Work the Future

Annual Report **2020**

Over the past 30 years, Cpl has established a deep and rich portfolio of customer relationships and talent services.

We have evolved from a traditional recruitment business to one which now operates across the entire talent spectrum providing a comprehensive managed solutions offering, supported by the strategic talent and advisory services of the Future of Work Institute.

This evolution reflects the global demand for more solutions-oriented workforce models and Cpl is positioned well for growth, both domestically and internationally. We continually seek new ways to deliver value for clients and growth for our shareholders by ensuring our service propositions are at the leading edge of the world of work.

Read our Responsible Business Report **Pg 20**

Our interactions with all clients, candidates and each other are guided by our core values, which are an integral part of the Cpl culture.

- Accountability
- Respect
- Customer focus
- Effective communication
- Empowerment

Our people are passionate about helping others and are driven to provide the best talent solutions possible for our clients and candidates.

Read more about our people **Pg 22**

Where to find more information

Explore online
Visit our website to find out more: www.cpl.com

Social Media
Follow us and join the conversation

Highlights of the Year

Gross Profit
€100.3m
(2019: €96.3m)

Gross Margin
17.6%
(2019: 17.0%)

Adjusted Operating Profit
€28.4m
(2019: €25.7m)

Adjusted Operating Margin
5.0%
(2019: 4.6%)

Conversion Ratio
(Adjusted Operating Profit)
28.3%
(2019: 26.7%)

Conversion Ratio
(Adjusted Profit Before Tax)
27.9%
(2019: 26.5%)

Permanent Fees
(As % of Gross Profit)
27.3%
(2019: 28.8%)

Flexible Talent Fees
(As % of Gross Profit)
72.7%
(2019: 71.2%)

Average number of recruiters during the year
565
(2019: 567)

Average Flexible Talent staff headcount during the year
11,790
(2019: 12,240)

Flexible Talent Gross Margin
13.5%
(2019: 12.8%)

Strategic Report

Corporate Governance

Financial Statements

Chairman's Statement

In recent years Cpl has developed a strong and diverse business model, combining revenues generated by our Permanent business with the recurring fee income associated with our growing business in Flexible Talent.

The success of Cpl is built on the quality, commitment and work ethic of our people.

In the face of the Covid-19 pandemic, our strategy has been to drive the growth of our Flexible Talent division, which includes our managed solutions brand *Covalen*, while maintaining a strong proposition in Permanent recruitment.

The Cpl team has continued to deliver against this strategic objective, which has increased the proportion of recurring net fee income and provides a strong degree of resilience in the face of unprecedented economic shocks such as the ongoing pandemic. The benefits of this strategy and of the Group's business model are reflected in the strong full year results to 30 June 2020.

Full year highlights

€000s except where indicated	Year ended 2020	Year ended 2019	% change
Revenue	**569,268**	564,858	1%
Gross profit	**100,291**	96,258	4%
Adjusted Operating profit*	**28,389**	25,726	10%
Operating profit	**24,978**	24,818	1%
Adjusted Profit before tax*	**27,933**	25,492	10%
Profit before tax	**24,522**	24,584	0%
Adjusted Basic Earnings per share*	**88.8 cent**	80.6 cent	10%
Basic Earnings per share	**76.3 cent**	77.3 cent	(1%)
Net fee income – Permanent	**27,334**	27,768	(2%)
Net fee income – Flexible Talent	**72,957**	68,490	7%
Conversion ratio**			
Adjusted Operating profit	**28.3%**	26.7%	
Adjusted Profit before tax	**27.9%**	26.5%	
Operating profit	**24.9%**	25.8%	
Profit before tax	**24.5%**	25.5%	

** Adjusted Operating profit, adjusted Profit before tax and adjusted Basic Earnings per share exclude non-cash charges relating to the Group's Long-Term Incentive Plan ("LTIP") of €895k (2019: €895k), currency translation of €16k (2019: €13k) and goodwill impairment of €2.5m (2019: €Nil).*

*** As a % of gross profit.*

Revenue grew by €4.4 million to €569.3 million, up 1% on the prior year. Group gross profit grew by 4% and adjusted profit before tax grew by 10% in the year. The growth in the year was driven mainly by the performance in the first nine months of the financial year until March 2020, when the Group started to experience the adverse impact of the Covid-19 pandemic.

The global demand for flexible workforce solutions continues and our Flexible Talent net fee income grew by 7% during the year.

Adjusted operating profit margin was 5.0% (2019: 4.6%) which, given the shifting mix of business from Permanent recruitment to Flexible Talent, is testament to our commitment to improving margins.

At year end, the Group had a strong Balance Sheet, with net assets of €126.4 million, up from €110.4 million in the prior year. We ended the year with net cash of €68.1 million, up €28.0 million from the prior year, after funding the working capital demands of our growing Flexible Talent division and implementing strong cash conservation policies across the Group in response to Covid-19.

Cpl is a profitable, cash generative business and the continued strength of the Group's Balance Sheet, its access to external financing and its capabilities in working capital management positions the Company well to pursue growth opportunities.

Culture and Values

Cpl's culture is one of openness, respect and clear communication. As an organisation, we are entrepreneurial in spirit and are passionate about the work we do. We believe that this culture enables us to deliver consistently outstanding service to our clients and candidates, and that it has contributed significantly to the strong performance across the business in the past year. Like many other businesses, the rapid onset of the Covid-19 pandemic and the associated economic slowdown have posed significant challenges for our organisation. However, it is in such testing times that the strength of our culture comes to the fore. Our people-centred values, innovative outlook and client focus have helped us to successfully mobilise our entire workforce to a remote working environment. This is testament to the culture we have created in Cpl over thirty years – one of absolute dedication to our clients and of open, clear communication with our people.

Chairman's Statement (continued)

People

The success of Cpl is built on the quality, commitment and work ethic of our people. The commitment and flexibility shown by our staff to adapt and react to changing work-practices due to the Covid-19 pandemic have been truly impressive. On behalf of the Board, I would like to thank all of our people for their positive attitude and hard work during the year. I would also like to thank our clients and candidates for their continuing support and loyalty to Cpl and for their partnership-led approach throughout this crisis.

Stakeholder Engagement

As a Board, we are conscious of the importance of stakeholder engagement in both assessing our culture and ensuring we maintain high standards of corporate governance. We have developed strong relationships and partnerships with customers, suppliers and communities. We actively engage with our workforce in the development of strategy as well as in identifying risks and promoting new opportunities.

Environmental, Social & Governance

We are committed to becoming a more sustainable business, ensuring inclusive opportunities for all and minimising our environmental impact. We believe that environmental, social and governance, ("ESG"), issues will play an increasingly important role in the long-term success of all businesses. We are committed to operating a business that has a positive impact on all stakeholders and we are determined that our ESG activities and targets will fulfil that ambition.

Historically, Cpl has invested in a range of initiatives in the sustainability area, which have been targeted at benefitting all our stakeholders as well as mitigating risk and driving efficiencies. In February 2020, we published our Responsible Business Policy Report which formalises the objectives, policies and targets of our ESG activities. It outlines the key strategic initiatives enabling the development of deeper, better and more meaningful relationships with our clients (both candidates and customers), our colleagues, our collaborators and the communities in which we work.

Board Developments

On 23 November 2020, Breffni Byrne will retire from the Board having been a Non-Executive Director of the Group since 2007. Breffni had indicated that he would step down during the financial year but agreed to stay on the Board until the AGM, given the challenges posed by Covid-19. On behalf of my fellow Directors and our people, I would like to thank Breffni for the outstanding contribution he made to Cpl's success during his tenure.

Cash & Capital Allocation

Cpl is a profitable, cash generative business and is highly effective at managing its working capital. Measures taken to maximise available cashflow and strengthen the Group's Balance Sheet in the wake of Covid-19, have resulted in record cash generation at year end. In the twelve months to 30 June 2020, €31.4 million was generated in cashflow from operating activities before tax and changes in working capital (2019: €27.1 million), and the Group closed the financial year with a net cash balance of €68.1 million (2019: €40.1 million).

The Board regularly reviews its allocation of capital. We prioritise organic expansion and are selective in our acquisition activity, acquiring only where we perceive a strong fit with our existing business or where we can drive further innovation in our organisation and for our clients. A strong Balance Sheet will enable us to consider acquisition opportunities that may emerge from the current crisis, to drive growth and to create additional shareholder value.

EPS & Dividend Policy

Cpl delivered full year adjusted basic earnings per share of 88.8 cent, a 10% increase on the prior year, reflecting the growth in profitability in the year. This was driven primarily by the performance in the first nine months of the financial year, until March 2020 when the Group started to experience the adverse impact of the Covid-19 pandemic.

Considering the interests of all stakeholders along with the uncertainty surrounding the Covid-19 pandemic, the Board has deemed it necessary to prioritise a strong Balance Sheet. As a result, the Board is not recommending payment of a final dividend in respect of the financial year ended 30 June 2020. While the Board recognises the importance of dividend income to shareholders and is confident in the medium-term prospects of the business, it is prudent to conserve cash and maintain a strong Balance Sheet in the current business environment.

The Board will keep capital allocation and shareholder returns under continuous review and intends to reinstate the Group's dividend policy as and when appropriate.

Outlook

We operate in a cyclical industry which is sensitive to changes in economic activity within our core markets. While we have strategically re-positioned our business model over the years to include more secure revenue streams, the visibility of a proportion of our net fee income, particularly within the Permanent division, remains short term. The Covid-19 pandemic has further reduced this visibility as uncertainty around the global economic outlook has increased. Additionally, Brexit continues to give rise to uncertainty for businesses in all sectors, including our own.

Key economic indicators in our most important markets are generally improving from the low points experienced in the second quarter of calendar year 2020. As demonstrated by the resilience of our business model in recent months, we believe we are well positioned to respond to current challenges, to take advantage of business opportunities as they arise, and to benefit from economic recovery in our markets.

John Hennessy
Chairman

8 September 2020

Chief Executive's Review

In the financial year to 30 June 2020, Cpl delivered record adjusted EPS and strong cash conversion.

Our strategy is to be world class at supporting our clients through transformational talent solutions and experiences.

Delivering this strong performance, against the backdrop of the Covid-19 pandemic, reflects the resilience of the Cpl business model, our ability to respond quickly to the changing market environment and the commitment of our people.

The Group's strategy over the past number of years has been to diversify our revenue streams and increase the contribution of recurring revenues across high growth sectors (technology, pharmaceutical, life science and financial services). Our success in implementing this strategy has contributed to our strong full year performance and the delivery of profitability and cashflow in challenging conditions.

The commitment of our staff is outstanding. At the onset of the pandemic, our people rapidly adapted to the changed work-practices required to mobilise from an office-based to a remote working environment and ensured business continuity by working closely with employees, candidates and clients. Our pre-Covid investment in technology ensured our teams remained productive throughout this challenging period. A key priority for Cpl has been protecting the health of all of its employees, including those on-site with clients, while ensuring the implementation of all health and safety measures recommended by the relevant authorities.

I want to thank Cpl's employees for the commitment shown across the year and in particular since March 2020 in dealing with the changes required in work practices due to the pandemic. Breffni Byrne will retire from the Board at our AGM on 23 November 2020. Breffni has made a significant contribution to the success of the Group over the years, both as a Board member and Senior Independent Director. We will miss his insightful contributions and wise counsel. I would like to personally express my sincere thanks and wish him well for the future.

Financial Highlights

Group revenue increased by €4.4 million to €569.3 million in the year to 30 June 2020 (2019: €564.9 million). Gross profit grew by 4% to €100.3 million (2019: €96.3 million) and gross margin increased by 0.6% to 17.6% (2019: 17.0%). We delivered a 10% increase in adjusted profit before tax to €27.9 million (2019: €25.5 million) and our adjusted basic earnings per share is up 10% to 88.8 cent (2019: 80.6 cent). The improvement in the adjusted operating margin to 5% (2019: 4.6%) demonstrates management's focus on operational leverage and a growing contribution from *Covalen*, our managed solutions division.

The Group reported double-digit growth in profits and earnings per share in the six months to 31 December 2019. This momentum continued into the second half of the financial year until March 2020, at which time the Group started to experience the adverse impact of the Covid-19 pandemic. The Group has implemented a series of cost saving and cash conservation initiatives to help mitigate the impact of the pandemic on the long-term prospects of the Group.

We recognised a €2.5 million impairment charge against the carrying value of goodwill at year end relating to the RIG Healthcare Group ("RIG"). RIG is a UK specialist recruiter of locum doctors and allied health professionals in which we acquired a 91% shareholding in June 2017. Changes in regulation and continuing Brexit uncertainty have proven challenging for this business but the management team responded well to evolving market conditions. The demand case remains for healthcare professionals and we are committed to the UK healthcare market in the longer term.

Our Balance Sheet is robust with net assets of €126.4 million at 30 June 2020 (2019: €110.4 million). Cashflow in the year was exceptional with a closing net cash balance of €68.1 million, up from €40.1 million in the prior year. Cash generation was driven by a range of operational measures taken to maximise available cashflow and strengthen our Balance Sheet, together with highly effective working capital management.

The Board announced an interim dividend of 10.0 cent per share in January representing an increase of 25% on the prior year and reflecting the Group's strong first half performance. Considering the interests of all stakeholders along with the uncertainty in the global economic outlook created by the Covid-19 pandemic, maintaining a strong Balance Sheet is a key priority for the Group. Following careful consideration, and given the payment of the interim dividend to shareholders in February, the Board is not recommending a final dividend in respect of the 2020 financial year.

Operations Review

Cpl's capability spans the full talent spectrum and we deliver a range of services through two operating segments – flexible workforce solutions ("Flexible Talent") and permanent recruitment ("Permanent").

Gross margin in the year to 30 June 2020 was 17.6%, an increase of 58 basis points from the prior year. This was driven by our Flexible Talent division through a combination of volume and pricing improvements.

Our Permanent placement business represented 27% of total gross profit compared to 29% in the prior year. Despite the developments in our business mix, our adjusted operating profit conversion ratio from gross profit was 28.3%, up 1.6% on last year when adjusted for non-cash charges.

Chief Executive's Review (continued)

Key Performance Indicators

	2020	2019
Gross margin	**17.6%**	17.0%
Adjusted Operating margin*	**5.0%**	4.6%
Operating margin	**4.4%**	4.4%
Conversion Ratio**		
Adjusted Operating profit	**28.3%**	26.7%
Adjusted Profit before tax	**27.9%**	26.5%
Operating profit	**24.9%**	25.8%
Profit before tax	**24.5%**	25.5%
Permanent fees as % of the total gross profit	**27.3%**	28.8%
Flexible Talent fees as % of the total gross profit	**72.7%**	71.2%
Average Flexible Talent staff headcount during the year	**11,790**	12,240
Average number of recruiters during the year	**565**	567

** Adjusted Operating margin excludes non-cash charges relating to the Group's Long-Term Incentive Plan ("LTIP") of €895k (2019: €895k), currency translation of €16k (2019: €13k) and goodwill impairment of €2.5m (2019: €Nil).*

*** As % of gross profit.*

Flexible Talent

Service Overview

Flexible Talent incorporates managed solutions, temporary and contract recruitment, training and strategic talent advisory services. We support multiple clients including leading multinational organisations in the financial services, technology, healthcare and pharmaceutical sectors. Cpl is typically engaged on multi-year contracts, becoming trusted strategic partners to our clients and adding significant value to their businesses.

Flexible Talent services are provided across four distinct areas:

- Managed Solutions *(Covalen)* assumes accountability for business processes on behalf of our clients, becoming trusted strategic partners and creating measurable improvements and cost savings.
- Enterprise Solutions (temporary and contract recruitment services), which offer clients flexibility through managed services and recruitment outsourcing solutions, including high-volume contingency recruitment and seasonal ramp-ups.
- Healthcare Solutions (temporary and contract recruitment services for public and private healthcare services and hospitals including homecare provision), which offer clients flexibility through managed services and recruitment outsourcing solutions, including high-volume contingency recruitment and seasonal needs.
- The *Future of Work Institute*, which provides strategic talent advisory services catering for the broader supports required by our clients to further evolve and transform their businesses.

Performance

Flexible Talent net fee income increased by 7% to €73.0 million during the year (2019: €68.5 million). Gross margin in the year to 30 June 2020 was 13.5% (2019: 12.8%) and we had an average of almost 12,000 skilled people working on client engagements on behalf of Cpl. Since March 2020 trading has been resilient and continued to perform well with solid demand across the pharmaceutical, life science and technology sectors. *Covalen*, in particular, continued to experience good growth across its client base.

The increased demand for outsourced talent and business process solutions is part of a secular trend which is expected to continue as employers seek greater flexibility in their global workforces. We believe a consequence of the Covid-19 pandemic is likely to be an acceleration in the demand for both remote working practices and outsourced workforce solutions. The breadth of our service lines in this space positions us well for further growth.

Permanent

Service Overview

The majority of our Permanent placement work is undertaken on a contingent basis, which means we only generate revenue when the candidate successfully starts in a role. We operate in a competitive environment where the speed and quality of delivery is a differentiator. We will continue to invest in Artificial Intelligence ("AI") to optimise the placement cycle. Cpl combines the power of AI and analytics to support our skilled recruitment professionals who bring a personal touch to the process, focusing on the qualities of the candidate and culture fit to recommend the right recruitment decision for our clients.

Performance

Permanent net fee income decreased by 2% during the year to €27.3 million (2019: €27.8 million). The Group's Permanent division traded strongly until March 2020 at which point trading was negatively impacted as hiring activity was reduced across many sectors.

In both the UK and Ireland, we supported national and local campaigns for the frontline delivery effort in respect of the healthcare service response to Covid-19. International nurse recruitment in the UK performed well in the first half of the year, following a relaxation of the regulatory environment, until the Covid-19 pandemic began to impact. While there was still strong demand for nurses, the ban on international flights from several countries impacted on the arrival and start dates of candidates. We expect these demand levels to continue given the on-going pressures on healthcare services across the UK and Ireland.

Divisions such as technology, pharma and financial services performed well during the year, where demand for skilled talent is at a premium. In today's digitally driven marketplace, companies are becoming increasingly dependent on technology to deliver for their customers and drive efficiency. This combined with increased regulation, compliance and the growing risks of cyber security suggests that the demand for technology and finance professionals will continue.

Strategy

Our strategy is to be world class at supporting our clients through transformational talent solutions and experiences. Over the past 30 years, we have established a deep portfolio of customer relationships and talent services. We have evolved our business from a traditional recruitment company to one which operates across the entire talent spectrum with a comprehensive managed solutions offering, supported by strategic talent and advisory services.

We continue to execute our strategy based on our core themes of "Future Ready", "Client First" and "Total Solutions" – to deliver value for clients and growth for our shareholders. The Group's strong performance in the year to June 2020 is a testament to the success of our strategy for growth. Various initiatives have been undertaken as part of these themes to further the development of our approach to engaging and adding value to our clients including: the establishment of an enterprise solutions team to support the delivery of talent solutions programs; the bolstering of our technology capability; and the further evolution of the *Future of Work Institute* to ensure we are at the leading edge of the world of work.

As part of our core strategy, during the year we rolled out a three-pillar structure within the organisation focused on the core service offerings in the business - Recruitment, Managed Solutions and Healthcare. This reorganisation creates better ownership and focus over our core service offerings, supported by an executive governance group that is driving strong cross and upselling opportunities in a more focused way.

During the year, we also started the process of evolving the Cpl brand to better reflect our evolution as a provider of talent and workforce solutions across the entire talent spectrum. This process involved interactions with our clients and colleagues and the development of a new brand look, feel and language for the Cpl organisation. During the 2021 financial year, the brand will be further integrated into the business and activated across core channels.

Our investment over recent years in the *Future of Work Institute* and our managed solutions division *Covalen*, are helping us to ensure that Cpl is well positioned to deepen our client relationships further, both domestically and internationally. The growth of *Covalen*, is a key area of focus for us as we prioritise our acquisition activity in the short to medium term.

Technology

Technological change is accelerating exponentially and is revolutionising the way workplace, workforce and work tasks are managed. We continue to explore and pilot leading edge technology solutions that enhance the employee and client experience.

Chief Executive's Review (continued)

Our focus is two-fold – firstly, the continuing integration of technology solutions into our value propositions; and, secondly to fully utilise technology in delivering operational excellence in our service delivery.

Alongside significant ongoing investment in our core systems, we actively seek out and evaluate early-stage technology propositions. We have made two investments during the period – the first in a UK based employment platform which is in scale-up, and the second in "MyCpl", our mobile based rostering app for healthcare where we have acquired the right to use the underlying technology platform in the UK and Ireland. MyCpl has been successfully deployed to over 80% of our flexible healthcare workers in Ireland. It has facilitated 92% of work shifts, now filled within 30 minutes of being released to the app by the client, and is being developed for further rollout across our healthcare businesses in Ireland and the UK.

People and Culture

Over the past 30 years, we have developed a strong culture across the Cpl Group. Our people are passionate about helping others and are driven to provide the best talent solutions possible for our clients and candidates. Our teams, in Ireland and internationally, collaborate daily to transform lives and they are central to the success of the Cpl Group.

This year, Cpl was recognised as one of the best large workplaces in Ireland by The Great Place to Work programme for the sixth consecutive year, achieving our highest ranking to date. We have also been recognised as one of the best workplaces for women in Ireland for the first time, highlighting our inclusive nature. I would like to thank everyone across the Group for their continued commitment and resilience, and for making Cpl a truly great place to work.

Environmental, Social & Governance

Across the Cpl Group, there is a collective passion for helping others and giving back and it's heartening to see this ethos come to the fore across the business community in Ireland and internationally. We are passionate about becoming a more sustainable business and with almost 13,000 people and 45 offices across the Group, we are confident we can continue to make a real difference, particularly within the areas of ensuring inclusive opportunities for all and minimising our environmental impact.

Our recently published Responsible Business Policy Report outlines our commitment to improving the objectives, policies and governance of our ESG activities. In terms of sustainability, we have increased our use of renewable energy by 50% in the financial year, with all electricity supplies across 22 sites now coming from renewable sources. We also recently implemented a supplier code of conduct committing to work only with companies who share our corporate values. We are proud to have been named one of the best workplaces for women in Ireland, continue to support a range of charities selected by our people and encourage all employees to avail of two fully paid volunteering days each year.

Summary & Outlook

Current market conditions and trading continue to be impacted by the economic slowdown associated with Covid-19. We are very pleased with the resilience demonstrated by our Flexible Talent division to date and anticipate the impact of the slowdown will principally be on our Permanent division, which comprises 27% of Cpl's net fee income. That said, we are not complacent about the potential impact on our business as a whole and remain focused on continuing to deliver for our clients; while adopting a range of efficiency and cost saving measures to protect the business and our client relationships. As an organisation, we are prepared for the potential macro-economic challenges driven by the Covid-19 pandemic and Brexit.

Cpl has a strong Balance Sheet with net assets in excess of €126.4 million, generated over 30 years of continuous profitability. We believe our Balance Sheet and strong cashflow generation provide the resources to withstand current challenges, and also to continue to invest in the growth and expansion of our business while providing an attractive return to shareholders.

Anne Heraty
Chief Executive Officer

8 September 2020

Cpl Strategy

Cpl's "Transformational Talent Experiences" strategy continues to be embedded across the Group with key initiatives supporting the three pillars of "Future Ready", "Total Solutions" and "Client First".

Introduction

Cpl's "Transformational Talent Experiences" strategy continues to be embedded across the Group with key initiatives supporting the three pillars of "Future Ready", "Total Solutions" and "Client First". On the following page is a summary of some key achievements since we began the implementation of our strategic plan in the 2019 financial year.

Highlights include the creation during the year of an evolved brand and associated new brand strategy implementation during the 2021 financial year and the continued evolution of our organisational structure, to better enable focus and further development of key service offerings in selected markets within Ireland and internationally.

Organisation Design

As part of our core strategy we rolled out a pillar structure within the organisation focused on the core service offerings in the business - Recruitment & Talent Solutions, Managed Services and Healthcare.

This reorganisation has created better ownership and focus over our core service offerings, supported by an executive governance group that is driving strong cross and upselling opportunities in a more focused way.

As part of the reorganisation an Enterprise Solutions Group has been established to better support the delivery of customised talent solution programs for our clients. The structure is being continually refined as we move towards becoming a full talent solutions and experiences provider.

Brand Evolution

During the year we started the process of evolving the Cpl brand to better reflect the continued development of Cpl as a provider of talent and workforce solutions across the entire talent spectrum.

This process involved interactions with our clients and colleagues and the development of a new brand look, feel and language for the Cpl organisation. During the 2021 financial year, the brand will be further integrated into the business and activated across core channels.

The brand refresh has also provided an opportunity to look at other core geographies such as the UK and focus on a consolidation of some of our existing branded companies, RIG and Clinical Professionals, under a core Cpl brand to further enhance our scope and presence in those markets.

See Pg 16

Further information on the brand is described in the Cpl: Brand Ecosystem section of this annual report.

Cpl Strategy (continued)

Themes

FUTURE READY

Cpl will be at the leading edge of the future of work, in order to enable our clients, candidates and consultants to be future ready.

Cpl will achieve this through collaborative networks of think & do leadership, co-creation and the continued development of the Future of Work Institute, a leading edge think tank and consulting services group where our clients, candidates and partners can help invent the future with us.

The financial year 2020 was a busy year for the Future of Work Institute ("FOWI") as it continued to drive value within the broader Cpl Group and across our diverse client base. Some highlights include:

- Development of new FOWI propositions with a focus on Strategic Wellness assessment and development model, EVP ("Employer Value Proposition"), Creative Leadership and Design strategy for Employee Experience
- Further integration of the FOWI into the business and roll out of over 60 workshop sessions across our existing clients and new client workshops
- Delivery of consulting and advisory projects with selected key clients across multiple engagements
- Roll out of innovative pilot programs and unique capability assessments using a combination of technology platforms and new models
- Full deployment of an engagement campaign across key FOWI themes with an integrated mix of blogs, channel collaborations, public events and online webinar series
- Development of new proposition partnerships with organisations such as AdventureLAB and the Centre for Design to further enhance unique offerings to our market

TOTAL SOLUTIONS

Cpl will design and deploy real world ready integrated solutions that will create transformational value appropriate to the needs of our clients and our candidates.

These solutions will empower a total solutions, end to end set of offerings, that will utilise the best of Cpl's expertise, in conjunction with appropriate business and technology partners.

Some key highlights of the financial year 2020 that further deepened our commitment to a total solutions approach include:

- Further development and deployment of *Covalen's* marketing and business development plan in selected markets and sectors
- The identification and development of key strategic initiatives over the past 12 months - some of these initiatives traverse across areas such as connected solutions, wellness propositions and new consulting service offerings. They are in various stages of development, incubation and pilot launch
- The establishment of an Enterprise Solutions Group to act as a centre of excellence for our clients in the design and deployment of customised talent solutions

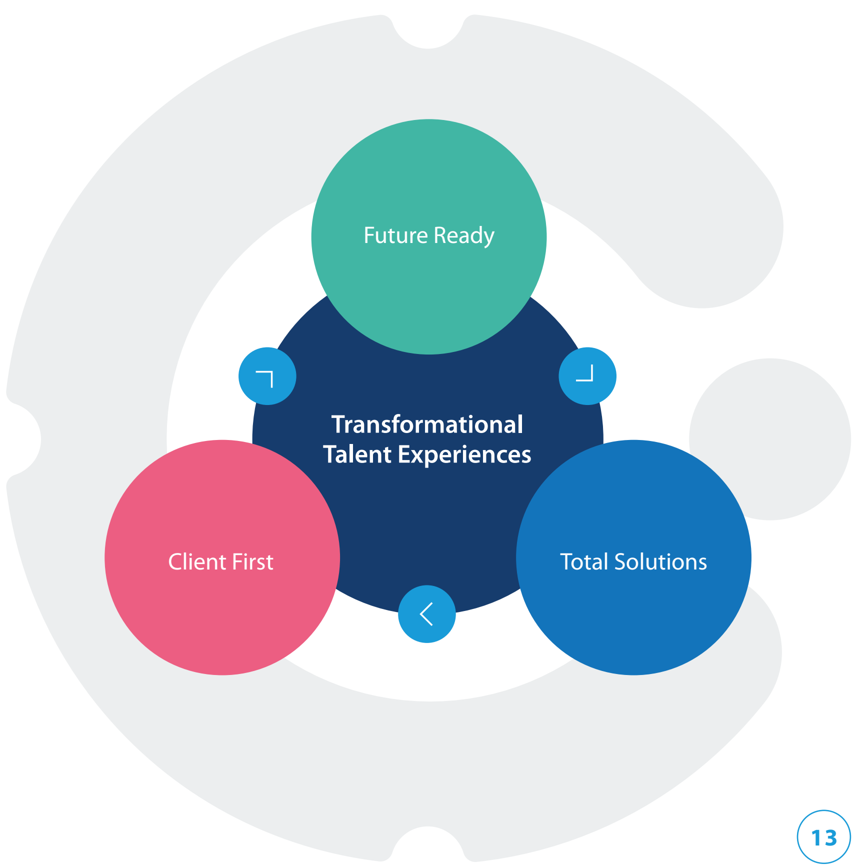
CLIENT FIRST

Cpl is all about the client and our people supporting our clients. It means adopting a more strategic approach to how we deal with our clients and creating new experiences to fully understand how we can transform our clients' businesses through a broad range of services and supports.

This means simplifying the back stage processes where we can empower our people to become totally focused on addressing the needs of our clients. We will engage our clients by being the best we can be at engaging and supporting our people.

A number of key initiatives have been strengthened and deployed in order to increase our client centricity. These include:

- Further development of the Chief Customer Officer function to drive the client first mindset
- Full integration of best in class strategic account management and practices across the business to improve the quality of client engagement and support
- Implementation of a data driven approach to client engagement with a focus on client experience design and the integration of feedback mechanisms to drive improvement and change for our clients
- Implementation of new engagement mechanisms to bring greater value add to our clients including new workshop design, pulse surveys and improvement sprints
- Lean training across group support functions and administration to help develop process improvements and generate efficiencies
- Process transformation projects across group support functions to ensure consistency of service and continuous improvement of our offering



Our Business Model in Action

TRANSFORMATIONAL TALENT EXPERIENCES

SUPPORTING CLIENTS TO WORK THE FUTURE

"I have worked with the Cpl Team and they have consistently delivered the best service. They have gained an understanding of our needs and culture and are able to provide candidates, who not only have the right experience, but are also the right fit for the team. Cpl has successfully assisted us in filling highly specialised roles, short term contracts and urgent ad-hoc recruitment needs."

GOSIA CZAJKOWSKA
Former HR Consultant at Forest Laboratories Ireland

Cpl Brand Ecosystem

Brand Story

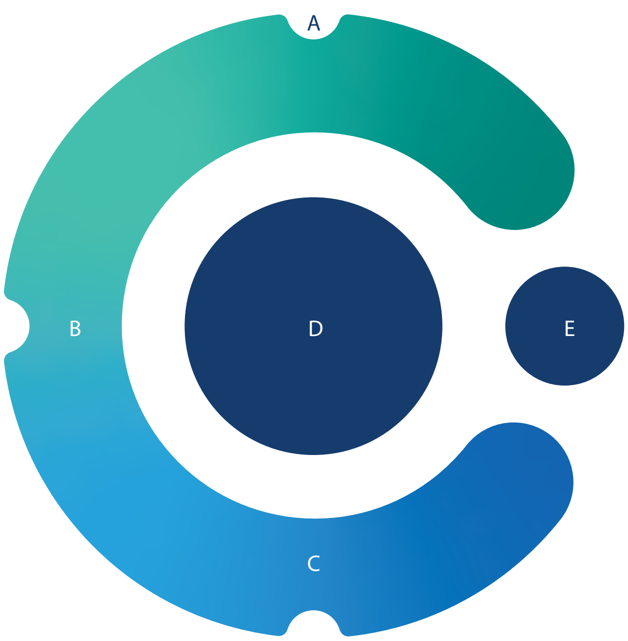
Over the past 10 years the Cpl Group has evolved to become a true talent solutions and experiences organisation. Today Cpl provides over 40 services across the talent spectrum, traversing across multiple sectors, and various disciplines.

With the evolution of the Cpl business and the rapidly changing nature of the working world due to technological acceleration, societal changes, and an evolution in how organisations create and execute, it represented a fantastic opportunity to evolve our brand look and language.

A brand that would build on the experience & excellence of the past, with the competencies of our present, and the promise of a purposeful future.

The New C of Cpl

We are proud to present our new brand logo. It builds on the previous logo so that it is at once innovative and yet familiar. The logo can stand on its own and along with the Cpl written word.



A **Cogs in the Outer C**
Represents our importance to our clients, candidates, colleagues and community. We are an important cog in the world of work

B **The C Represents C for Cpl**
It also means more than that. Viewed overhead it represents an embrace and highlights how we are continually driving a culture of inclusiveness

C **The Merging Colours**
The merging colours in the large C represent transformation and renewal, our strategy in action. The colours are made up of four colours which also represent our core pillars of service

D **The Large Dot**
Represents one large eye on the future

E **The Small Dot**
Represents a nod to our past and is actually the small dot of our previous logo motif

Our strapline is "Work The Future" and highlights our commitment to working with our colleagues, our candidates, our community and our clients in partnering with them to face the future with confidence.

Strapline

Our evolved strapline is "Work The Future" and highlights our commitment to working with our colleagues, our candidates, our community and our clients in partnering with them to face the future with confidence. It is about the future not being an abstract thing but something that is just a second, a minute, an hour or a day away.

Work The Future

Brand Personality

Our brand personality is Inspiring, Humane, Inclusive and Transforming. Gleaned from interviews with our clients and insights from our people our developed brand personality will be reflected in how we communicate, how we engage and how we work.

The sub-words of each personality trait are highlighted below. The words highlight our past, our present and our future.

Inspiring

Exciting, creative, renewed (phoenix), experiential

Human(e)

Easy to know, simple to deal with, making complex things simple, human centred

Inclusive

Diverse, purpose driven, collaborative

Transforming

Change agent, challenging in a good way, integrated, innovative

Cpl Around the World

Supporting clients globally from operations across 9 countries and territories

Global team

c.13,000

International Locations

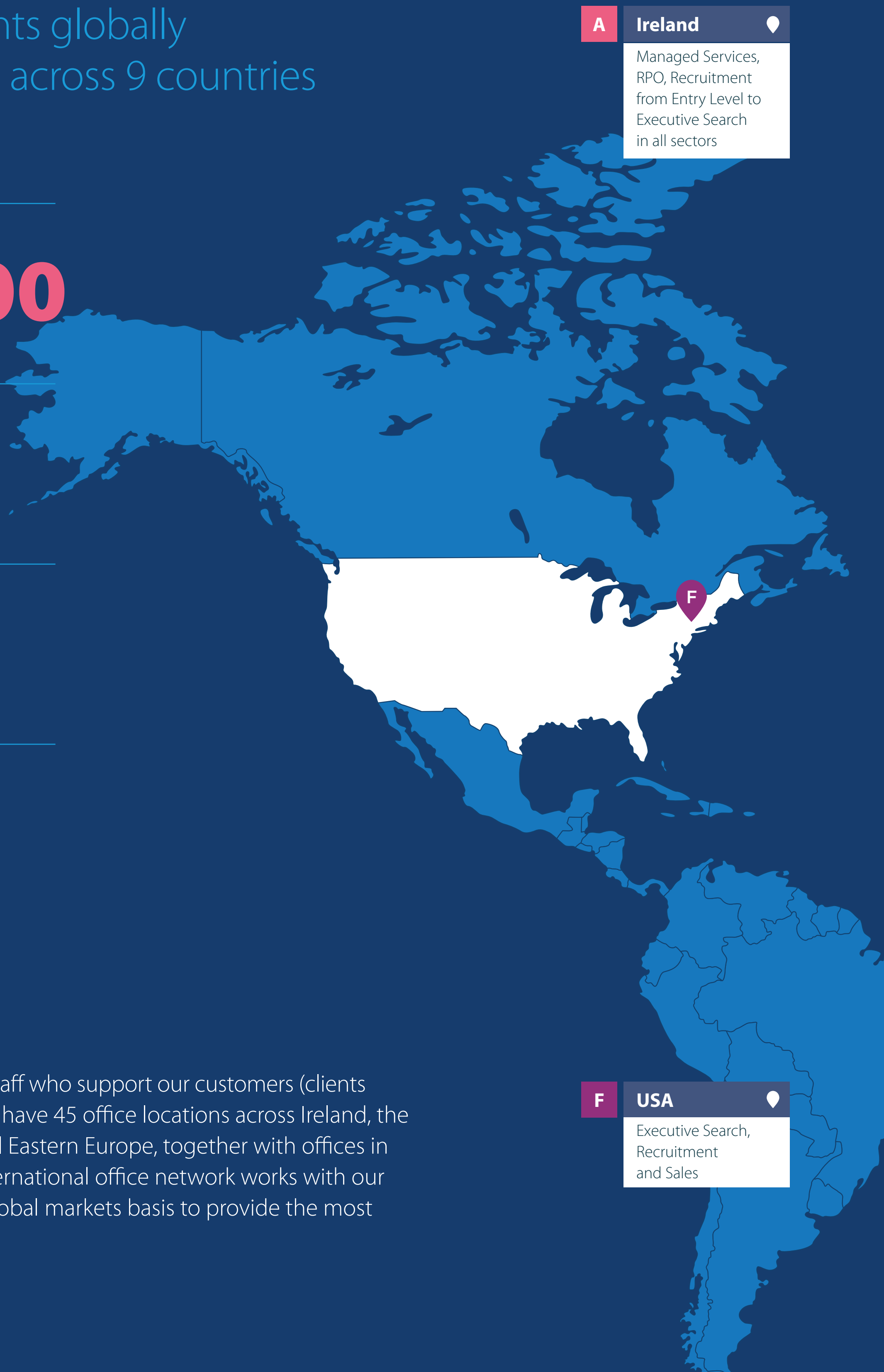
45

Countries

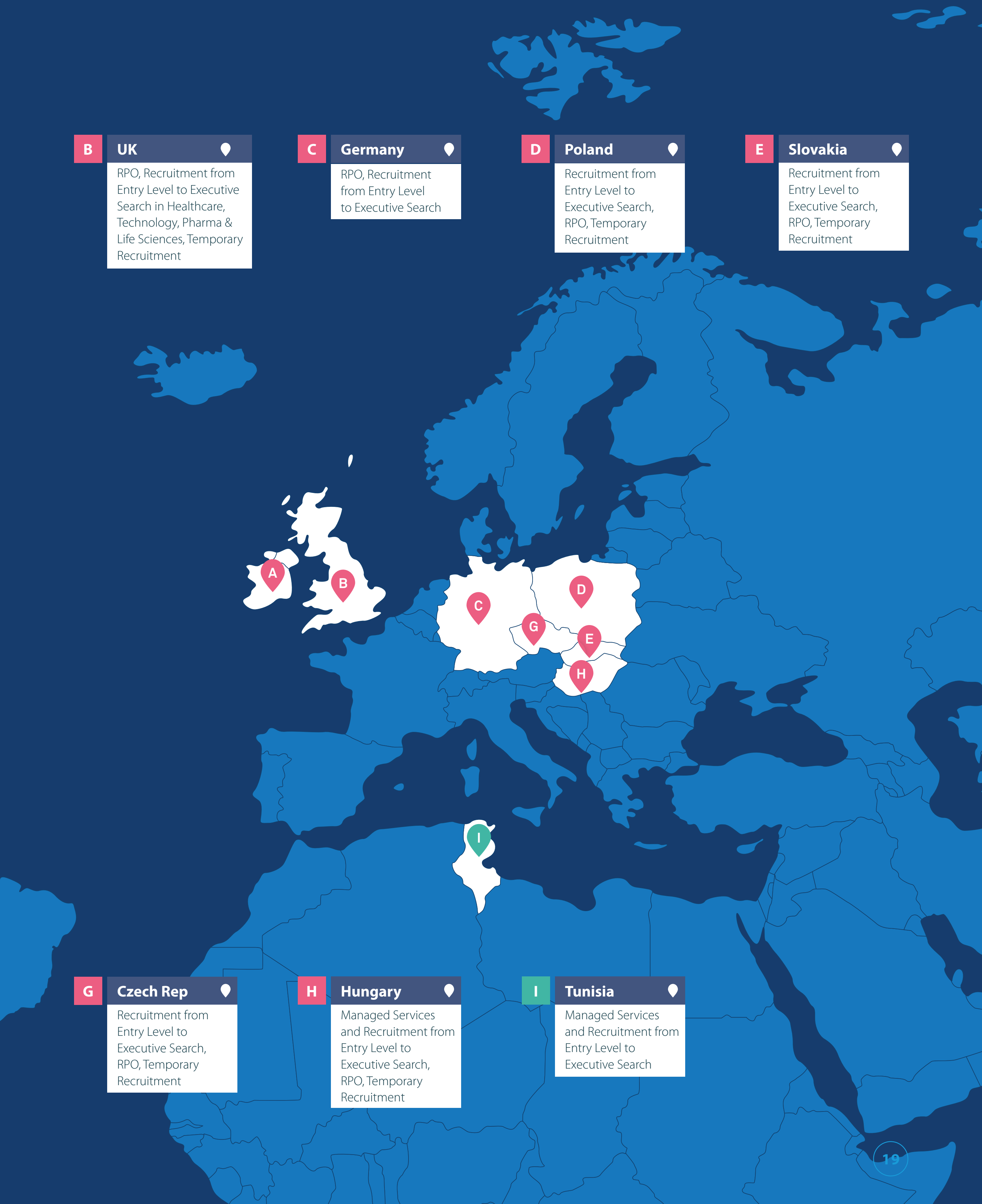
9

Continents

3



Cpl employs almost 13,000 staff who support our customers (clients and candidates) globally. We have 45 office locations across Ireland, the United Kingdom and Central Eastern Europe, together with offices in Boston and Munich. This international office network works with our clients on a domestic and global markets basis to provide the most impactful talent solutions.



B **UK**
RPO, Recruitment from Entry Level to Executive Search in Healthcare, Technology, Pharma & Life Sciences, Temporary Recruitment

C **Germany**
RPO, Recruitment from Entry Level to Executive Search

D **Poland**
Recruitment from Entry Level to Executive Search, RPO, Temporary Recruitment

E **Slovakia**
Recruitment from Entry Level to Executive Search, RPO, Temporary Recruitment

G **Czech Rep**
Recruitment from Entry Level to Executive Search, RPO, Temporary Recruitment

H **Hungary**
Managed Services and Recruitment from Entry Level to Executive Search, RPO, Temporary Recruitment

I **Tunisia**
Managed Services and Recruitment from Entry Level to Executive Search

Responsible Business Report

Building strong and enduring relationships with all of our stakeholders.

Approach to Responsible Business

Our purpose is to transform our clients' businesses through understanding their needs and providing a range of total talent solutions to meet those needs, while positively impacting the communities we work in, our colleagues and the lives of the people we work with.

Our guiding pillars under which we achieve this are: People & Community, The Environment and Ethics & Leadership. We believe that in order to deliver our purpose and operate our business in a sustainable way, we must build strong enduring relationships with all of our stakeholders.

Environmental, Social and Governance Framework

We are committed to operating as a sustainable business and having a positive impact on all of our stakeholders. We believe that as a business employing almost 13,000 people, we have a role to play in ensuring we make a difference, particularly when it comes to offering inclusive opportunities and reducing our environmental impact.

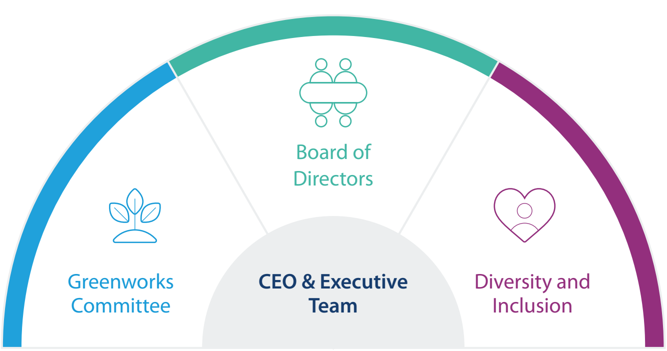
Environmental, Social and Governance ("ESG") goals are a vital component of our long-term success and will play an increasingly important role in stakeholders' trust and confidence in the years ahead.

In February 2020, we published our first Responsible Business Policy Report which demonstrates our commitment to enhancing our ESG credentials and formalises the objectives, policies and governance of our ESG activities. It is available on our website.

A strong governance framework is key to delivering on our Responsible Business strategy and we have assigned core teams responsible for the people (within Human Resources) and environmental (Green Works Committee) aspects of the strategy. The output of these core teams is overseen by the Executive Team, which also considers the important areas of leadership and ethics.

Our CEO and the Executive Team have management responsibility for the business and ESG activities, and this is overseen by the Board of Directors.

GOVERNANCE STRUCTURE



Commitment to the UN Sustainable Development Goals

Developed by the UN in 2015, the Sustainable Development Goals ("SDGs") are the blueprint to achieving a better and more sustainable future for all.

We have used the UN SDGs as the framework for our Responsible Business Strategy and as a guide for all policies and targets relating to People & Community, The Environment and Ethics & Leadership.

We believe that businesses have the same social and ethical responsibilities as individuals and work to ensure our partners and suppliers operate in line with Cpl's sustainable development strategies and values.

We prioritise the SDG goals that we believe are fundamental to Cpl and our stakeholders and where we can make a true impact. SDG goals currently prioritised across the Group are outlined below under the pillars of People & Community, The Environment and Ethics & Leadership.

PEOPLE & COMMUNITY

THE ENVIRONMENT

ETHICS & LEADERSHIP

People and Community

Our social values are underpinned by our company values and are lived daily by our people.

Our social values are underpinned by our company values of Customer Focus, Accountability, Effective Communication, Respect & Empowerment and most importantly are lived daily by our people. Our core themes that guide our initiatives are: Health & Wellbeing, Partnerships, Engagement & Awareness, Diversity & Inclusion & Corporate Social Responsibility.

All People and Community activities are guided by SDGs 3, 4 & 8 to address specific issues that are important to our people and our clients.

SDG GOAL 3
Ensure all our employees have access to health and wellbeing services, while promoting awareness about health issues that impact our people.

SDG GOAL 4
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

SDG GOAL 8
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Health & Wellbeing

We recognise that life can present challenges to many of our people at any time and understand that some may need help when these challenges arise. 2020 was a particularly strenuous time, with the rapid onset of the Covid-19 pandemic requiring the move from an office-based to a remote working environment.

To address this, we launched a "Staying Connected Campaign" with the primary objective of providing meaningful supports to all our people. We rebranded our Employee Assistance Programme to the Cpl Support Hub and moved all health and wellbeing supports online.

Our dedicated wellbeing partner, Zevo Health, has provided a range of support to our teams including webinars, access to meditations and health professionals and steps challenges via a bespoke app.

We also rolled out a number of innovative initiatives such as the Cpl Virtual Café; our Cpl Virtual Sports Day and Cpl's Photography Challenge with a range of themes to showcase our people, their interests and their families.

- **100+** employees completed mental health training
- **89%** of people feel we are pulling together as an organisation to support each other through Covid-19
- **85%** of Cpl employees stated that the Zevo Health app motivated them to become more active
- **4.2/5** employee satisfaction rate for the Stay Connected campaign

Partnerships

Over the past 30 years we have built strong partnerships with a broad range of organisations to ensure equality in the talent sector and to promote sustained economic growth. Active partnerships include:

- Open Doors – creating work opportunities for all
- Jobnet – equipping unemployed professionals to secure work
- Trinity Centre for People with Intellectual Disabilities – promoting job opportunities for people with intellectual disabilities
- Junior Achievement Ireland – encouraging young people to remain in education
- The EPIC Programme – employment and training for migrants, refugees and asylum seekers
- The 30% Club Ireland – pushing for gender balance on boards and executive leadership
- The South Side Travellers community – promoting inclusion in society

"Cpl have been a business partner of the Trinity Centre for People with Intellectual Disabilities ("TCPID") since 2016. The Cpl team have provided huge support to the TCPID since the partnership began, providing workshops, career advice and support to our students, as well as two tailored graduate internships which have both since been converted into permanent roles. These permanent roles have completely transformed the lives of the two graduates, Mei Lin and Marian, and have given them such a sense of joy, self-confidence and pride.

"Everyone in Cpl has been so wonderful to work with and have always gone out of their way to help us whenever we need it. We are incredibly lucky to have Cpl as a partner and we look forward to developing the partnership even further over the coming years."

Marie Devitt
TCPID Pathways Coordinator.

Over the past 30 years we have built strong partnerships with a broad range of organisations.

Engagement & Awareness

It is important for us to raise awareness of some of society's most pressing issues among our people. We do this through sharing experiences and stories.

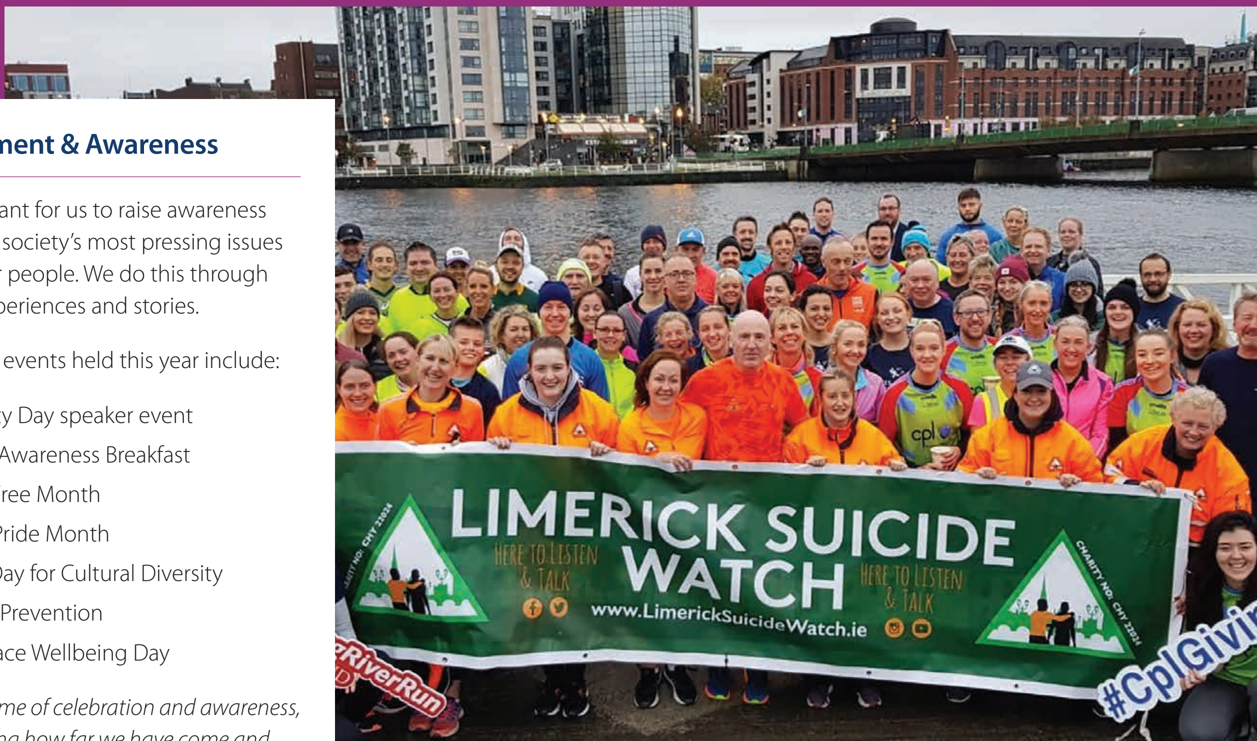
Awareness events held this year include:

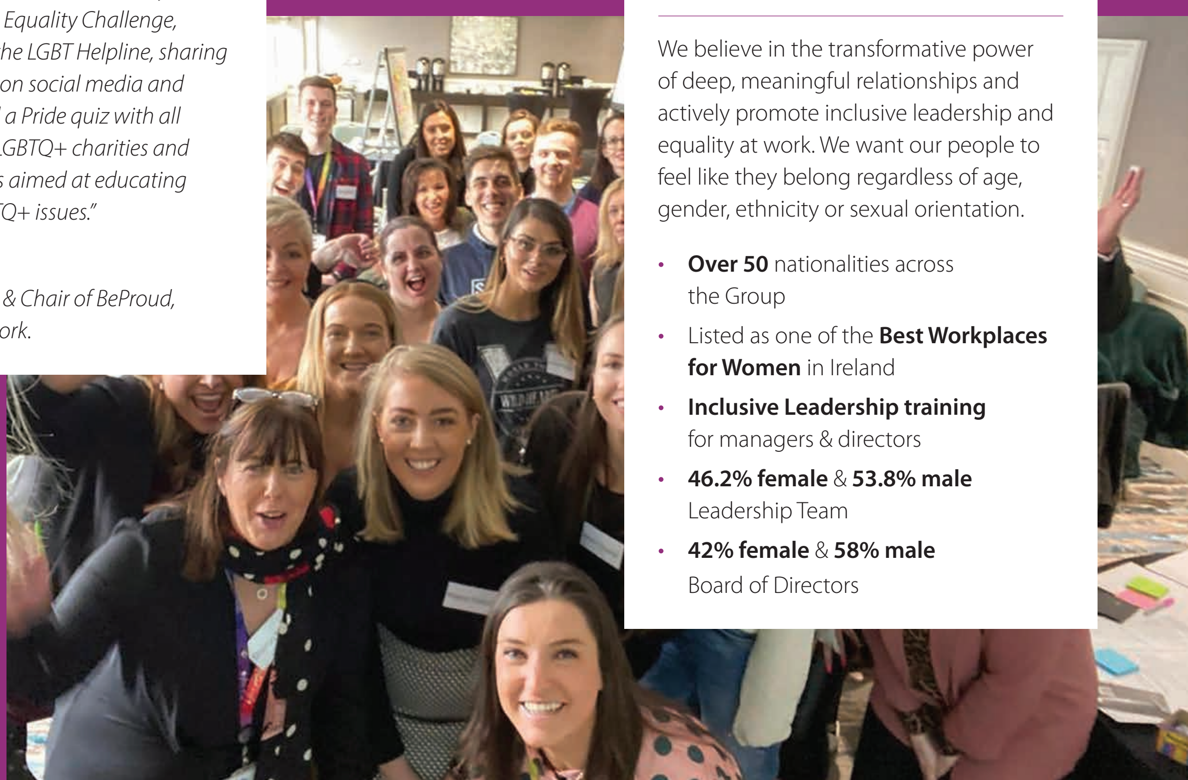
- Disability Day speaker event
- Cancer Awareness Breakfast
- Plastic Free Month
- Virtual Pride Month
- World Day for Cultural Diversity
- Suicide Prevention
- Workplace Wellbeing Day

"Pride is a time of celebration and awareness, of celebrating how far we have come and acknowledging the constant need for support and allies. For 2020, in a remote world, there was an even greater need to celebrate and raise awareness of those who are marginalised in society.

This year in Cpl we celebrated virtually, through a Steps for Equality Challenge, to raise money for the LGBT Helpline, sharing our people's stories on social media and on our website and a Pride quiz with all proceeds going to LGBTQ+ charities and rounds of questions aimed at educating our people on LGBTQ+ issues."

Stephen Molloy
Cpl Language Jobs & Chair of BeProud, Cpl's LGBTQ+ Network.





Diversity & Inclusion

We believe in the transformative power of deep, meaningful relationships and actively promote inclusive leadership and equality at work. We want our people to feel like they belong regardless of age, gender, ethnicity or sexual orientation.

- **Over 50** nationalities across the Group
- Listed as one of the **Best Workplaces for Women** in Ireland
- **Inclusive Leadership training** for managers & directors
- **46.2% female** & **53.8% male** Leadership Team
- **42% female** & **58% male** Board of Directors

Corporate Social Responsibility

Although the total number of fundraising events has suffered as a result of Covid-19, we have continued to support those in need in our communities.

Across our offices almost €40,000 has been raised for charities through a range of initiatives including payroll facilitated employee donations, bake sales, quizzes, charity runs and cycles and specific events for Paint it Pink, MPS awareness, Movember and Trick or Treat for Temple Street, among others.

We also encourage all employees to utilise two paid days for volunteering purposes. Charities that have benefited include; the EPIC programme, Jobnet, Junior Achievement Ireland, a range of charities that support homeless people, the Irish Cancer Society and the Alzheimer Society of Ireland.

All initiatives are promoted online using our #CplGivingBack hashtag to further promote awareness and engage with our people.

The Environment

Our people and our clients are passionate about taking action to reduce our environmental impact.

Our people and our clients are passionate about taking action to reduce our environmental impact. As a service organisation, our environmental impacts are small compared with many other businesses, however we take our responsibility seriously and we have initiatives in place to reduce our impact on the environment.

With that in mind, in 2019 we founded the Cpl Green Works team. Green Works is Cpl's dedicated environmental group with members from across all Cpl functions. They meet monthly and in partnership with our Human Resources team, lead all awareness events and drive monthly sustainability initiatives.

Our impact is predominantly through energy consumption and business travel. Led by our Green Works team, in 2020 we continued to educate our people on how to be more sustainable and introduced a number of new initiatives across three core areas:

1. Waste

2. Energy & Facilities

3. Sustainable Procurement

These challenges and all our sustainability plans are guided by SDGs 7,11 and 12.

SDG GOAL 7
Establish best practices to ensure energy efficiency in all our offices, use renewable energy where possible and minimise our impact on climate change.

SDG GOAL 11
Support the overall optimisation of urban systems to create inclusive, safe, sustainable and disaster resilient cities where we operate through CSR initiatives and meaningful partnerships.

SDG GOAL 12
Better understand the impact our consumption of products and services have and move to sustainable suppliers and products across our offices.

Progress

Waste

- 60% reduction in printing and new printing policies with the aim to go paperless by 2021
- Removed all single use plastics from our Dublin Headquarters saving over 42,000 plastic cups from landfill
- Cpl UK have committed to making a financial contribution to The Marine Conservation Society for each sales invoice raised, raising £1,937 so far. This money goes towards preventing sea pollution and cleaning up marine litter
- Introduced paperless employee onboarding across the Group
- Reduced number of paper timesheets from 2,000 a week to 500

Energy & Facilities

- Monthly promotions of Bike to Work scheme and Tax Saver public transport schemes
- Recycling and utilisation of equipment with ecological certificates across all CEE offices
- Invested in recycling areas and eco hand dryers in Irish offices

Sustainable Procurement

- Recently established a new supplier code of conduct committing to working only with companies who share our corporate values
- Published inaugural Responsible Business Policy Report formalising the objectives, policies and governance of our environmental, social and governance activities
- Changed energy supplier resulting in increasing our use of renewable energy by 50% in the financial year, with all electricity supplies across 22 sites now coming from renewable sources

Our philosophy is one of leading by example and we have invested in sustainability training for our leadership team, sponsored The Green Awards 2020 and hold monthly Green Works meetings to drive action and measure success.

Ethics & Leadership

Our Ethics and Leadership policies are guided by SDG 16.

Our Ethics and Leadership policies are guided by SDG 16 and the general principles contained in the Universal Declaration of Human Rights, the International Covenant on Civil & Political Rights, the International Covenant on Economic, Social & Cultural Rights, the eight fundamental ILO Conventions, along with our core values of Respect and Accountability.

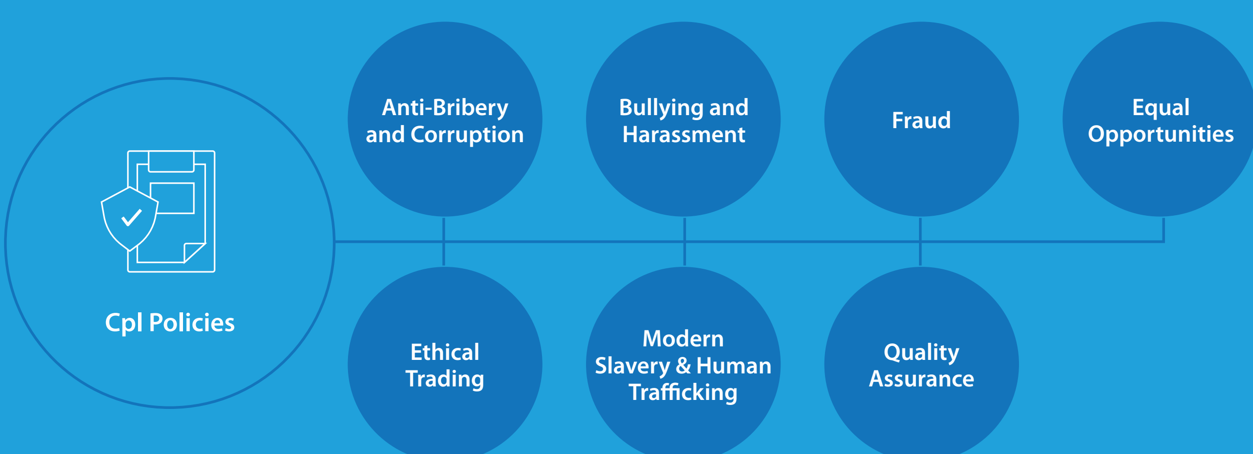
SDG GOAL 16
Remain accountable and inclusive at all levels of our business and make meaningful contributions to lasting peace, development and prosperity while ensuring long-term business success.

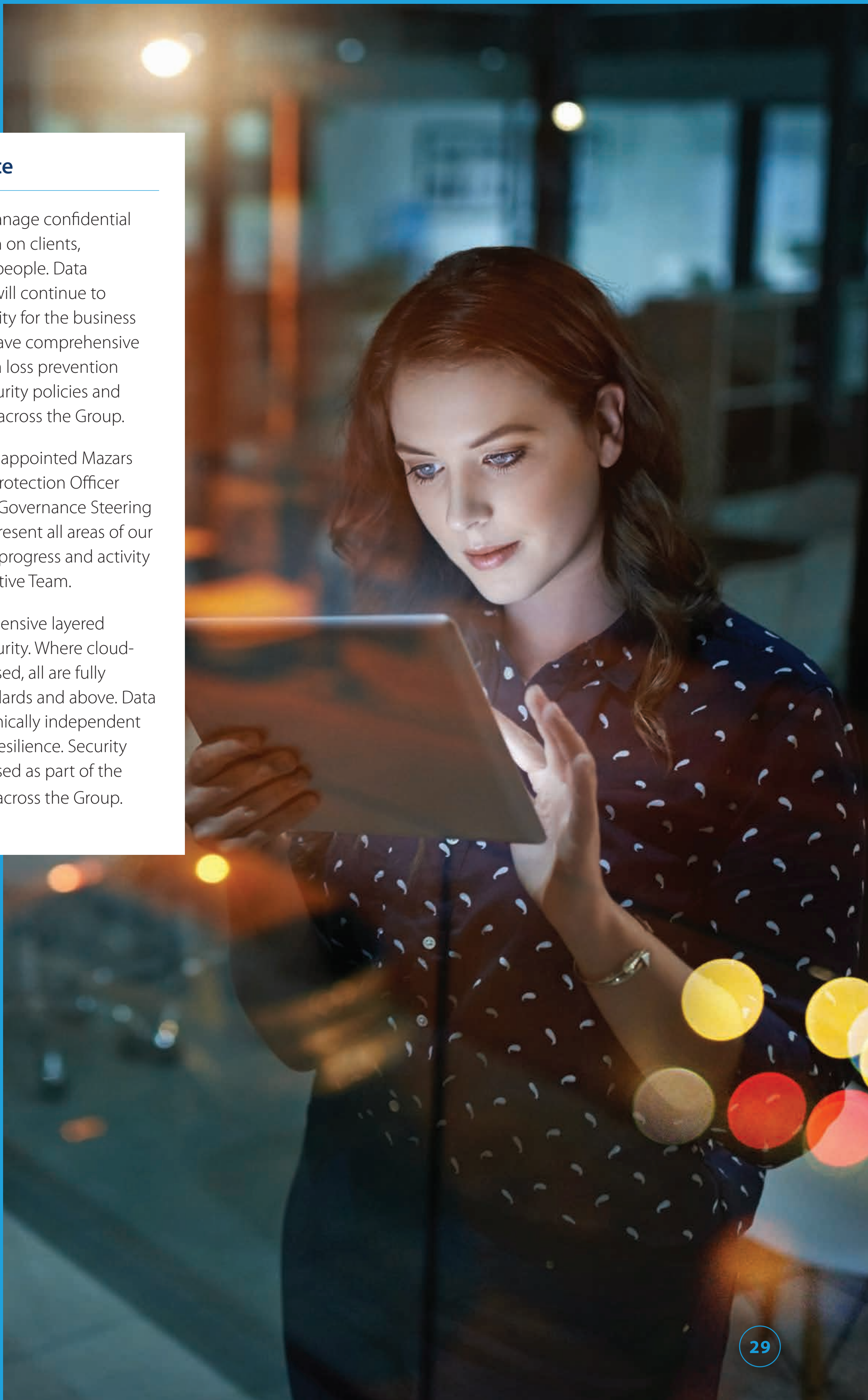
To ensure total compliance we have the following policies in place:

- Anti-Bribery and Corruption
- Bullying and Harassment
- Fraud
- Equal Opportunities
- Ethical Trading
- Modern Slavery & Human Trafficking
- Quality Assurance

In addition, as we manage our way through Covid-19 and our business response, we have in place Health & Safety Procedures; Risk Assessments; Covid-19 Risk Assessments and our managers are fully trained in all Health and Safety requirements.

MyHomecare (part of the Cpl Group) were also recently awarded the International Gold Seal in quality by JCI. MyHomecare are one of just 24 homecare companies globally who have attained the required standard and the only one in Ireland in our sector.





Data Governance

As a business, we manage confidential personal information on clients, candidates and our people. Data protection has and will continue to be a significant priority for the business and the Board. We have comprehensive data protection, data loss prevention and information security policies and procedures in place across the Group.

In addition, we have appointed Mazars Ireland as our Data Protection Officer and we have a Data Governance Steering Committee who represent all areas of our business and report progress and activity to the Group's Executive Team.

We apply a comprehensive layered approach to our security. Where cloud-based services are used, all are fully certified to ISO standards and above. Data is stored in geographically independent locations to ensure resilience. Security vulnerability is assessed as part of the ongoing IT strategy across the Group.

Our Business Model in Action

CREATING THE FUTURE, TOGETHER

Living The Future of Work Every Day

"At the Future of Work Institute, we have developed collaborations in strategically critical, future focused areas for leaders and organisations as they seek new competitive advantages."

BARRY WINKLESS
CSO Cpl & Head of Future of Work Institute

Centre for Design ("C4D")

A dedicated centre committed to supporting enterprises in developing their design systems, strategies and thinking. The FOWI, in an exclusive partnership, will deliver a range of experience and design based interventions for the workplace covering everything from HR strategy, to designing employee experiences and beyond.

AdventureLAB

A Danish based organisation focused on integrated storytelling. The FOWI is developing unique new propositions in the areas of strategic storytelling, employer brand, employer proposition, and organisational narratives with this unique organisation.

Board of Directors

John Hennessy
Non-Executive Chairman

Background and Career

John Hennessy, Chairman, has been a member of the Board of Cpl Resources plc since 1999, and is a member of the Audit Committee and of the Nomination and Remuneration Committee. He is a practising Barrister, a Chartered Accountant and a Chartered Director. He is also Non-Executive Chairman of Dalata Hotel Group plc. John Hennessy joined the Board on 22 June 1999 as Non-Executive Director.

Anne Heraty
Chief Executive Officer

Anne Heraty is the Chief Executive Officer of Cpl Resources plc. Anne established Cpl in 1989 and has played a key role in developing it to become Ireland's leading employment services company. Anne has a Non-Executive Director role at Kingspan plc and the Irish Business & Employers Confederation. Anne holds a BA degree in Mathematics and Economics from University College Dublin. Anne Heraty joined the Board on 22 June 1999 as Executive Director.

Lorna Conn
Chief Financial Officer

Lorna Conn joined Cpl Resources plc in October 2017 as Chief Financial Officer. Lorna is a fellow of Chartered Accountants Ireland and a qualified Chartered Director. Lorna has previously held senior roles in a number of public companies, residing in both Ireland and America during this time. Lorna graduated with a commerce degree from University College Dublin, holds a Masters in Accounting from the Michael Smurfit Business School and qualified as a Chartered Accountant with Deloitte. Lorna Conn joined the Board on 12 July 2018 as Executive Director.

Key To Board Membership

- Chairman of the Audit Committee and Designated Senior Independent Director.
- Chairman of the Nomination and Remuneration Committee.

Breffni Byrne
Non-Executive Director

Breffni Byrne joined the Board of Cpl Resources plc in December 2007. A Chartered Accountant, he is Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee. He is a Non-Executive Director of Citibank Europe plc and Zurich Insurance plc. He is a former Chairman of Aviva Ireland, Tedcastles Holdings and NCB Stockbrokers and a former Director of Hikma Pharmaceuticals plc, Irish Life & Permanent plc and Coillte Teoranta. Breffni Byrne joined the Board on 7 December 2007 as Non-Executive Director.

Colm Long
Non-Executive Director

Colm Long joined Cpl Resources plc in March 2017. He is Chairman of the Nomination and Remuneration Committee and is also a member of the Audit Committee. He is the Managing Director of Clairmar Consulting Ltd and previously held the roles of VP, Global Operations at Facebook and Director, Online Sales and Operations at Google. He also holds a Non-Executive Director role on Facebook Payments International Ltd where he is Chairman of the Board. Colm Long joined the Board on 13 March 2017 as Non-Executive Director.

Elaine Coughlan
Non-Executive Director

Elaine Coughlan joined the Board of Cpl Resources plc in October 2018 and is a member of the Audit Committee. Elaine is a co-founder and Managing Partner of Atlantic Bridge Capital, a Global Growth Equity Technology Fund. She is a Fellow of Chartered Accountants Ireland, a qualified Chartered Director and was named in the top 100 women in technology in Europe. Elaine currently serves on the Board of Enterprise Ireland and is a Non-Executive Director of several technology companies. Elaine Coughlan joined the Board on 23 October 2018 as Non-Executive Director.

Paul Carroll
Business Development Director

Paul Carroll is Business Development Director of Cpl Resources plc. His expertise combines 10 years in HR practice, working for companies such as KPMG, Intel, Gateway and ARI with an additional 26 years in recruitment with Cpl. A graduate from Maynooth NUI in Physics and Maths in 1985, he holds a Higher Diploma in Education and recently completed a Higher Diploma in Relationship Mentoring in UCC. Paul worked as a HR management consultant in KPMG for 5 years before joining the senior management team in Gateway 2000 to establish their HR function. Paul Carroll joined the Board on 22 June 1999 as Executive Director.

Advisors and Registered Office

Secretary
Wilton Secretarial Limited,
Sixth Floor, 2 Grand Canal Square,
Dublin 2, D02 A342

Registered office
83 Merrion Square,
Dublin 2, D02 R299

Auditor
KPMG, Chartered Accountants,
Statutory Audit Firm,
1 Stokes Place, St. Stephen's Green,
Dublin 2, D02 DE03

Principal bankers
AIB plc, 62, St. Brigid's Road,
Artane, Dublin 5, D05 CP23

Solicitors
William Fry, Sixth Floor,
2 Grand Canal Square,
Dublin 2, D02 A342

Registrars and paying agents
Computershare Investor Services (Ireland) Limited, 3100 Lake Drive,
Citywest Business Campus,
Dublin 24, D24 AK82

UK Paying agents
Computershare Investor Services plc,
The Pavilions, Bridgewater Road,
Bristol, BS99 6ZZ, England

NOMAD Euronext Growth Advisor and Joint Corporate Broker
Davy, Davy House, 49 Dawson Street,
Dublin 2, D02 PY05

Joint Corporate Broker
Shore Capital,
Cassini House, 57 St James's Street,
London SW1A 1LD, United Kingdom

Directors' Report

The Directors present their Annual Report and audited consolidated and Company financial statements for the year ended 30 June 2020.

Principal activities, business review (including principal risks and uncertainties) and future developments

Cpl Resources plc is Ireland's leading talent and workforce solutions group, specialising in the placement of candidates in permanent and flexible talent positions and the provision of talent advisory services. The Group's principal activities cover the areas of: technology, accounting and finance, sales, engineering, light industrial, healthcare, pharmaceutical and office administration. Cpl Resources plc is the holding company for the Group's thirty eight subsidiaries which are detailed in Note 13.

The Directors are satisfied with the performance of the Group and are committed to improving the performance of the Group by growing revenue and profitability.

The Directors consider the principal risks and uncertainties the Group faces and methods to mitigate each risk to be as follows:

Risk	Response to Risk
1. The performance of the Group has a very close relationship with and dependence on the underlying growth of the economies of the countries in which it operates. It is also conscious of the impact global, political, regulatory and economic events may have on its business. External factors outside the direct control of the Group including economic cycles and factors impacting on them such as the Covid-19 pandemic can significantly impact on performance.	Management monitor economic developments to ensure that they can react quickly to any changes that may have an impact on the business. Management are also aware of the need to ensure that the business can be scaled in line with economic developments. Management prepare rolling forecasts to ensure that they have as much visibility as possible on the impact economic events may have on the performance of the business. The impact of the Covid-19 pandemic on the global economy and on individual markets, and specifically the potential for a sustained economic recession is being monitored as a risk.
2. The Group continues to face competitor risk in the markets where the provision of permanent and flexible talent recruitment is most competitive and fragmented. There is strong competition for clients and candidates and the Group faces pricing and margin pressures in its flexible talent business across its major specialist activities. The Group faces a number of industry risk factors in a competitive environment, notably the increasing use of social media.	Management actively monitor competitor activity in the market, and the services, pricing and margins being offered by existing and new competitors. The Group monitors changes in the market in terms of industry trends, including social media and continues to invest in its online presence to provide a high quality customer experience.
3. The Group is not overly reliant on any single key client. However, if the Group were to lose a number of large accounts simultaneously, there would be a temporary negative profit impact.	Management continue to work closely with the Group's clients to ensure a quality of service that will differentiate the Group from its competitors and thus minimise the risk of losing business to a competitor.
4. The Group is always subject to the risk that a large customer might default on its payments.	Management actively manage cash collection, working capital days and customer payment terms of all debtor accounts.

Risk	Response to Risk
5. The Group relies heavily on its information systems to store, process, manage and protect large amounts of financial, candidate and client information. If it fails to properly develop and implement technology the business could be harmed. The EU General Data Protection Regulation ("GDPR") was enacted in May 2019 and imposes increased obligations on companies regarding data protection. Non-compliance may result in severe penalties for the Group.	Management continually monitors the performance and robustness of its IT suppliers and systems to ensure business-critical processes are safeguarded as far as it is practicably possible. The Group has put in place clear governance structures to review project status when replacing certain key operational and financial systems, ensuring that the necessary specialist resources are available and that a clear project management process is followed. A number of additional measures were introduced to ensure compliance with the new GDPR legislation.
6. As employment laws are changed they bring with them new risks and opportunities. The flexible workforce market is more heavily regulated and changes in legislation (e.g. changes to flexible workforce worker rights) may impact the Group's operations.	The Group's management are actively monitoring proposed and suggested changes to labour laws and the impacts they may have on our service offering. The Group's cost base is highly variable and is carefully managed to align with business activity or major change that may occur.
7. As the Group increases its international activities, it will be exposed to a number of risks that it would not face if it conducted its business solely in Ireland. Any of these risks could cause a material negative effect on the Group's profitability. Such risks include differences and changes in labour laws and regulations, foreign exchange fluctuations, and difficulties staffing and managing foreign offices as a result of distance, language and cultural differences.	Prior to entering new markets a full review of the risks in the specific market is completed. The Group on entry has a mix of local, international and head office staff to assist in managing the relevant new market risk. Foreign exchange risk in our markets are monitored by Group management.
8. The Group has acquired several companies and it may continue to acquire companies in the future. Entering into an acquisition entails many risks, any of which could harm the Group's business, including diverting management's attention away from the core business and failing to successfully integrate the acquisitions.	The Group continues to build a strong multi-disciplined management team. The Group adds resources to ensure that we have the organisational capacity to identify and integrate acquisitions and optimise organic growth opportunities.
9. Cpl's success depends on its ability to attract and retain key management and recruitment consultants. Loss of a team or key members of a team could disrupt the business.	The Group continues to invest in our people and have put in place incentives and a Long Term Incentive Plan for staff. We continue to invest in our brand to ensure we become the number one provider of talent delivery solutions in the markets in which we operate.

Directors' Report (continued)

Risk	Response to Risk
10. The Group holds confidential information for clients, candidates, suppliers and staff. Today's online environment presents a very real threat of cyber-attacks. Such an event would prove not only financially costly but simultaneously detrimental to the reputation of the Group.	Within the Group, the issue of data protection is paramount and the Group has appointed Mazars Ireland as Data Protection Officer. Access to Cpl databases is strictly controlled and only granted based on business need and privacy policy. Data protection training is provided to all employees and mandatory compliance testing is now in place. In 2016 the Office of the Data Protection Commissioner published a very positive report on how data protection is managed and designed into the Group's business flows.
11. The Group is a cash generative business with significant cash on hand and on deposit in bank accounts.	The Group has qualified and experienced staff, with segregation of duties and multiple approval levels for receipts and payments of cash. The Group spreads cash deposits across a variety of institutions and locations in order to minimise credit risk.

Key performance indicators ("KPIs") that are focused on by management include:

- Management review team productivity including monitoring average fees per consultant and activity levels. Management also monitor average margins achieved per team and sector. The objective to increase the Group's average margins continues to be a KPI for the senior leadership team this year.
- Management review the number of flexible talent employees placed with the Group's clients. The number of new starters and leavers are reviewed on a regular basis. Management also review all margins to try to limit margin erosion.
- Management prepare rolling forecasts to evaluate performance against budget and to evaluate any impact external economic factors may be having on the profitability of the business.
- Management monitor debtor days to ensure the Group remains cash generative and maximises its cash balances.
- The quality and range of services delivered to clients is critical to Cpl's success. As part of the Group's performance improvement plan, service quality targets are implemented focusing on both client and candidate needs. The Group continues to increase client satisfaction levels, which are independently measured, and to experience a high level of repeat business.

Financial risk management

Details of the Group's financial risk management are outlined in Note 26 of the financial statements.

Results and dividends

The Chief Executive's review on pages 6 to 10 contains a comprehensive review of the operations of the Group for the year. The audited financial statements for the year are set out on pages 48 to 100.

Profit before tax for the year ended 30 June 2020 amounted to €24.5 million (2019: €24.6 million). The profit after tax for the financial year ended 30 June 2020 amounted to €21.1 million (2019: €21.3 million). Profit before tax was impacted by an impairment charge of €2.5m and therefore adjusted profit before tax amounted to €27.9 million (2019: €25.5 million).

Adjusted basic earnings per share for the year amounted to 88.8 cent (2019: 80.6 cent). Basic and diluted earnings per share for the year amounted to 76.3 cent (2019: 77.3 cent) and 75.4 cent (2019: 77.2 cent) respectively.

An interim dividend of 10.0 cent per share (2019: 8.00 cent) was paid during the year. Considering the interests of all stakeholders along with the uncertainty surrounding the Covid-19 pandemic, the Board has deemed it necessary to prioritise a strong Balance Sheet which can withstand further adverse impact. As a result the Board is not recommending payment of a final dividend in respect of the financial year ended 30 June 2020 (2019: 11.0 cent). No further dividends or transfers to reserves are recommended by the Directors.

Shareholders' equity at 30 June 2020 amounted to €126.4 million (2019: €110.4 million).

Directors and Secretary and their interests (and those of their spouses and minor children)

On 30 September 2019, Mark Buckley resigned from the Board. The Directors and Secretary who held office at 30 June 2020 had no interests other than those shown below in the shares in the Company or Group companies.

	No. of shares 30 June 2020	No. of shares 1 July 2019
Shares in Cpl Resources plc Ordinary shares of €0.10 each		
Anne Heraty *	**8,092,264**	8,092,264
Paul Carroll *	**1,613,844**	1,613,844
John Hennessy	**90,298**	90,298
Breffni Byrne	**7,225**	7,225
Colm Long	**-**	-
Lorna Conn	**-**	-
Elaine Coughlan	**-**	-
Wilton Secretarial Limited	**-**	-

** Anne Heraty and Paul Carroll are husband and wife.*

Lorna Conn was awarded 60,000 Long Term Incentive Plan IV awards on 24 January 2020, with a vesting date of 16 September 2022. Associated targets are outlined in Note 29. Lorna Conn was awarded 50,000 Long Term Incentive Plan III awards during the year ended 30 June 2018, with a vesting date of 18 September 2020. Mark Buckley was awarded 55,000 Long Term Incentive Plan III awards during the year ended 30 June 2018, with a vesting date of 18 September 2020. He had 80,279 Long Term Incentive Plan II awards which vested on 17 September 2018. No other awards to Directors were awarded, exercised, forfeited or vested in the year. Other than as disclosed above and as described in Note 29, none of the Directors had a beneficial interest in any material contract with the Company or any of its subsidiaries during the year ended 30 June 2020.

Significant shareholdings and share price

At 30 June 2020, A. Heraty and P. Carroll together held 35.4% (2019: 35.4%) of the share capital of the Company.

During the year, the highest and lowest share prices were €8.80 and €5.00, respectively. At year end, the share price was €7.00.

Post Balance Sheet events

There were no material events subsequent to the year end which require disclosure in the financial statements.

Political donations

The Group made no political donations during the year (2019: €Nil).

Accounting records

The Directors believe that they have complied with the requirements of Section 281 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at the Company's premises at 83 Merrion Square, Dublin 2.

Directors' Report (continued)

Corporate governance

Principles

The Board of Cpl Resources plc is firmly committed to business integrity, high ethical values and professionalism in all of its activities and operations. It is therefore committed to maintaining the highest standards of corporate governance. As an AIM listed company, the Group is required to apply the principles of a recognised corporate governance code, or explain any departures from the guidance of that code. The Board confirms that the Group complies with the principles and provisions of the QCA Corporate Governance Code, as issued by the Quoted Companies Alliance in April 2018. This report describes the corporate governance arrangements in place.

The Board and its role

The Group is controlled by its Board of Directors. The Board's primary roles are to create value for shareholders, to provide leadership to the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives. The Board is also responsible for developing and promoting the Group's purpose together with the values, culture and behaviours needed to conduct business and to achieve its strategic objectives.

Specific responsibilities reserved to the Board include: setting Group strategy and approving an annual budget and medium-term projections; reviewing operational and financial performance; approving major acquisitions, divestments and capital expenditure; reviewing the Group's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; approving appointments of Directors and Company Secretary; approving policies relating to Directors' remuneration and the severance of Directors' contracts; and ensuring that regular and productive dialogue takes place with shareholders.

The Board has delegated the following responsibilities to the executive management team: the development and recommendation of operational plans for consideration by the Board that reflect the longer-term objectives and priorities established by the Board; implementation of the strategies and policies of the Group as determined by the Board; monitoring the operating and financial results against plans and budgets; monitoring the quality of the investment process against objectives; prioritising the allocation of capital, technical and human resources; monitoring the composition and terms of reference of divisional management teams; and developing and implementing risk management systems.

Each Director retires by rotation every 3 years and no specific term of appointment is prescribed. The Board meets at least nine times each year and has a fixed schedule for reviewing the Group's operating performance. Additional meetings are arranged as required to deal with specific issues or transactions. There is a schedule of formal matters specifically reserved for Board approval. Outside of this, the Chairman and Non-Executive Directors make themselves available for consultation with the executive team as often as necessary. All Directors have access to advice from the Company Secretary and from independent professional advisors at the Group's expense.

Board Independence

The Board currently comprises the Non-Executive Chairman, three Executive Directors and three Non-Executive Directors, which includes the Senior Independent Director, Breffni Byrne. The Board considers all of its Non-Executive Directors to be independent in character and judgement and each has significant depth of relevant skills, experience and expertise. The Board has determined that there are no relationships or circumstances that are likely to affect, or could appear to affect, the independent judgement of any of the Non-Executive Directors.

Board Changes

The Board are very aware of the benefits of periodic refreshment of its membership, which fosters the sharing of diverse perspectives in the boardroom and the generation of new ideas and business strategies. As part of our commitment to Board refreshment, Breffni Byrne will retire from the Board at Cpl's AGM on 23 November and a new Non-Executive Director will be appointed to the Board during the financial year.

Performance evaluation

Boards should continuously challenge themselves and regularly consider whether they are effective. In order to ensure the Board continues to operate effectively, it recognises the importance of consistent evaluation of its performance and the performance of its Committees. Such a review of the operation and performance of the Board and its Committees is undertaken annually. This review is conducted internally by the Chairman in the form of one-to-one meetings where the Chairman assesses any training and development needs in respect of individual Directors and any skillset gaps at Board unit level. The Chairman also considers feedback from Directors and, where appropriate, acts upon that feedback. The evaluation of the Chairman's performance is led by the Senior Independent Director. In line with best practice corporate governance principles, it is the Board's intention to facilitate an external evaluation every three years and this will occur during the financial year ended 30 June 2021.

Professional development

On appointment, the Directors receive relevant information about the Group, the role of the Board and the matters reserved for its decision making, the terms of reference and membership of the principal Board Committees and the powers delegated to those Committees, the Group's corporate governance policies and procedures and the latest financial information about the Group. Throughout their period in office, the Directors are regularly updated on the Group's business and the environment in which it operates, by written briefings and by meetings with senior management, who are invited to attend and present at Board meetings from time to time. They are also updated on any changes to the legal and governance requirements of the Group and those which affect them as Directors and are able to obtain training, at the Group's expense, to ensure they are kept up to date on relevant new legislation and changing commercial risks.

Board Committees

The Board has established an Audit Committee and a Nomination and Remuneration Committee. These committees have written terms of reference.

Audit Committee

The Audit Committee is comprised of Breffni Byrne, John Hennessy, Colm Long and Elaine Coughlan. Breffni Byrne is the Committee Chairman. The Board is satisfied that he has recent and relevant financial experience.

The Audit Committee meets at least three times each year. The Audit Committee reviews the accounting principles, policies and practices adopted in the preparation of the interim and annual financial statements, as well as reviewing the scope and performance of the Group's internal finance function and reviewing the Group's systems of financial control and risk management. It also discusses the scope and results of the audit with the external auditor and reviews the effectiveness and independence of the auditor. The external auditor attends the Audit Committee meetings by invitation. The Chief Executive Officer and the Chief Financial Officer also attend parts of the meeting by invitation. The external auditor has the opportunity to meet with the members of the Audit Committee in the absence of executives of the Group at least once a year.

During the year ended 30 June 2020, the Audit Committee, operating under its terms of reference, discharged its responsibilities by:

- reviewing risks associated with the business
- reviewing the appropriateness of the Group's accounting policies
- reviewing the external auditor's plan for the audit of the Group's 2020 financial statements, which included an assessment of the audit scope, key risk areas, confirmation of auditor independence and the proposed audit fee, and approving the terms of engagement for the audit
- reviewing and approving the 2020 audit fee and reviewing non-audit fees payable to the Group's external auditor in 2020
- reviewing the external auditor's reports to the Audit Committee in relation to year end audits and reviewing the financial statements prior to issue
- reviewing the effectiveness of the external audit process
- reviewing performance improvement observation reports on internal controls in the Group's businesses prepared by the external auditor as part of the Group's audit process
- reviewing the Group's interim results prior to Board approval
- reviewing the effectiveness of the Group's internal control system and overseeing the internal audit function

Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Group's statutory auditors are unaware.

Directors' Report (continued)

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is comprised of Colm Long, John Hennessy, Breffni Byrne and Elaine Coughlan. Colm Long is the Committee Chairman.

The Nomination and Remuneration Committee meets as required and at least twice a year. It comprises four Non-Executive Directors and the Chief Executive Officer attends part of the meeting by invitation but is not present for the determination of her own remuneration. Emoluments of Executive Directors are determined by the Committee. In the course of each financial year, the Committee determines basic salaries as well as the parameters for any possible bonus payments. The Committee applies the same philosophy in determining Executive Directors' remuneration as is applied in respect of all employees. The underlying objective is to ensure that individuals are appropriately rewarded relative to their responsibilities, experience and value generated for the Group and shareholders.

The Committee is mindful of the need to ensure that in a competitive environment the Group can attract, retain and motivate executives who can perform to the highest levels of expectation. Annual bonuses and LTIP awards, if any, are determined by the Committee on the basis of objective assessments based on the Group's performance during the year measured by reference to key financial indicators, as well as by a qualitative assessment of the individual's performance. The overarching principle of the Group's remuneration arrangements is to promote the long-term success of the business by supporting the implementation of strategy while encouraging and rewarding the right behaviours, value and culture.

In respect of potential nominations to the Board, the Committee meets at least once a year. Annually, the Committee considers the mix of skills and experience that the Board requires and seeks to propose the appointment of Directors to meet its assessment of what is required to ensure that the Board continues to operate effectively in discharging its responsibilities.

The Committee considers succession plans for the Group Board and other senior managers over the short and longer-term, keeping in mind the balance of skills and experience required to ensure that the Group's commitment to deliver sustainable shareholder value is met. A clear career progression for employees and a talent pipeline is key to the Group's growth and helps to attract and retain talented individuals. The Group is committed to maximising career opportunities through significant investment in training and professional development at all levels. The Committee supports internal development programmes to build the skills required of future leaders amongst relevant employees.

Attendance at Board and Committee meetings

Attendance at scheduled Board meetings and Committee meetings during the year ended 30 June 2020:

	Full Board	**Audit Committee**	**Nomination & Remuneration Committee**
Number of meetings held in year ended 30 June 2020	**11**	**3**	**2**
Directors and position held:			
John Hennessy Non-Executive Chairman	11	3	2
Breffni Byrne* Non-Executive	11	3	2
Colm Long Non-Executive	11	3	2
Elaine Coughlan Non-Executive	11	3	2
Anne Heraty Chief Executive Officer	11	N/A	N/A
Lorna Conn Chief Financial Officer	11	N/A	N/A
Paul Carroll Executive	11	N/A	N/A
Mark Buckley Executive**	2	N/A	N/A

** Designated Senior Independent Director*

*** Mark Buckley resigned from the Board on 30 September 2019*

Relations with shareholders

There are regular meetings between the representatives of the Group and representatives of its principal investors. Announcements of interim and annual results are communicated promptly to all shareholders and presentations by the executive team are made to discuss the Group's results and any key developments. All shareholders are welcome at the Annual General Meeting where they have the opportunity to ask questions of the Board. All Directors normally attend the Annual General Meeting. The Non-Executive Chairman also gives a statement on the current trading conditions at the Annual General Meeting. The Chairman and the Executive Directors are ultimately responsible for shareholder liaison and make themselves available to shareholders as required. The views of shareholders and market perceptions are regularly communicated to the Board.

Stakeholder engagement

The Company has a range of stakeholder groups both internal (our employees) and external (suppliers, customers, regulators and others) whose good relations its long term success relies upon. The Board is firmly aware that stakeholder views can be hugely informative in terms of operational effectiveness and strategy development. The Company's strategy takes into account the needs of each stakeholder group and where applicable seeks feedback from these stakeholders directly.

Internal control & risk management

The Directors have considered the importance of internal control on the Group's operations and on its ability to execute and deliver its strategy. Having reviewed the effectiveness of its current controls, procedures and practice, the Directors believe that the Group, throughout the year and up to the date of approval of the financial statements, has an effective internal control environment appropriate for the Group's size.

The Directors are responsible for ensuring that the Group maintains a system of internal control and risk management. This system is designed to provide reasonable but not absolute assurance against material misstatement or loss.

Key elements of this control system, including internal financial control, are:

- an organisation structure with defined lines of responsibility and delegation of authority
- a budgeting system with actual performance being measured against budget on a regular basis
- regular reviews of the key business risks relevant to the Group's operations. These risks are reviewed annually for the purpose of ensuring that they remain appropriate to the business and the current trading environment
- control procedures to address the key business risks, including policies and procedures appropriate to the operations of the business. The Board considers the adequacy of the control procedures at the same time as it reviews the key business risks. In addition, certain prescribed matters are reserved for Board approval

The Audit Committee has reviewed the effectiveness of the Group's internal control system up to and including the date of approval of the financial statements. This review includes a consideration of issues raised in performance improvement observation reports received from the internal and external auditors.

The Board will actively monitor the continued adequacy of the Group's risk management and control system to ensure that as the Group develops and delivers on its strategic objectives, appropriate resources are available for this purpose.

Internal audit

An Internal Audit function was established during the year ended 30 June 2018. The Audit Committee oversees and monitors the work of the Internal Audit function, including the resources, scope and effectiveness of the function. A third party service provider, BDO, have been engaged to conduct a range of financial, operational and strategically-focused internal audits in order to provide the Board and management with assurance on the adequacy of internal control arrangements, including risk management and governance.

BDO have direct access to the Board and Audit Committee. A three year internal audit plan, approved by the Audit Committee and relevant to the 30 June 2020 financial year, is underway. This audit plan has been developed to assist Cpl in the effective mitigation of risk and to provide assurance to the Audit Committee and management in carrying out their responsibilities.

The three year internal audit plan is aimed at evaluating:

- The reliability and integrity of the financial and operating information systems and the information itself;
- The systems established to ensure compliance with objectives, policies, plans, procedures, laws, regulations and contracts;
- The controls to ensure that risks are effectively identified and managed and that assets are accounted for properly and safeguarded;

Directors' Report (continued)

- The effectiveness of governance processes; and
- The plan will be continually developed during the three year period to reflect emerging risks and any change in priorities

Non-audit services

The Audit Committee monitors the non-audit services being provided to the Group by its external auditor. A formal Auditor Independence Policy has been developed to check that the non-audit services do not impair the independence or objectivity of the external auditor. The policy sets out four key principles which underpin the provision of non-audit services by the external auditor. These are that the auditor should not: audit its own firm's work; make management decisions for the Group; have a mutuality of financial interest with the Group; or be put in the role of advocate for the Group.

Going concern

The Group has considerable financial resources. As a consequence, the Directors believe that Cpl is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Directors' Compliance Statement

The Directors, in accordance with Section 225(2)(a) of the Companies Act 2014 (the "Act"), acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations". "Relevant obligations", in the context of the Company, are the Company's obligations under:

(a) the Act, where a breach of the obligations would be a category 1 or category 2 offence;

(b) the Act, where a breach of the obligation would be a serious Market Abuse or Prospectus offence; and

(c) tax law

Pursuant to Section 225(2)(b) of the Act, the Directors confirm that:

(i) a compliance policy statement has been drawn up by the Company in accordance with Section 225(3)(a) of the Act setting out the Company's policies (that, in the Directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations;

(ii) appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company's relevant obligations, have been put in place; and

(iii) a review has been conducted, during the financial year, of the arrangements and structures referred to in paragraph (ii)

Auditor

In accordance with Section 383 (2) of the Companies Act, 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board

John Hennessy	**Anne Heraty**
Director	Director

8 September 2020

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

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

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM/Euronext Growth Rules, they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU. The Directors have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014.

Under company law the Directors must not approve the Group and Parent Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company and of the Group's profit or loss for that year.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position of the Group and Parent Company and the profit and loss of the Group and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility 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. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

John Hennessy	**Anne Heraty**
Director	Director

8 September 2020

Independent Auditor's Report
to the Members of Cpl Resources plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cpl Resources plc ("the Company") for the year ended 30 June 2020 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

In our opinion

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 30 June 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA"), as applied to listed entities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters: our assessment of risks of material misstatement

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

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Revenue recognition and accrued income

2020: Revenue €569.3m, Accrued Income €28.2m (2019: Revenue €564.9m, Accrued Income €29.2m)

Refer to note 1 (accounting policy) and note 2 (financial disclosures).

The key audit matter

Revenue arising on the placement of flexible talent is recognised over time based on customer approved timesheet records. Permanent placement revenue is recognised at a point in time based on the contracted employment start date. In certain instances, revenue that is earned but not yet billed is recognised as accrued income.

There may be pressure or an incentive to recognise revenue that is not yet earned or that is inappropriate in nature through management override of controls in order to meet financial targets. We identified the risk of fraud related to the existence of revenue recognised immediately prior to year end and the accuracy of accrued income at 30 June 2020 as a key audit matter.

How the matter was addressed in our audit

Our audit procedures in this area included the following:

- Evaluated the design and implementation of internal controls over revenue recognition and tested the operating effectiveness of relevant key controls, including general IT controls, with assistance from our IT specialists;

- Considered the existence of revenue recognised immediately prior to the reporting date by performing cut-off procedures to validate that all performance obligations were satisfied and that revenue had been recognised in the correct period;
- Assessed the existence and accuracy of accrued income recognised at the reporting date based on the conversion of accrued income to invoiced revenue subsequent to year end;
- Considered the consistency of judgements regarding the recoverability of accrued income for evidence of management bias by reference to customer approved timesheets and verified that sales invoices were raised post year end in relation to accrued income;
- Assessed the appropriateness of specific manual journals posted to revenue with a corresponding entry to an account other than cash, trade receivables and accrued income.

We found that the revenue recognised in the year ended 30 June 2020 was appropriate. We noted no material errors and no instances of inappropriate revenue recognition arising in our testing. We found that the carrying value of accrued income and the required related disclosures were appropriate at 30 June 2020.

Goodwill and Intangible Assets

2020: Goodwill €22.2m (2019: Goodwill €24.7m)

Refer to note 1 (accounting policy) and note 12 (financial disclosures).

The key audit matter

The Group has significant goodwill arising from acquisitions amounting to €22.2m at 30 June 2020. Goodwill is allocated across 14 Cash Generating Units ("CGUs"), two of which represent 48% of the total carrying value at 30 June 2020. An impairment charge of €2.5m was recognised in the year ended 30 June 2020 related to the RIG Healthcare Group ("RIG") CGU.

There is a requirement to test goodwill for impairment at least annually irrespective of whether there are indicators of impairment. The carrying value of goodwill was assessed by management at 30 June 2020. The recoverable amount of goodwill is arrived at by forecasting and discounting future cashflows for each CGU. This test requires management to make assumptions related to discount and growth rates and the future performance of each CGU.

In a change from the prior year, we consider the valuation of Goodwill and Intangible assets as one of the most significant audit matters in the current year. We focus on this area due to the inherent judgements and assumptions involved in forecasting future cashflows.

How the matter was addressed in our audit

We obtained and documented our understanding of the process followed by management in the recoverable value of each CGU. We evaluated and assessed the Group's future cash flow forecast model by performing the following procedures:

- Validated the mathematical accuracy of the model;
- Compared the underlying forecast to the latest Board approved budgets for each CGU;
- Assessed and challenged management's forecast cashflows for each CGU with reference to key assumptions and the historical performance of each CGU against budget;
- Assessed the discount rates as calculated and applied by management in the model and, where possible, compared inputs to externally derived data;
- Assessed and challenged the appropriateness of the growth rates applied in respect of each CGU having regard for historical performance, relevant external data as well as our own assumptions;
- Considered the potential impacts of macroeconomic uncertainties, including those related to the possible impacts of the Covid-19 pandemic and Brexit;
- Performed sensitivity analysis on the Group's model to assess the impact of changes in key assumptions.

We also assessed the disclosures in the financial statements relating to the impairment testing methodology, sensitivity analysis and other matters.

We found that management's judgements were appropriate and supported by reasonable assumptions. We found the disclosures to be adequate.

Company audit matter

Due to the nature of the Company's activities, there are no key audit matters that we are required to communicate in accordance with ISAs (Ireland).

Independent Auditor's Report to the Members of Cpl Resources plc (continued)

Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at €1,325k (2019: €1,175k).

This has been calculated as 5% of the benchmark of expected Group profit before taxation (2019: 5%), which we have determined, in our professional judgment, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance of the Group. Materiality for the Company financial statements was set at €1,325k (2019: €1,175k), determined with reference to a benchmark of total assets €149.5m, of which it represents 0.89% (2019: 0.70%).

We report to the Audit Committee all corrected and uncorrected identified misstatements exceeding €66k (2019: €59k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The structure of the Group's finance function is such that certain transactions and balances are accounted for by the central Group finance team, with the remainder accounted for in the Group's reporting components. We performed comprehensive audit procedures, including those in relation to the significant risks set out above, on those transactions and balances accounted for at Group and component level. At a component level, audits for Group reporting purposes were performed for identified key reporting components. Our audits covered 97% of total Group revenue, 100% of total Group profit before tax and 95% of Group's net assets. The entities not covered by audit have been subject to specific audit procedures. The work on 4 of the 7 components (2019: 4 of the 8 components) was performed by component auditors and the rest, including the audit of the Company, was performed by the Group team.

The audits undertaken for group reporting purposes at the key reporting components were all performed to component materiality levels. These component materiality levels were set individually for each component and ranged from €464k to €1,325k. Detailed audit instructions were sent to the auditors in all of these identified locations. These instructions covered the significant audit areas to be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported to the Group audit team.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team audited all significant components. There were meetings held with component auditors of non-significant components. At these meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor. The results of the component audits were discussed with Group management by members of the Group audit team.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' Report, Chairman's Statement, Chief Executive's Review, the Cpl Strategy Report and Responsible Business Report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information, we report that:

- we have not identified material misstatements in the Directors' Report;
- in our opinion, the information given in the Directors' Report is consistent with the financial statements;

- in our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company's financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out in the Annual Report, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the 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 (Ireland) 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 fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

Colm O'Sé

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St.Stephen's Green
Dublin 2
Ireland

8 September 2020

Group Statement of Comprehensive Income

for the year ended 30 June 2020

	Note	Pre - exceptional item €'000	Exceptional item* €'000	2020 €'000	2019 €'000
Revenue	2	**569,268**	**-**	**569,268**	564,858
Cost of sales		**(468,977)**	**-**	**(468,977)**	(468,600)
Gross profit		**100,291**	**-**	**100,291**	96,258
Distribution expenses		**(4,332)**	**-**	**(4,332)**	(4,837)
Administrative expenses		**(68,334)**	**(2,500)**	**(70,834)**	(66,541)
Expected credit loss (charged)	26	**(147)**	**-**	**(147)**	(62)
Operating profit	2	**27,478**	**(2,500)**	**24,978**	24,818
Financial income	3	**97**	**-**	**97**	93
Financial expenses	3	**(553)**	**-**	**(553)**	(327)
Profit before tax	2	**27,022**	**(2,500)**	**24,522**	24,584
Income tax expense	7	**(3,470)**	**-**	**(3,470)**	(3,256)
Profit for the financial year - all attributable to equity shareholders		**23,552**	**(2,500)**	**21,052**	21,328
Profit attributable to:					
Owners of the Parent				**20,950**	21,186
Non-controlling interests	22			**102**	142
				21,052	21,328
Other comprehensive income attributable to:					
Owners of the Parent				**(388)**	(291)
Non-controlling interests				**(7)**	70
				(395)	(221)
Total comprehensive income for the financial year - all attributable to equity shareholders and non-controlling interests				**20,657**	21,107
Basic earnings per share (cent)	9			**76.3**	77.3
Diluted earnings per share (cent)	9			**75.4**	77.2

The notes to the financial statements are an integral part of these consolidated financial statements.

** Exceptional item relates to a goodwill impairment charge of €2.5m (2019: €Nil).*

Group Statement of Changes in Equity

for the year ended 30 June 2020

	Share capital €'000	Share premium €'000	Other undenominated capital fund €'000	Merger reserve €'000	Currency translation reserve €'000	Put option reserve €'000	Share based payment reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total Shareholders' equity €'000
Balance at 1 July 2018	2,716	1,705	1,094	(3,357)	(1,385)	(1,140)	4,245	88,488	**92,366**	131	**92,497**
Total comprehensive income for the year											
Profit for the financial year	-	-	-	-	-	-	-	21,186	**21,186**	142	**21,328**
Foreign currency translation effects	-	-	-	-	(291)	-	-	-	**(291)**	70	**(221)**
Transactions with shareholders											
Share based payment charge (Note 29)	-	-	-	-	-	-	895	-	**895**	-	**895**
Dividends paid	-	-	-	-	-	-	-	(4,158)	**(4,158)**	-	**(4,158)**
Unvested share options	-	-	-	-	-	-	(67)	67	**-**	-	**-**
Share options exercised	27	1,911	-	-	-	-	(1,911)	-	**27**	-	**27**
Balance at 30 June 2019	**2,743**	**3,616**	**1,094**	**(3,357)**	**(1,676)**	**(1,140)**	**3,162**	**105,583**	**110,025**	**343**	**110,368**
Balance at 1 July 2019	2,743	3,616	1,094	(3,357)	(1,676)	(1,140)	3,162	105,583	**110,025**	343	**110,368**
Adjustment on application of IFRS 16	-	-	-	-	-	-	-	(192)	**(192)**	-	**(192)**
Restated balance at 1 July 2019	2,743	3,616	1,094	(3,357)	(1,676)	(1,140)	3,162	105,391	**109,833**	343	**110,176**
Total comprehensive income for the year											
Profit for the financial year	-	-	-	-	-	-	-	20,950	**20,950**	102	**21,052**
Foreign currency translation effects	-	-	-	-	(388)	-	-	-	**(388)**	(7)	**(395)**
Transactions with shareholders											
Share based payment charge (Note 29)	-	-	-	-	-	-	895	-	**895**	-	**895**
Dividends paid	-	-	-	-	-	-	-	(5,763)	**(5,763)**	-	**(5,763)**
Put option fair value movements	-	-	-	-	-	450	-	-	**450**	-	**450**
Acquisition of non-controlling interests	-	-	-	-	-	209	-	(388)	**(179)**	179	**-**
Share options exercised	-	-	-	-	-	-	(1,526)	1,526	**-**	-	**-**
Balance at 30 June 2020	**2,743**	**3,616**	**1,094**	**(3,357)**	**(2,064)**	**(481)**	**2,531**	**121,716**	**125,798**	**617**	**126,415**

Company Statement of Changes in Equity
for the year ended 30 June 2020

	Share Capital €'000	Share Premium €'000	Other undenominated capital fund €'000	Put option reserve €'000	Share based payment reserve €'000	Retained earnings €'000	Shareholders' equity €'000
Balance at 1 July 2018	2,716	1,705	1,094	(1,140)	4,245	7,837	**16,457**
Total comprehensive income for the year							
Profit for the financial year	-	-	-	-	-	5,272	**5,272**
Transactions with shareholders							
Share based payment charge	-	-	-	-	895	-	**895**
Dividends paid	-	-	-	-	-	(4,158)	**(4,158)**
Unvested share options	-	-	-	-	(67)	67	**-**
Share options exercised	27	1,911	-	-	(1,911)	-	**27**
Balance at 30 June 2019	**2,743**	**3,616**	**1,094**	**(1,140)**	**3,162**	**9,018**	**18,493**
Balance at 1 July 2019	2,743	3,616	1,094	(1,140)	3,162	9,018	**18,493**
Adjustment on application of IFRS 16	-	-	-	-	-	(148)	**(148)**
Restated balance at 1 July 2019	2,743	3,616	1,094	(1,140)	3,162	8,870	**18,345**
Total comprehensive income for the year							
Profit for the financial year	-	-	-	-	-	3,886	**3,886**
Transactions with shareholders							
Share based payment charge	-	-	-	-	895	-	**895**
Dividends paid	-	-	-	-	-	(5,763)	**(5,763)**
Put option fair value movements	-	-	-	450	-	-	**450**
Acquisition of non-controlling interests	-	-	-	209	-	(209)	**-**
Share options exercised	-	-	-	-	(1,526)	1,526	**-**
Balance at 30 June 2020	**2,743**	**3,616**	**1,094**	**(481)**	**2,531**	**8,310**	**17,813**

Group and Company Balance Sheets
as at 30 June 2020

		Group		Company	
	Note	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Assets					
Non current assets					
Property, plant and equipment	*11*	**2,866**	2,320	**2,499**	1,903
Goodwill and intangible assets	*12*	**23,658**	25,658	**1,428**	972
Right-of-use asset	*24*	**5,525**	-	**3,696**	-
Investments in subsidiaries	*13*	**-**	-	**29,987**	33,118
Financial assets	*14*	**592**	-	**592**	-
Deferred tax asset	*15*	**964**	851	**113**	113
Total non current assets		**33,605**	28,829	**38,315**	36,106
Current assets					
Trade and other receivables	*16*	**108,839**	116,611	**67,266**	63,789
Cash and cash equivalents	*17*	**69,239**	45,755	**43,915**	15,912
Total current assets		**178,078**	162,366	**111,181**	79,701
Total assets		**211,683**	191,195	**149,496**	115,807
Equity					
Capital and reserves attributable to the owners of the Parent					
Issued share capital	*19*	**2,743**	2,743	**2,743**	2,743
Share premium	*19*	**3,616**	3,616	**3,616**	3,616
Other reserves	*19*	**(2,277)**	(1,917)	**3,144**	3,116
Retained earnings		**121,716**	105,583	**8,310**	9,018
		125,798	110,025	**17,813**	18,493
Non-controlling interests	*22*	**617**	343	**-**	-
Total equity		**126,415**	110,368	**17,813**	18,493

Group and Company Balance Sheets

as at 30 June 2020 (continued)

		Group		Company	
	Note	**2020 €'000**	2019 €'000	**2020 €'000**	2019 €'000
Current liabilities					
Trade and other payables	*21*	**79,073**	79,687	**127,387**	96,174
Lease liabilities	*24*	**1,450**	-	**913**	-
Put option liability	*20*	**481**	1,140	**481**	1,140
Total current liabilities		**81,004**	80,827	**128,781**	97,314
Non current liabilities					
Lease liabilities	*24*	**4,264**	-	**2,902**	-
Total non current liabilities		**4,264**	-	**2,902**	-
Total liabilities		**85,268**	80,827	**131,683**	97,314
Total equity and liabilities		**211,683**	191,195	**149,496**	115,807

The notes to the financial statements are an integral part of these consolidated and individual financial statements. The current financial year includes the impact of the adoption approach of IFRS 16 Leases; the comparatives have not been restated in accordance with transitional guidelines for the modified retrospective approach.

On behalf of the Board

John Hennessy
Director

Anne Heraty
Director

Group and Company Cash Flow Statements

for the year ended 30 June 2020

		Group		Company	
	Note	**2020 €'000**	2019 €'000	**2020 €'000**	2019 €'000
Cashflows from operating activities					
Profit for the financial year		**21,052**	21,328	**3,886**	5,272
Adjustments for:					
Depreciation on property, plant and equipment	11	**811**	845	**646**	656
Depreciation on right-of-use asset	24	**1,607**	-	**953**	-
Share based payment charge	29	**895**	895	**-**	-
Impairment of goodwill	12/13	**2,500**	-	**2,500**	-
Amortisation of intangible assets	12	**564**	511	**542**	511
Financial income	3	**(97)**	(93)	**(53)**	-
Financial expense	3	**553**	327	**113**	-
Income tax expense	7	**3,470**	3,256	**-**	38
Operating cashflows before changes in working capital		**31,355**	27,069	**8,587**	6,477
Decrease/(increase) in trade and other receivables		**4,092**	(13,745)	**(1,940)**	(3,465)
Increase in trade and other payables		**4,103**	10,352	**31,225**	2,442
Cash generated from operations		**39,550**	23,676	**37,872**	5,454
Interest paid		**(394)**	(327)	**(15)**	-
Income tax (paid)/refunded		**(341)**	(2,221)	**39**	(60)
Interest received		**44**	93	**-**	-
Net cash from operating activities		**38,859**	21,221	**37,896**	5,394
Cashflows from investing activities					
Purchase of property, plant and equipment	11	**(1,372)**	(927)	**(1,251)**	(766)
Purchase of intangible assets	12	**(1,064)**	(282)	**(998)**	(282)
Investment in financial asset	14	**(592)**	-	**(592)**	-
Net cash (outflow) from investing activities		**(3,028)**	(1,209)	**(2,841)**	(1,048)

Group and Company Cash Flow Statements

for the year ended 30 June 2020 (continued)

		Group		Company	
	Note	**2020 €'000**	2019 €'000	**2020 €'000**	2019 €'000
Cashflows from financing activities					
Share options exercised		**-**	27	**-**	27
Lease principal payments	*24*	**(1,793)**	-	**(1,079)**	-
Dividends paid	*8*	**(5,763)**	(4,158)	**(5,763)**	(4,158)
Acquisition of non-controlling interests	*20*	**(209)**	-	**(209)**	-
(Decrease)/increase in invoice discounting facility		**(4,581)**	49	**-**	-
Net cash (used in) financing activities		**(12,346)**	(4,082)	**(7,051)**	(4,131)
Net increase in cash and cash equivalents		**23,485**	15,930	**28,004**	215
Cash and cash equivalents at beginning of year		**45,749**	29,819	**15,906**	15,691
Cash and cash equivalents at end of year	*17*	**69,234**	45,749	**43,910**	15,906
Net funds	*17*	***68,124***	*40,058*	***43,910***	*15,906*

The notes to the financial statements are an integral part of these consolidated and individual financial statements. The current financial year includes the impact of the adoption approach of IFRS 16 Leases; the comparatives have not been restated in accordance with transitional guidelines for the modified retrospective approach.

Notes
forming part of the financial statements

1. Statement of accounting policies

Cpl Resources plc (the "Company") is a company incorporated in Ireland. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Group and Company financial statements were authorised for issue by the Directors on 8 September 2020.

Statement of compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and their interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the EU. The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Act 2014 which permits a company, that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 304(2) of the Companies Act 2014, from presenting to its members its Company Statement of Comprehensive Income and related notes that form part of the approved Company financial statements.

Newly effective EU endorsed standards

The Group has applied the following standards, interpretations and amendments with effect from 1 July 2019:

- IFRS 16 Leases - 1 January 2019
- IFRIC 23 Uncertainty under Income tax treatments - 1 January 2019
- Prepayment Features with negative compensation (Amendments to IAS 28) - 1 January 2019
- Long-Term interests in Associated and Joint Ventures (Amendments to IAS 28) - 1 January 2019
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) - 1 January 2019
- Annual Improvements to IFRS Standards 2015 - 2017 Cycle (various standards) - 1 January 2019

Standards available for early adoption

- Amendments to References to Conceptional Framework in IFRS Standards - 1 January 2020
- Definition of material (Amendments to IAS 1 and IAS 8) - 1 January 2020
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) - 1 January 2020

Standards not yet endorsed by the EU

- Definition of a Business (Amendments to IFRS 3)
- IFRS 17 Insurance Contracts
- Classification of liabilities as current or non current (Amendments to IAS 1)
- Sale or contribution between an investor and its associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 14 Regulatory Deferral Accounts

The above standards and amendments have not yet been EU endorsed. These standards and amendments will be applied for the purposes of the Group and Company financial statements with effect from their respective effective dates.

These standards are not expected to have a significant impact on the Group's financial statements. A project is ongoing to assess the impact to the Group.

Notes (continued)

1. **Statement of accounting policies** (continued)

Changes in significant accounting policies

IFRS 16, Leases, replaces IAS 17, Leases and related interpretations. IFRS 16 sets out the principals for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model with some exemptions for short-term and low-value leases. The lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has adopted IFRS 16 using the modified retrospective approach, with a date of initial application of 1 July 2019. Under this method, the impact of the standard is calculated retrospectively, however, the cumulative effect arising from the new leasing rules is recognised at the date of initial application. Accordingly, the comparative information presented for 30 June 2019 has not been restated.

Basis of preparation

These financial statements have been prepared on a going concern basis of accounting, which assumes that the Group is aware of no events or conditions that may cast significant doubt on the Group's ability to continue as a going concern for 12 months from the date of these financial statements.

The Group and individual financial statements of the Company which are presented in euro rounded to the nearest thousand, have been prepared under the historical cost convention. The accounting policies applied in the preparation of these consolidated financial statements have been applied consistently during the year and the prior year with the exception of changes arising on implementation of IFRS 16. The accounting policies have been applied consistently by all Group entities.

Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement, or where estimates are significant are set out below:

Significant Accounting Judgements

Provision for impairment of trade receivables

As described in note 26, provisions for impairment of trade receivables have been made. In reviewing the appropriateness of these provisions, consideration has been given to the aging of the debt and the potential likelihood of default, taking into account current and future economic conditions.

1. Statement of accounting policies (continued)

Estimation Uncertainty

Impairment of goodwill

Estimation is required in the performance of the goodwill impairment analysis. The Group tests goodwill annually for indicators of impairment. The recoverable amount of CGUs have been determined based on value-in-use calculations. The principal assumptions used to determine value-in-use relate to discounted future cashflows. Refer to note 12 for further information.

Accounting for subsidiaries

Group financial statements

Subsidiaries are those entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The amounts included in these financial statements in respect of subsidiaries are taken from their latest financial statements prepared up to their respective year ends, together with management accounts for the intervening periods to the year end where necessary. All significant subsidiaries have coterminous financial year ends with the Company.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the Group financial statements, except to the extent that they provide evidence of impairment.

Company financial statements

Investments in subsidiaries are carried at cost less impairment, if any. Dividend income is recognised when the right to receive payment is established.

Revenue recognition

The Group's revenue is derived from the provision of Flexible Talent and Permanent placement services. All revenue recognised is derived from contracts with customers and is recognised based on the performance obligations within those contracts by applying the five step model set out within IFRS 15. Revenue comprises the fair value of the consideration receivable and excludes sales taxes and allowances for rebates or early settlement discounts. In the case of our Flexible Talent division, revenue is recognised when the related hours have been worked by the employee or contractor based on approved timesheet records where the performance obligation under the contract is settled over time and revenue is recognised accordingly. Revenue in respect of permanent placements contracts is recognised on a point in time basis when the candidate commences employment. Revenue that is earned but not yet billed is recognised as accrued income.

Operating segment reporting

Operating segments are distinguishable components of the Group that have been established based on the internal reports regularly reviewed by the Board in order to assess each segment's performance and to allocate resources to them. The Group has determined that its operating segments of recruitment of flexible talent, and permanent placement of candidates are its reportable operating segments. These segments are consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM is responsible for assessing performance and allocating resources to each segment and has been identified as the Executive Directors of the Board.

Notes (continued)

1. Statement of accounting policies (continued)

Financial income and expenses

Financial income comprises interest receivable on cash deposits. Financial expenses comprise interest payable on borrowings calculated using the effective interest rate method. All financial expenses are recognised in the Group Statement of Comprehensive Income, except to the extent that they arise on the acquisition or construction of a qualifying asset.

Taxation

Income tax for the year comprises current and deferred tax. Taxation is recognised in the Group Statement of Comprehensive Income except to the extent that it relates to items recognised directly in other comprehensive income in equity, in which case the related tax is recognised in other comprehensive income in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. If the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable profit or loss, it is not recognised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recovered. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Retirement benefits and other post-employment benefits

Retirement benefit contributions to defined contribution pension schemes are charged to the Group Statement of Comprehensive Income in the period to which they relate. Any amounts of contributions due or paid in advance at the reporting date are included in accruals or prepayments as appropriate.

Dividends

Dividends are recognised in the period in which they are approved by the Company's shareholders, or in the case of an interim dividend, when it has been approved by the Board of Directors and paid.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in euro which is the Company's functional currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, which is primarily euro.

1. Statement of accounting policies (continued)

Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. The resulting monetary assets and liabilities are translated at the reporting rate and the exchange differences are dealt with in the Group Statement of Comprehensive Income.

Group companies

Results and cashflows of subsidiaries which do not have euro as their functional currency are translated into euro at actual rates of exchange or average exchange rates for the year where this is a reasonable approximation and the related Balance Sheets are translated at the rates of exchange ruling at the reporting date. Any material adjustments arising on translation of the results of such subsidiaries at average rates and on the re-translation of the opening net assets are dealt with in other comprehensive income and presented within a separate translation reserve in the Balance Sheet.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment. Land is not depreciated. Depreciation is provided on a straight line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

	Years
Buildings	50
Equipment	5
Fixtures & fittings	5
Motor vehicles	3

The residual value of assets, if not insignificant, and the useful life of assets is reassessed annually.

Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are included in operating profit.

Business combinations

The fair value of the consideration paid in a business combination is measured as the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity instruments issued in exchange for control. Deferred consideration arising on business combinations is determined through discounting the amounts payable to their present value. The discount element is reflected as an interest charge in the Group Statement of Comprehensive Income over the life of the deferred payment. Contingent consideration is measured at fair value, with subsequent changes therein recognised in the Group Statement of Comprehensive Income. In the case of a business combination, the assets and liabilities are measured at their provisional fair values at the date of acquisition. Adjustments to provisional values allocated to assets and liabilities are made within 12 months of the acquisition date and reflected as a restatement of the acquisition Balance Sheet, where material.

Goodwill

Goodwill on acquisitions is initially measured as the excess of the fair value of the consideration for the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. When the excess is negative, a bargain purchase gain is recognised immediately in the Group Statement of Comprehensive Income.

Notes (continued)

1. Statement of accounting policies (continued)

Intangible assets other than goodwill

Intangible assets acquired separately are capitalised at cost and intangible assets acquired in the course of a business combination are capitalised at fair value being their deemed cost as at the date of acquisition. Subsequent to initial recognition, intangible assets which have a finite life are carried at cost less any applicable accumulated amortisation and any accumulated impairment losses. Where amortisation is charged on assets with finite lives, this expense is taken to the Group Statement of Comprehensive Income. The amortisation of intangible assets is calculated to write off the book value of intangible assets over their useful lives on a straight-line basis as follows:

	Years
Brands	1 - 5
Customer contracts & databases	1 - 5
Software	5

Impairment reviews

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cashflows 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.

Impairment losses are recognised in the Group Statement of Comprehensive Income. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Financial assets are measured at fair value with any net gains/losses recognised in the Group Statement of Comprehensive Income.

1. Statement of accounting policies (continued)

Leases - accounting policy applied from 1 July 2019

The Group adopted IFRS 16 on 1 July 2019 and has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 to contracts that were previously defined as finance or operating leases.

As a lessee, the Group leases assets such as land and buildings. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for these leases.

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains a lease, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a lease liability at the lease commencement date which is the date at which the asset is made available for use by the Group.

The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated on a straight line basis over the shorter of its estimated useful life and the lease term. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised. Right-of-use assets are subject to impairment testing.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate known at the commencement date, payments for a purchase option, payments for an optional renewal period and termination option payments if the Group is reasonably certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Management applies judgment in determining whether it is reasonably certain that a renewal or termination option will be exercised. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. The Group has elected to avail of the practical expedient not to separate lease components from any associated non-lease components. Lease liabilities are included in borrowings.

The lease payments are discounted using the lessee's incremental borrowing rate as the interest rate implicant in the lease is generally not readily determinable. Incremental borrowing rates are determined using a build-up approach that uses externally benchmarked information adjusted to take consideration of the lessee's risk profile and the specific lease characteristics. These characteristics include the type of leased asset, the term of the lease and the currency of the lease.

After the commencement date, the lease liability is measured at amortised cost using the effective interest method. It is remeasured if there is a modification, a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it is reasonably certain to exercise an option within the contract.

The Group has elected to apply the recognition exemptions for short-term and low-value leases and recognises the lease payments associated with these leases as an expense in the Group Statement of Comprehensive Income on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value leases comprise of motor vehicles.

Notes (continued)

1. Statement of accounting policies (continued)

Leases - accounting policy applied up to 1 July 2019

Previously, where the Group had entered into lease arrangements on land and buildings, the lease payments were allocated between land and buildings and each was assessed separately to determine whether it was a finance or operating lease.

Finance leases, which transfer to the Group substantially all the risks and benefits of ownership of the leased asset, were capitalised at the inception of the lease at the fair value of the leased asset or if lower, the present value of the minimum lease payments. The corresponding liability to the lessor was included in the Balance Sheet as a finance lease obligation. Lease payments were apportioned between the finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were charged to the Group Statement of Comprehensive Income as part of financial expenses. Capitalised leased assets were depreciated over the shorter of the estimated useful life of the asset or the lease term.

Guarantees

The Company guarantees certain liabilities of subsidiary companies. These are considered to be insurance arrangements and are accounted for as such i.e. treated as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Financial instruments

Trade and other receivables and contract assets

Trade and other receivables and contract assets are stated initially at their fair value and subsequently at their amortised cost, less any expected credit loss provision. IFRS 9 prescribes an expected credit loss ("ECL") model for determining the basis of providing for bad debts.

The Group applies the simplified approach to providing for ECLs prescribed by IFRS 9, which permit the use of the lifetime expected loss provision for all trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Chief Financial Officer ("CFO") has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the CFO.

1. Statement of accounting policies (continued)

Financial Instruments (continued)

Trade and other receivables and contract assets (continued)

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors if there is evidence to suggest that these factors affect the ability of the customer to settle the receivables.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

Trade and other payables

Trade and other payables are initially recorded at fair value and subsequently amortised at cost. Where the time value of money is material, payables are carried at amortised cost.

Movements in the allowance for impairment in respect of trade and other receivables and contract assets

The movement in allowance for impairment in respect of trade and other receivables and contract assets during the year is detailed in Note 26.

Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Cash Flow Statement.

Invoice discounting facility

Invoices amounting to €1.1m have been factored to a bank with recourse to the Group at balance sheet date and the funds received from the bank are recognised as a liability. The corresponding cash is recorded within cash and cash equivalents. Customer invoices are not recognised at the point at which they are transferred to the bank.

Short term bank deposits

Short term bank deposits of greater than three months maturity which do not meet the definition of cash and cash equivalents are classified within current assets and stated at fair value in the Balance Sheet.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Group Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

Notes (continued)

1. **Statement of accounting policies** (continued)

Financial Instruments (continued)

Put/call options

The fair value of all put/call options are based on enterprise values calculated using discounted cashflow forecasts. If a put option is held by a non-controlling interest ("NCI") in a subsidiary undertaking, whereby the holder of the put option can require the Group to acquire the NCI's shareholding in the subsidiary at a future date, the Group carefully examines the nature of such a put option. The Group assesses whether or not the NCI continues to have a present ownership interest in the shares subject to the put option whilst also being exposed to reductions in the entity's fair value. Present ownership interest can be evidenced by the NCI continuing to have a right to the receipt of dividends, or benefitting from increases in net assets while holding a voting entitlement to the shares subject to the put option. If it is deemed that the put option holders continue to have a present ownership interest, the Group applies the present access method as follows:

- the Group continues to recognise the amount that would have been recognised for the NCI, including an update to reflect its share of profit and losses, dividends and other changes;
- the Group recognises a financial liability in accordance with IAS 32 being the estimate of the fair value of the consideration to acquire the NCI shares that are subject to the put option and records this in a separate reserve in equity; and
- changes in the fair value of the financial liability are reflected as a movement in the put option reserve.

If the NCI put option is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the put option exercise. If the put option expires unexercised, the position is unwound so that the NCI is recognised as the amount it would have been as if the put option had never been granted and the financial liability is derecognised with a corresponding credit to equity.

If the NCI does not have present ownership rights from the put option, then the transaction is accounted for as if the Group had acquired the NCI at the date of entering into the put option.

If the Group has a call option over the shares held by a NCI in a subsidiary undertaking, where the Group can require the NCI to sell its shareholding in the subsidiary at a future date, the option is classified as a derivative and is recognised as a financial instrument on inception with fair value movements recognised in the Group Statement of Comprehensive Income.

If a put option is held by a NCI in a subsidiary undertaking, whereby the holder of the put option can require the Group to acquire the NCI's shareholding in the subsidiary at a future date, the Group carefully examines the nature of such a put option. The Group assesses whether or not the NCI continues to have a present ownership interest in the shares subject to the put option. Present ownership interest can be evidenced by the NCI continuing to have a right to the receipt of dividends, or benefitting from increases in net assets while holding a voting entitlement to the shares subject to the put option. If it is deemed that the put option holders continue to have a present ownership interest, the Group applies the present access method as follows:

- the Group continues to recognise the amount that would have been recognised for the NCI, including an update to reflect its share of profit and losses, dividends and other changes;
- the Group recognises a financial liability in accordance with IAS 32 being the estimate of the fair value of the consideration to acquire the NCI shares that are subject to the put option and records this in a separate reserve in equity; and
- changes in the fair value of the financial liability are reflected as a movement in the put option reserve.

1. Statement of accounting policies (continued)

Financial Instruments (continued)

Put/call options (continued)

If the NCI put is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the put option exercise price. If the put option expires unexercised, the position is unwound so that the NCI is recognised as the amount it would have been as if the put option had never been granted and the financial liability is derecognised with a corresponding credit to equity.

If the NCI does not have present ownership rights from the put option, then the transaction is accounted for as if the Group had acquired the NCI at the date of entering into the put option.

Provisions

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits would be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Long Term Incentive Plan ("LTIP")

The Remuneration Committee of the Company's Board of Directors has granted conditional share awards (the "LTIP awards") to certain employees under the Group's Long Term Incentive Plan. The LTIP awards give eligible employees a conditional right to subscribe for ordinary shares in the Company upon payment of the nominal value (€0.10 each) of those shares. The fair value of these awards is determined at the date of grant and is charged to the Group Statement of Comprehensive Income on a straight-line basis over the period from the date of grant to the vesting date. The fair value is determined using a Black Scholes model, applied as at the date of grant and excluding the impact of any non-market conditions. At each reporting date, the Group estimates the number of awards that are expected to vest, and any change in a previous estimate is recognised in the Group Statement of Comprehensive Income, with a corresponding adjustment to equity. In estimating the number of awards that are expected to vest, the Group takes account of non-market vesting conditions.

Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which include as appropriate awards under share award schemes to employees where such awards are dilutive.

Government grants

Government grants that compensate the Group for expenses incurred are recognised in the Group Statement of Comprehensive Income on a systematic basis in the period in which the expenses are recognised.

Notes (continued)

1. **Statement of accounting policies** (continued)

Transition

On transition to IFRS 16, the Group has elected to apply the practical expedient to grandfather the assessment of which transactions are or contain leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the lessee's incremental borrowing rate at 1 July 2019. Right-of-use assets were measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application. The Group applied this approach for certain property leases.

The Group applied the following practice expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application
- Used hindsight when determining the lease term if the contract contained options to extend or terminate the lease
- Relied on its assessment of whether leases were onerous under IAS 37, Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application to meet the impairment requirement.

For leases previously classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 were determined as the carrying amount of the lease asset and lease liability under IAS 17 immediately before the date.

1. Statement of accounting policies (continued)

Impact on Consolidated Financial Statements

Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities relating to operating leases, recognising the difference in retained earnings. The impact on transition is summarised below:

	2020 €'000
Right-of-use assets	7,132
Lease liabilities presented in borrowings	(7,324)
Retained earnings	**(192)**

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the lessee's incremental borrowing rate at 1 July 2019. The weighted average rate applied was 2.25%.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019 as follows:

	2020 €'000
Operating lease commitments 30 June 2019 (Note 24)	**9,686**
Commitments to short-term and low-value assets	(2,299)
Effect of discounting	(63)
Lease liabilities at 1 July 2019	**7,324**

Notes (continued)

2. Operating segment reporting

Segment information is presented in respect of the Group's operating segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group's primary activity is recruitment. The Group's operations are divided into:

- Recruitment and placement of Flexible Talent; and
- Permanent placement of candidates.

Information regarding the results of each operating segment is included below. Revenues from one customer of the Group's Flexible Talent segment represented approximately €77m (2019: €64m) of the Group's total revenues. Performance is measured based on segment profit before financial income and expenses and income tax, as included in the internal management reports that are reviewed by the Board.

	Pre-exceptional item €'000	**Exceptional item €'000**	**2020 €'000**	2019 €'000
Revenue				
Flexible Talent	**540,679**	**-**	**540,679**	536,317
Permanent	**28,589**	**-**	**28,589**	28,541
	569,268	**-**	**569,268**	564,858
Operating profit				
Flexible Talent	**18,183**	**(2,500)**	**15,683**	16,091
Permanent	**9,295**	**-**	**9,295**	8,727
	27,478	**(2,500)**	**24,978**	24,818
Financial income - centrally controlled income	**97**	**-**	**97**	93
Financial expenses - centrally controlled expense	**(553)**	**-**	**(553)**	(327)
Profit before tax	**27,022**	**(2,500)**	**24,522**	24,584

2. Operating segment reporting (continued)

	2020 €'000	2019 €'000
Group depreciation*		
Flexible Talent	**2,055**	718
Permanent	**363**	127
	2,418	845
Group amortisation		
Flexible Talent	**564**	511
Permanent	**-**	-
	564	511
Share based payment		
Flexible Talent	**761**	761
Permanent	**134**	134
	895	895
Group assets		
Flexible Talent	**123,927**	126,533
Permanent	**18,517**	18,907
	142,444	145,440
Centrally controlled assets	**69,239**	45,755
	211,683	191,195

**Group depreciation includes €1,607k (2019: €Nil) in relation to a right-of-use lease asset following the implementation of IFRS 16.*

At 30 June 2020, centrally controlled assets constitute cash and cash equivalents of €69,239k (2019: €45,755k).

	2020 €'000	2019 €'000
Group liabilities		
Flexible Talent	**79,299**	75,169
Permanent	**5,969**	5,658
	85,268	80,827
Group capital expenditure		
Flexible Talent	**1,290**	871
Permanent	**82**	56
	1,372	927

Notes (continued)

2. **Operating segment reporting** (continued)

Geographical segment information

The Group considers that its geographical segments are Ireland, UK and Rest of the World. Revenues by country outside Ireland and the UK are not considered sufficiently significant to warrant separate reporting.

Group revenues by geographical segment are as follows:

Revenue

	2020 €'000	2019 €'000
Flexible Talent - Ireland	**483,209**	469,136
Flexible Talent - UK	**41,851**	49,764
Flexible Talent - Rest of the World	**15,619**	17,417
Flexible Talent revenue	**540,679**	536,317
Permanent - Ireland	**20,966**	20,870
Permanent - UK	**4,046**	3,507
Permanent - Rest of the World	**3,577**	4,164
Permanent revenue	**28,589**	28,541
	569,268	564,858

Disaggregation of revenue

	2020 €'000	2019 €'000
Services transferred over time (Flexible Talent)	**540,679**	536,317
Services transferred at a point in time (Permanent)	**28,589**	28,541
Revenue from contracts with customers	**569,268**	564,858

Non current assets (excluding deferred tax asset balances) by geographical segment are as follows:

Non current assets

	2020 €'000	2019 €'000
Ireland	**31,831**	26,312
UK	**580**	1,442
Rest of the World	**230**	224
Non current assets (excluding deferred tax asset)	**32,641**	27,978

3. Financial income and expenses

Group

	2020 €'000	2019 €'000
Interest income	**(97)**	(93)
	(97)	(93)
Interest on application of IFRS 16	**158**	-
Bank interest and charges	**395**	327
Interest expense	**553**	327

4. Statutory and other information

Group

Profit before tax is stated after charging the following:

	2020 €'000	2019 €'000
Auditors' remuneration - audit services	**195**	170
- other assurance services	**-**	20
- tax advisory services	**42**	33
- tax compliance	**31**	40
Depreciation	**2,418**	845
Amortisation of intangible assets	**564**	511

Audit fees paid to other KPMG offices, included above, amounted to €19k (2019: €19k).

Company

Profit before tax is stated after charging the following:

	2020 €'000	2019 €'000
Auditors' remuneration - audit services	**4**	4
- tax advisory services	**17**	17

Audit services relates to the audit of the Company financial statements only.

Notes (continued)

5. Directors' remuneration

Directors' remuneration for the year was as follows:

	Salaries and other emoluments* €'000	Fees* €'000	Retirement benefits €'000	Total 2020 €'000	Total 2019 €'000
Executive Directors					
Anne Heraty	504	-	-	**504**	575
Paul Carroll	117	-	-	**117**	141
Mark Buckley	253	-	117	**370**	485
Lorna Conn	436	-	27	**463**	493
	1,310	-	144	**1,454**	1,694
Non-Executive Directors					
John Hennessy	-	102	-	**102**	95
Breffni Byrne	-	63	-	**63**	60
Oliver Tattan	-	-	-	**-**	41
Colm Long	-	63	-	**63**	60
Elaine Coughlan	-	63	-	**63**	43
	-	291	-	**291**	299
Total	1,310	291	144	**1,745**	1,993

* Reflects pay cuts taken by the Board from 1 April 2020 in response to the Covid-19 pandemic.

Lorna Conn was awarded 60,000 Long Term Incentive Plan IV awards during the year ended 30 June 2020, with a vesting date of 16 September 2022. Lorna Conn was awarded 50,000 Long Term Incentive Plan III awards during the year ended 30 June 2018, with a vesting date of 18 September 2020. Mark Buckley was awarded 55,000 Long Term Incentive Plan III awards during the year ended 30 June 2018, with a vesting date of 18 September 2020. He had 80,279 Long Term Incentive Plan II awards which vested on 17 September 2018. Other than as disclosed above and as disclosed in Note 29, no other awards in relation to Directors were awarded, exercised, forfeited or vested in the year.

In accordance with IFRS 2 Share Based Payments, an expense of €127k (2019: €267k) has been recognised in the Group Statement of Comprehensive Income in respect of awards made to Executive Directors.

Aggregate gains of €Nil (2019: €495k) were realised with respect to share options exercised by Directors during the financial year.

On 30 September 2019, Mark Buckley resigned as Executive Director.

6. Staff numbers and costs

The average number of persons employed by the Group (excluding Non-Executive Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Flexible Talent	**10,077**	10,394
Recruitment and on-site consultants	**603**	605
Management and administration	**242**	251
	10,922	11,250

Staff costs (excluding Non-Executive Directors)

	2020 €'000	2019 €'000
Wages and salaries	**361,223**	355,013
Social security costs	**39,915**	38,519
Share based payment (Note 29)	**895**	895
Other retirement benefit costs (Note 25)	**768**	703
	402,801	395,130

The weighted average number of persons employed by the Company (comprising the Executive Directors) during the year was three (2019: four) and their remuneration is disclosed in Note 5. During the year, the Group received Government assistance in the form of the Covid-19 Temporary Wage Subsidy Scheme in Ireland amounting to €763k, the Coronavirus Job Retention Scheme in the UK amounting to €188k and other Government Schemes throughout Europe amounting to €44k.

Notes (continued)

7. Income tax expense

	2020 €'000	2019 €'000
Recognised in the Group Statement of Comprehensive Income:		
Current tax expense		
Current year	**3,546**	3,155
Adjustments in relation to prior years	**37**	-
Current tax expense	**3,583**	3,155
Deferred tax		
Origination and reversal of temporary differences	**(64)**	12
Adjustments in relation to prior years	**(49)**	89
Total tax in the Group Statement of Comprehensive Income	**3,470**	3,256

Reconciliation of effective tax rate

	2020 €'000	2019 €'000
Profit before tax	**24,522**	24,584
Tax based on Irish corporation tax rate of 12.5%	**3,065**	3,073
Non-deductible items	**434**	58
Differences in effective tax rates on overseas earnings	**(50)**	32
Losses on which deferred tax not recognised	**10**	-
Income taxed at higher rate	**23**	4
(Over)/under provision in prior years	**(12)**	89
Total tax in the Group Statement of Comprehensive Income	**3,470**	3,256

The effective rate of tax on profit of 14.2% (2019: 13.2%) is higher than the underlying Irish tax rate of 12.5% as the effective tax rate reflects the mix of profits earned in Ireland and in jurisdictions with different tax rates such as the UK, Czech Republic, Poland, Slovakia and Hungary.

8. Dividends to equity shareholders

Interim dividends to equity shareholders in Cpl Resources plc are recognised when the interim dividend is paid by the Company. The final dividend in respect of each financial year is recognised when the dividend has been approved by the Company's shareholders. During the financial year, the following dividends were recognised:

	2020 €'000	2019 €'000
Final dividend paid in respect of previous financial year of 11.00 cent (2019: 7.15 cent) per ordinary share	**3,019**	1,962
Interim dividend paid in respect of current financial year of 10.00 cent (2019: 8.00 cent) per ordinary share	**2,744**	2,196
	5,763	4,158

No final dividend has been recommended for the year ended 30 June 2020.

9. Earnings per share

	2020 €'000	2019 €'000
Numerator for basic and diluted earnings per share:		
Profit for the financial year attributable to equity shareholders	**20,950**	21,186
Denominator for basic earnings per share:		
Weighted average number of shares in issue for the year	**27,443,935**	27,398,638
Denominator for diluted earnings per share:	**27,790,963**	27,433,838
Basic earnings per share (cent)	**76.3**	77.3
Diluted earnings per share (cent)	**75.4**	77.2

10. Profit for the financial year

As permitted by Section 304(2) of the Companies Act 2014, a separate Statement of Comprehensive Income for the Company is not presented in these financial statements. The profit for the financial year of the holding Company was €3,886k (2019: €5,272k).

Notes (continued)

11. Property, plant and equipment

Group

	Land & buildings €'000	Equipment €'000	Fixtures & fittings €'000	Motor vehicles €'000	Total €'000
Cost					
Balance at 30 June 2018	665	4,991	3,063	418	9,137
Additions	-	751	153	23	927
Foreign exchange revaluation	(2)	3	(2)	-	(1)
Balance at 30 June 2019	663	5,745	3,214	441	10,063
Additions	-	650	625	97	1,372
Disposals	-	-	-	(70)	(70)
Foreign exchange revaluation	-	(11)	-	(7)	(18)
Balance at 30 June 2020	**663**	**6,384**	**3,839**	**461**	**11,347**
Depreciation					
Balance at 30 June 2018	306	4,018	2,204	370	6,898
Depreciation charge for the year	25	430	369	21	845
Foreign exchange revaluation	-	1	(1)	-	-
Balance at 30 June 2019	331	4,449	2,572	391	7,743
Depreciation charge for the year	11	468	302	30	811
Disposals	-	-	-	(61)	(61)
Foreign exchange revaluation	-	(8)	(1)	(3)	(12)
Balance at 30 June 2020	**342**	**4,909**	**2,873**	**357**	**8,481**
Net book value					
At 30 June 2020	**321**	**1,475**	**966**	**104**	**2,866**
At 30 June 2019	332	1,296	642	50	2,320

11. Property, plant and equipment (continued)

Company

	Land & buildings €'000	Equipment €'000	Fixtures & fittings €'000	Motor vehicles €'000	Total €'000
Cost					
Balance at 30 June 2018	552	4,816	2,714	336	8,418
Additions	-	632	134	-	766
Balance at 30 June 2019	552	5,448	2,848	336	9,184
Additions	-	656	568	27	1,251
Disposals	-	-	-	(45)	(45)
Balance at 30 June 2020	**552**	**6,104**	**3,416**	**318**	**10,390**
Depreciation					
Balance at 30 June 2018	236	3,949	2,131	309	6,625
Depreciation charge for the year	12	388	247	9	656
Balance at 30 June 2019	248	4,337	2,378	318	7,281
Depreciation charge for the year	11	426	196	13	646
Disposals	-	-	-	(36)	(36)
Balance at 30 June 2020	**259**	**4,763**	**2,574**	**295**	**7,891**
Net book value					
At 30 June 2020	**293**	**1,341**	**842**	**23**	**2,499**
At 30 June 2019	304	1,111	470	18	1,903

Notes (continued)

12. Goodwill and intangible assets

Group

	Goodwill €'000	Brands €'000	Customer contracts & databases €'000	Software €'000	Total €'000
Net book value at 30 June 2018	24,674	-	-	1,213	25,887
Additions	-	-	-	282	282
Amortisation charge	-	-	-	(511)	(511)
Net book value at 30 June 2019	24,674	-	-	984	25,658
Additions	-	42	-	1,022	1,064
Amortisation charge	-	-	-	(564)	(564)
Impairment charge	(2,500)	-	-	-	(2,500)
Net book value at 30 June 2020	**22,174**	**42**	**-**	**1,442**	**23,658**

Company

	Brands €'000	Customer contracts & databases €'000	Software €'000	Total €'000
Net book value at 30 June 2018	-	-	1,201	1,201
Additions	-	-	282	282
Amortisation charge	-	-	(511)	(511)
Net book value at 30 June 2019	-	-	972	972
Additions	-	-	998	998
Amortisation charge	-	-	(542)	(542)
Net book value at 30 June 2020	**-**	**-**	**1,428**	**1,428**

12. Goodwill and intangible assets (continued)

Goodwill

Goodwill arises in connection with business combinations and has been allocated to groups of Cash Generating Units ("CGUs") for the purpose of impairment testing. A CGU represents the lowest level within the Group at which associated goodwill is monitored for management purposes.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of CGUs are based on value in use calculations.

Key assumptions used in the value in use calculations

The key assumptions in the value in use calculations used to assess impairment are outlined below.

These calculations use cashflow forecasts based on expected future operating results and cashflows. The computations use five year forecasts. For individual CGUs, one year forecasts have been approved by senior management. The remaining years' forecasts have been extrapolated using growth rates of between 0% and 5% based on the current operating results and budgeted performance of individual CGUs. For the purposes of calculating terminal values, terminal growth rates of between 0% and 2% have been adopted. The cashflow forecasts are discounted using an appropriate risk adjusted discount rate of 8.32% (2019: 6.84%), reflecting the risk associated with the individual future cashflows and the risk free rate.

Any significant adverse change in the expected future operating results and cashflows may result in the value in use being less than the carrying value of a CGU and would require that the carrying value of the CGU be stated at the greater of the value in use or the recoverable amount of the CGU.

Impairment losses

Applying the techniques and assumptions outlined above, an impairment loss of €2.5m arose in the year ended 30 June 2020 (2019: €Nil) and was recognised within administrative expenses in the Group Statement of Comprehensive Income. The impairment charge relates to the RIG Healthcare Group, who have experienced a difficult trading environment resulting in a lower performance than anticipated.

Apart from this impairment loss, the results of impairment testing undertaken provide sufficient headroom such that any reasonably realistic movement in any of the underlying assumptions would not give rise to any additional impairment charge on the relevant CGUs.

Sensitivity Analysis

The value-in-use calculations are sensitive to changes in the assumptions, particularly relating to assumptions of cashflows generated by the individual CGUs and discount rates applied to these cashflows. Sensitivity analysis was performed based on changes to these factors. A 2% reduction in EBITDA still achieved positive headroom in aggregate across all CGUs.

Brands, customer contracts and databases, and software

Intangible assets comprise brands and customer contracts and databases which were acquired as part of acquisitions made by the Group. The brands and customer contracts and databases were assessed as having a maximum finite life at their respective dates of acquisition of 5 years. The brands and customer databases have been amortised over their estimated useful lives.

Software assets are amortised over their estimated useful lives of 5 years.

Notes (continued)

13. Investments in subsidiaries - Company

Investment in subsidiary undertakings

	2020 €'000	2019 €'000
Cost		
Balance at 1 July 2019	**33,118**	34,135
Additions	**895**	895
Other	**-**	(1)
Capital contribution transferred to amounts due from subsidiary	**(1,526)**	(1,911)
Impairment	**(2,500)**	-
Balance at 30 June 2020	**29,987**	33,118

During the year, an impairment loss of €2.5m was recognised within administrative expenses in the Company Statement of Comprehensive Income. The impairment loss related to the investment value of a subsidiary company (refer to Note 12 for further commentary).

At 30 June 2020, in the opinion of the Directors, the investments are worth at least their carrying values. At 30 June 2020, the investments in wholly owned subsidiaries comprised the following:

Company	**Country of incorporation**	**Class of shares held**
Computer Placement Limited	Ireland	Ordinary
Cpl Solutions Limited	Ireland	Ordinary
Tech Skills Resources Limited	Ireland	Ordinary
Occipital Limited	Ireland	Ordinary
Kate Cowhig International Healthcare Recruitment Limited	Ireland	Ordinary
Acompli Limited	Ireland	Ordinary
Kate Cowhig International Healthcare Recruitment Limited (UK)	UK	Ordinary
Cpl Healthcare Limited	Ireland	Ordinary
Cpl Learning and Development Limited	Ireland	Ordinary
Cpl Solutions International Limited	Northern Ireland	Ordinary
Cpl Jobs S.r.o.	Czech Republic	Ordinary
Cpl Jobs S.r.o.	Slovakia	Ordinary
Cpl Jobs Sp z.o.o	Poland	Ordinary
Cpl Resources International Holdings Limited	Ireland	Ordinary
Cpl Resources Ireland Holdings Limited	Ireland	Ordinary
Servisource Healthcare Limited	Ireland	Ordinary
Servisource Recruitment Limited	Ireland	Ordinary
Servisource Limited	UK	Ordinary

13. Investments in subsidiaries - Company (continued)

Company	Country of incorporation	Class of shares held
Cpl Jobs Kft	Hungary	Ordinary
PHC Care Management Limited	Ireland	Ordinary
Emoberry Limited	Ireland	Ordinary
Occipital Sarl	Tunisia	Ordinary
Deena Energy Services Limited (*)	Ireland	Ordinary
Cpl Healthcare Global Limited	UK	Ordinary
Cpl Jobs Tunisie Sarl	Tunisia	Ordinary
Cpl Jobs GmbH	Germany	Ordinary
Clinical Professionals Limited	UK	Ordinary
Only Medics Recruitment Limited	UK	Ordinary
Pharma Professionals Group Limited	UK	Ordinary
Regulatory Professionals Consulting Limited	UK	Ordinary
Scientific Professional Limited	UK	Ordinary
Deena Energy Services Middle East DMCC (*)	UAE	Ordinary
RIG Locums Limited (*)	UK	Ordinary
RIG Medical Recruit Limited (*)	UK	Ordinary
Cpl Professionals Inc	USA	Ordinary
Cpl Specialist Talent Limited (*)	UK	Ordinary
Covalen Performance Magic Limited	Ireland	Ordinary
Covalen Managed Solutions Limited (*)	Ireland	Ordinary

(*) All subsidiaries are wholly owned with the exception of the following 6 companies:-

1. Deena Energy Services Limited (Cpl Resources plc is the beneficial owner of a 51% stake and registered owner of 70% of the issued share capital).
2. Deena Energy Services Middle East DMCC (Cpl Resources plc is the beneficial owner of a 51% stake and registered owner of 70% of the issued share capital).
3. RIG Locums Limited (Cpl Resources plc is the beneficial owner of a 91% stake).
4. RIG Medical Recruit Limited (Cpl Resources plc is the beneficial owner of a 91% stake).
5. Cpl Specialist Talent Limited (Cpl Resources plc is the beneficial owner of a 80% stake).
6. Covalen Managed Solutions Limited is 100% owned by Covalen Performance Magic Limited which in turn is a wholly owned subsidiary of the Group.

Notes (continued)

13. Investments in subsidiaries - Company (continued)

All companies, other than Cpl Jobs S.r.o. (Czech Republic), Cpl Jobs S.r.o. (Slovakia), Cpl Jobs Sp z.o.o., Cpl Solutions International Limited, Cpl Jobs Kft, Servisource Limited, Occipital Sarl, Kate Cowhig International Healthcare Recruitment Limited (UK), Deena Energy Services Limited, Deena Energy Services Middle East DMCC, Cpl Healthcare Global Limited, Cpl Jobs Tunisie Sarl, Cpl Jobs GmbH, Clinical Professionals Limited, Only Medics Recruitment Limited, Pharma Professionals Group Limited, Regulatory Professionals Consulting Limited, Scientific Professional Limited, RIG Locums Limited, RIG Medical Recruit Limited, Cpl Specialist Talent Limited and Cpl Professionals Inc have their registered offices at 83 Merrion Square, Dublin 2, D02 R299, Ireland.

The registered offices of Cpl Jobs S.r.o. (Czech Republic) are Jindrisska 16, 110 00 Prague 1, Czech Republic and Uzka 488/8, 602 00 Brno, Czech Republic.

The registered office of Cpl Jobs S.r.o. (Slovakia) is Vysoka 14, 811 06, Bratislava, Slovakia.

The registered offices of Cpl Jobs Sp z.o.o. is Al. Jerozolimskie 81, 02-001 Warsaw, Poland, Ul. Podwal 83, III floor, 50-414 Wroclaw, Poland, and ul. Szyperska 14, 61-754 Poznan, Poland.

The registered office of Cpl Solutions International Limited is 4th Floor, Craig Plaza, 51 Fountain Street, Belfast, BT1 5EA, Northern Ireland.

The registered office of Cpl Jobs Kft is Terez krt. 55, A building 2nd floor, 1062 Budapest, Hungary.

The registered office of Servisource Limited is 5 Old Bailey, London, EC4M 7BA, England.

The registered office of Occipital Sarl is Bureau N° 124 Rue des entrepreneurs, Imm Delta Centre, Charguia 2 Ariana 2035, Tunisia.

The registered office of Kate Cowhig International Healthcare Recruitment Limited (UK) is 5 Old Bailey, London, EC4M 7BA, England.

The registered office of Deena Energy Services Limited is 1/2 High Street, Balbriggan, Co. Dublin, K32 DD40.

The registered office of Deena Energy Services Middle East DMCC is Unit No: 1528, DMCC Business Centre, Level No 1, Jewellery & Gemplex 3, Dubai, United Arab Emirates.

The registered office of Cpl Healthcare Global Limited is 2nd Floor, Regis House, 45 King William Street, London, EC4R 9AN, England.

The registered office of Cpl Jobs Tunisie Sarl is Boulevard de la Terre, Sana Business Center, Centre Urbain Nord, Bureau A7, Tunis, Tunisia.

The registered office of Cpl Jobs GmbH is Hohenzollernstraße 89, 80796 Munich, Germany.

The registered office of Clinical Professionals Limited, Only Medics Recruitment Limited, Pharma Professionals Group Limited, Regulatory Professionals Consulting Limited and Scientific Professional Limited is First Floor, 33 Blagrave Street, Reading, Berkshire, RG1 1PW, England.

The registered office of RIG Locums Limited, RIG Medical Recruit Limited and Cpl Specialist Talent Limited is Northside House, 69 Tweedy Road, Bromley, Kent, England, BR1 3WA.

The registered office of Cpl Professionals Inc is 745 Atlantic Avenue, Boston, MA 02111, USA.

14. Financial assets

On 28 November 2019, the Group invested €592k in Catapult Ventures Limited ("Catapult"). This investment subsequently converted to a 14.2% shareholding in Catapult. Catapult is an employment platform in scale-up which is based in the UK.

	Group		Company	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000
Financial assets	**592**	-	**592**	-
	592	-	**592**	-

15. Deferred tax asset

The movement in temporary differences during the year was as follows:

Group

	1 July 2019 €'000	Arising in profit or loss €'000	Foreign exchange retranslation €'000	30 June 2020 €'000
Property, plant and equipment	89	42	-	**131**
Share based payment	381	(78)	-	**303**
Employee benefits	25	(15)	-	**10**
Losses forward	356	135	-	**491**
IFRS 16	-	29	-	**29**
	851	113	-	**964**

At 30 June 2020, the Group recognised deferred tax assets on tax losses of €491k (2019: €356k). The tax losses arose primarily in the Irish and UK tax jurisdictions and their utilisation is dependent on future profits earned by entities in these jurisdictions. The Directors have concluded that it is more likely than not that the Irish and UK sub-groups will earn sufficient future profits to utilise the losses carried forward. There are unrecognised deferred tax assets on tax losses in other jurisdictions which are not material in the context of the Group.

At 30 June 2020, the Company had a deferred tax asset of €113k (2019: €113k).

Notes (continued)

16. Trade and other receivables

	Group		Company	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000
Trade receivables	**73,860**	81,670	**-**	-
Expected credit loss	**(455)**	(316)	**-**	-
Accrued income/contract assets	**28,188**	29,232	**-**	-
Prepayments	**3,076**	2,595	**2,103**	1,380
Other debtors	**3,612**	1,676	**809**	862
Corporation Tax	**558**	1,754	**-**	-
VAT	**-**	-	**519**	493
Amounts due from subsidiary undertakings	**-**	-	**63,835**	61,054
	108,839	116,611	**67,266**	63,789

Accrued income is derived from the performance of contract obligations in relation to Flexible Talent workers which had not been billed prior to year end.

Amounts due from subsidiary undertakings include a receivable due from Deena Energy Services Limited of €189k (2019: €189k), RIG Medical Recruit Limited of €1,305k (2019: €1,962k), and Cpl Specialist Talent Limited of €11k (2019: €Nil) which are subsidiaries not wholly owned. Remaining amounts due from subsidiary undertakings are due from wholly owned subsidiaries. Amounts due are interest free, unsecured and repayable on demand.

17. Net funds

	Group		Company	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000
Cash and cash equivalents	**69,239**	45,755	**43,915**	15,912
Bank overdraft (Note 21)	**(5)**	(6)	**(5)**	(6)
Cash and cash equivalents in the Cash Flow Statement	**69,234**	45,749	**43,910**	15,906
Invoice discounting facility (Note 21)	**(1,110)**	(5,691)	**-**	-
	68,124	40,058	**43,910**	15,906

18. Net debt

Group - 2020

	1 July 2019 €'000	Cashflows €'000	Application of IFRS 16	Fair value movements	Acquisition of non-controlling interests	30 June 2020 €'000
Lease liabilities	**-**	-	5,714	-	-	**5,714**
Invoice discounting facility	**5,691**	(4,581)	-	-	-	**1,110**
Bank overdraft	**6**	(1)	-	-	-	**5**
Put option liability	**1,140**	-	-	(450)	(209)	**481**
	6,837	(4,582)	5,714	(450)	(209)	**7,310**

Company - 2020

	1 July 2019 €'000	Cashflows €'000	Application of IFRS 16	Fair value movements	Acquisition of non-controlling interests	30 June 2020 €'000
Lease liabilities	**-**	-	3,815	-	-	**3,815**
Bank overdraft	**6**	(1)	-	-	-	**5**
Put option liability	**1,140**	-	-	(450)	(209)	**481**
	1,146	(1)	3,815	(450)	(209)	**4,301**

19. Share capital, share premium, and other reserves

	2020 €'000	2019 €'000
Authorised		
50,000,000 ordinary shares at €0.10 each	**5,000**	5,000
Allotted, called up and fully paid		
27,443,935 ordinary shares at €0.10 each	**2,743**	2,743

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium at 30 June 2020 amounted to €3,616k (2019: €3,616k).

Notes (continued)

19. Share capital, share premium, and other reserves (continued)

Other reserves comprise an other undenominated capital fund of €1,094k (2019: €1,094k), a merger reserve of €3,357k negative (2019: €3,357k negative), a currency translation reserve of €2,064k negative (2019: €1,676k negative), a share based payment reserve of €2,531k (2019: €3,162k) and a put option reserve (Note 20) of €481k negative (2019: €1,140k negative). The merger reserve arose in 1998 when the Company acquired by way of a share for share exchange the share capital of two group companies formerly under common ownership, management and control. The translation reserve movement comprises all foreign exchange differences from 1 July 2019 arising from the translation of the net assets of the Group's non-euro denominated operations including the translation of the results of such operations from the average exchange rate for the year to the exchange rate at the balance sheet date.

Capital management

The Board regularly reviews and monitors the Company's capital structure with a view to maintaining a strong capital base. This involves considering dividends paid to shareholders, the amount of liquid assets on the Balance Sheet and return on capital.

20. Financial Instruments

Put/call option liability

During the year, a put/call option in relation to Pharma Professionals Limited ("PPG"), a non-controlling interest ("NCI"), was exercised and the Group acquired the NCI at a cost of €209k.

There is a put/call option in existence in relation to the RIG Healthcare Group ("RIG") non-controlling interest ("NCI") whereby the NCI shareholders can serve notice on the Group to acquire the NCI at the NCI shareholders' option after June 2020. The value of the put/call option represents management's best estimate of the fair value of the amounts that may be payable and discounted using a discount rate of 8.32%. The fair value was estimated by assigning probabilities, based on management's current expectations, to the potential pay out scenarios. The significant unobservable inputs are the performance of the acquired businesses and the timing of the execution of the put/call option.

Following a fair value exercise over the put option at 30 June 2020, the estimated fair value of the RIG put option was reduced by €259k to €481k. This put option liability has been recognised in a put option reserve attributable to the equity holders of the parent. The Group has elected to apply the present access method of accounting for the put/call option, where the initial recognition of the liability is recorded in other equity. The Group will apply the accounting policy where any subsequent changes to the fair value will also be reflected in other equity. The fair value measurement of the put liability has been categorised as Level 3 fair value based on the inputs to the valuation technique used.

21. Trade and other payables

Amounts falling due in less than one year:

	Group		Company	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000
Trade creditors	**1,131**	3,665	**70**	2,125
Invoice discounting facility*	**1,110**	5,691	**-**	-
Bank overdraft	**5**	6	**5**	6
Accruals	**53,155**	45,248	**4,774**	4,413
Corporation Tax	**-**	-	**2**	-
VAT	**12,578**	13,547	**-**	-
PAYE/PRSI	**11,094**	11,530	**-**	-
Amounts due to subsidiary undertakings	**-**	-	**122,536**	89,630
	79,073	79,687	**127,387**	96,174

* The invoice discounting facilities of various Group entities are available on demand, have interest rates ranging from 1-5%, and a term length of 1 year.

Amounts due to subsidiary undertakings are interest free, unsecured and repayable on demand.

22. Non-controlling interests ("NCIs")

In 2019, Cpl subscribed for 80% of shares in a new start up company, Cpl Specialist Talent Limited. In 2017, Cpl acquired a 100% shareholding in RIG Healthcare Group ("RIG"). RIG is the trading name of RIG Locums Limited and RIG Medical Recruit Limited. On 30 June 2017, the existing management team of RIG subscribed for a 9% shareholding in RIG. In 2016, the Group acquired an 89.8% stake in Pharma Professionals Limited ("PPG"). PPG is the parent company of Clinical Professionals Limited a leading UK based pharmaceutical and Life Sciences recruitment company. During the year, the Group acquired the remaining 10.2% of the NCI of PPG. In 2015, the Group subscribed for shares in a new start up company, Deena Energy Services Limited ("Deena"). Cpl Resources plc is the beneficial owner of a 51% stake in Deena and the registered owner of 70% of the issued share capital of Deena, but by way of a Declaration of Trust and Agreement dated 18 December 2014, it holds 190 shares (being 19% of the issued share capital) in trust.

	2020 €'000	2019 €'000
Balance at 1 July 2019	**343**	131
Profit after tax attributable to non-controlling interests	**102**	142
Foreign currency translation effects	**(7)**	70
Acquisition of non-controlling interests	**179**	-
Balance at 30 June 2020	**617**	343

Notes (continued)

23. Details of Borrowings

Maturity Analysis - Group 2020

	Within 1 year €'000	Between 1 & 2 years €'000	Between 2 & 5 years €'000	After 5 years €'000	Total €'000
Repayable other than by instalments					
Invoice discounting facility	1,110	-	-	-	1,110
Lease liabilities	1,450	1,571	1,570	1,123	5,714
Repayable by instalments					
Bank overdraft	5	-	-	-	5
At 30 June 2020	**2,565**	**1,571**	**1,570**	**1,123**	**6,829**

Maturity Analysis - Group 2019

	Within 1 year €'000	Between 1 & 2 years €'000	Between 2 & 5 years €'000	After 5 years €'000	Total €'000
Repayable other than by instalments					
Invoice discounting facility	5,691	-	-	-	5,691
Repayable by instalments					
Bank overdraft	6	-	-	-	6
At 30 June 2019	**5,697**	**-**	**-**	**-**	**5,697**

The invoice discounting facilities of various Group entities are available on demand, have interest rates ranging from 1-5%, and a term length of 1 year.

24. Leases

Amounts recognised in the Group Balance Sheet

	2020 €'000	2019 €'000
Right-of-use asset	**5,525**	-
	5,525	-

The Group presents lease liabilities in borrowings in the Group Balance Sheet. The amounts included are as follows:

	2020 €'000	2019 €'000
Lease liabilities		
Current	**1,450**	-
Non current	**4,264**	-
	5,714	-

Additions to right-of-use assets during the year were €Nil.

Amounts recognised in the Group Statement of Comprehensive Income

The Group Statement of Comprehensive Income includes the following amounts relating to leases:

	2020 €'000	2019 €'000
Depreciation charge of right-of-use assets		
Land and buildings	**1,607**	-
	1,607	-

	2020 €'000	2019 €'000
Interest expense on lease liabilities	**158**	-
Expenses relating to short term leases	**1,176**	2,730
Expenses relating to low value assets	**70**	83
	1,404	2,813

Amounts recognised in the Group Cash Flow Statement

	2020 €'000	2019 €'000
Total cash outflow for leases	**1,793**	-

Notes (continued)

24. Leases (continued)

Leasing activities

The Group enters into leases for a range of assets, mainly relating to property.

Comparative lease disclosures under IAS 17

Operating leases

Future minimum lease payments under operating leases were as follows:

	2019 €'000
Less than one year	**2,401**
Between one and five years	**6,295**
Greater than five years	**990**
	9,686

25. Retirement benefits

The Group contributes to defined contribution schemes for certain senior executives by way of contributions to unit linked funds. The Group's annual contributions are charged to the Group Statement of Comprehensive Income in the year to which they relate. Details of contributions made on behalf of the Directors during the year are set out in Note 5. Amounts due to pension schemes at 30 June 2020 amounted to €85k (2019: €203k). Amounts charged in the Group Statement of Comprehensive Income in 2020 was €768k (2019: €703k).

26. Financial instruments and risk management

The Group and Company are exposed to various financial risks that include credit risk and liquidity risk. The Group has a risk management programme in place which seeks to limit the impact of these risks on the financial performance of the Group. The Board has determined policies for managing these risks. It is the policy of the Board to manage these risks in a non-speculative manner.

(a) Credit risk

Credit risk arises from credit to customers and on outstanding receivables, as well as other receivables, contract assets and cash and cash equivalents.

Cash and cash equivalents

The Group holds significant cash balances, which are invested on a short term basis and are classified as either cash equivalents or short term deposits. These deposits give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty through regular reviews of market-based ratings, Tier 1 capital and other factors. The Group typically does not enter into deposits with a duration of more than 12 months.

The cash and cash equivalents are held with bank and financial institution counterparties, which are A1 to A3, based on rating agency ratings.

26. Financial instruments and risk management (continued)

Trade receivables, other receivables, and contract assets

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. Management has a credit policy in place based on past experiences and knowledge, customers' track records and historic default rates. The exposure to credit risk is monitored on an ongoing basis. There is no concentration of credit risk by dependence on individual customers due to the large number of customers.

The impairment provisions are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off directly against the trade receivable.

Under IAS 39, the Group established an allowance for impairment that represented its estimate of incurred losses in respect of trade and other receivables and contract assets. The main component of this allowance is a specific loss component that relates to individual significant exposures.

Under IFRS 9, a provision for impairment of trade and other receivables and contract assets is recognised based on the Expected Credit Losses ("ECL") for those trade and other receivables and contract assets. The Group applies the simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables as well as contract assets.

To measure the ECL, trade and other receivables and contract assets have been grouped based on the number of days past due.

Trade receivables

The maximum credit exposure to credit risk for trade and other receivables at the reporting date by geographical location is as follows:

	2020 €'000	2019 €'000
Ireland	**62,216**	67,453
UK	**6,141**	8,594
Rest of the World	**5,503**	5,623
	73,860	81,670

Notes (continued)

26. Financial instruments and risk management (continued)

Analysis of movement in trade receivables impairment provisions

Group

Movement on the provision for impairment of trade receivables is as follows:

	2020 €'000	2019 €'000
Balance at start of year	316	254
Charged in year	147	62
Utilized in year	(8)	-
Balance at end of year	455	316

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2020 €'000	2019 €'000
Euro	62,216	67,453
Sterling	6,141	8,594
Hungarian Forint	2,171	2,705
Czech Koruna	361	429
Tunisian Dinar	2,413	2,064
Polish Zloty	366	184
US Dollar	192	241
Gross Total	73,860	81,670
Expected Credit Loss	(455)	(316)
	73,405	81,354

26. Financial instruments and risk management (continued)

The following table details the aging of gross trade receivables:

Group

	Gross Value 2020 €'000	Gross Value 2019 €'000
Not past due	**59,674**	61,564
Past due 0 - 30 days	**6,426**	8,785
Past due 31 - 120 days	**3,990**	8,410
Past due 121 - one year	**2,324**	1,986
More than one year	**1,446**	925
Total	**73,860**	81,670

Trade receivables credit risk arising in the context of the Group's operations is not significant and the total allowance for impairment of trade receivables amounts to 0.6% of the Group's gross trade receivables (2019: 0.4%). The vast majority of the allowance for impairment relates to trade and other receivables balances which are over six months overdue.

Company

The Company had no trade receivables outstanding at 30 June 2020 (2019: €Nil).

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

The Group adopts an efficient working capital model in order to minimise liquidity risk. The Group has significant cash resources to provide flexibility in financing existing operations and acquisitions.

Notes (continued)

26. Financial instruments and risk management (continued)

The following are the contractual maturities of the financial liabilities:

Group - 2020

	Carrying amount €'000	Contractual cashflows €'000	6 months or less €'000	6 - 12 months €'000	+ 1 year €'000
Non - derivative financial liabilities					
Trade and other payables	**77,958**	(77,958)	(77,958)	-	-
Invoice discounting facility	**1,110**	(1,110)	(1,110)	-	-
Bank overdraft	**5**	(5)	(5)	-	-
Lease liabilities	**5,714**	(5,950)	(824)	(747)	(4,379)
Put option liability	**481**	(481)	-	(481)	-
	85,268	(85,504)	(79,897)	(1,228)	(4,379)

Group - 2019

	Carrying amount €'000	Contractual cashflows €'000	6 months or less €'000	6 - 12 months €'000	+ 1 year €'000
Non - derivative financial liabilities					
Trade and other payables	**73,990**	(73,990)	(73,990)	-	-
Invoice discounting facility	**5,691**	(5,691)	(5,691)	-	-
Bank overdraft	**6**	(6)	(6)	-	-
Put option liability	**1,140**	(1,140)	-	(1,140)	-
	80,827	(80,827)	(79,687)	(1,140)	-

Company - 2020

	Carrying amount €'000	Contractual cashflows €'000	6 months or less €'000	6 - 12 months €'000	+ 1 year €'000
Non - derivative financial liabilities					
Trade and other payables	**127,387**	(127,387)	(127,387)	-	-
Lease liabilities	**3,815**	(3,835)	(496)	(496)	(2,843)
Put option liability	**481**	(481)	-	(481)	-
	131,683	(131,703)	(127,883)	(977)	(2,843)

26. Financial instruments and risk management (continued)

Company - 2019

	Carrying amount €'000	Contractual cashflows €'000	6 months or less €'000	6 - 12 months €'000	+ 1 year €'000
Non - derivative financial liabilities					
Trade and other payables	96,174	(96,174)	(96,174)	-	-
Put option liability	1,140	(1,140)	-	(1,140)	-
	97,314	(97,314)	(96,174)	(1,140)	-

(c) Interest rate risk

The Group's Balance Sheet contains interest bearing assets and invoice discounting facilities within liabilities which is subject to interest charges.

Cash flow sensitivity analysis

At 30 June 2020, the average interest rate being earned on the Group's cash and cash equivalents and short term deposits was negative 0.4% (2019: negative 0.4%). An increase or decrease of 50 basis points in interest rates at the reporting date would have the following effect on the Group Statement of Comprehensive Income and equity. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2019.

	50 basis point increase		50 basis point decrease	
	Group Statement of Comprehensive Income	Equity	Group Statement of Comprehensive Income	Equity
30 June 2020				
Variable rate adjustments	**14**	**-**	**(14)**	**-**
30 June 2019				
Variable rate adjustments	9	-	(9)	-

(d) Currency risk

The Group has no material exposure to foreign currency risk as most of the assets and liabilities of the Group are denominated in euro, the functional currency of the Company and the currency in which these financial statements are presented. In the context of Brexit fluctuations, the Group's exposure to sterling currency risk is naturally hedged through the deployment of local invoice discounting lines.

(e) Fair values

Cash and cash equivalents

For cash and cash equivalents, all of which have a remaining maturity of less than 3 months, the nominal amount is deemed to reflect fair value.

Trade and other receivables

For receivables and payables with a remaining life of less than 6 months or demand balances, the carrying value less expected credit loss provision, where appropriate, is deemed to reflect fair value.

Notes (continued)

26. **Financial instruments and risk management** (continued)

Trade and other payables

For all short term and current liabilities the carrying value is deemed to reflect fair value.

Put/call options and contingent consideration

The put/call option disclosed in Note 20 is recorded at fair value which has been determined using financial models. They are therefore considered to be a Level 3 fair value measurement. The valuation models consider the present value of expected payments, discounted at a risk adjusted discount rate.

Fair value hierarchy

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Valuation technique	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Put option liability	Discounted cashflows: this valuation model considers the present value of expected payment, discounted using a risk-adjusted interest rate. The expected payment is determined in accordance with the put option price formula, budgets for future years and the application of a steady growth.	Forecast annual growth in EBITDA in range of 2%-5%. Risk adjusted discount rates of 8.32% (2019: 6.84%).	The estimated fair value would increase/decrease if EBITDA growth was higher/lower or risk-adjusted discount rate was higher/lower.

Put option liability

Within certain Group companies, non-controlling interest shareholders have a put option to put their shareholding to Cpl Resources plc. The fair value of the put option liability represents the provision for the net present value of the amounts expected to be payable on exercise of the put option (Note 20).

	2020 €'000	2019 €'000
Balance at start of year	**1,140**	1,140
Fair value movements	**(450)**	-
Acquisition of non-controlling interests	**(209)**	-
Balance at end of year	**481**	1,140

27. Commitments and contingencies

The Company has guaranteed the liabilities of all of its subsidiaries incorporated in the Republic of Ireland (see Note 13) for the purpose of obtaining exemptions allowed under Section 357 of the Companies Act 2014, in relation to filing financial statements. These irrevocable guarantees cover the financial year ended 30 June 2020.

28. Related party transactions

Group

Under IAS 24, Related Party Disclosures, the Group has a related party relationship with its Directors. Transactions with the Directors are as follows:

The Group was charged €198k in 2020 (2019: €198k) in respect of one of its offices in Dublin 2, which is leased by the Group from an entity connected to Executive Directors, Anne Heraty and Paul Carroll, at a rate based on the advice of an independent property advisor. The lease expires in November 2022 and is subject to rent reviews every 3 years. The annual commitment is €198k with an amount of €Nil outstanding at the year end (2019: €Nil). On transition to IFRS 16, this lease was brought onto the balance sheet and the lease liability at 30 June 2020 is €459k (2019: €Nil).

IAS 24 also requires the disclosure of compensation paid to the Group's key management personnel. In the case of Cpl, key management personnel is deemed to comprise the Directors of Cpl Resources plc. The remuneration of key management personnel for the year ended 30 June 2020 comprises of short term benefits (salary, bonus, fees) of €1,601k (2019: €1,919k) and post-employee benefits of €144k (2019: €74k). The Directors' interests in shares are set out in the Directors' Report. No final dividend (2019: 11.0 cent per share) is proposed by the Directors. The Directors' shareholdings are disclosed in the Directors Report.

A loan is due to the Group from the management team of the RIG Healthcare Group ("RIG"') of €764k at 30 June 2020 (2019: €711k). The management team of RIG used this loan to subscribe for a 9% shareholding in RIG.

Company

The Company has a related party relationship with its subsidiaries and with the Directors of the Company. Transactions with subsidiaries are as follows:

	2020 €'000	2019 €'000
Dividends received from subsidiaries	**10,000**	10,300
Group expenses recharged to subsidiaries	**14,431**	12,255

Directors of the Company and their immediate relatives control 35.4% (2019: 35.8%) of the voting shares of the Company. The Executive Directors are employees of the Company and details of their remuneration is set out in Note 5 of the financial statements.

Notes (continued)

29. Share Based Payments

The Group's employee share schemes are equity settled share based payments as defined in IFRS 2 Share Based Payments. The total share based payments expense for the year charged to the Group Statement of Comprehensive Income was €895k (2019: €895k), analysed as follows:

Group Statement of Comprehensive Income charge

	2020 €'000	2019 €'000
Share based payment charge	**895**	895

Long Term Incentive Plan

The Group established a share option scheme, the 2013 Long Term Incentive Plan (the "LTIP") which was adopted at the AGM in October 2013, which entitles certain employees to purchase shares in Cpl Resources plc.

- On 27 February 2014, the Remuneration Committee of Cpl granted conditional share awards (the "LTIP I Awards") under the adopted LTIP. LTIP I vested during the year ended 30 June 2017;
- On 20 October 2015, the Remuneration Committee of Cpl granted conditional share awards (the "LTIP II Awards") under the adopted LTIP. LTIP II vested during the year ended 30 June 2019;
- On 29 January 2018, the Remuneration Committee of Cpl granted conditional share awards (the "LTIP III Awards") under the adopted LTIP. LTIP III will vest during the year ended 30 June 2021; and
- On 24 January 2020, the Remuneration Committee of Cpl granted conditional share awards (the "LTIP IV Awards") under the adopted LTIP. LTIP IV will vest during the year ended 30 June 2023.

In accordance with the provisions of the plan, executives and senior employees were granted a conditional right to subscribe for ordinary shares subject to performance conditions.

The LTIP I and LTIP II Awards have already vested. LTIP III and LTIP IV Awards grant eligible employees a conditional right to subscribe for ordinary shares of nominal value €0.10 each in the Company ("Ordinary Shares") upon payment of the nominal value. Each share award will equate to one ordinary share of Cpl Resources plc on vesting and awards do not carry rights to dividends nor voting rights until vested. The awards may be exercised at any time from the date of vesting to the date of their expiry. The awards vest subject to the achievement of certain service and non-market performance conditions.

29. Share Based Payments (continued)

A summary of the awards granted and/or vested during the year ended 30 June 2020 (including assumptions used in the Black Scholes binominal model for calculating the fair value of the share options granted) is set out below:

	2020	2018
	LTIP IV	LTIP III
Grant date	**24 January 2020**	29 January 2018
Share price at date of award	**€8.20**	€6.20
Grant date fair value	**€8.10**	€6.10
Exercise price	**€0.10**	€0.10
Number of employees	**30**	27
Number of share awards	**450,000**	352,000
Vesting date	**16 September 2022**	18 September 2020
Expected volatility	**30%**	30%
Award life	**3 years**	3 years
Risk free rate	**1%**	1%
Expected dividend rate	**0%**	0%

The resulting weighted average fair value of options granted in the year was €8.10 (2019: €Nil).

LTIP II

Vesting of the LTIP II awards was subject to non-market performance conditions measuring the Group's adjusted earnings per share ("EPS") growth over the period of three years commencing 1 July 2015. The LTIP II Awards vested on 17 September 2018, all participants subscribed for their vested awards on the vesting date. 271,782 LTIP II Awards vested being 80.29% of the LTIP II Awards.

LTIP III

Vesting of the LTIP III awards is subject to non-market performance conditions measuring the Group's adjusted earnings per share ("EPS") growth over the period of three years commencing 1 July 2017. Average annualised EPS in excess of €0.66, being the threshold required for full vesting, was achieved and subject to meeting all other vesting conditions the LTIP III award will vest in full (352,000) on 18 September 2020.

LTIP IV

The number of shares that are currently expected to vest under LTIP IV (Nil assuming an 0% vesting rate) are based on the expectations of management including the probability and behavioural considerations of meeting service and non-market conditions attaching to the award and is not necessarily indicative of exercise patterns that may occur. As expectations regarding probability of vesting changes, the charge to the Group Statement of Comprehensive Income will be amended.

If, over the three year period from 1 July 2019 to 30 June 2022, the average annualised EPS is less than €0.90, no LTIP Awards will vest. 50% of the LTIP IV Awards will vest for average annualised EPS of €0.90, rising on a straight-line basis to full vesting for average annualised EPS of €0.98 or higher. The LTIP IV Awards will vest subject to meeting the vesting conditions and the right to subscribe for vested LTIP IV Award shares must be exercised within six months of the vesting date.

Notes (continued)

29. Share Based Payments (continued)

Under the vesting terms of LTIP IV and in addition to the EPS target explained above, employees were required to purchase shares in Cpl Resources plc to the value of 5% of their gross salary by 30 September 2020 and remain employed by Cpl Resources plc at vesting date.

A reconciliation of all share awards granted under the LTIP II, LTIP III and LTIP IV schemes are as follows:

	2020 Number	2019 Number
Outstanding options at beginning of year	**352,000**	690,500
Options granted during year	**450,000**	-
Expired unvested during year[1]	**-**	(66,718)
Exercised during year[1]	**-**	(271,782)
Outstanding options at end of year	**802,000**	352,000

[1] 271,782 LTIP II awards vested and were exercised, and 66,718 expired in the financial year to 30 June 2019.

Included in the Group Statement of Comprehensive Income charge is €127k (2019: €267k) in relation to Executive Directors.

At 30 June 2020, LTIP III and LTIP IV Awards were not exercisable as the conditions for exercise were not fulfilled before the year end.

30. Post balance sheet events

There have been no significant post balance sheet events that would require disclosure in the financial statements.

31. Approval of financial statements

The consolidated financial statements were approved by the Directors on 8 September 2020.

Glossary

Alternative Performance Measures ("APMs")

The Group uses a number of alternative performance measures ("APMs") that are not required under International Financial Reporting Standards ("IFRS"), which represent the generally accepted accounting principles ("GAAP") under which the Group reports. These measures are referred to throughout the discussion of our reported operating performance and financial position, and are measures which are regularly reviewed by Group management. The Group believes that the presentation of these APMs provides useful supplementary information which when viewed with the IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group.

These APMs may not be uniformly defined by all companies and, accordingly, they may not be directly comparable with similarly titled measures and disclosures by other companies. These APMs should not be viewed in isolation or as an alternative to the equivalent GAAP measures. The principal APMs used by the Group, together with a reconciliation where the non-GAAP measures are not readily identifiable from the financial statements, are as follows:

Net Fee Income

Definition

Net fee income is the Group's definition of gross profit.

Adjusted operating profit

Definition

Operating profit before non-cash charges relating to the Group's Long-Term Incentive Plan of €895k (2019: €895k), currency translation of €16k (2019: €13k) and goodwill impairment of €2.5m (2019: €Nil).

Adjusted profit before tax

Definition

Profit before tax before non-cash charges relating to the Group's Long-Term Incentive Plan of €895k (2019: €895k), currency translation of €16k (2019: €13k) and goodwill impairment of €2.5m (2019: €Nil).

Adjusted conversion ratio – operating profit

Definition

Operating profit before non-cash charges relating to the Group's Long-Term Incentive Plan of €895k (2019: €895k), currency translation of €16k (2019: €13k) and goodwill impairment of €2.5m (2019: €Nil) as a percentage of net fee income.

Adjusted conversion ratio - profit before tax

Definition

Profit before tax before non-cash charges relating to the Group's Long-Term Incentive Plan of €895k (2019: €895k), currency translation of €16k (2019: €13k) and goodwill impairment of €2.5m (2019: €Nil) as a percentage of net fee income.

Adjusted operating profit margin

Definition

Operating profit before non-cash charges relating to the Group's Long-Term Incentive Plan of €895k (2019: €895k), currency translation of €16k (2019: €13k) and goodwill impairment of €2.5m (2019: €Nil) as a percentage of revenue.

Adjusted basic earnings per share

Definition

Earnings per share calculated using the profit attributable to owners of the parent before non-cash charges relating to the Group's Long-Term Incentive Plan of €895k (2019: €895k), currency translation of €16k (2019: €13k) and goodwill impairment of €2.5m (2019: €Nil).

Net cash/Net funds

Definition

Balances comprising of cash and cash equivalents, bank overdrafts and invoice discounting facility as detailed in Note 17.

Cpl locations

IRELAND

Dublin

Cpl Resources plc - HQ
83 Merrion Square, Dublin 2,
D02 R299
T: +353 1 614 6000
E: info@cpl.ie
W: www.cpl.com

Kate Cowhig International Healthcare Recruitment
83 Merrion Square,
Dublin 2, D02 R299
T: +353 1 671 5557
E: info@kcr.ie
W: www.kcr.ie

Servisource
83 Merrion Square,
Dublin 2, D02 R299
T: +353 42 935 2723
E: info@servisource.ie
W: www.servisource.ie

Cpl Healthcare
83 Merrion Square,
Dublin 2, D02 R299
T: +353 1 482 5491
E: info@cplhealthcare.com
W: www.cplhealthcare.com

Flexsource
5 St Fintan's, North Street,
Swords, Co. Dublin, K67 F9P6
T: +353 1 895 5700
E: swords@flexsource.ie
W: www.flexsource.ie

Covalen
Trigon House, Arena Road,
Sandyford, Dublin 18, D18 DW35
T: +353 1 255 2090
E: info@covalensolutions.com
W: www.covalensolutions.com

Tech Skills
25 Merrion Square North,
Dublin 2, D02 E392
T: +353 1 639 0390
E: resources@techskills.ie
W: www.techskills.ie

Flexsource
3 Main Street, Blanchardstown,
Dublin 15, D15 KAV6
T: +353 1 829 5800
E: blanch@flexsource.ie
W: www.flexsource.ie

Private Home Care
2 Newcastle Road, Lucan,
Co. Dublin, K78 NY56
T: +353 1 621 9101
E: info@privatehomecare.ie
W: www.privatehomecare.ie

The Cpl Institute
5 St Fintan's, North Street,
Swords, Co. Dublin, K67 F9P6
T: +353 1 895 5755
E: info@thecplinstitute.ie
W: www.thecplinstitute.ie

Thornshaw
Barton House, 6 Old Dublin Road,
Stillorgan, Co. Dublin, A94 X8C3
T: +353 1 278 4671
E: info@thornshaw.com
W: www.thornshaw.com

Deena Energy Services Limited
1 High Street, Balbriggan,
Co. Dublin, K32 DD40
T: +353 1 8410481
E: info@deenaenergy.com
W: www.deenaenergy.com

Kildare

Flexsource
Unit F & G Naas Town Centre,
Wolfe Tone Street, Naas,
Co. Kildare, W91 A2YV
T: +353 45 898 900
E: naas@flexsource.ie
W: www.flexsource.ie

The Cpl Institute
Unit F & G Naas Town Centre,
Wolfe Tone Street, Naas,
Co. Kildare, W91 A2YV
T: +353 4 590 7104
E: info@thecplinstitute.ie
W: www.thecplinstitute.ie

Cork

Cpl Resources plc
Ground Floor,
11 Anglesea Street,
Cork, T12 CYR8
T: +353 21 494 4860
E: corkjobs@cpl.ie
W: www.cpl.com

Kenny Whelan & Associates
Unit 1 Joyce House,
Barrack Square, Ballincollig,
Cork, T12 CYR8
T: + 353 21 466 5400
E: info@kenny-whelan.ie
W: www.kenny-whelan.ie

Servisource
Ground Floor,
11 Anglesea Street,
Cork, T12 CYR8
T: +353 21 427 9916
E: info@servisource.ie
W: www.servisource.ie

The Cpl Institute
Ground Floor,
11 Anglesea Street,
Cork, T12 CYR8
T: +353 21 462 6129
E: info@thecplinstitute.ie
W: www.thecplinstitute.ie

Flexsource
Ground Floor,
11 Anglesea Street,
Cork, T12 CYR8
T: +353 21 462 6100
E: corkjobs@flexsource.ie
W: www.flexsource.ie

Servisource
Unit 18,
South Ring Business Park,
Kinsale Road, Cork, T12 E22A
T: +353 42 935 2723
E: info@servisource.ie
W: www.servisource.ie

Limerick

Cpl Resources plc
10/11 Steamboat Quay,
Dock Road, Limerick, V94 V1KX
T: +353 61 317 377
E: limerickjobs@cpl.ie
W: www.cpl.com

Flexsource
10/11 Steamboat Quay,
Dock Road, Limerick, V94 V1KX
T: +353 61 317 377
E: limerickjobs@flexsource.ie
W: www.flexsource.ie

Galway

Cpl Resources plc
Unit 19, Dockgate,
Merchants Road,
Galway, H91 P6CF
T: +353 91 509 740
E: galwayjobs@cpl.ie
W: www.cpl.com

Flexsource
Unit 19, Dockgate,
Merchants Road,
Galway, H91 P6CF
T: +353 91 509 740
E: galwayjobs@flexsource.ie
W: www.flexsource.ie

The Cpl Institute
Unit 19, Dockgate,
Merchants Road,
Galway, H91 P6CF
T: +353 91 507 517
E: info@thecplinstitute.ie
W: www.thecplinstitute.ie

Kate Cowhig International Healthcare Recruitment
Unit 16A,
Sandyford Business Centre,
Bohermore, Galway, H91 WC1P
T: +353 1 6715557
E: info@kcr.ie
W: www.kcr.ie

Dundalk

Servisource
Block 3, 2nd Floor,
Quayside Business Park,
Mill Street, Dundalk,
Co. Louth, A91 WNH1
T: +353 42 935 2723
E: info@servisource.ie
W: www.servisource.ie

UNITED KINGDOM

Belfast

Cpl Resources plc
4th Floor Craig Plaza,
51 Fountain Street,
BT1 5EA
T: +44 289 072 5600
E: belfast@cpljobs.com
W: www.cpl.com

ENGLAND

Reading

Clinical Professionals
First Floor, 33 Blagrave Street,
Reading, Berkshire, England,
RG1 1PW
T: +44 118 959 4990
E: apply@clinicalprofessionals.co.uk
W: www.clinicalprofessionals.co.uk

Cpl Resources plc
First Floor, 33 Blagrave Street,
Reading, Berkshire, England,
RG1 1PW
T: +44 118 952 2796
E: info@cpl.com
W: www.cpl.com/uk

Kent

RIG Healthcare Recruit
4th Floor, Northside House,
69 Tweedy Road, Bromley,
England, BR1 3WA,
T: +44 345 363 1187
E: info@righealthcare.co.uk
W: www.righealthcare.co.uk

Cpl Specialist Talent
4th Floor, Northside House,
69 Tweedy Road, Bromley,
England, BR1 3WA,
T: +44 203 923 8877
E: specialisttalent@cpl.com
W: www.cplspecialist.com

North Yorkshire

RIG Healthcare Recruit
Copthall Bridge House,
Station Bridge, Harrogate,
North Yorkshire,
England, HG1 1SP
T: +44 142 3 79 0115
E: info@righealthcare.co.uk
W: www.righealthcare.co.uk

CZECH REPUBLIC

Prague

Cpl Jobs s.r.o.
Jindrisska 16, 110 00 Prague 1,
Czech Republic
T: +420 221 773 631
E: praha@cpljobs.cz
W: www.cpljobs.cz

Brno

Cpl Jobs s.r.o.
Uzka 488/8,
60200 Brno, Czech Republic
T: +420 515 800 800
E: brno@cpljobs.cz
W: www.cpljobs.cz

HUNGARY

Budapest

Cpl Jobs Kft.
Terez krt. 55,
A building 2nd floor,
1062 Budapest, Hungary
T: +36 1 501 5460
E: budapest@cpljobs.hu
W: www.cpljobs.hu

Cpl locations (continued)

POLAND

Warsaw

Cpl Jobs Sp. z o.o.
Al. Jerozolimskie 81,
02-001 Warszawa, Poland
T: +48 22 488 6500
E: warsaw@cpljobs.pl
W: www.cpljobs.pl

Wroclaw

Cpl Jobs Sp. z o.o.
Sw. Mikolaja 7,
50-125 Wroclaw, Poland
T: 48 717 356 6200
E: wroclaw@cpljobs.pl
W: www.cpljobs.pl

Poznan

Cpl Jobs Sp. z o.o.
ul. Szyperska 14,
61-754 Poznan, Poland
T: +48 61 626 8800
E: poznan@cpljobs.pl
W: www.cpljobs.pl

Krakow

Buma Square
ul. Wadowicka 6,
30-415 Kraków
T: +48 12 379 08 00
E: krawkow@cpljobs.pl
W: www.cpljobs.pl

SLOVAKIA

Bratislava

Cpl Jobs S.r.o
Vysoka 14, 811 06 Bratislava,
Slovakia
T: +421 232 191 200
E: bratislava@cpljobs.sk
W: www.cpljobs.sk

TUNISIA

Tunis

Occipital Sarl
Delta Center Chargtiia Ii, BP 210,
Tunis Cedex - Tunisie
T: +216 71 941 588/882

Cpl Jobs Tunisie Sarl
Boulevard de la Terre,
Sana Business Center,
Centre Urbain Nord,
Bureau A7, Tunis, Tunisie.
T: + 216 29 33 70 24

GERMANY

Munich

Cpl Jobs GmbH
Munich Regus, Laim GmbH,
Landsberger Straße 302,
80867 Munchen, Deutschland,
T: +49 89 380 35 925
E: muenchen@cpljobs.com
W: www.cpljobs.com

USA

Boston

Cpl Physicians
745 Atlantic Avenue, Boston,
MA 02111, USA
T: +1 617 844 1434
E: info@cplphysicians.com
W: www.cplphysicians.com

Cpl Resources plc
83 Merrion Square, Dublin 2, D02 R299

T +353 1 614 6000
E info@cpl.ie
W www.cpl.com