

Registered number: 09568666

HiveHR Limited

Annual report

31 December 2019



HiveHR Limited

Company information

Directors	R J Ryder P B Slee D Duke (appointed 5 April 2019) S Smith (appointed 5 April 2019) G Karian (appointed 27 June 2019) M J Leader (resigned 5 April 2019) N Peterson (resigned 27 June 2019)
Registered number	09568666
Registered office	4th Floor Broadacre House Market Street Newcastle upon Tyne Tyne and Wear NE1 6HQ
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	Barclays Bank PLC 49 High Street Stockton-on-Tees TS18 1AG
Solicitors	Endeavour Partnership Tobias House Teesdale Business Park St Mark's Ct Thornaby Stockton-on-Tees TS17 6QW

HiveHR Limited

Contents

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report to the members of HiveHR Limited	4 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 17

HiveHR Limited

Directors' report Year ended 31 December 2019

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

Change of accounting reference date

In the prior year, the company changed its accounting reference date from 30 April to 31 December to align with the calendar year end. The current year covers the period from 1 January 2019 to 31 December 2019 and the comparatives cover the period 1 May 2018 to 31 December 2018, therefore the comparatives are not entirely comparable.

Directors

The directors who served during the year were:

R J Ryder
P B Slee
D Duke (appointed 5 April 2019)
S Smith (appointed 5 April 2019)
G Karian (appointed 27 June 2019)
M J Leader (resigned 5 April 2019)
N Peterson (resigned 27 June 2019)

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

On 25 February 2020, HiveHR Limited completed an equity funding round for an additional £2,000,000 investment. The company received £1,750,000 on 25 February 2020, with the additional £250,000 to be invested within 3 months of that date. The funding has come from existing investors, Maven Capital Partners UK LLP (£1,500,000) and angel investors (£250,000). A further £250,000 will come from Growth Capital Ventures.

This investment will support the continued rapid growth of the business; with funds being used to accelerate development of the Hive employee feedback platform, fuel sales and marketing activities, facilitate recruitment of new talent and create a training budget for current employees.

Auditor

UNW LLP was appointed as auditor during the year. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

HiveHR Limited

Directors' report (continued)
Year ended 31 December 2019

This report was approved by the board on 31 March 2020 and signed on its behalf by:



R J Rydel
Director

HiveHR Limited

Directors' responsibilities statement Year ended 31 December 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards ('United Kingdom Generally Accepted Accounting Practice'), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Independent auditor's report to the members of HiveHR Limited

Opinion

We have audited the financial statements of HiveHR Limited (the 'company') for the year ended 31 December 2019, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('United Kingdom Generally Accepted Accounting Practice').

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



Independent auditor's report to the members of HiveHR Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.



Independent auditor's report to the members of HiveHR Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

A handwritten signature in black ink, appearing to read 'Michael Morris'.

Michael Morris ACA FCCA (Senior Statutory Auditor)
for and behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

31 March 2020

HiveHR Limited

Statement of comprehensive income Year ended 31 December 2019

	31 December 2019 £	8 months ended 31 December 2018 (as restated) £
Profit and loss account		
Turnover	933,977	431,052
Cost of sales	(245,304)	(119,948)
Gross profit	688,673	311,104
Administrative expenses	(1,711,881)	(749,003)
Operating loss	(1,023,208)	(437,899)
Interest receivable and similar income	518	-
Interest payable and similar charges	(6,095)	(1,745)
Loss on ordinary activities before taxation	(1,028,785)	(439,644)
Tax on loss on ordinary activities	105,629	100,417
Loss for the financial year	(923,156)	(339,227)

There was no other comprehensive income for 2019 or 2018.

The notes on pages 10 to 17 form part of these financial statements.

HiveHR Limited

Balance sheet At 31 December 2019

	Note	2019 £	2018 (as restated) £
Fixed assets			
Intangible assets	5	236,525	-
Tangible assets	6	58,501	33,221
		<u>295,026</u>	<u>33,221</u>
Current assets			
Debtors	7	514,023	217,664
Cash at bank and in hand		167,972	232,282
		<u>681,995</u>	<u>449,946</u>
Creditors: amounts falling due within one year	8	(1,240,266)	(572,535)
Net current liabilities		<u>(558,271)</u>	<u>(122,589)</u>
Total assets less current liabilities		<u>(263,245)</u>	<u>(89,368)</u>
Creditors: amounts falling due after more than one year		(13,591)	(20,311)
Net liabilities		<u><u>(276,836)</u></u>	<u><u>(109,679)</u></u>
Capital and reserves			
Called up share capital		321	246
Share premium account		1,513,618	757,694
Profit and loss account		(1,790,775)	(867,619)
Shareholders' deficit		<u><u>(276,836)</u></u>	<u><u>(109,679)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 March 2020.

R J Ryder
Director

Registered number: 09568666

The notes on pages 10 to 17 form part of these financial statements.

HiveHR Limited

Statement of changes in equity Year ended 31 December 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 May 2018	200	299,940	(528,392)	(228,252)
Loss for the period (as restated)	-	-	(339,227)	(339,227)
Total comprehensive income for the period (as restated)	-	-	(339,227)	(339,227)
Shares issued during the period	46	457,754	-	457,800
Total transactions with owners	46	457,754	-	457,800
At 1 January 2019 (as restated)	246	757,694	(867,619)	(109,679)
Loss for the year	-	-	(923,156)	(923,156)
Total comprehensive income for the year	-	-	(923,156)	(923,156)
Shares issued during the year	75	755,924	-	755,999
Total transactions with owners	75	755,924	-	755,999
At 31 December 2019	321	1,513,618	(1,790,775)	(276,836)

The notes on pages 10 to 17 form part of these financial statements.

HiveHR Limited

Notes to the financial statements Year ended 31 December 2019

1. General information

HiveHR Limited ('the company') is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is given in the company information page of these financial statements.

2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*' ('FRS 102') and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling.

3.2 Going concern

The company meets its day to day working capital requirements through cash balances and operating cash flows and its funding requirements are met through finance leases and hire purchase contracts. The directors have prepared financial forecasts and projections covering a period of at least twelve months from the date of approval of these financial statements, taking account of reasonably possible changes in trading performance. After making enquiries, the directors have a reasonable expectation that the company will have adequate financial resources to continue in operation for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

In light of recent global events which persist at the date of approval of these financial statements, the directors have also taken measures to counter the potential impact of Covid-19 on the company's operations and the resultant impact on financial headroom. Contingency plans have been implemented to mitigate the risk of employee absence and supply chain failure through working practices designed to protect employees' welfare and through advance purchase of the company's key supply requirements for the coming months. In addition, the UK government have announced a series of funding measures which, the directors anticipate will be available should there be any additional short to medium term funding requirements. Whilst the risks in this regard cannot be completely mitigated and therefore some level of future uncertainty remains, the directors have adopted measures and assessed the financial implications of associated factors outside their control and do not consider the residual uncertainties to be material to the company's ability to continue meeting its liabilities as they fall due in the foreseeable future.

HiveHR Limited

Notes to the financial statements Year ended 31 December 2019

3. Accounting policies (continued)

3.3 Revenue

Turnover

Turnover comprises revenue recognised in respect of services supplied during the year, net of discounts and excluding Value Added Tax.

Revenue is recognised as services are provided. Where a contract has only been partially completed at the balance sheet date, turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Interest income

Interest income is recognised on an accruals basis.

3.4 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3.5 Intangible assets

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Amortisation is provided on all intangible assets so as to write off the cost of an asset over its estimated useful life as follows:

Development costs	-	3 years straight line
-------------------	---	-----------------------

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on all tangible fixed assets so as to write off the cost less estimated residual values over their estimated useful lives as follows:

Office equipment	-	4 years straight line
Computer equipment	-	3 years straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

HiveHR Limited

Notes to the financial statements Year ended 31 December 2019

3. Accounting policies (continued)

3.7 Leases

All of the company's leasing arrangements are operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

3.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors, cash and bank balances and trade and other creditors. All such instruments are due within one year, and are measured, initially and subsequently at the transaction price.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

3.9 Employee benefits

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

3.10 Foreign currency translation

The company's functional currency is the pound sterling. Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. All foreign exchange gains and losses are recognised in the profit and loss account.

HiveHR Limited

Notes to the financial statements Year ended 31 December 2019

3. Accounting policies (continued)

3.11 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences arise from the inclusion of transactions and events in the financial statements in periods different from those in which they are assessed for tax.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

4. Employees

The average monthly number of employees, including directors, during the year was 34 (2018: 17).

HiveHR Limited

Notes to the financial statements Year ended 31 December 2019

5. Intangible assets

	Development costs £
Cost	
At 1 January 2019	-
Additions	286,718
At 31 December 2019	<u>286,718</u>
Amortisation	
At 1 January 2019	-
Charge for the year	50,193
At 31 December 2019	<u>50,193</u>
Net book value	
At 31 December 2019	<u>236,525</u>
At 31 December 2018	<u>-</u>

HiveHR Limited

Notes to the financial statements Year ended 31 December 2019

6. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 January 2019	883	37,998	38,881
Additions	25,864	20,889	46,753
Disposals	(816)	-	(816)
At 31 December 2019	<u>25,931</u>	<u>58,887</u>	<u>84,818</u>
Depreciation			
At 1 January 2019	191	5,469	5,660
Charge for the year	3,375	17,305	20,680
Disposals	(23)	-	(23)
At 31 December 2019	<u>3,543</u>	<u>22,774</u>	<u>26,317</u>
Net book value			
At 31 December 2019	<u>22,388</u>	<u>36,113</u>	<u>58,501</u>
At 31 December 2018	<u>692</u>	<u>32,529</u>	<u>33,221</u>

The net book value of assets held under finance leases or hire purchase contracts, included within computer equipment above, is £34,251 (2018: £30,835).

7. Debtors

	2019 £	2018 (as restated) £
Trade debtors	273,298	126,321
Other debtors	197	-
Prepayments and accrued income	132,798	35,730
Tax recoverable	107,730	55,613
	<u>514,023</u>	<u>217,664</u>

HiveHR Limited

Notes to the financial statements Year ended 31 December 2019

8. Creditors: amounts falling due within one year

	2019 £	2018 (as restated) £
Trade creditors	134,304	59,816
Other taxation and social security	226,563	53,383
Net obligations under finance leases and hire purchase contracts (note 10)	19,004	10,498
Other creditors	-	23
Accruals and deferred income	860,395	448,815
	<u>1,240,266</u>	<u>572,535</u>

9. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts (note 10)	<u>13,591</u>	<u>20,311</u>

10. Finance leases and hire purchase contracts

Minimum lease payments under finance leases and hire purchase contracts fall due as follows:

	2019 £	2018 £
Within one year	23,735	17,239
Between one and five years	15,141	24,461
Less: future interest	(6,281)	(10,891)
Carrying amount of obligations	<u>32,595</u>	<u>30,809</u>

Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

HiveHR Limited

Notes to the financial statements Year ended 31 December 2019

11. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	41,431	1,297
Later than 1 year and not later than 5 years	251,794	-
	<u>293,225</u>	<u>1,297</u>

12. Prior year adjustment

There has been a change in the period over which turnover is recognised. Previously, turnover was recognised from the start of the on-boarding period to the end of the contract. Now, turnover is recognised over the contract length only.

As a result, turnover of £20,960 which was recognised in the profit and loss account for the 8 months ending 31 December 2018 should have been deferred and held within creditors at 31 December 2018. An adjustment of £20,960 has therefore been posted, resulting in an increase in the loss for 2018 and a corresponding increase in the shareholders deficit as at the start of the current year.

13. Controlling party

The directors do not consider there to be a controlling party.