018 £'000
Emoluments	**179**	508
Money purchase pension contributions	**–**	16
	179	524

(a) Directors' remuneration

	Fees/basic salary 2019 £'000	Other amounts/ benefits 2019 £'000	Total emoluments 2019 £'000	Money purchase pension contri-butions 2019 £'000	National Insurance 2019 £'000	Total 2019 £'000	Total 2018 £'000
Executive							
M de Lacy (resigned 27.10.2017)	**–**	**–**	**–**	**–**	**–**	**–**	66
A Williams (appointed 26.01.2018)	**120**	**–**	**120**	**–**	**15**	**135**	36
P Meehan (appointed 20.11.2018)	**19**	**–**	**19**	**–**	**–**	**19**	–
P Goodship (resigned 11.07.2018)	**29**	**1**	**30**	**–**	**3**	**33**	137
A Watson (resigned 09.04.2018)	**–**	**–**	**–**	**–**	**–**	**–**	138
R Sheffield (resigned 11.09.2017)	**–**	**–**	**–**	**–**	**–**	**–**	122
Non-executive							
M Clelland (appointed 24.07.2018)	**11**	**–**	**11**	**–**	**1**	**12**	–
J Higham (resigned 25.05.2018)	**–**	**–**	**–**	**–**	**–**	**–**	11
T Sheffield (appointed 26.01.2018)	**–**	**–**	**–**	**–**	**–**	**–**	–
K Ford (resigned 26.01.2018)	**–**	**–**	**–**	**–**	**–**	**–**	14
Aggregate emoluments	**179**	**1**	**180**	**–**	**19**	**199**	524

The highest paid director was Andrea Williams (2018: Angus Watson).

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

(b) Directors' pension entitlements

During the year there were no directors in the Company pension scheme (2018: three).

(c) Directors' share options and interests

Details of directors' share options and interests are shown in the directors' remuneration report on page 16.

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

9. Operating profit/(loss)

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

The analysis of auditor's remuneration is as follows:

	2019 £'000	2018 £'000
Remuneration received by Company's auditor or an associate of the Company's auditor:		
Company annual accounts	**5**	5
Group annual accounts	**10**	10
	15	15
Other fees payable to the Company's auditors:		
Audit of subsidiary companies	**8**	48
Tax compliance	**5**	10
	28	73
Amortisation of intangibles	**–**	37
Impairment of goodwill	**–**	487
Depreciation of equipment	**18**	56
Loss on disposal of fixed asset and exchange	**11**	–
Foreign exchange gain/(loss)	**24**	(72)
Operating lease rentals:		
Property	**140**	492
Plant and equipment	**2**	13
Staff costs (Note 7)	**3,304**	4,053

10. Income tax expense

	2019 £'000	2018 £'000
Comprising:		
Current tax charge	**(6)**	5
Deferred tax from timing difference between depreciation and capital allowance	**(2)**	1
Deferred tax from trading losses	**39**	28
	31	34

The relationship between the expected tax expense based on the effective tax rate of the Group at 19% (2018: 19%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	2019 £'000	2018 £'000
Result for the year before taxation	**354**	(1,480)
Expected tax expense	**67**	(282)
Expenses/(Income) not deductible for tax purposes	**(66)**	108
Unrecognised deferred tax	**33**	266
Difference in tax rates between UK and overseas	**(3)**	(58)
Total income tax expense	**31**	34

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

11. Earnings/(Loss) per share

	2019			2018		
	Profit £'000	**Weighted average number of shares '000**	**Loss per share p**	Profit £'000	Weighted average number of shares '000	Earnings per share p
Basic and diluted profit/(loss) per share	**323**	**117,607**	**0.27**	(1,514)	117,607	(1.29)

The weighted average number of shares excludes 183,953 (2018: 183,953) shares held by the Employee Share Benefit Trust.

12. Intangible assets

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

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

	Software £'000	**Goodwill £'000**	**Customer Relationship £'000**	**Database £'000**	**Total £'000**
Cost:					
At 1 April 2017	167	487	647	227	1,528
At 31 March 2018	–	–	–	–	–
Amortisation/impairment:					
At 1 April 2017	167	–	610	227	1004
Charge for year	–	487	37	–	524
At 31 March 2018	167	487	647	227	1,528
Net book amount:					
At 31 March 2018	–	–	–	–	–
At 31 March 2017	–	487	37	–	524

13. Goodwill

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

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

	Nakama London £'000	Nakama Hong Kong £'000	Nakama Sydney £'000	Nakama Melboune £'000	Total £'000
Cost:					
At 1 April 2018	255	28	168	36	487
At 31 March 2019	255	28	168	36	487
Impairment:					
As at 1 April 2018	255	28	168	36	487
Charge for the year	–	–	–	–	–
As at 31 March 2019	255	28	168	36	487
Net book amount:					
As at 31 March 2019	–	–	–	–	–
As at 31 March 2018	–	–	–	–	–

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

14. Property, plant and equipment

	Improvements to property £'000	Computer equipment £'000	Furniture, fittings and office equipment £'000	Total £'000
Cost:				
At 1 April 2018	**118**	**284**	**149**	**551**
Additions	**–**	**–**	**–**	**–**
Disposals	**(25)**	**(138)**	**(101)**	**(264)**
At 31 March 2019	**91**	**146**	**48**	**287**
Depreciation:				
At 1 April 2018	**113**	**272**	**129**	**514**
Charge for the year	**2**	**9**	**7**	**18**
Disposals	**(24)**	**(138)**	**(92)**	**(241)**
Foreign exchange difference	**–**	**(5)**	**–**	**(5)**
At 31 March 2019	**91**	**143**	**43**	**279**
Net book value 31 March 2019	**–**	**3**	**5**	**8**

	Improvements to property £'000	Computer equipment £'000	Furniture, fittings and office equipment £'000	Total £'000
Cost:				
At 1 April 2017	124	321	149	594
Additions	–	9	5	14
Disposals	(2)	(36)	(1)	(39)
Foreign exchange difference	(4)	(10)	(4)	(18)
At 31 March 2018	118	284	149	551
Depreciation:				
At 1 April 2017	110	287	111	508
Charge for the year	11	25	20	56
Disposals	(5)	(32)	–	(37)
Foreign exchange difference	(3)	(8)	(2)	(13)
At 31 March 2018	113	272	129	514
Net book value 31 March 2018	5	12	20	37
Net book value 31 March 2017	14	34	38	86

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

15. Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	**1,488**	2,652
Other receivables	**–**	34
Prepayments and accrued income	**111**	184
	1,599	2,870

All amounts are receivable within one year. The carrying value of trade receivables is considered a reasonable approximation of fair value. All of the have the receivables have been reviewed for indicators of impairment and no provision (2018: £nil) has been considered necessary. Some of the unimpaired trade the receivables are past due as at the reporting date. The age of trade receivables past due but not impaired is as follows:

	2019 £'000	2018 £'000
More than one month but not more than 3 months	**250**	983
More than 3 months but not more than 6 months	**87**	64
	337	1,047

16. Trade and other receivables

	2019 £'000	2018 £'000
Trade payables	**654**	712
Other taxes and social security costs	**273**	897
Accruals and deferred income	**224**	416
	1,151	2,025

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

	2019 £'000	2018 £'000
0 to 30 days	**77**	250
31 to 60 days	**31**	456
61 to 120 days	**–**	6
	108	712

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 reviewed the ongoing claim and is of the opinion that no liability exists. Consequently, no provision has been included within these financial statements.

17. Borrowings

	2019 £'000	2018 £'000
Current liabilities	**438**	1,217
Invoice discounting	**438**	1,217

The Group has confidential invoice discounting facilities of £2,500,000 (2018: £2,500,000). The facilities are secured by cross guarantees and debentures. The carrying values are to be considered to be a reasonable approximation of fair value. All the borrowings relate to the UK operations.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

18. Commitments

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

	2019		2018	
	Land and buildings £'000	**Other '000**	Land and buildings £'000	Other '000
Not later than one year	**89**	**3**	319	13
Later than 1 year and not later than 5 years	**–**	**–**	28	8
Later than 5 years	**–**	**–**	–	–
	89	**3**	347	21

Lease payments recognised as an expense during the year amount to £354,000 (2018: £505,000). No sublease income is expected as all assets held under lease agreements are used exclusively by the Group. All leases relate to offices and office equipment.

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

19. Deferred tax

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

	2019 £'000	2018 £'000
Movement on deferred taxation balance in the period		
As at 1 April	**55**	84
(Charge)/credit to profit and loss	**(37)**	(29)
As at 31 March	**18**	55

	2019 £'000	2018 £'000
Available trading losses	**–**	39
Accelerated capital allowances	**18**	16
Deferred tax asset	**18**	55

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

	2019 £'000	2018 £'000
UK losses	**1,124**	904
Accelerated capital allowances	**83**	56
	1,207	960

20. Related party transactions and controlling related party

The Group's related parties include its Board of Directors. Details of the Directors' remuneration are given in note 8. During the year Nakama Singapore sold services to Sheffield Haworth, a major shareholder, to the value of £118,000 (2018: £100,000). The balance outstanding from Sheffield Haworth on 31 March 2019 was £57,000 (2018: £30,000). These transactions were all in line with an agreement between the Group and Sheffield Haworth. There were no other related party transactions.

21. Financial risk management objectives and policies

Financial instruments

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

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

Interest rate risk

The Group finances its operations through invoice discounting. The Group borrows in Pounds Sterling through the invoice discounting facility.

The invoice discounting facilities are charged at 1.5% above the UK base rate. Cash deposits are non-interest bearing unless placed on money markets at overnight rates. The Group is therefore exposed to changes in interest rates primarily through its invoice discounting facility. An increase of 100 basis points in interest rates would have increased the loss to the Group and reduced equity by £4,000 (2018: £12,000).

Liquidity risk

The Group manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands including on a day-to-day and week-to-week basis, as well as on a monthly basis. As at 31 March 2019 all of the Group's financial liabilities are contractually due within six months of the statement of financial position date. The majority of working capital is provided through the invoice discounting facility; additional draw down of these payments are directly related to the trade receivables. The Group's liquidity needs are assessed periodically.

Capital management policies and procedures

The Group's capital management objectives are:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

21. Financial risk management objectives and policies continued

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

Capital	**2019 £'000**	2018 £'000
Total equity	**202**	(139)
	202	(139)
Overall financing		
Total equity	**202**	(139)
Plus net borrowings	**438**	1,217
	640	1,078
Capital-to-overall financing ratio	**32%**	(12.9%)

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

Credit risk

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

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

Currency risk

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

	2019 £'000	2018 £'000
Hong Kong Dollar	**187**	200
Singapore Dollar	**86**	84
Australian Dollar	**–**	130
Euros	**–**	59
Total	**273**	473

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

	2019 £'000	2018 £'000
Hong Kong Dollar	**(9)**	(10)
Singapore Dollar	**(4)**	(4)
Australian Dollar	**–**	(6)
Euros	**–**	(3)
Total	**(13)**	(23)

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

Summary of financial assets and liabilities by category

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

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

Statement of financial position headings	Cash, loans and receivables 2018 £'000	Non financial assets 2018 £'000	Financial liabilities at amortised cost 2018 £'000	Non financial liabilities 2018 £'000	Total for statement of financial position heading 2018 £'000
Trade receivables	2,652	–	–	–	2,652
Cash at bank	141	–	–	–	141
Other receivables	–	34	–	–	34
Prepayments	–	184	–	–	184
Trade payables	–	–	(712)	–	(712)
Other taxes and social security costs	–	–	–	(897)	(897)
Accruals	–	–	(416)	–	(416)
Borrowings	–	–	(1,217)	–	(1,217)
Total	2,793	218	(2,345)	(897)	(231)

The fair values of the financial assets and liabilities at 31 March 2019 and 31 March 2018 are not materially different from their book values.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

22. Employee share schemes

(a) EMI option scheme

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

As at 31 March 2019, 2,235,284 (2018:3,470,559) of the share options granted with an average weighted exercise price of 2.5p (2018: 2.1p) have not yet lapsed. The fair value of the share options is immaterial.

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

(b) Employee Share Benefit Trust

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

The Company did not make any contributions to the Trust during the year (2018: £nil). The Trust holds 183,953 shares in the Company, with a market value of £1,647 (2018: 183,953 shares at a market value of £1,471). These shares were purchased at a cost of £61,000.

No shares have been transferred to employees or were under option as at 31 March 2019. The Trust's only other asset at 31 March 2019 was cash at bank of £2,080 (2018: £2,080) which is included in the Group's statement of financial position as part of cash and cash equivalents. The Trust had no liabilities.

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

23. Share capital

	At 31 March 2019 £'000	At 31 March 2018 £'000
Authorised		
5,603,514,584 Ordinary 0.01p shares	**560**	560
31,875,568 Deferred shares at 4.99p	**1,590**	1,590
	2,150	2,150

	At 31 March 2019 £'000	At 31 March 2018 £'000
Allotted, called up and fully paid		
117,791,441 Ordinary 0.01p shares	**12**	12
31,875,568 Deferred shares at 4.99p	**1,590**	1,590
	1,602	1,602

	2019 Number	2018 Number
Movement in Ordinary shares		
Total number of shares in issue	**117,791,441**	117,791,441
Deferred shares		
Deferred shares of 4.99p	**31,875,568**	31,875,568

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

24. Notes Supporting the Statement of Cash Flow

	2019 £'000	2018 £'000
Net Debt at 31 Mar 2018	**1,217**	1,471
Cash Flow	**779**	(254)
Net Debt at 31 Mar 2019	**438**	1,217

25. Post Balance Sheet Event

There were no significant events since the balance sheet date.

26. Contingency 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 reviewed the ongoing claim and is of the opinion that no liability exists. Consequently, no provision has been included within these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	Note	**2019 £'000**	2018 £'000
Fixed assets			
Tangible assets	4	**–**	–
Investments	5	**182**	182
		182	182
Current assets			
Debtors: amount due within one year	6	**251**	304
Cash at bank and in hand		**3**	6
		254	310
Creditors: amount falling due within one year	7	**(117)**	(122)
Net current assets		**137**	188
Total assets less current liabilities being net assets		**319**	370
Capital and reserves			
Called up share capital	9	**1,602**	1,602
Share premium account		**2,580**	2,580
Merger reserve		**297**	297
Employee share benefit trust reserve		**(61)**	(61)
Profit and loss account		**(4,099)**	(4,048)
Shareholders' funds		**319**	370

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss in these financial statements and is reporting under FRS 101. The loss for the financial year was £51,000 (2018: Loss of £1,897,000).

The financial statements were approved by the Board of Directors and authorised for issued on 18 September 2019.

Tim Sheffield
Chairman

Robert Thesiger
Chief Executive Officer

The notes on pages 46 to 50 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2019

	Share capital £'000	Share premium £'000	Merger reserve £'000	Employee share benefit reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2017	1,602	2,580	297	(61)	(2,151)	**2,267**
Loss for the year	–	–	–	–	(1,897)	**(1,897)**
Total comprehensive income for the year	–	–	–	–	(1,897)	**(1,897)**
At 1 April 2018	1,602	2,580	297	(61)	(4,048)	**370**
Comprehensive income for the year						
Loss for the year	–	–	–	–	(51)	**(51)**
Total comprehensive income for the year	–	–	–	–	(51)	**(51)**
At 31 March 2019	**1,602**	**2,580**	**297**	**(61)**	**(4,099)**	**319**

The notes on pages 46 to 50 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. Principal accounting policies

Basis of preparation

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

Going–concern

The Directors have considered forecasts for the next 12 months and, whilst the Group is not achieving the revenue that it is currently targeting, it is outperforming previous years and turnaround plans are progressing. In common with many businesses revenue is inherently uncertain, however the Directors believe that the Group is financially strong enough to complete the turnaround process and believe that the Group and Company will be able to trade within its existing facilities and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. Therefore, the financial statements have been prepared on a going concern basis.

Application of FRS 100 and 101

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

Disclosure exemptions adopted

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

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

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

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

Tangible fixed assets

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

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

Investments

Investments are stated at cost less provision for impairment.

Leased assets

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

Current taxation

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

Deferred taxation

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

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

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

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

Share based payments

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

Foreign currencies

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

Financial guarantee contracts

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

Critical accounting judgements and estimates

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

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

2. Directors' remuneration

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

(a) Staff costs

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

	2019 £'000	2018 £'000
Wages and salaries	**236**	164
Social security	**27**	19
Other pension costs	**–**	–
	263	183

(b) Staff numbers

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

	2019 Number	2018 Number
Management	**3**	3

3. Auditors' remuneration

Auditors' remuneration attributable to the Company is as follows:

	2019 £'000	2018 £'000
Audit fees – statutory audit	**5**	5

4. Tangible fixed assets

	Leasehold improvements £'000	Computer equipment £'000	Furniture, fittings and office equipment £'000	Total £'000
Cost:				
At 1 April 2018	80	93	52	225
Disposals in the year	–	(72)	(52)	(124)
At 31 March 2019	80	21	–	101
Depreciation:				
At 1 April 2018	80	93	52	225
Provided in the year including disposals	–	(72)	(52)	(124)
At 31 March 2019	80	21	–	101
Net book amount:				
At 31 March 2019	–	–	–	–
At 31 March 2018	–	–	–	–

5. Investments

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

	2019 £'000	2018 £'000
Investment	**182**	1,176
Impairment charge for the year	**–**	(994)
Net investment	**182**	182

The value carried relates to the acquisition of Nakama Limited on 14 October 2011. Following the investment impairment review undertaken, it was clear that Highams Recruitment Limited and Nakama Hong Kong are profitable and projected to continue making positive cash flow. Therefore, the Board has decided there was no impairment to the value of the investment (2018: £994,000).

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

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

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

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

Nakama Sydney and Nakama Melbourne were liquidated during the year hence ownership is 0% (2018:100%)

6. Debtors

	2019 £'000	2018 £'000
Prepayments and accrued income	**8**	23
Amounts due from subsidiary undertakings	**243**	284
	251	304

7. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	**72**	53
Accruals and deferred income	**35**	59
Amount due to subsidiary undertaking	**10**	10
	117	122

At the time of signing these financial statements, there is an ongoing claim for the repayment of intercompany balances with Nakama Sydney. The Company has reviewed the ongoing claim and is of the opinion that no liability exists. Consequently, no provision has been included within these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

8. Commitments

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

	Land and buildings 2019 £'000	Land and buildings 2018 £'000
Not later than one year	**–**	22
Later than 1 year and not later than 5 years	**–**	–
Later than 5 years	**–**	–
	–	22

9. Share capital

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

10. Contingent liabilities

The Company is subject to cross guarantees and debentures in relation to the invoice discounting facility that resides in the subsidiary companies. At the 31 March 2019 the invoice discounting overdraft amounted to £438,000 (2017: £1,217,000).

At the time of signing these financial statements, there is an ongoing claim for the repayment of intercompany balances with Nakama Sydney. The Company has reviewed the ongoing claim and is of the opinion that no liability exists. Consequently, no provision has been included within these financial statements.

NAKAMA GROUP PLC
QUADRANT HOUSE
33/45 CROYDON ROAD
CATERHAM, SURREY, CR3 6PB

T +44 (0) 1883 341144
F +44 (0) 1883 346699
E hello@nakamaglobal.com
www.nakamaglobal.com