

COMPANY NO: 06903140

REED SPECIALIST RECRUITMENT LIMITED

ANNUAL REPORT

For the year ended 30th June 2022

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REED SPECIALIST RECRUITMENT LIMITED

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REED SPECIALIST RECRUITMENT LIMITED

COMPANY INFORMATION

Directors	James Reed MA, MBA, FCIPD Lee Richards BSc, ACMA Karen Jackson Assoc CIPD Ian Nicholas BSc, FCIPD Simon Baddeley Richard Smith (Appointed 10 June 2022)
Registered office	Academy Court 94 Chancery Lane London WC2A 1DT
Company number	06903140
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP

REED SPECIALIST RECRUITMENT LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report on Reed Specialist Recruitment Limited (“the Company”) for the year ended 30th June 2022.

Review of the business

Reed Specialist Recruitment Limited is a specialist provider of permanent, contract, temporary and outsourced recruitment solutions. The Company assists job seekers and employers across 20 specialisms and is a private limited company incorporated in the United Kingdom and limited by shares.

Trading results

The Company’s trading results are set out in the Income Statement on page 27.

Financial performance in the year continued the improving trend seen as we exited the prior financial year. In particular, the business has benefited from strong demand for permanent staff as confidence returned to the UK economy post-COVID. While operating costs have also increased in the current year, this was lower than Gross Profit growth leading to markedly improved profits.

Cash balances remained healthy as cash collection remained strong throughout the year albeit with some investment in working capital as the Company’s trade expanded.

Key performance indicators

	2022	2021
Gross margin	15.2%	13.4%
Net profit margin	2.5%	1.5%
Number of active business units	437	315
Co-member cost ratio	9.6%	8.8%
Current ratio	1.45	1.34

Notes to key performance indicators

- Gross margin calculated as gross profit as a percentage of turnover.
- Net profit margin calculated as operating profit as a percentage of turnover.
- An active business unit represents an active specialism within an office
- Co-member cost ratio represents the staff costs as a percentage of turnover. The percentage split is in line with our expectations.
- Current ratio is derived by dividing current assets by current liabilities and is a good indicator of a Company’s ability to meet short-term debt obligations; the higher the

REED SPECIALIST RECRUITMENT LIMITED

STRATEGIC REPORT (continued)

Notes to key performance indicators (continued)

- ratio, the more liquid the Company is. The current ratio is in line with our expectations and in line with the previous year.

Principal risks

Any downturn in the economic environment has historically been the greatest risk to the service sector. The Company has mitigated these risks through its ability to manage its cost base and to adjust headcount during periods of economic uncertainty.

The business is also exposed to changes in government policy in the markets in which it operates such as changes in the legislation around sensitive data management and employment laws.

Reed has taken steps to ensure staff are retained as the economy recovers following the pandemic and demand and competition increases. Cyber risk has become important with the ever-increasing need to keep data secure. To mitigate these risks, the Company has implemented annual GDPR training for all co-members and made available data protection, processing, retention and destruction policies for co-members on the intranet.

Covid-19

During the current financial year, the Company has continued with the previously implemented business practices which were put in place as part of the Company's robust response to the Covid-19 pandemic. These policies, such as hybrid working, have now been established as part of normal operations and have allowed the Company to embrace technology even as the commercial uncertainty associated with the Covid-19 pandemic continues to diminish. Although it is not expected that the Covid-19 pandemic will have a significant impact on future trade, it is the view of management that the strong cash and balance sheet position makes the Company resistant to any future adverse impact.

Future developments

The Directors do not expect significant changes to the business in the foreseeable future. No events took place post 30th June 2022 which require disclosure.

Consideration of climate change

In preparing the financial statements we have considered the impact of climate change. There has not been a material impact on the financial reporting judgments and estimates from our

REED SPECIALIST RECRUITMENT LIMITED

STRATEGIC REPORT (continued)

Consideration of climate change (continued)

considerations, consistent with our assessment that climate change is not expected to have a meaningful impact on the viability of the group in the medium term.

Financial risks

The Company's operations expose it to a variety of financial risks including the effects of changes in foreign currency risk, credit risk and liquidity risk.

The Company does not have material exposures in any of the areas identified above and consequently does not use derivative instruments to manage these exposures.

The Company's principal financial instruments comprise sterling cash and bank deposits, together with trade & intercompany debtors and trade and intercompany creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments can be analysed as follows:

Credit risk

The Company's principal financial assets are trade and intercompany debtors, which represent the Company's major exposure to credit risk in relation to the financial assets. Reporting in this area covers weekly aged debt for every significant client as well as overall ledger profiles from the invoicing date taking into account any pre-agreed payment terms.

The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Company's management based on prior experience and their assessment of the expected credit loss (ECL) and specific circumstances impacting certain customers. When Covid-19 first impacted, there were concerns that the Company would see an increase in non-collectable debt, however, this has not materialised. Therefore, the Company has not seen any negative impact on its ECL on the balances recognised as at year end.

The Company has no significant concentration of credit risk, with the exposure spread over a large number of customers. Also, the risk on liquid funds is minimised by the credit checking of clients and a strong credit control function. Bad debt exposure is minimal due to our diverse spread of clients.

Foreign currency risk

The Company is not materially exposed in its trading operations to the risk of changes in foreign currency exchange rates as our principal operations remain within the UK.

REED SPECIALIST RECRUITMENT LIMITED

STRATEGIC REPORT (continued)

Payment of creditors

The Company's policy for all suppliers is to fix terms of payment when agreeing to the terms of each business transaction, to ensure that the supplier is aware of those terms and to abide by the agreed terms of payment. The number of days that the Company's year-end purchases represent was 32 days (2021: 27 days).

Pension costs

The assets of the Reed Executive Pension Scheme (the "Scheme") are held separately from those of the Company and are under the control of fund managers appointed by the Scheme Trustees. The Scheme has two trustees namely Nigel Marsh and Darren Murton. The Scheme may not invest in the shares of the Company. The audit of the Scheme is currently undertaken by RSM UK Audit LLP and is thus completely separate from that of the Company.

The Company also provides access to the Group Personal Pension Plan (the "Plan"). The Plan is contract based and is therefore not subject to audit.

Section 172 Statement

This Statement sets out how the Board of Directors ("the Board") of Reed Specialist Recruitment Limited ("the Company") complies with the requirements of Section 172 of the Companies Act 2006 and how consideration of stakeholder interests has impacted the Board's activities and decision making during the financial year ending 30th June 2022 ("FY22").

Section 172 of the Companies Act 2006 states that directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees ("co-members"),
- c) the need to foster the company's business relationships with suppliers, customers, and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly between members of the company.

These duties are designed to ensure that directors act in such a way as to promote the long-term success of the company by delivering and creating sustainable shareholder value as well

REED SPECIALIST RECRUITMENT LIMITED

STRATEGIC REPORT (continued)

Section 172 Statement (continued)

as contributing to wider society. The Reed Group ("Reed") comprises Reed Global Limited and its subsidiaries, including Reed Specialist Recruitment Limited.

Engaging with all our stakeholders to deliver long-term success is a key focus for the Board. The Board is very aware of the environment in which the Company operates and, in particular, the stakeholders it needs to engage with including but not limited to clients; employees; suppliers; central and local government; local communities; and shareholders. A Stakeholder Map, identifying the key internal and external stakeholders and how the Company interacts with them, has been created and may be found, along with other relevant statements, on the Company's 'Corporate Governance' page on its website: <https://www.reed.com/corporate-governance>.

The requirements of Section 172 are well understood and adhered to by directors due to the nature, ethos, purpose, and vision of the organisation, which is further enhanced by its culture as a family business. In addition, all of the Company directors have received formal training on their responsibilities and accountabilities, and principal decisions have been defined and formalised as part of company Board meetings.

A number of principal decisions were taken by the Board across FY22 in response to changing market conditions following the recovery of the UK jobs market after the Covid-19 pandemic. These include:

- Additional investment in technology and tools to support the resourcing of candidates
- Changes to the Account Management structure within Reed Talent Solutions (RTS)
- Approval of the FY23 Strategy and budget.

There were further challenges in the UK recruitment market around shortages of labour and finding and retaining talent. Vacancies across the country reached a record high whereby the number of candidates available for the vacancies across most markets, was scarce in comparison. In light of these changing market conditions, one principal decision the Board made was to invest in additional technology and tools to expand the Company's reach and to support its operational employees in continuing to recruit the best candidates. As the impacts of the investments were attributable across the Company, the Board consulted with its management teams across the business, gathering their feedback. This feedback defined the key areas for investment that would best support co-members and temporary employees, from which the Board made their decision. In making these investments, the Company engaged other relevant stakeholders, including suppliers, in ensuring the most suitable tools were chosen, and worked with stakeholders across the Company to determine where cost savings could be made to help offset and support these additional investments.

REED SPECIALIST RECRUITMENT LIMITED

STRATEGIC REPORT (continued)

Section 172 Statement (continued)

A second principal decision that the Board made in FY22, taking into account changing market conditions and both internal and external stakeholder feedback, was the decision to change one of its operating models within an area of the business called Reed Talent Solutions ("RTS"). The Board agreed to a review of the operating model on the basis of stakeholder feedback, which included a methodology exercise undertaken with co-members, a design proposal presented to relevant stakeholders and then a formal consultation period with impacted co-members. During all of these stages, stakeholders (such as co-members and clients) were encouraged to provide their views and no objections to the new model were received. The engagement of both co-members and clients in the process was considered a key element to ensuring the success of this decision.

The Board has ensured a number of successful engagement schemes which have been developed during the last financial year. These include:

Success with Employees

Two-way engagement with employees ("co-members") is a priority for the Board. The Company's Global Managing Director, Ian Nicholas, continues to engage co-members through vlogs posted on the internal communication network (Yammer). This ensures the Board have a visible presence within the Company and are able to promote the Company's performance, its values, and its co-member initiatives alongside progress against the Company's strategic plan.

These initiatives for FY22 include the launch of a Golden Ticket rewards programme, through which co-members in the network and central support were able to be considered for entry into a prize draw based on their performance. The initiative was designed with multiple streams, based around the types of roles co-members hold within the Company, ensuring the initiative's relevance to all co-members. In addition, the Board continued to encourage diversity at work within the Company, through promotion of its inclusion and belonging strategy ("Feel What it is Like to Truly Belong"), and the Board furthermore appointed inclusion and belonging ambassadors and senior sponsors to raise the profile of co-member voice and educate co-members on inclusion and belonging in order to encourage openness and transparency.

The Board continues to ensure that the Company upholds its Armed Forces Covenant and that it remains an armed forces-friendly employer. In FY22, the Board supported Reed by demonstrating the Company's commitment to Reed being recognised as a Defence Employer. Reed was subsequently awarded the Bronze level of the Defence Employer Recognition Scheme.

REED SPECIALIST RECRUITMENT LIMITED

STRATEGIC REPORT (continued)

Section 172 Statement (continued)

The Board encourages co-members to provide their feedback on what it is like to work for the Company via external, independent companies such as The Job Crowd. Owing to this, the Company was listed by The Job Crowd as one of the top 20 companies for graduates and apprentices to work for and recognised as the best employer for apprentices in the support services sector during FY22.

Further details on how the Board pro-actively interacts and measures its engagement with employees may be found within the Employee Engagement Statement within the Director's Report, and within the Stakeholder Map on the 'Corporate Governance' page of the Company's website.

Success with Environment and Communities

The Board actively engages with various regulators and the UK government on matters that impact the industry and the Company's stakeholders including its local communities and the environment. In FY22, the Board supported regulators such as the Information Commissioners Office (ICO) and the UK government Department for BEIS, by responding to formal consultations. In addition, through key relationships with its UK regulators, the Board was able to support improvements to guidance produced for keeping children safe in the Education sector.

The Board continues to champion for the environment by ensuring the Company remains Carbon Neutral and upholds its ISO14001 certification. The Board has continued to move the Company forward with its targets in relation to Reed's overall Carbon Reduction Plan, which can be found on the Company's 'Corporate Governance' page on the Company's website. This Carbon Reduction Plan, along with the Board's responsibility toward Reed's many environmental achievements were considered by the Board when making principal decisions in FY22.

Reed's many environmental achievements have been set out in the Reed Global Limited (10169598) annual report under the Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Further details on how the Company pro-actively interacts with and measures its engagement with the environment can be found within the Environment section of the Strategic Report.

The Board has supported Reed in the continuation of its tax strategy which is published online and can be found via the Company's Corporate Governance page on its website. HMRC has categorised Reed as low tax risk.

REED SPECIALIST RECRUITMENT LIMITED

STRATEGIC REPORT (continued)

Section 172 Statement (continued)

Success with Suppliers

The Board ensures diligent management of a network of partners and suppliers to ensure we provide the best service to our customers. The Board continues to instruct for policies and procedures to be in place to ensure fairness and transparency with suppliers, as well as ensuring our suppliers and partners reflect the same values as the Company. Policies in place include a preferred supplier list for umbrella companies.

Across FY22, the Company averaged a 32-day payment period to suppliers.

Further details on how the Board pro-actively interacts and measures its engagement with suppliers and other stakeholders may be found within the Other Stakeholder Engagement Statement within the Director's Report, and within the Stakeholder Map on the 'Corporate Governance' page of the Company's website.

Environment

The Board ensures that the Company operates in alignment with Reed's policy regarding the environment. This policy continues to be adopted by the Board as it ensures that we understand and effectively manage the actual and potential environmental impact of our activities in tandem with the other Reed companies. The Board ensures that the Company operates in a way that it complies with all legal requirements relating to the environment in all areas where it carries out its business.

The Board is furthermore committed to enhancing the profile and importance of Environmental, Social and Governance ("ESG") matters across the Company and supported this commitment by appointing an ESG Lead role to engage co-members in acknowledging their environmental and social footprint, through competitions and educational campaigns, for example.

During FY22, the Company did not incur any financial penalties or investigation for any breach of environmental regulations. The Board inputs into an overall Streamlined Energy and Carbon Report (SECR) for Reed, which may be found on Reed's website and in the financial statements of Reed Global Limited (10169598). Further details on how the Board pro-actively interacts and measures its engagement with the environment can be found within the 'Success with Environment and Communities' section of the Section 172 Statement within the Strategic Report.

Modern Slavery Statement

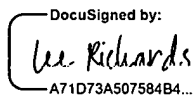
The Board has approved the Reed Group's Modern Slavery Statement which can be found on the Company's website.

REED SPECIALIST RECRUITMENT LIMITED

STRATEGIC REPORT (continued)

Approval

The Strategic Report was approved by the Board on 16th December 2022 and signed on its behalf by:

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Lee Richards BSc, ACMA
Director

REED SPECIALIST RECRUITMENT LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited annual report for the year ended 30th June 2022.

Dividends

No dividends were proposed or paid for the year (2021: £nil).

Directors

The current composition of the Board of Directors is given on page 2.

The Statement of Directors' Responsibilities in respect of the financial statements may be found on page 21.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Acts 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Employee Engagement

The Company values input and feedback from its employees ("co-members") and has numerous processes in place to capture the thoughts and views of its workforce. These include monthly co-member surveys with numeric results and qualitative feedback, as well as a half yearly survey delving deeper into areas concerning co-members. These results are analysed, and actions are taken in response to trends or specific feedback. The Board delegates collation and initial analysis of employee feedback to working groups, who present consolidated data to the Board to enable appropriate decisions and actions to be taken. During FY22, the Company additionally implemented a Shadow Board, which consists of a group of engaged employees from across the business providing feedback and co-member insight toward relevant matters the Board are considering. Furthermore, the Board engaged co-members across FY22 in its principal decision making and used feedback from these engagements to help shape our decisions. Detail of these decisions can be found in the Section 172 statement.

Further details on how the Company pro-actively interacts and measures its engagement with employees may be found within the Section 172 Statement in the Strategic Report, and within the Stakeholder Map on the 'Corporate Governance' page of the Company's website.

REED SPECIALIST RECRUITMENT LIMITED

REPORT OF THE DIRECTORS

Other Stakeholder Engagement Statement

The Company values input and feedback from all stakeholders and has numerous processes in place to capture the thoughts and views from a diverse set of stakeholders. The stakeholder feedback received by the Board includes customer-based metrics on satisfaction levels and views of local communities. The Board delegates specific responsibilities and actions to a Customer Excellence function, which engages with other stakeholders and provides targeted feedback to the Board so that informed decisions and strategic policies may be implemented with other stakeholders' needs at heart.

The Board continues to advocate for improved standards in its industry for all stakeholders, in line with the Company's purpose of "Improving lives through work". In doing so, the Company actively engaged with various regulators, including the Information Commissioners Office (ICO) and the UK government Department for BEIS, by responding to formal consultations. A key consideration for the Board is ensuring the smooth adoption of digital identity within the recruitment sector, given its relevance in the current market and recognition of its various benefits for all stakeholder types. The Board has continued to engage with the Home Office through its Compliance function to suggest refinements around the planned changes to statutory Right to Work processes, which are due to impact the Company, its clients, and the labour market in the Company's next financial year.

Company is also an advocate for the environment and the Board considers the Company's impacts on the environment and local communities when making decisions. Examples of how this engagement has impacted decision making can also be found in the Section 172 statement.

Further details on how the Company pro-actively interacts and measures its engagement with other stakeholders may be found within the Section 172 Statement and Environment Statement in the Strategic Report, and within the Stakeholder Map on the 'Corporate Governance' page of the Company's website.

Co-members

The Company encourages all employees, known as co-members, to attend regular training courses and they are encouraged to take an active interest in all matters affecting them. Co-members' views, opinions and ideas are regularly surveyed, and their feedback is acknowledged, noted and where appropriate, acted upon.

It is a policy of the Company to employ and train disabled people whenever appropriate and to actively promote equal opportunities by evaluating co-members solely on the basis of merit, regardless of age, gender, marital status, sexual orientation, disability or dependants' considerations, and ethnic, racial or religious background.

REED SPECIALIST RECRUITMENT LIMITED

REPORT OF THE DIRECTORS (continued)

Co-members (continued)

In the event of co-members becoming disabled every effort is made to ensure their employment with the Company continues and the Company is committed to ensuring sufficient and appropriate adjustments are made in order to achieve this objective.

Diversity and Belonging – Our commitment

The Company is committed to the Reed Group's policy of creating a diverse and inclusive workforce by recognising and understanding each individual's unique differences and celebrating these within the business. By valuing Inclusion, we hope to create a workplace where co-members can thrive and be the best they can be each day.

Charitable donations and political contributions

Charitable donations of £41,000 were made in the year (2021: £10,000).

No political contributions were made in the year (2021: £nil).

Risk management

Information on the Company's management of financial risk is disclosed in the Strategic Report on page 4. In particular the Company's exposures to foreign currency risk, credit risk and liquidity risk are separately disclosed. The Company's exposure to cash flow risk is addressed under the headings of 'Credit risk', 'Liquidity risk' and 'Foreign currency risk'.

Going concern basis

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposures to credit, liquidity and cash flow risk and its response to the Covid-19 pandemic are described in the Strategic Report on pages 3 to 6.

The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. Consequently, the Directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors of Reed Global Limited agreed after the balance sheet date that, should it be required, it intends to provide support for the meeting of liabilities as and when they fall due to Reed Specialist Recruitment Limited to continue in operation until at least 31st December

REED SPECIALIST RECRUITMENT LIMITED

REPORT OF THE DIRECTORS (continued)

Going concern basis (continued)

2023. That support is intended to include assistance to meet the liabilities of payment of intercompany creditors until 31st December 2023.

After making enquiries, the Directors have formed a judgement that, at the time of approving the financial statements, there is reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Given the impact of possible future Covid-19 outbreaks, Reed Global Limited, the Reed group's ultimate parent company, undertook an exercise modelling for worst-case scenarios. Further detail of this modelling may be found in the financial statements of Reed Global Limited.

Disclosure of information to auditors

At the date of making this report each of the Company's Directors, as set out on page 2, confirm the following:

- so far as each Director is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware, and
- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

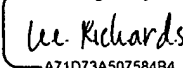
This information is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006

Independent auditors

PricewaterhouseCoopers LLP were reappointed Reed group auditors during the year.

Approval

The report of the Directors was approved by the Board on 16th December 2022 and signed on its behalf by.

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Lee Richards BSc, ACMA
Director

REED SPECIALIST RECRUITMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

REED SPECIALIST RECRUITMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REED SPECIALIST RECRUITMENT LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Reed Specialist Recruitment Limited's financial statements.

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise the Balance Sheet as at 30 June 2022; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

REED SPECIALIST RECRUITMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REED SPECIALIST RECRUITMENT LIMITED

Conclusions relating to going concern (continued)

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for 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 to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 30 June 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

REED SPECIALIST RECRUITMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REED SPECIALIST RECRUITMENT LIMITED

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for 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.

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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to data protection, tax and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of financial statement line items through manual journal postings and the use of inappropriate assumptions or management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

REED SPECIALIST RECRUITMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REED SPECIALIST RECRUITMENT LIMITED

Auditors' responsibilities for the audit of the financial statements (continued)

- Discussions with management and review of minutes, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding of management's tax compliance controls along with review of correspondence with tax authorities and understanding of the applicable tax laws;
- Challenging assumptions made by management in determining their material judgements and accounting estimates;
- Reviewing financial statement disclosures and testing supporting documentation to assess compliance with applicable laws and regulations;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings to the income statement, journal entries with unusual words and number of journal entries posted by staff members.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

REED SPECIALIST RECRUITMENT LIMITED

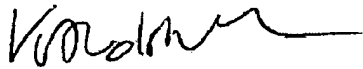
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REED SPECIALIST RECRUITMENT LIMITED

Other required reporting (continued)

Companies Act 2006 exception reporting (continued)

- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Kate Wolstenholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 December 2022

REED SPECIALIST RECRUITMENT LIMITED

INCOME STATEMENT

For the year ended 30th June 2022

	Note	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
Turnover	3	916,187	805,103
Cost of sales		(776,506)	(697,193)
Gross profit		139,681	107,910
Sales and administrative expenses		(116,434)	(95,383)
Other operating income		9	2,595
Operating profit	4	23,256	15,122
Income from shares in group undertakings		-	-
Interest receivable		-	8
Interest payable and similar expenses	5	(710)	(320)
Profit before taxation		22,546	14,810
Tax charge on profit	7	(4,551)	(2,655)
Profit for the financial year		17,995	12,155

There was no other comprehensive income except as reported above, therefore no Statement of Comprehensive Income has been presented.

All results are from continuing operations.

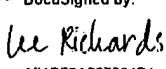
REED SPECIALIST RECRUITMENT LIMITED

BALANCE SHEET

As at 30th June 2022

	Note	As at 30th June 2022 £'000	As at 30th June 2021 £'000
Fixed assets			
Goodwill	9	6,807	6,807
Tangible assets	10	7,473	6,305
Right of use assets	19	11,688	13,293
Investments	11	34	34
		26,002	26,439
Current assets			
Debtors	12	146,174	106,791
Cash at bank and in hand		10,840	19,899
		157,014	126,690
Creditors: Amounts falling due within one year	13	(108,393)	(94,496)
Net current assets		48,621	32,194
Total assets less current liabilities		74,623	58,633
Creditors: Amounts falling due after more than one year	14	(9,730)	(11,613)
Provisions for liabilities	15	(1,683)	(1,805)
Net assets		63,210	45,215
Capital and reserves			
Called up share capital	17	24,500	24,500
Retained earnings		38,710	20,715
Total shareholders' funds		63,210	45,215

The financial statements of Company number 06903140 on pages 22 to 44 were approved by the board on 16th December 2022 and signed on its behalf by:

DocuSigned by:

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Lee Richards BSc, ACMA
Director

REED SPECIALIST RECRUITMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June 2022

	Called up share capital £'000	Retained earnings £'000	Total share holders' funds £'000
As at 1st July 2020	24,500	8,560	33,060
Profit for the financial year	-	12,155	12,155
At 30th June 2021	<u>24,500</u>	<u>20,715</u>	<u>45,215</u>
At 1st July 2021	24,500	20,715	45,215
Profit for the financial year	-	17,995	17,995
At 30th June 2022	<u>24,500</u>	<u>38,710</u>	<u>63,210</u>

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of Reed Specialist Recruitment Limited (the "Company") for the year ended 30th June 2022 were authorised for issue by the board of Directors on 16th December 2022 and the balance sheet was signed on the board's behalf by Lee Richards. Reed Specialist Recruitment Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101: *Reduced Disclosure Framework* ("FRS 101") and in accordance with applicable accounting standards. The financial statements of Reed Specialist Recruitment Limited, have been prepared under the historical cost convention, on a going concern basis and in accordance with the Companies Act 2006.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of Reed Executive Limited. The results of Reed Specialist Recruitment Limited are included in the consolidated financial statements of Reed Global Limited, the ultimate controlling parent company, which are available from Academy Court, 94 Chancery Lane, London, WC2A 1DT.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

2. ACCOUNTING POLICIES

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30th June 2022.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*
- b) the requirements of IFRS 7 *Financial Instruments: Disclosures*,
- c) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*,

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

2. ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

- d) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*;
- e) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- f) the requirements of IAS 7 *Statement of Cash Flows*;
- g) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- h) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- i) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

Going concern

These financial statements have been prepared on the going concern basis.

The Company's business activities, together with factors likely to impact its future development, financial position, and its risk exposure management and response to the Covid-19 pandemic are outlined on pages 4 to 6 of the Strategic Report.

Having made suitable enquiries, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Changes in accounting policy and disclosures

New and amended standards and interpretations adopted by the Company

No new accounting standards, or amendments to accounting standards, of IFRIC interpretations that are effective for the year ended 30th June 2022, have had a material impact on the Company.

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

2. ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are not yet effective for financial periods ended 30th June 2022. These have not been early adopted by the Company. The Company's directors are of the opinion that there are no new requirements that will have a significant impact on the Company's financial statements in the period of initial application.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for turnover and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no material judgements or estimates that have had a significant effect on amounts recognised in the financial statements.

Significant accounting policies

a) Intangible assets - goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition costs incurred are expensed and included in administrative expenses.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the Directors, its useful economic life. However, under IFRS 3: *Business Combinations* goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition date fair value of the consideration transferred and the amount recognised for the non-controlling

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

2. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

a) Intangible assets - goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

b) Investments

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment. Management assesses both external and internal factors for any indication of impairment, such as a decline in market value or worse economic performance than expected for the entity invested in

c) Tangible fixed assets

Leasehold improvements, fixtures, fittings, motor vehicles and other equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

Leasehold improvements	Length of lease
Computer equipment	Three to five years
Motor vehicles	Three years
Fixtures and fittings	Three to eight years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

2. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

c) Tangible fixed assets

written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the income statement in the period of derecognition.

d) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

e) Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

2. ACCOUNTING POLICIES (CONTINUED)

e) Provisions for liabilities (continued)

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

(f) Company as a lessee

At inception of the contract, the Company assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the lessee's weighted average incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability (inclusive of provision for dilapidations), plus lease payments made on or before the commencement day, less any lease incentives received and plus any initial direct costs.

g) Trade and other debtors

Trade debtors, which generally have 14-60-day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. This is based on prior experience and on an assessment of the expected credit loss (ECL) and specific circumstances impacting certain customers. Balances are written off when the probability of recovery is assessed as being remote.

h) Cash at bank and in hand

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

2. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

i) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, income tax is recognised in the income statement.

j) Turnover recognition

Turnover is accounted for under the provisions of IFRS 15 'Revenue from contracts with customers'. This standard establishes a 5-step model to account for the turnover arising from contracts with customers. Under IFRS 15, turnover is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for providing services to a customer.

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

2. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

j) Turnover recognition (continued)

Turnover is recognised to the extent that the prescribed recognition criteria has been met by the Company and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover represents the provision of temporary and permanent workers to customers and clients. Turnover is recognised on the satisfaction of performance obligation which is on delivery of the services for temporary workers and upon commencement of a placement for permanent workers. Turnover is stated as invoiced and is net of discounts and rebates and excluding VAT.

k) Dividends

Income is recognised when the Company's right to receive payment is established.

l) Dilapidations

A provision is made over the shorter of the life of every lease or the expected timeframe for utilising the leased property for the dilapidation cost obligation, which results from vacating the property.

m) Government grants

The Company received government support in the form of Retail, Hospitality & Leisure Grant, Business Rates Relief, the Coronavirus Job Retention Scheme and VAT payment deferrals. The benefit of such schemes has been recognised as a credit in the Income Statement and disclosed under "Other Operating Income".

3. TURNOVER

All turnover and profits arose in the United Kingdom from recruitment activities.

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
Depreciation of fixed assets		
- leasehold improvements	663	625
- other owned assets	1,666	1,101
- Right of use assets	3,734	3,279
Operating lease rentals		
Auditors' remuneration		
- audit of the Company's financial statements	156	130
Government support relating to Covid-19	9	(2,595)

£nil fees (2021: £nil) were received by the auditors in the current accounting year in relation to the provision of non-audit services.

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
Lease interest	710	317
Other interest payable	-	3
	710	320

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

6. DIRECTORS & EMPLOYEES**(a) Directors' remuneration**

	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
Total Directors' emoluments	<u>1,615</u>	<u>1,239</u>
Highest paid Director – emoluments	1,029	746
Highest paid Director – pension contributions	1	1
	No.	No.
The following number of Directors are accruing retirement benefit under:		
Defined benefit scheme	<u>-</u>	<u>-</u>
Group personal pension scheme	<u>5</u>	<u>5</u>

There were 6 Directors serving during the current year (2021: 5).

(a) Staff costs

	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
Wages and salaries	78,101	63,403
Social security costs	8,312	6,362
Other pension costs (note 18)	1,399	1,223
	<u>87,812</u>	<u>70,988</u>

The monthly average number of permanent staff, including Directors and contractors, employed by the Company was:

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

6. DIRECTORS & EMPLOYEES**(b) Staff numbers**

	Year ended 30th June 2022 Number	Year ended 30th June 2021 Number
Direct staff	1,289	1,268
Administrative staff	429	343
	1,718	1,611

7. TAX ON PROFIT**(a) Analysis of tax for the year**

	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
Current tax:		
UK corporation tax on profit for the year	3,772	2,944
Adjustments in respect of previous years	(136)	-
	3,636	2,944
Deferred tax:		
Origination and reversal of timing differences	580	55
Adjustments in respect of previous years	152	(50)
Effect of tax rate change	183	(294)
	915	(289)
Total tax charge on profit for the year	4,551	2,655

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

7. TAX ON PROFIT**(b) Factors affecting the tax for the year**

The tax assessed for the year differs to the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
Profit before taxation	<u>22,546</u>	<u>14,810</u>
Theoretical tax at UK corporation tax standard rate of 19.00% (2021: 19.00%)	4,284	2,814
Effects of:		
Expenses not deductible for tax purposes	125	118
Remeasurement of deferred tax for changes in tax rates	183	(281)
Fixed asset differences	(57)	54
Adjustments to deferred tax in respect of previous periods – deferred tax	152	(50)
Adjustments to tax in respect of previous periods	(136)	-
Total tax charge on profit for the year	<u>4,551</u>	<u>2,655</u>

8. DEFERRED TAX

	As at 30th June 2022 £'000	As at 30th June 2021 £'000
Depreciation in excess of capital allowances	125	943
Other timing differences	129	226
Deferred tax asset	<u>254</u>	<u>1,169</u>
Asset at beginning of year	1,169	1,067
Amount credited to income statement	(915)	289
Adjustment for Group relief	-	(187)
Asset at end of year (note 12)	<u>254</u>	<u>1,169</u>

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

8. DEFERRED TAX (continued)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The impact of these changes is immaterial to the Company's results.

9. GOODWILL

	Goodwill £'000
Cost	
As at 1st July 2021 and 30th June 2022	<u>10,212</u>
Accumulated amortisation	
As at 1st July 2021 and 30th June 2022	<u>(3,405)</u>
Net book value	
As at 30th June 2022	<u>6,807</u>
As at 30th June 2021	<u>6,807</u>

Goodwill was recognised as a result of the acquisition of the trade and assets of Reed Employment Limited, Reed Personnel Services Limited and Reed Managed Services Limited. Goodwill has been tested for impairment by the measurement of future cash flows. Cash flows were discounted at a weighted pre-tax cost of capital of 8.6%. A 5% sensitivity on this discount rate still does not result in an impairment to goodwill.

These calculations use discounted cash flow projections together with management projections for five years. These cash flows are based on extrapolations from budgets and forecasts. The key assumptions used in the cash flows are the constant sales for 5 years and pre-tax discount rate (8.6%) and relate to one sole CGU, which is Reed Specialist Recruitment Limited. These are based on market expectations and information available from companies in a similar industry. The Directors believe that currently all 'reasonably likely' changes in the key assumptions referred to above would not give rise to an impairment charge.

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures, fittings, computer equipment & motor vehicles £'000	Total £'000
Cost			
As at 1st July 2021	8,401	15,846	24,247
Additions	9	3,488	3,497
As at 30th June 2022	8,410	19,334	27,744
Accumulated depreciation			
As at 1st July 2021	4,862	13,080	17,942
Charge for the year	663	1,666	2,329
As at 30th June 2022	5,525	14,746	20,271
Net book value			
As at 30th June 2022	2,885	4,588	7,473
As at 30th June 2021	3,539	2,766	6,305
11. INVESTMENTS			
		As at 30th June 2022 £'000	As at 30th June 2021 £'000
Cost and net book value		34	34

The following are investments of Reed Specialist Recruitment Limited. Reed Specialist Recruitment Limited controls each company directly, owning the ordinary share capital of each company as outlined in the table below. They all operate principally in England, and are registered at Academy Court, 94 Chancery Lane, London, WC2A 1DT:

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

11. INVESTMENTS (continued)

Name	Company Number	Principal Activity	Ownership
Reed Staffing Services Limited	5247149	Recruitment specialists	100%
Reed Professional Services LLP	OC317172	Consulting business	99%
Reed Talent Solutions Limited	11875450	Consulting business	100%

12. DEBTORS

	As at 30th June 2022 £'000	As at 30th June 2021 £'000
Amounts falling due within one year		
Trade debtors	103,171	68,117
Amounts receivable from group undertakings	28,611	27,365
Corporation tax	9,274	2,968
Deferred tax (see note 8)	254	1,169
Other debtors	190	289
Prepayments and accrued income	4,674	6,883
	146,174	106,791

Interest is charged at a rate of 0% on amounts receivable from group undertakings repayable on demand. The expected credit loss included in Trade debtors figure is £677,000 (2021: £696,000).

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 30th June 2022 £'000	As at 30th June 2021 £'000
Trade creditors	56,345	34,577
Amounts owed to group undertakings	19,742	15,805
Lease liability	2,858	2,444
Social security costs and other taxes	14,548	28,662
Other creditors	8,016	7,847
Accruals and deferred income	6,884	5,161
	<u>108,393</u>	<u>94,496</u>

Amounts owed to group undertakings are repayable on demand at an annual interest rate of 0% payable on the outstanding balance.

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

	As at 30th June 2022 £'000	As at 30th June 2021 £'000
Lease liability	<u>9,730</u>	<u>11,613</u>

15. PROVISIONS FOR LIABILITIES

	Total £'000
As at 1st July 2021	1,805
Additional provisions	298
Provision utilised	(420)
As at 30th June 2022	<u>1,683</u>

The dilapidations provision arises from the contractual obligation to restore leased premises to their original condition on termination of the lease. These, on average, have three years remaining.

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

16. EQUITY DIVIDENDS PAID

No dividend was declared or paid by the board in the year (2021: £nil).

17. CALLED UP SHARE CAPITAL

	£
Authorised, called up, allotted and fully paid	
Ordinary shares of £1 each	
As at 1st July 2021	24,500,002
Shares issued at par	-
As at 30th June 2022	<u>24,500,002</u>

18. PENSION COSTS

Reed Executive Limited, the parent undertaking of the Company, operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately and are administered by external pension managers. The Company is unable to identify its share of the underlying assets and liabilities of the scheme and therefore contributions to the scheme relating to Co-members of the Company are charged to the income statement in the period which they are payable as if the scheme was a defined contribution scheme. This scheme was closed to new members with effect from 4th April 1995 and closed to future accrual on and from 5th April 2012.

Pension arrangements were introduced on 1st April 2013 on a group personal pension plan basis. Contributions to the group personal pension plan, a defined contribution scheme, are administered by Scottish Widows plc and are charged to the income statement in the financial year in which they are payable.

Supplementary pension disclosures that are required under IAS 19 have been included in the financial statements of Reed Executive Limited.

19. LEASING COMMITMENTS

IFRS 16 introduced significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2022

19. LEASING COMMITMENTS (continued)

Property, plant and equipment

Right-of-use assets consist of property leases which are carried under the cost model. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. Depreciation started at the IFRS 16 transition date of 1st July 2019.

Leases – company as lessee

At inception of the contract, the company assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, plus lease payments made on or before the commencement day, less any lease incentives received and plus any initial direct costs.

(i) Amounts recognised in the balance sheet

<i>Right-of-use assets</i>	£'000
Cost	
As at 1st July 2021	19,906
Additions	2,129
As at 30th June 2022	22,035
<i>Depreciation</i>	
As at 1st July 2021	6,613
Charge	3,734
As at 30th June 2022	10,347
<i>Right of use assets</i>	
Net book value as at 30th June 2022	11,688
Net book value as at 30th June 2021	13,293

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2021

19. LEASING COMMITMENTS (continued)

(i) Amounts recognised in the balance sheet (continued)

<i>Lease liabilities</i>	As at 30th June 2022 £'000	As at 30th June 2021 £'000
Current	2,858	2,444
Non-current	9,730	11,613
	<u>12,588</u>	<u>14,057</u>

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

<i>Depreciation charge on right-of-use assets</i>	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
Buildings Charged in the year	3,734	3,279
30th June	<u>3,734</u>	<u>3,279</u>
	Year ended 30th June 2022 £'000	Year ended 30th June 2021 £'000
Interest expense	710	317
Expenses relating to short-term leases	<u>710</u>	<u>317</u>

REED SPECIALIST RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2021

19. LEASING COMMITMENTS (continued)

Future minimum lease payments as at 30th June 2022 are as follows:

	As at 30th June 2022 £'000	As at 30th June 2021 £'000
Within one year	3,409	2,705
Two to five years	7,402	8,174
After five years	2,908	4,193
	13,719	15,072
Impact of finance expenses	(1,131)	(1,015)
Carrying amount of liability	12,588	14,057

20. CONTROLLING PARTY

The Company's immediate holding company is Reed Executive Limited and its ultimate parent company is Reed Global Limited, both companies are incorporated in the United Kingdom and registered in England and Wales.

The smallest and largest group of which the Company is a member for which group statements are drawn up is that of Reed Global Limited. Copies can be obtained from the Finance Department, Reed Global Limited, Academy Court, 94 Chancery Lane, London, WC2A 1DT.