

GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
ELEMENTS TALENT CONSULTANCY LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2020

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ELEMENTS TALENT CONSULTANCY LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS: D J Goldstein
R Satsangi
R McCombe

REGISTERED OFFICE: 4th Floor
32 Jamestown Road
London
NW1 7BY

REGISTERED NUMBER: 06981002 (England and Wales)

AUDITORS: Numera Partners LLP
Statutory Auditors
6th Floor
Charles House
108-110 Finchley Road
London
NW3 5JJ

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

REVIEW OF BUSINESS

The principal activity of the group for the year under review was operating a talent acquisition consultancy. The group supplies embedded talent acquisition consulting services to high-growth technology firms in the UK, Europe, the USA, and Asia.

As a result of the Covid-19 pandemic the Group experienced difficult trading conditions for much of March to September 2020. Uncertainty around the length and effect of the pandemic and the subsequent restrictions seen in all geographies that the Group operates in, the Group saw a slowdown in the hiring needs of many the Group's partners.

However, these conditions were managed by our pandemic strategy and the Group's performance improved significantly in the last few months of 2020. An improvement has continued into 2021.

The results of the Group for the year show, that despite the pandemic the Group profit before tax increased to £484,000 (2019 loss: £1,396,000). Our strategy was successful as these profits were produced after a COVID-19 revenue reduction of £370,000 in the year (2.9%).

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors and senior executives review the inherent risks in the business on a regular basis and take appropriate action. Some risks are excluded because management considers them not to be material to the group.

MARKET AND TALENT ACQUISITION INDUSTRY RISKS

The group's operations and its results are subject to a number of factors which could affect the group's business, many of which are common to the Talent Acquisition industry and beyond the group's control, such as a potential global economic downturn and changes in the structure of the tech industry. The impact of any of these factors (or a combination of them) may adversely affect sustained levels of demand for talent acquisition consultancy.

Although management seeks to identify risks at the earliest opportunity, many of these risks are beyond the control of the group. The group has in place recovery plans to enable it to respond to major incidents or crises and take steps to minimise these exposures to the greatest extent possible.

COMPETITIVE RISK

The group operates in an extremely competitive marketplace and therefore ensures that there is a close working relationship with customers both large and small. This is underpinned by regular reviews of trading performance with customers and taking a proactive approach to issues as they arise.

Internally, senior management regularly review industry trends to ensure that the group maintains its position as a market leader in embedded talent acquisition.

KEY SENIOR PERSONNEL AND MANAGEMENT

The group's key asset is its people. Elements has demonstrated for several years now, its ability to consistently attract and retain exceptional people and this remains a key strategic priority of the business.

In addition to our internal talent acquisition operation, Elements has invested heavily in the systems, structure, and processes required to support, develop and retain this talent. Elements also invests heavily to protect and develop its culture, and the group believes that strong company culture continues to be critical to the continued success of the business and its people.

A key (and increasing) aspect of this investment is the group's continuing development and growth of the senior management structure, which has evolved and responded to the growth and increasing complexity of the group.

ON BEHALF OF THE BOARD:

D J Goldstein - Director

15 July 2021

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

FUTURE DEVELOPMENTS

The group's growth trajectory is now back in line with the long-term strategic plan, having successfully navigated the severe disruption caused by the pandemic. Margin management, headcount growth, geographical reach, and operational effectiveness are all once again key strategic priorities, and the Board is satisfied with the company's revised targets and achievements to date.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

D J Goldstein

R Satsangi

Other changes in directors holding office are as follows:

R McCombe - appointed 12 March 2020

ENGAGEMENT WITH EMPLOYEES

Employee engagement is a huge priority for the business. Our people are our biggest asset and therefore, we are relentlessly focussed on their personal well-being, professional development, and ensuring that they are all comfortable within the Elements community. We regularly seek feedback across all parts of the group and scrupulously work to try to ensure that at an individual level our staff are happy in their work. Employee engagement surveys are conducted twice a year, and just as importantly, the management structure in the company ensures that all employees are individually monitored regularly throughout the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

AUDITORS

The auditors, Numera Partners LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

D J Goldstein - Director

15 July 2021

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ELEMENTS TALENT CONSULTANCY LIMITED**

Opinion

We have audited the financial statements of Elements Talent Consultancy Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the 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 Group Strategic Report or the Report of the Directors.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ELEMENTS TALENT CONSULTANCY LIMITED

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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.

Auditors' 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 a Report of the Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We consider that our procedures are highly capable of detecting irregularities, including fraud. The engagement team collectively have the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

During the planning of the audit, discussions were held with key entity staff to ensure;

- an understanding of the legal and regulatory framework,
- the entity's policies and procedures on compliance with laws and regulations,
- the entity's policies and procedures on fraud risk including knowledge of any actual, suspected or alleged fraud.

Audit procedures to detect material misstatements in respect of irregularities are outlined below:

- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

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 Report of the Auditors.

Use of our report

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

Giles Cohen (Senior Statutory Auditor)
for and on behalf of Numera Partners LLP
Statutory Auditors
6th Floor
Charles House
108-110 Finchley Road
London
NW3 5JJ

19 July 2021

Note:

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	31.12.20 £	31.12.19 £
TURNOVER	3	12,348,914	12,767,718
Cost of sales		<u>7,794,624</u>	<u>8,650,705</u>
GROSS PROFIT		4,554,290	4,117,013
Administrative expenses		<u>4,707,155</u> (152,865)	<u>5,394,083</u> (1,277,070)
Other operating income	4	<u>756,903</u>	<u>9,518</u>
OPERATING PROFIT/(LOSS)	6	604,038	(1,267,552)
Interest receivable and similar income		<u>205</u> 604,243	<u>335</u> (1,267,217)
Interest payable and similar expenses	7	<u>137,357</u>	<u>103,578</u>
PROFIT/(LOSS) BEFORE TAXATION		466,886	(1,370,795)
Tax on profit/(loss)	8	<u>(14,082)</u>	<u>25,651</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>480,968</u>	<u>(1,396,446)</u>
Profit/(loss) attributable to: Owners of the parent		<u>480,968</u>	<u>(1,396,446)</u>

CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	31.12.20	31.12.19
Notes	£	£
PROFIT/(LOSS) FOR THE YEAR	480,968	(1,396,446)
OTHER COMPREHENSIVE INCOME		
Purchase of own shares	214	160
Share options	29,217	-
Income tax relating to components of other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>29,431</u>	<u>160</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>510,399</u>	
Prior year adjustment		<u>(379,455)</u>
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		<u>(1,775,741)</u>
Total comprehensive income attributable to: Owners of the parent	<u>510,399</u>	<u>(1,775,741)</u>

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2020

	Notes	31.12.20 £	£	31.12.19 £	£
FIXED ASSETS					
Tangible assets	10		728,769		1,002,401
Investments	11		-		-
			<u>728,769</u>		<u>1,002,401</u>
CURRENT ASSETS					
Debtors	12	2,044,171		2,024,652	
Cash at bank		<u>3,116,339</u>		<u>1,525,865</u>	
		5,160,510		3,550,517	
CREDITORS					
Amounts falling due within one year	13	<u>3,693,805</u>		<u>2,623,607</u>	
NET CURRENT ASSETS			<u>1,466,705</u>		<u>926,910</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,195,474		1,929,311
CREDITORS					
Amounts falling due after more than one year	14		(1,123,785)		(1,453,750)
PROVISIONS FOR LIABILITIES	16		<u>(16,592)</u>		<u>(30,674)</u>
NET ASSETS			<u>1,055,097</u>		<u>444,887</u>
CAPITAL AND RESERVES					
Called up share capital	17		4,924		5,061
Share premium	18		2,496,246		2,396,298
Capital redemption reserve	18		814		600
Other reserves	18		29,217		-
Retained earnings	18		<u>(1,476,104)</u>		<u>(1,957,072)</u>
SHAREHOLDERS' FUNDS			<u>1,055,097</u>		<u>444,887</u>

The financial statements were approved by the Board of Directors and authorised for issue on 15 July 2021 and were signed on its behalf by:

D J Goldstein - Director

COMPANY BALANCE SHEET
31 DECEMBER 2020

	Notes	31.12.20 £	£	31.12.19 £	£
FIXED ASSETS					
Tangible assets	10		727,690		998,386
Investments	11		<u>25,637</u>		<u>25,637</u>
			753,327		1,024,023
CURRENT ASSETS					
Debtors	12	2,459,245		2,057,316	
Cash at bank		<u>2,596,333</u>		<u>1,380,687</u>	
		5,055,578		3,438,003	
CREDITORS					
Amounts falling due within one year	13	<u>3,528,413</u>		<u>2,587,195</u>	
NET CURRENT ASSETS			<u>1,527,165</u>		<u>850,808</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,280,492		1,874,831
CREDITORS					
Amounts falling due after more than one year	14		(1,123,785)		(1,453,750)
PROVISIONS FOR LIABILITIES	16		<u>(16,592)</u>		<u>(30,674)</u>
NET ASSETS			<u>1,140,115</u>		<u>390,407</u>
CAPITAL AND RESERVES					
Called up share capital	17		4,924		5,061
Share premium			2,496,246		2,396,298
Capital redemption reserve			814		600
Other reserves			29,217		-
Retained earnings			<u>(1,391,086)</u>		<u>(2,011,552)</u>
SHAREHOLDERS' FUNDS			<u>1,140,115</u>		<u>390,407</u>
Company's profit/(loss) for the financial year			<u>620,466</u>		<u>(1,637,138)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 15 July 2021 and were signed on its behalf by:

D J Goldstein - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2019	5,076	(181,331)	2,498,033
Prior year adjustment	-	(379,455)	-
As restated	<u>5,076</u>	<u>(560,786)</u>	<u>2,498,033</u>
Changes in equity			
Deficit for the year	-	(1,396,446)	-
Other comprehensive income	-	160	-
Total comprehensive income	<u>-</u>	<u>(1,396,286)</u>	<u>-</u>
Issue of share capital	(15)	-	(101,735)
Balance at 31 December 2019	<u>5,061</u>	<u>(1,957,072)</u>	<u>2,396,298</u>
Changes in equity			
Profit for the year	-	480,968	-
Other comprehensive income	-	-	-
Total comprehensive income	<u>-</u>	<u>480,968</u>	<u>-</u>
Issue of share capital	(137)	-	99,948
Total transactions with owners, recognised directly in equity	<u>(137)</u>	<u>-</u>	<u>99,948</u>
Balance at 31 December 2020	<u>4,924</u>	<u>(1,476,104)</u>	<u>2,496,246</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 January 2019	600	-	2,322,378
Prior year adjustment	-	-	(379,455)
As restated	600	-	1,942,923
Changes in equity			
Deficit for the year	-	-	(1,396,446)
Other comprehensive income	-	-	160
Total comprehensive income	-	-	(1,396,286)
Issue of share capital	-	-	(101,750)
Balance at 31 December 2019	600	-	444,887
Changes in equity			
Profit for the year	-	-	480,968
Other comprehensive income	214	29,217	29,431
Total comprehensive income	214	29,217	510,399
Issue of share capital	-	-	99,811
Total transactions with owners, recognised directly in equity	-	-	99,811
Balance at 31 December 2020	814	29,217	1,055,097

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2019	5,076	4,881	2,498,033
Prior year adjustment	-	(379,455)	-
As restated	<u>5,076</u>	<u>(374,574)</u>	<u>2,498,033</u>
Changes in equity			
Deficit for the year	-	(1,637,138)	-
Other comprehensive income	-	160	-
Total comprehensive income	<u>-</u>	<u>(1,636,978)</u>	<u>-</u>
Issue of share capital	(15)	-	(101,735)
Balance at 31 December 2019	<u>5,061</u>	<u>(2,011,552)</u>	<u>2,396,298</u>
Changes in equity			
Profit for the year	-	620,466	-
Other comprehensive income	-	-	-
Total comprehensive income	<u>-</u>	<u>620,466</u>	<u>-</u>
Issue of share capital	(137)	-	99,948
Total transactions with owners, recognised directly in equity	<u>(137)</u>	<u>-</u>	<u>99,948</u>
Balance at 31 December 2020	<u>4,924</u>	<u>(1,391,086)</u>	<u>2,496,246</u>

COMPANY STATEMENT OF CHANGES IN EQUITY - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 January 2019	600	-	2,508,590
Prior year adjustment	-	-	(379,455)
As restated	600	-	2,129,135
Changes in equity			
Deficit for the year	-	-	(1,637,138)
Other comprehensive income	-	-	160
Total comprehensive income	-	-	(1,636,978)
Issue of share capital	-	-	(101,750)
Balance at 31 December 2019	600	-	390,407
Changes in equity			
Profit for the year	-	-	620,466
Other comprehensive income	214	29,217	29,431
Total comprehensive income	214	29,217	649,897
Issue of share capital	-	-	99,811
Total transactions with owners, recognised directly in equity	-	-	99,811
Balance at 31 December 2020	814	29,217	1,140,115

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	31.12.20 £	31.12.19 £
Cash flows from operating activities			
Cash generated from operations	1	1,885,231	317,836
Interest paid		(108,140)	(103,578)
Tax paid		-	(6,424)
Net cash from operating activities		<u>1,777,091</u>	<u>207,834</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(8,953)	(289,354)
Interest received		205	335
Net cash from investing activities		<u>(8,748)</u>	<u>(289,019)</u>
Cash flows from financing activities			
Loan repayments in year		(96,157)	(69,241)
Capital repayments in year		(185,348)	(188,853)
Amount introduced by directors		-	2,963
Amount withdrawn by directors		3,858	(6,821)
Share issue		99,778	-
Share buyback		-	(101,575)
Net cash from financing activities		<u>(177,869)</u>	<u>(363,527)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,590,474</u>	<u>(444,712)</u>
Cash and cash equivalents at beginning of year	2	1,525,865	1,970,577
Cash and cash equivalents at end of year	2	<u>3,116,339</u>	<u>1,525,865</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.20	31.12.19
	£	£
Profit/(loss) before taxation	466,886	(1,370,795)
Depreciation charges	288,170	250,534
Foreign exchange losses	(23,970)	53,715
Finance costs	137,357	103,578
Finance income	<u>(205)</u>	<u>(335)</u>
	868,238	(963,303)
Decrease in stocks	18,632	37,901
Increase in trade and other debtors	(23,377)	(257,978)
Increase in trade and other creditors	<u>1,021,738</u>	<u>1,501,216</u>
Cash generated from operations	<u>1,885,231</u>	<u>317,836</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>3,116,339</u>	<u>1,525,865</u>

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>1,525,865</u>	<u>1,970,577</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20	Cash flow	At 31.12.20
	£	£	£
Net cash			
Cash at bank	<u>1,525,865</u>	<u>1,590,474</u>	<u>3,116,339</u>
	<u>1,525,865</u>	<u>1,590,474</u>	<u>3,116,339</u>
Debt			
Finance leases	(720,636)	185,348	(535,288)
Debts falling due within 1 year	(96,157)	28,221	(67,936)
Debts falling due after 1 year	<u>(67,936)</u>	<u>67,936</u>	<u>-</u>
	<u>(884,729)</u>	<u>281,505</u>	<u>(603,224)</u>
Total	<u>641,136</u>	<u>1,871,979</u>	<u>2,513,115</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. **STATUTORY INFORMATION**

Elements Talent Consultancy Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the date of acquisition. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business has been fully amortised in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Fixtures and fittings	- 20% on cost
Computer equipment	- 50% on cost

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Impairment of fixed assets

At each reporting period end date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. **ACCOUNTING POLICIES - continued**

Financial instruments

The Group has elected to apply the provisions of section 11 'basic financial instruments' and section 12 'other financial instruments issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's balance sheet when the Group becomes party to contractual provisions of the instruments.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic Financial instruments

Basic financial instruments, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairments at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in the profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cashflows from the asset expire or are settled, or when the Group transfers the financial assets and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest method.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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 the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful economic life.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Share based payments

Where share options are awarded to employees, the fair value at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Government grants

Government grants are accounted for based on the performance model. A grant that does not impose specific future performance-related conditions on the recipient is recognised in income when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the recipient is recognised in income only when the performance-related conditions are met.

Going concern

The uncertainty as to the future impact on the Group of the ongoing Covid-19 pandemic in particular has been considered as part of the Group's adoption of the going concern basis. We have not observed any ongoing material impact on the Group's activities. Additionally the Group has significant cash at bank which has increased during 2020.

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group, therefore continues to adopt the going concern policy in preparing its financial statements.

3. TURNOVER

The turnover and profit (2019 - loss) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	31.12.20	31.12.19
	£	£
United Kingdom	3,196,246	3,601,029
Europe	8,334,877	8,751,916
Asia	817,791	414,773
	<u>12,348,914</u>	<u>12,767,718</u>

4. OTHER OPERATING INCOME

	31.12.20	31.12.19
	£	£
Sundry receipts	-	9,518
Government Grants	756,903	-
	<u>756,903</u>	<u>9,518</u>

5. EMPLOYEES AND DIRECTORS

	31.12.20	31.12.19
	£	£
Wages and salaries	9,244,494	8,995,707
Other pension costs	197,325	150,670
	<u>9,441,819</u>	<u>9,146,377</u>

The average number of employees during the year was as follows:

	31.12.20	31.12.19
Administrative	30	30
Operational	141	132
	<u>171</u>	<u>162</u>

	31.12.20	31.12.19
	£	£
Directors' remuneration	324,887	331,238
Directors' long term incentive schemes	3,344	19,953
	<u>328,231</u>	<u>351,191</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

5. **EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director is as follows:

	31.12.20	31.12.19
	£	£
Emoluments etc	<u>328,231</u>	<u>351,191</u>

6. **OPERATING PROFIT/(LOSS)**

The operating profit (2019 - operating loss) is stated after charging/(crediting):

	31.12.20	31.12.19
	£	£
Hire of plant and machinery	14,393	18,165
Other operating leases	862,888	862,342
Depreciation - owned assets	282,585	227,897
Auditors' remuneration	20,000	16,250
Foreign exchange differences	<u>(23,970)</u>	<u>53,715</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.20	31.12.19
	£	£
Bank loan interest	105,446	103,578
Int. on PAYE, VAT, Corp Tax	2,694	-
Share option expense	<u>29,217</u>	<u>-</u>
	<u>137,357</u>	<u>103,578</u>

8. **TAXATION**

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	31.12.20	31.12.19
	£	£
Deferred tax	<u>(14,082)</u>	<u>25,651</u>
Tax on profit/(loss)	<u>(14,082)</u>	<u>25,651</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Tax effects relating to effects of other comprehensive income

		31.12.20		
	Gross	Tax		Net
	£	£		£
Purchase of own shares	214	-		214
Share options	<u>29,217</u>	<u>-</u>		<u>29,217</u>
	<u>29,431</u>	<u>-</u>		<u>29,431</u>
		31.12.19		
	Gross	Tax		Net
	£	£		£
Purchase of own shares	<u>160</u>	<u>-</u>		<u>160</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

8. **TAXATION - continued**

The company has estimated losses of £212,113 available to carry forward against future trading profits.

Capitalised fixed assets costs have created timing differences in respect of tax. The company has an estimated deferred tax liability, at 19%, of £16,592.

9. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

10. **TANGIBLE FIXED ASSETS**

Group

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2020	1,178,252	119,943	1,298,195
Additions	<u>6,383</u>	<u>2,570</u>	<u>8,953</u>
At 31 December 2020	<u>1,184,635</u>	<u>122,513</u>	<u>1,307,148</u>
DEPRECIATION			
At 1 January 2020	194,821	100,973	295,794
Charge for year	<u>270,787</u>	<u>11,798</u>	<u>282,585</u>
At 31 December 2020	<u>465,608</u>	<u>112,771</u>	<u>578,379</u>
NET BOOK VALUE			
At 31 December 2020	<u>719,027</u>	<u>9,742</u>	<u>728,769</u>
At 31 December 2019	<u>983,431</u>	<u>18,970</u>	<u>1,002,401</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020	2019
£ £		
Fixtures & fittings	557,828	777,030

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

10. **TANGIBLE FIXED ASSETS - continued**

Company	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2020	1,178,252	114,924	1,293,176
Additions	6,383	1,999	8,382
At 31 December 2020	<u>1,184,635</u>	<u>116,923</u>	<u>1,301,558</u>
DEPRECIATION			
At 1 January 2020	194,821	99,969	294,790
Charge for year	270,787	8,291	279,078
At 31 December 2020	<u>465,608</u>	<u>108,260</u>	<u>573,868</u>
NET BOOK VALUE			
At 31 December 2020	<u>719,027</u>	<u>8,663</u>	<u>727,690</u>
At 31 December 2019	<u>983,431</u>	<u>14,955</u>	<u>998,386</u>

11. **FIXED ASSET INVESTMENTS**

Company	Shares in group undertakings £
COST	
At 1 January 2020 and 31 December 2020	<u>25,637</u>
NET BOOK VALUE	
At 31 December 2020	<u>25,637</u>
At 31 December 2019	<u>25,637</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Elements Talent Solutions Pty Ltd

Registered office: PO BOX 3068, Mornington, VIC 3931, Australia
 Nature of business: Consultancy services

Class of shares:	%
Ordinary	holding 100.00

Elements Talent Solutions PTE. Limited

Registered office: 138 Cecil Street, #12-01A Cecil Court Singapore 069538
 Nature of business: Consultancy services

Class of shares:	%
Ordinary	holding 100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

11. **FIXED ASSET INVESTMENTS - continued**

Elements Talent Consultancy Sweden AB

Registered office: Box 1317, Att Fredrik Nordström, 11183 Stockholm, Sweden

Nature of business: Consultancy services

Class of shares:	%
Ordinary	holding 100.00

Elements Talent Solutions SDN. BHD.

Registered office: Austin 18, 19-10 Jalan Austin Perdana 3, Taman Austin Perdana, 81100 Johor Bahru, Johor, Malaysia

Nature of business: Consultancy services

Class of shares:	%
Ordinary	holding 100.00

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Trade debtors	1,025,397	923,660	878,280	772,118
Amounts owed by group undertakings	-	-	564,016	204,486
Other debtors	661,136	688,736	660,922	684,696
Directors' current accounts	-	3,858	-	3,858
Prepayments	357,638	408,398	356,027	392,158
	<u>2,044,171</u>	<u>2,024,652</u>	<u>2,459,245</u>	<u>2,057,316</u>

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Finance leases (see note 15)	205,463	164,111	205,463	164,111
Trade creditors	714,380	204,343	706,492	199,820
Amounts owed to group undertakings	-	-	11,555	-
Tax	(144)	(144)	(144)	(144)
Social security and other taxes	918,803	399,027	925,259	388,818
VAT	248,124	109,653	174,499	109,653
Other creditors	98,195	232,926	94,308	228,982
Net wages	(508)	(10,136)	(508)	(8,139)
Deferred income	251,956	551,019	245,086	551,019
Accrued expenses	1,257,536	972,808	1,166,403	953,075
	<u>3,693,805</u>	<u>2,623,607</u>	<u>3,528,413</u>	<u>2,587,195</u>

Included within other creditors is £67,936 (2019: £164,093) of loans. The loan is repayable in August 2021 with a fixed interest rate of 7%.

14. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Finance leases (see note 15)	329,825	556,525	329,825	556,525
Other creditors	450,000	517,936	450,000	517,936
Accrued expenses	343,960	379,289	343,960	379,289
	<u>1,123,785</u>	<u>1,453,750</u>	<u>1,123,785</u>	<u>1,453,750</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

15. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

	Finance leases	
	31.12.20	31.12.19
	£	£
Net obligations repayable:		
Within one year	205,463	164,111
Between one and five years	<u>329,825</u>	<u>556,525</u>
	<u>535,288</u>	<u>720,636</u>

In 2019 the group entered into leasing arrangements in relation to the UK office.

Company

	Finance leases	
	31.12.20	31.12.19
	£	£
Net obligations repayable:		
Within one year	205,463	164,111
Between one and five years	<u>329,825</u>	<u>556,525</u>
	<u>535,288</u>	<u>720,636</u>

16. **PROVISIONS FOR LIABILITIES**

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Deferred tax	<u>16,592</u>	<u>30,674</u>	<u>16,592</u>	<u>30,674</u>

Group

	Deferred tax
	£
Balance at 1 January 2020	30,674
Provided during year	<u>(14,082)</u>
Balance at 31 December 2020	<u>16,592</u>

Company

	Deferred tax
	£
Balance at 1 January 2020	30,674
Provided during year	<u>(14,082)</u>
Balance at 31 December 2020	<u>16,592</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.20	31.12.19
			£	£
395,000	A - Ordinary	0.004p	1,580	1,580
41,600	B - Ordinary	0.004p	166	223
3,341	C - Ordinary	0.004p	13	118
40,250	D- Ordinary	0.004p	161	161
40,250	E - Ordinary	0.004p	161	161
30,718	F - Ordinary	0.004p	123	97
679,876	Ordinary	0.004p	2,720	2,721
			<u>4,924</u>	<u>5,061</u>

Shares were issued during the year as follows:

Cash at par

26,000 B - Ordinary shares of 0.004p for £104

6,468 F - Ordinary shares of 0.004p for £26

Cash at premium

13,000 Ordinary shares of 0.004p for £99970

18. RESERVES

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 January 2020	(1,957,072)	2,396,298	600	-	439,826
Profit for the year	480,968				480,968
Purchase of own shares	-	-	214	-	214
Cash share issue	-	99,948	-	-	99,948
Share option reserve	-	-	-	29,217	29,217
At 31 December 2020	<u>(1,476,104)</u>	<u>2,496,246</u>	<u>814</u>	<u>29,217</u>	<u>1,050,173</u>

Retained earnings account

The retained earnings account represents cumulative profits and losses net of dividends and other adjustments.

Share premium account

The share premium account represents the premium arising on the issue of shares net of issue costs.

Capital redemption reserve

The capital redemption reserve represents the amount share capital has been diminished where the company has purchased (and cancelled) its own shares wholly out of the company's profits.

Other reserves

The other reserves represent the best estimate of the fair value of the share options granted.

19. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £199,670 (2019: £150,670).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

20. SHARE-BASED PAYMENT TRANSACTIONS

Equity settled share based payment arrangements, in terms of share options, existed at the year end.

The share options relate to ordinary shares under the EMI scheme. The exercise price on all options granted up to 31 January 2020 is £1.90 per share. The exercise price on all options granted after 31 January 2020 and up to 31 December 2020 is £2.79 per share.

The total expense recognised during the year in respect of share based payments was £29,217 (2019: £Nil).

The total vesting period for all options granted is three years. However in the period 1,386 options (2019: 450) that were granted vested immediately.

In determining the value of share options granted the Group has adopted the three tier measurement hierarchy set out in FRS102 s26.11. The EMI share options granted by the Group are not traded and so do not have an observable market price. As the share options are under the EMI scheme they have a professional valuation which is agreed with HMRC. This has been adjusted for staff that are known to have left before the vesting date of their options and a further adjustment as an estimate of staff that will leave before their options vest.

The assumptions used in the calculation are detailed below:

	Weighted average exercise price (pence) 2020	Number 2020	Weighted average exercise price (pence) 2019	Number 2019
Outstanding at the beginning of the year	190	32,500	-	-
Granted during the year	279	32,888	190	37,350
Exercised during the year	-	-	-	-
Lapsed during the year	<u>(250)</u>	<u>(11,208)</u>	<u>(190)</u>	<u>(4,800)</u>
	<u>232</u>	<u>54,180</u>	<u>190</u>	<u>32,550</u>

21. GOVERNMENT GRANTS

During the year the group received government grants under the Coronavirus Job Retention Scheme totalling £756,903.

22. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year-end, the global economy has seen high levels of market volatility in connection with the COVID-19 pandemic. The business is closely monitoring the latest market developments relating to COVID-19 and its potential impact on the entity. The pandemic is considered a non-adjusting post balance sheet event. The ultimate impact of the COVID-19 pandemic on the global economy is uncertain and the full extent of the economic impacts on the financial performance of the companies are as yet unknown. The Directors continue to review any developments in the COVID-19 pandemic in the context of the risks presented to the company's business.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.