Staffline Group Plc

Unaudited company financial statements

For the period 1 January 2023 to 24 July 2023

Company number 05268636

Registered in England and Wales

Staffline Group Plc

Unaudited Company profit and loss account

For the period 1 January 2023 to 24 July 2023

	Note	**Period ended 24 July 2023 £m**	Year ended 31 December 2022 £m
Administrative expenses		-	-
Operating profit before exceptional costs		-	-
Non-underlying costs	4	-	(5.7)
Operating loss		-	(5.7)
Derivative fair value gain	8	**0.1**	2.4
Interest receivable	5	**1.7**	1.7
Interest payable	5	**(0.1)**	(0.1)
Dividends received		-	0.1
Profit/(loss) on ordinary activities before tax		**1.7**	(1.6)
Taxation	11	**(0.4)**	(1.0)
Profit/(loss) for the period		**1.3**	(2.6)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Staffline Group Plc
Unaudited statement of changes in equity
For the period ended 24 July 2023

	Share capital £m	Own shares £m	Share premium £m	Profit and loss account £m	Total equity £m
At 1 January 2023	**16.6**	**(4.5)**	**111.8**	**(27.0)**	**96.9**
Shares issued to management	-	0.3	-	(0.3)	-
Own shares purchased	-	(0.5)	-	-	(0.5)
Transactions with owners	**-**	**(0.2)**	**-**	**(0.3)**	**(0.5)**
Profit for the period	-	-	-	1.3	1.3
Cancellation of share premium	-	-	(111.8)	111.8	-
Total comprehensive income for the period, net of tax	**-**	**-**	**(111.8)**	**113.1**	**1.3**
At 24 July 2023	**16.6**	**(4.7)**	**-**	**85.8**	**97.7**

At the Company's Annual General Meeting held on 12 June 2023, the Company's shareholders approved a special resolution to cancel the entire amount standing to the credit of the Company's share premium account, subject to the approval of the High Court of England and Wales. Approval was granted by the Court on 18 July 2023 and as a result the Company has distributable reserves of £85.8m with effect from 24 July 2023, being the date that the Court's decision was registered at Companies House.

Staffline Group Plc

Unaudited Company balance sheet

As at 24 July 2023

	Note	**24 July 2023 £m**	31 December 2022 £m
Non-current assets			
Investments	6	**68.4**	59.6
Deferred tax asset	11	**-**	0.4
		68.4	60.0
Current assets			
Trade and other receivables	7	**2.4**	3.2
Derivative financial instruments	8	**3.1**	3.0
Cash and cash equivalents	9	**0.1**	0.1
		5.6	6.3
Debtors: amounts falling due after more than one year	7	**24.3**	32.2
Total assets		**98.3**	98.5
Current liabilities			
Payables: amounts falling due within one year	10	**-**	1.0
		-	1.0
Non-current liabilities			
Deferred tax liabilities	11	**0.6**	0.6
		0.6	0.6
Total liabilities		**0.6**	1.6
Capital and reserves			
Share capital	12	**16.6**	16.6
Own shares		**(4.7)**	(4.5)
Share premium account	13	**-**	111.8
Profit and loss account		**85.8**	(27.0)
Total equity		**97.7**	96.9
Total equity and liabilities		**98.3**	98.5

The financial statements on pages 2 to 9 were approved by the Board of Directors on 25 July 2023 and signed on their behalf by:

Daniel Quint

Director

Staffline Group Plc

Notes to the unaudited financial statements

For the period ended 24 July 2023

1 Nature of operations

Staffline Group plc is the ultimate parent company of the Staffline group of companies. The Staffline group provides recruitment and outsourced human resource services to industry and skills and employment training and support.

2 General information

Staffline Group plc, a Public Limited Company limited by shares listed on AIM (the "Company"), is incorporated and domiciled in England, United Kingdom. The registered office and principal places of business of the Group and its subsidiary companies is disclosed in note 5. The Company's registration number is 05268636.

The financial statements for the period ended 24 July 2023 (including the comparatives for the year ended 31 December 2022) were approved and authorised for issue by the Board of Directors on 25 July 2023.

The Company does not have an ultimate controlling party. The largest shareholder held 19.8% of the Company's issued share capital at 24 July 2023.

3 Accounting policies

Basis of preparation
These financial statements are prepared for the period from 1 January 2023 to 24 July 2023 and have been prepared on a going concern basis using the significant accounting policies and measurement bases summarised below. The financial statements are prepared under the historical cost convention except for derivative financial instruments, which are measured at fair value.

Investments
Investments in the subsidiary undertakings are held at cost less provision for impairment.

Derivative financial instruments
The Company accounts for derivative financial instruments at fair value through profit and loss.

Deferred taxation
Deferred tax liabilities are provided for in full if material. Deferred tax assets are recognised if it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Equity
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Share capital is determined using the nominal value of shares that have been issued.

Own shares represents the cost of shares acquired by the Employee Benefit Trust. This Trust is deemed to be controlled by the Company, resulting in the "Own shares" being deducted from equity.

Staffline Group Plc
Notes to the unaudited financial statements (continued)
For the period ended 24 July 2023

Equity (continued)

The profit and loss account includes all current and prior period results as disclosed in the statement of comprehensive income.

Deferred tax asset
The Company recognises a deferred tax asset on unused tax losses carried forward and on the timing difference between depreciation charges and tax allowances. The Company is profitable and management has determined that there is sufficient evidence to show that the tax losses will be utilised in the foreseeable future.

4 Non-underlying costs

	Period ended 24 July 2023 £m	Year ended 31 December 2022 £m
Impairment of investment in subsidiary undertaking	-	(8.2)
Subsidiary loan written off	-	2.5
	-	(5.7)

5 Finance income and cost

	Period ended 24 July 2023 £m	Year ended 31 December 2022 £m
Interest receivable	**1.7**	1.8
Interest payable	**(0.1)**	(0.1)
Net Finance income	**1.6**	1.7

6 Investments

	Investment in Group undertakings £m
Cost at 1 January 2022	**67.8**
Impairment adjustment	(8.2)
Net book amount at 31 December 2022	**59.6**
Additions – subsidiary undertaking transferred at book value	8.8
Net book amount at 24 July 2023	**68.4**

6 Investments (continued)

As at 24 July 2023, the Company holds interests in the following companies:

Subsidiaries	Proportion of Ordinary Share capital held	Country of incorporation	Nature of business
Registered office: 19–20 The Triangle, NG2 Business Park, Nottingham, England, NG2 1AE			
Staffline Recruitment Limited	100%	England and Wales	Recruitment
PeoplePlus Group Limited	100%	England and Wales	Skills and training
Agency Plus Limited*	100%	England and Wales	Dormant
A La Carte Recruitment Limited*	100%	England and Wales	Dormant
Datum RPO Limited*	100%	England and Wales	Recruitment
Driving Plus Limited*	100%	England and Wales	Transport
Endeavour Group Limited*	100%	England and Wales	Dormant
Eos Works Limited*	100%	England and Wales	Dormant
Eos Works Group Limited	100%	England and Wales	Dormant
Staffline Recruitment (NI) Limited*	100%	Northern Ireland	Recruitment
Omega Resource Group Limited*	100%	England and Wales	Dormant
One Call Recruitment Limited*	100%	England and Wales	Dormant
Passionate About People Limited*	100%	England and Wales	Dormant
IEG Limited	100%	England and Wales	Dormant
Vital Recruitment Limited*	100%	England and Wales	Dormant
Warwickshire and West Mercia Community Rehabilitation Company Limited*	100%	England and Wales	Dormant
Registered office: Cooldriona Court, Main Street, Swords, Co. Dublin, Ireland, K67 WN92			
Staffline Limited	100%	Republic of Ireland	Dormant
Staffline Recruitment (ROI) Limited*	100%	Republic of Ireland	Recruitment
Registered office: The Boat, 49 Queens Square, Belfast, BT1 3FG			
PeoplePlus (Works) NI Limited*	100%	Northern Ireland	Dormant
Registered office: 193/199 Bath Street, Glasgow, Scotland, G2 4HU			
Brightwork Limited*	100%	Scotland	Recruitment
Registered office: Rua S. Joao de Brito 605 E-4, Porto, Ramalde, 4100 455 Porto, Portugal			
Omega Recruitment, Unipessoal LDA*	100%	Portugal	Recruitment

* These companies are owned indirectly through other Group companies.

7 Trade and other receivables

	2023 £m	2022 £m
Trade and other receivables	**0.2**	0.5
Amounts due from Group undertakings	**2.2**	2.7
	2.4	3.2

Debtors: Amounts falling due after more than one year

Amounts due from Group undertakings	**24.3**	32.2

The Company has a loan agreement with a subsidiary undertaking, Staffline Recruitment Ltd, for a capital amount of £24.3m as at 24 July 2023 (31 December 2022: £32.2m). The loan is unsecured, is repayable after four years from 30 December 2021 and bears interest at a rate of 4.50% per annum. All other amounts due from Group undertakings are non-interest bearing, unsecured and repayable on demand.

The amounts held at 24 July 2023 by the Company pose no material liquidity or credit risk as they are owed by other Group undertakings and are expected to be settled by Group transactions.

8 Derivative financial instruments

	2023 £m	2022 £m
Interest rate cap	**3.3**	3.0

During 2021, the Company entered into an amortising interest rate cap instrument, which reduces the Group's exposure to interest rate increases above 1% of SONIA on an aggregated two-thirds of the Group's Receivables Finance Agreement and the customer finance arrangements. The instrument, which has a term of three years from 13 October 2021, is based on quarterly notional amounts varying between £39.5m and £62.5m, with an average of £51.9m.

The fair value of the derivative is based on market data to calculate the present value of all estimated flows associated with it at the balance sheet date. The interest rate cap is classed as a level 2 financial instrument in accordance with IFRS 13 classification hierarchy. Level 2 financial instruments are not traded in an active market, but the fair value is based on quoted market prices, broker/dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

9 Cash

	2023 £m	2022 £m
Cash and cash equivalents	**0.1**	0.1

Cash and cash equivalents consist of cash on hand and balances with banks only.

Staffline Group Plc

Notes to the unaudited financial statements (continued)

For the period ended 24 July 2023

10 Trade and other payables

	2023	2022
	£m	£m
Amounts due to Group undertakings	-	1.0

Amounts due to Group undertakings are non-interest bearing, unsecured and repayable on demand.

11 Deferred taxation

	2023	**2022**
	£m	**£m**
Deferred taxation assets	-	0.4
Deferred taxation (liabilities)	**(0.6)**	(0.6)
Net (liability)	**(0.6)**	(0.2)

12 Share capital

	2023	2022
	£m	£m
Allotted and issued		
165,767,728 Ordinary 10p Shares	**16.6**	16.6

	2023	2022
	Number	Number
Shares issued and fully paid at the beginning and end of the period	**165,767,728**	165,767,728

All Ordinary Shares have the same rights and there are no restrictions on the distribution of dividends or repayment of capital with the exception of the 3,316,391 shares held at 24 July 2023 (31 December 2022: 2,014,511 shares) by the Employee Benefit Trust where the right to dividends has been waived.

13 Share premium

At the Company's Annual General Meeting held on 12 June 2023, the Company's shareholders approved a special resolution to cancel the entire amount standing to the credit of the Company's share premium account, subject to the approval of the High Court of England and Wales. Approval was granted by the Court on 18 July 2023 and as a result the Company has distributable reserves of £85.8m with effect from 24 July 2023, being the date that the Court's decision was registered at Companies House.