

Company Registration No. 03093787 (England and Wales)

Giant Group Plc

**Annual report and
group financial statements
for the year ended 31 May 2019**



Giant Group Plc

Company information

| | | |
|----------------------------|---|-------------------------|
| Directors | Michael Henry Matthew Brown Mark McAllister Selina Rabbani | (Appointed 1 June 2018) |
| Secretary | Michael Henry | |
| Company number | 03093787 | |
| Registered office | 7th Floor 3 Harbour Exchange Square London E14 9TQ | |
| Independent auditor | Saffery Champness LLP City Tower Piccadilly Plaza Manchester M1 4BT | |

Giant Group Plc

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The directors present the strategic report for the year ended 31 May 2019.

Fair review of the business

Gross profit was £6,462k (2018 - £6,656k) generating a 3.8% (2018 -3.9%) gross profit margin and operating profit, excluding depreciation was £ 1,804k (2018 - £1,860k).

Margins and contractor employees remain our main KPI's for the business together with the monitoring of cash balances and trade debtors.

Worker tenure and pay rates positively contributed to improved revenues and margins for the year. Margin management and overhead cost control continue to be the main themes for the success of the business as well as the focus on customer service and technology.

The results for the year and the financial position of the company are as shown in the annexed financial statements.

The company's key financial and other performance indicators during the year are as follows:

| | 2019 | 2018 |
|---|-------------|-------------|
| | £ | £ |
| Turnover | 169,726,018 | 170,017,116 |
| Profit Before Tax | 1,880,192 | 1,879,553 |
| EBITDA* | 1,804,393 | 1,860,311 |
| Average number of workers on assignment | 4,118 | 4,204 |

*Earnings Before Interest, Taxation, Depreciation and Amortisation

We continue to focus on best in class technology and processes to fulfil our strategy across the Giant group of companies of providing complimentary compliance driven global workforce solutions via our cloud based, end to end proprietary software and managed services.

Principal risks and uncertainties

Regulatory risk - both UK employment tax legislation and market competition continue to be the principal risks to the business though changes may equally present additional opportunities for business growth. The directors maintain an active awareness of changes to tax legislation to ensure they can identify any business impact and plan against any potential disruption arising from changing legislation.

Operating risk - with an emphasis on technology as being key to our solutions this does represent a level of risk for the business due to the threat from data loss, system weakness or project failure. Existing control frameworks, focused on information security, provide the necessary level of assurance to operate in this market. Group and associated companies contribute to a team of resources with a significant history of experience in this area together with proactive management of any IT supplier.

The associated group company operates a treasury function appropriate for the scale and complexity of its business, which is responsible for managing the regulatory, liquidity and credit risks.

Credit risk - is minimal for this business due to the business model that is in operation that closely manages cash balances and client debtor balances.

Liquidity risk - the company manages all aspects of its cash requirements to ensure the company has adequate liquid resources to meet the operating needs of the business.

Development and performance

Through continuous innovation of services, knowledge of clients and the market, the Giant group of companies continues to offer a straightforward, compliant service to all clients.

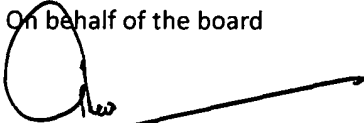
Quality assurance standards remain critical to our success and our values. ISO 27001 ensures our and our clients' data is secure and compliant with GDPR.

Analysis of the position of the business

Our strategy across the Giant group of companies continues to be providing a mix of software and services to help companies manage their workforce.

The announcement of government legislation with regards to Off Payroll Working (IR35) with effect from April 2020 in the private sector will represent significant opportunities across the Giant group of companies. This matches our theme of innovation and best value customer service and aligns with our growth strategy.

On behalf of the board



.....
Michael Henry
Director

26.11.19
.....

Giant Group Plc

Directors' report For the year ended 31 May 2019

The directors present their annual report and financial statements for the year ended 31 May 2019.

Principal activities

The business employs contract workers who are provided to customers to fulfil a variety of assignments.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Michael Henry

Matthew Brown

Mark McAllister

Selina Rabbani

(Appointed 1 June 2018)

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £723,100. The directors do not recommend payment of a further dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

Saffery Champness LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Giant Group Plc

Directors' report (continued)
For the year ended 31 May 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



.....
Michael Henry
Director

Date: 26 NOV 19

**Directors' responsibilities statement
For the year ended 31 May 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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;
- state whether applicable UK Accounting Standards have been followed, 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Giant Group Plc

Independent auditor's report

To the members of Giant Group Plc

Opinion

We have audited the financial statements of Giant Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2019 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group 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 United Kingdom Accounting Standards, including FRS 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 the parent company's affairs as at 31 May 2019 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 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.

Giant Group Plc

Independent auditor's report (continued)
To the members of Giant Group Plc

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.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Saffery Champness LLP

Simon Kite BSc FCA (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

27/11/19
.....

Chartered Accountants
Statutory Auditors

City Tower
Piccadilly Plaza
Manchester
M1 4BT

Giant Group Plc

**Group statement of comprehensive income
For the year ended 31 May 2019**

| | | 2019 | 2018 |
|--|-----------|-------------------------|-------------------------|
| | Notes | £ | £ |
| Turnover | 3 | 169,726,018 | 170,017,116 |
| Cost of sales | | (163,263,522) | (163,361,170) |
| Gross profit | | <u>6,462,496</u> | <u>6,655,946</u> |
| Administrative expenses | | (5,917,664) | (4,717,443) |
| Other operating income | | 1,268,100 | 1,393 |
| Operating profit | 4 | <u>1,812,932</u> | <u>1,939,896</u> |
| Interest receivable and similar income | 8 | 67,260 | 29,342 |
| Profit before taxation | | <u>1,880,192</u> | <u>1,969,238</u> |
| Tax on profit | 9 | (381,289) | (390,678) |
| Profit for the financial year | 20 | <u><u>1,498,903</u></u> | <u><u>1,578,560</u></u> |

Profit for the financial year is all attributable to the owners of the parent company.

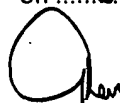
Total comprehensive income for the year is all attributable to the owners of the parent company.

Giant Group Plc

Group statement of financial position
As at 31 May 2019

| | Notes | £ | 2019 £ | £ | 2018 £ |
|---|-------|---------------------|-------------------|---------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 11 | | 10,207 | | 1,863 |
| Current assets | | | | | |
| Debtors | 15 | 6,186,958 | | 3,314,712 | |
| Cash at bank and in hand | | 8,809,508 | | 12,976,635 | |
| | | | <u>14,996,466</u> | <u>16,291,347</u> | |
| Creditors: amounts falling due within one year | 16 | (13,140,644) | | (15,202,984) | |
| Net current assets | | | <u>1,855,822</u> | | <u>1,088,363</u> |
| Total assets less current liabilities | | | <u>1,866,029</u> | | <u>1,090,226</u> |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 12,620 | | 12,620 |
| Capital redemption reserve | 20 | | 10,040 | | 10,040 |
| Profit and loss reserves | 20 | | 1,843,369 | | 1,067,566 |
| Total equity | | | <u>1,866,029</u> | | <u>1,090,226</u> |

The financial statements were approved by the board of directors and authorised for issue on 29 May 2019 and are signed on its behalf by:



Michael Henry
Director

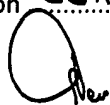
Giant Group Plc

Company statement of financial position
As at 31 May 2019

| | Notes | £ | 2019 £ | £ | 2018 £ |
|---|-------|----------------|-----------------------|----------------|-----------------------|
| Fixed assets | | | | | |
| Investments | 12 | | 5 | | 6 |
| Current assets | | | | | |
| Debtors | 15 | 121 | | 69,641 | |
| Cash at bank and in hand | | 100,411 | | 49,842 | |
| | | <u>100,532</u> | | <u>119,483</u> | |
| Creditors: amounts falling due within one year | 16 | (2) | | (18,501) | |
| Net current assets | | | <u>100,530</u> | | <u>100,982</u> |
| Total assets less current liabilities | | | <u><u>100,535</u></u> | | <u><u>100,988</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 12,620 | | 12,620 |
| Capital redemption reserve | 20 | | 10,040 | | 10,040 |
| Profit and loss reserves | 20 | | 77,875 | | 78,328 |
| Total equity | | | <u><u>100,535</u></u> | | <u><u>100,988</u></u> |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £722,647 (2018 - £2,291,011 profit).

The financial statements were approved by the board of directors and authorised for issue on 20.11.19 and are signed on its behalf by:



.....
Michael Henry
Director

Company Registration No. 03093787

Giant Group Plc

Group statement of changes in equity
For the year ended 31 May 2019

| | Notes | Share capital £ | Capital redemption reserve £ | Profit and loss reserves £ | Total £ |
|--|-------|-----------------------|---------------------------------------|-------------------------------------|-------------|
| Balance at 1 June 2017 | | 12,620 | 10,040 | 1,712,007 | 1,734,667 |
| Year ended 31 May 2018: | | | | | |
| Profit and total comprehensive income for the year | | - | - | 1,578,560 | 1,578,560 |
| Dividends | 10 | - | - | (2,223,001) | (2,223,001) |
| Balance at 31 May 2018 | | 12,620 | 10,040 | 1,067,566 | 1,090,226 |
| Year ended 31 May 2019: | | | | | |
| Profit and total comprehensive income for the year | | - | - | 1,498,903 | 1,498,903 |
| Dividends | 10 | - | - | (723,100) | (723,100) |
| Balance at 31 May 2019 | | 12,620 | 10,040 | 1,843,369 | 1,866,029 |

Giant Group Plc

Company statement of changes in equity
For the year ended 31 May 2019

| | Notes | Share capital £ | Capital redemption reserve £ | Profit and loss reserves £ | Total £ |
|--|-------|-----------------------|---------------------------------------|-------------------------------------|-------------|
| Balance at 1 June 2017 | | 12,620 | 10,040 | 10,318 | 32,978 |
| Year ended 31 May 2018: | | | | | |
| Profit and total comprehensive income for the year | | - | - | 2,291,011 | 2,291,011 |
| Dividends | 10 | - | - | (2,223,001) | (2,223,001) |
| Balance at 31 May 2018 | | 12,620 | 10,040 | 78,328 | 100,988 |
| Year ended 31 May 2019: | | | | | |
| Profit and total comprehensive income for the year | | - | - | 722,647 | 722,647 |
| Dividends | 10 | - | - | (723,100) | (723,100) |
| Balance at 31 May 2019 | | 12,620 | 10,040 | 77,875 | 100,535 |

Giant Group Plc**Group statement of cash flows
For the year ended 31 May 2019**

| | | 2019 | 2018 |
|--|-------|------------------|-------------------|
| | Notes | £ | £ |
| Cash flows from operating activities | | | |
| Cash (absorbed by)/generated from operations | 24 | (3,101,469) | 1,484,679 |
| Income taxes paid | | (405,113) | (480,818) |
| | | <hr/> | <hr/> |
| Net cash (outflow)/inflow from operating activities | | (3,506,582) | 1,003,861 |
| Investing activities | | | |
| Purchase of tangible fixed assets | | (11,705) | - |
| Other income received | | 7,000 | 1,393 |
| Interest received | | 67,260 | 29,342 |
| | | <hr/> | <hr/> |
| Net cash generated from investing activities | | 62,555 | 30,735 |
| Financing activities | | | |
| Dividends paid to equity shareholders | | (723,100) | (2,223,001) |
| | | <hr/> | <hr/> |
| Net cash used in financing activities | | (723,100) | (2,223,001) |
| | | <hr/> | <hr/> |
| Net decrease in cash and cash equivalents | | (4,167,127) | (1,188,405) |
| Cash and cash equivalents at beginning of year | | 12,976,635 | 14,165,040 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at end of year | | <u>8,809,508</u> | <u>12,976,635</u> |

1 Accounting policies

Company information

Giant Group Plc ("the company") is a private limited company incorporated in England and Wales. The registered office is 7th Floor, 3 Harbour Exchange Square, London, E14 9TQ.

The group consists of Giant Group Plc and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1 Accounting policies (continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The group financial statements incorporate those of Giant Group Plc and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 May 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at fair value of the consideration received excluding discounts, rebates, VAT and other sales taxes.

1 Accounting policies (continued)

Revenue is recognised when the agency approves the timesheets submitted by the worker. This is done either by receipt of a payment file, or when the invoice containing the relevant timesheet data is settled by the agency. All unpaid or unapproved timesheets are recognised as deferred income.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|------------------------|-----------------------|
| Leasehold improvements | 3 years straight line |
| Fixtures and fittings | 3 years straight line |
| Computers | 3 years straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

1 Accounting policies (continued)

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash at bank and in hand

Cash at bank and in hand 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.

1.9 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 statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 assets

Basic financial assets, which include debtors, 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.

1 Accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset 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, loans from fellow group companies 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 rate method.

Trade creditors are obligations to pay for goods or 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 group's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

1 Accounting policies (continued)

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Pay between assignments

The company provides its contractor employees with the potential to receive pay between individual assignments, subject to certain conditions being met. The company takes a conservative approach with regards to the year-end provision for these potential payments. This is based on management's best estimate using historical results and expected changes to the entity and environment in which it operates.

3 Turnover

Turnover is wholly attributable to the primary activity of the company. A geographical analysis of the group's turnover is provided below.

| | 2019 | 2018 |
|---|--------------------|--------------------|
| | £ | £ |
| Turnover analysed by geographical market | | |
| UK | 169,210,447 | 169,726,509 |
| Europe | 260,181 | 94,217 |
| United States of America | 255,390 | 142,134 |
| Rest of the world | - | 54,256 |
| | <u>169,726,018</u> | <u>170,017,116</u> |

Notes to the financial statements (continued)
For the year ended 31 May 2019

4 Operating profit

| | 2019 | 2018 |
|---|---------------|--------------|
| | £ | £ |
| Operating profit for the year is stated after charging: | | |
| Exchange losses | 125 | 375 |
| Depreciation of owned tangible fixed assets | 3,361 | 10,100 |
| Operating lease charges | 19,617 | 1,541 |
| | <u>19,617</u> | <u>1,541</u> |

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £125 (2018 - £375).

5 Auditor's remuneration

| | 2019 | 2018 |
|---|---------------|---------------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 3,500 | 1,500 |
| Audit of the financial statements of the company's subsidiaries | 19,250 | 43,825 |
| | <u>22,750</u> | <u>45,325</u> |
| For other services | | |
| Taxation compliance services | 4,950 | 6,325 |
| All other non-audit services | 3,250 | - |
| | <u>8,200</u> | <u>6,325</u> |

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

| | Group | | Company | |
|------------------|--------------|--------------|----------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| | Number | Number | Number | Number |
| Flexible workers | 3,727 | 4,117 | - | - |
| Administrative | 75 | 85 | - | - |
| Directors | 4 | 3 | 2 | 1 |
| | <u>3,806</u> | <u>4,205</u> | <u>2</u> | <u>1</u> |

Notes to the financial statements (continued)
For the year ended 31 May 2019

6 Employees (continued)

Their aggregate remuneration comprised:

| | Group | | Company | |
|-----------------------|--------------------|--------------------|----------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Wages and salaries | 145,704,641 | 144,646,744 | - | - |
| Social security costs | 17,138,780 | 16,697,248 | - | - |
| Pension costs | 2,049,562 | 1,629,859 | - | - |
| | <u>164,892,983</u> | <u>162,973,851</u> | <u>-</u> | <u>-</u> |

7 Directors' remuneration

| | 2019 | 2018 |
|---|----------------|----------------|
| | £ | £ |
| Remuneration for qualifying services | 521,273 | 790,511 |
| Company pension contributions to defined contribution schemes | 24,446 | 22,730 |
| | <u>545,719</u> | <u>813,241</u> |

Remuneration disclosed above includes the following amounts paid to the highest paid director:

| | 2019 | 2018 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Remuneration for qualifying services | <u>284,780</u> | <u>658,206</u> |

8 Interest receivable and similar income

| | 2019 | 2018 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 24,816 | 18,739 |
| Other interest income | 42,444 | 10,603 |
| | <u>67,260</u> | <u>29,342</u> |

Notes to the financial statements (continued)
For the year ended 31 May 2019

9 Taxation

| | 2019 | 2018 |
|--|----------------|----------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 382,779 | 384,974 |
| Adjustments in respect of prior periods | - | 5,704 |
| | <u>382,779</u> | <u>390,678</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (1,490) | - |
| | <u>(1,490)</u> | <u>-</u> |
| Total tax charge | <u>381,289</u> | <u>390,678</u> |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2019 | 2018 |
|--|------------------|------------------|
| | £ | £ |
| Profit before taxation | <u>1,880,192</u> | <u>1,969,238</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | 357,236 | 374,155 |
| Tax effect of expenses that are not deductible in determining taxable profit | 15,008 | 9,118 |
| Tax effect of income not taxable in determining taxable profit | 86 | (2,157) |
| Gains not taxable | 108 | - |
| Adjustments in respect of prior years | 7,706 | 8,458 |
| Deferred tax adjustments in respect of prior years | 1,083 | (594) |
| | 62 | 1,698 |
| | <u>381,289</u> | <u>390,678</u> |
| Taxation charge | <u>381,289</u> | <u>390,678</u> |

The government has announced that from 1 April 2020 the corporation tax rate will be 17%. The rate changes will impact the amount of future cash tax payments made by the company and will be reflected in the company's financial statements.

Notes to the financial statements (continued)
For the year ended 31 May 2019

10 Dividends

| | 2019 £ | 2018 £ |
|------------|-----------|-----------|
| Final paid | 723,100 | 2,223,001 |

11 Tangible fixed assets

| Group | Leasehold improve- ments £ | Fixtures and fittings £ | Computers £ | Total £ |
|------------------------------------|-------------------------------------|-------------------------------|----------------|------------|
| Cost | | | | |
| At 1 June 2018 | 84,749 | 93,111 | 660,076 | 837,936 |
| Additions | 9,150 | 1,739 | 816 | 11,705 |
| Disposals | (84,749) | (72,634) | (425,153) | (582,536) |
| At 31 May 2019 | 9,150 | 22,216 | 235,739 | 267,105 |
| Depreciation and impairment | | | | |
| At 1 June 2018 | 84,749 | 93,111 | 658,213 | 836,073 |
| Depreciation charged in the year | 1,297 | 166 | 1,898 | 3,361 |
| Eliminated in respect of disposals | (84,749) | (72,634) | (425,153) | (582,536) |
| At 31 May 2019 | 1,297 | 20,643 | 234,958 | 256,898 |
| Carrying amount | | | | |
| At 31 May 2019 | 7,853 | 1,573 | 781 | 10,207 |
| At 31 May 2018 | - | - | 1,863 | 1,863 |

The company had no tangible fixed assets at 31 May 2019 or 31 May 2018.

12 Fixed asset investments

| | Group 2019 £ | 2018 £ | Company 2019 £ | 2018 £ |
|----------------------|--------------------|-----------|----------------------|-----------|
| Unlisted investments | - | - | 5 | 6 |

Notes to the financial statements (continued)
For the year ended 31 May 2019

12 Fixed asset investments (continued)

Movements in fixed asset investments

| Company | Investments other than loans £ |
|--------------------------|---|
| Cost or valuation | |
| At 1 June 2018 | 6 |
| Disposals | (1) |
| At 31 May 2019 | 5 |
| Carrying amount | |
| At 31 May 2019 | 5 |
| At 31 May 2018 | 6 |

13 Subsidiaries

Details of the company's subsidiaries at 31 May 2019 are as follows:

| Name of undertaking | Registered office key | Nature of business | Class of shares held | % Held | |
|----------------------------|--------------------------|------------------------------|-------------------------|--------|----------|
| | | | | Direct | Indirect |
| Giant Professional Limited | 1 | Third party payroll services | Ordinary shares | 100.00 | |
| Giant Services Limited | 1 | Non-trading | Ordinary shares | 100.00 | |
| Giant Transactions Limited | 1 | Non-trading | Ordinary shares | 100.00 | |
| Giant Consultancy Limited | 1 | Non-trading | Ordinary shares | 100.00 | |
| Giant Strongbox Limited | 1 | Dormant | Ordinary shares | 100.00 | |

Registered Office address:

1 7th Floor, 3 Harbour Exchange Square, London, E14 9TQ, United Kingdom.

Notes to the financial statements (continued)
For the year ended 31 May 2019

14 Financial instruments

| | Group 2019 £ | 2018 £ | Company 2019 £ | 2018 £ |
|---|--------------------|-----------|----------------------|-----------|
| Carrying amount of financial assets | | | | |
| Debt instruments measured at amortised cost | 6,084,661 | 3,233,559 | n/a | n/a |
| Carrying amount of financial liabilities | | | | |
| Measured at amortised cost | 5,717,061 | 7,059,828 | n/a | n/a |

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

15 Debtors

| | Group 2019 £ | 2018 £ | Company 2019 £ | 2018 £ |
|---|--------------------|-----------|----------------------|-----------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 2,019,756 | 1,197,484 | - | - |
| Amounts owed by group undertakings | - | - | 121 | 68,825 |
| Other debtors | 4,064,905 | 2,036,075 | - | 816 |
| Prepayments and accrued income | 65,573 | 45,919 | - | - |
| | 6,150,234 | 3,279,478 | 121 | 69,641 |
| Deferred tax asset (note 17) | 36,724 | 35,234 | - | - |
| | 6,186,958 | 3,314,712 | 121 | 69,641 |

16 Creditors: amounts falling due within one year

| | Group 2019 £ | 2018 £ | Company 2019 £ | 2018 £ |
|------------------------------------|--------------------|------------|----------------------|-----------|
| Trade creditors | 105,498 | 38,067 | - | - |
| Corporation tax payable | 197,142 | 251,024 | - | - |
| Other taxation and social security | 7,226,441 | 7,892,132 | - | - |
| Other creditors | 4,655,569 | 5,616,789 | - | 18,498 |
| Accruals and deferred income | 955,994 | 1,404,972 | 2 | 3 |
| | 13,140,644 | 15,202,984 | 2 | 18,501 |

Notes to the financial statements (continued)
For the year ended 31 May 2019

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

| Group | Assets 2019 £ | Assets 2018 £ |
|--------------------------------|---------------------|---------------------|
| Fixed asset timing differences | 1,596 | 8,494 |
| Short term timing differences | 35,128 | 26,740 |
| | <u>36,724</u> | <u>35,234</u> |

The company has no deferred tax assets or liabilities.

| Movements in the year: | Group 2019 £ | Company 2019 £ |
|----------------------------------|--------------------|----------------------|
| Liability/(asset) at 1 June 2018 | (35,234) | - |
| Credit to profit or loss | (1,490) | - |
| Liability/(asset) at 31 May 2019 | <u>(36,724)</u> | <u>-</u> |

£36,724 of the deferred tax asset set out above is expected to reverse within 12 months and relates to fixed asset timing differences and short term timing differences on pension.

18 Retirement benefit schemes

| Defined contribution schemes | 2019 £ | 2018 £ |
|---|------------------|------------------|
| Charge to profit or loss in respect of defined contribution schemes | <u>2,049,562</u> | <u>1,629,859</u> |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

The outstanding amount included in creditors for pension contributions as at 31 May 2019 amounted to £322,435 (2018: £258,648).

19 Share capital

| | Group and company | |
|-----------------------------------|-------------------|-------------------|
| | 2019 | 2018 |
| Ordinary share capital | £ | £ |
| Issued and fully paid | | |
| 50,000 Ordinary shares of £1 each | 12,620 | 12,620 |
| | <u> </u> | <u> </u> |

Of the 50,000 ordinary shares allotted and issued, 12,620 have been fully paid and 37,380 are unpaid.

20 Reserves**Capital redemption reserve**

This reserve records the nominal value of shares repurchased by the company.

Profit and loss reserves

This represents cumulative profits or losses net of distributions to owners and other adjustments.

21 Operating lease commitments**Lessee**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | Group | | Company | |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Within one year | 21,136 | - | - | - |
| Between two and five years | 72,216 | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 93,352 | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

22 Related party transactions

Transactions with related parties

The company has taken advantage of the exemption provided by section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of the group, provided that any subsidiary undertaking which is party to the transactions is wholly owned by a member of the group.

During the year the group entered into the following transactions with related parties:

| | Sales | | Purchases | |
|-----------------------|-------------------|-------------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Group | | | | |
| Other related parties | 423,452 | 532,990 | 1,244,751 | 864,668 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The following amounts were outstanding at the reporting end date:

| Amounts due to related parties | 2019 | 2018 |
|--------------------------------|-------------------|-------------------|
| | £ | £ |
| Group | | |
| Other related parties | 296,858 | 20,300 |
| | <u> </u> | <u> </u> |

The above balances have been disclosed within other creditors.

The following amounts were outstanding at the reporting end date:

| Amounts due from related parties | 2019 | 2018 |
|----------------------------------|-------------------|-------------------|
| | Balance | Balance |
| | £ | £ |
| Group | | |
| Other related parties | 3,943,623 | 2,009,453 |
| | <u> </u> | <u> </u> |

The above balances have been disclosed within other debtors.

23 Controlling party

The ultimate controlling party is Matthew Brown, a director of the company and majority shareholder of Giant Group plc.

Giant Group Plc

Notes to the financial statements (continued)
For the year ended 31 May 2019

24 Cash generated from group operations

| | 2019 | 2018 |
|--|---------------------------|-------------------------|
| | £ | £ |
| Profit for the year after tax | 1,498,903 | 1,578,560 |
| Adjustments for: | | |
| Taxation charged | 381,289 | 390,678 |
| Investment income | (67,260) | (29,342) |
| Depreciation and impairment of tangible fixed assets | 3,361 | 10,100 |
| Other income | (7,000) | (1,393) |
| Movements in working capital: | | |
| (Increase) in debtors | (2,859,700) | (2,575,560) |
| (Decrease)/increase in creditors | (2,051,062) | 2,111,636 |
| Cash (absorbed by)/generated from operations | <u><u>(3,101,469)</u></u> | <u><u>1,484,679</u></u> |