

COMPANY NO: 06903140

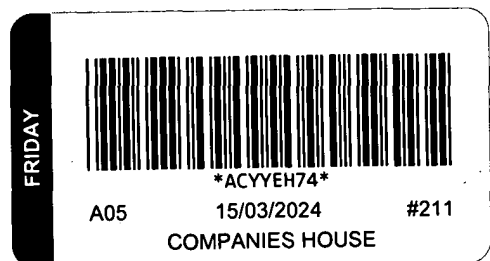
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**REED SPECIALIST RECRUITMENT LIMITED**  
**ANNUAL REPORT**

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**For the year ended 30th June 2023**

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REED SPECIALIST RECRUITMENT LIMITED

**COMPANY INFORMATION**

Directors James Reed CBE, FCIPD, MBA, MA  
Ian Nicholas FCIPD, BSc  
Lee Richards ACMA, BSc  
Karen Jackson FCIPD  
Simon Baddeley BSc  
Richard Smith BSc

Registered office Academy Court  
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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

## STRATEGIC REPORT

The Directors present their Strategic Report on Reed Specialist Recruitment Limited ("the Company") for the year ended 30th June 2023.

### 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 22.

After a strong start, market conditions became more challenging in the run-up to Christmas and largely remained so for the rest of the financial year as client confidence dipped which affected demand for permanent staff. Performance continued to be much improved compared to pre-COVID levels but year-on-year we saw declining profits as inflationary pressure increased the cost base.

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

	2023	2022
Gross margin	14.2%	15.2%
Net profit margin	1.6%	2.5%
Number of active business units	453	437
Co-member cost ratio	9.4%	9.6%
Current ratio	1.32	1.45

### 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.

## **STRATEGIC REPORT (continued)**

### **Notes to key performance indicators (continued)**

- 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 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.

### **Future developments**

The Directors do not expect significant changes to the business in the foreseeable future. No events took place post 30th June 2023 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 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.

## **STRATEGIC REPORT (continued)**

### **Financial risks (continued)**

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.

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.

#### **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 31 days (2022: 32 days).

## **STRATEGIC REPORT (continued)**

### **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 Lewis Crowther 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 2023 ("FY23").

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

Engaging with all stakeholders to deliver long-term success is a key focus for the Board. The Board is aware of the environment in which the Company operates and, in particular, the

**STRATEGIC REPORT (continued)**

**Section 172 Statement (continued)**

stakeholders it needs to engage with including but not limited to clients; co-members; 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>.

Reed is proud of its culture as a family business, and all Reed Directors understand and adhere to the requirements of Section 172 due to the nature, ethos, purpose, vision and values of the Company. In addition, all Reed Directors have received formal training on their responsibilities and accountabilities, and principal decisions have been defined and formalised as part of Board meetings.

Principal decisions were taken by the Board across FY23 in response to improved market conditions in comparison to the previous year, balanced against the need of its stakeholders including employees and shareholders. When considering the decision to pay an interim shareholder dividend of £27 million for FY23 for example, the Board, recognised the importance of meeting shareholder expectations in a sustainable fashion whilst ensuring sufficient cash reserves to guarantee long-term, continued success of the Company. The dividend value was proposed following an assessment of the Company's profitability and financial position in relation to forecasts and the Reed Group in total. The needs of the Company's key stakeholders were considered with regard to the proposal, including co-members, temporary workers, suppliers and the UK government. All key stakeholders are concerned with the need to ensure that sufficient cash remains available to honour key commitments and sustain the future performance of the Company. Reviewing all factors, the proposal of an interim shareholder dividend of £27 million was deemed affordable and taken as a principal decision by the Board.

The Board has ensured a number of successful engagement schemes which have been continued during FY23. Detail of these schemes can be found in the Employee Engagement and Other Stakeholder Engagement Statements within the Directors' Report.

*Success with Employees*

Two-way engagement with 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. 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.

## **STRATEGIC REPORT (continued)**

### **Section 172 Statement (continued)**

#### *Success with Employees (continued)*

These initiatives for FY23 include the continuation of the Golden Ticket rewards programme, through which co-members in the network and central support are able to be considered for entry into a prize draw based on their performance. In addition, the Board continued to encourage diversity and inclusion at work within the Company, through promotion of its inclusion and belonging strategy ("Feel What it is Like to Truly Belong"). The Company implemented a plan of work, following a consultancy project in the previous year, which is aimed at improving diversity awareness and practices internally, as well as becoming experts and thought leaders externally. This includes inclusion and belonging ambassadors and senior sponsors working to raise the profile of co-member voice and educate co-members on inclusion and belonging in order to encourage openness and transparency. During FY23, the Company was awarded a Bronze level 'Inclusive Employers Standard' for its inclusion and diversity standards. Further information on the Company's commitment to diversity and inclusion can be found on the 'Diversity and Inclusion' page of the Company's website: <https://www.reed.com/diversity-and-inclusion>.

The Board continues to ensure that the Company upholds its Armed Forces Covenant and that it remains an armed forces-friendly employer. In FY23, the Board supported Reed by demonstrating the Company's continued commitment to Reed being recognised as a Defence Employer. Reed was subsequently awarded the gold level of the Defence Employer Recognition Scheme.

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 Directors' Report, and within the Stakeholder Map on the 'Corporate Governance' page of the Company's website.

#### *Success with Environment and Communities*

The Board continues to champion for the environment by ensuring the Company remains CarbonNeutral® 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. Reed's 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 FY23. In addition, the Company participated in a Reed-wide consultancy project to review Reed's maturity in the environmental and social space, including Reed's environmental strategy and initiatives, and has already begun to work on implementing the project recommendations.

## **STRATEGIC REPORT (continued)**

### **Section 172 Statement (continued)**

#### *Success with Environment and Communities (continued)*

In FY23 the Company supported its local communities via a number of charitable initiatives. The Company's co-members participated in the 'Million Mile Clean' dedicated to clearing the UK's beaches of plastic pollution. Many of the Company's local offices also organised clothing collections and donations to local charities. Further information on the Company's social impact can be found on the 'Social Impact' page of the Company's website: <https://www.reed.com/our-social-impact>.

Reed's many environmental achievements have been set out in the Reed Global Limited (10169598) annual report under the Companies (Directors' 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 on-line and can be found via the Company's Corporate Governance page on its website. HMRC has categorised Reed as low tax risk.

#### *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 FY23, the Company averaged a 31-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 Directors' 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.

**STRATEGIC REPORT (continued)**

**Section 172 Statement (continued)**

**Environment (continued)**

In FY23, the Board approved the Company's participation in Reed's consultancy review processes and strategy around Environmental, Social and Governance ("ESG") matters, to ensure that the Company continues to consider the importance of ESG factors and their impact on stakeholders in its decision-making. Recommendations from the review are to be implemented in FY24 - these include developing a formalised ESG Strategy and supporting communications plan, greater consideration of opportunities arising in this space and the establishment of a Reed Sustainability Committee to manage environmental and social risk and opportunity for the Company and wider Reed.

During FY23, 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.

**Approval**

The Strategic Report was approved by the Board on 17th November 2023 and signed on its behalf by:



Lee Richards ACMA, BSc  
Director

## **REPORT OF THE DIRECTORS**

The Directors present their report and the audited annual report for the year ended 30th June 2023.

### **Dividends**

A dividend of £27m. was proposed for the year (2022: £nil).

### **Directors**

The Directors of the company who were in office during the year and up to the date of signing the financial statements are given on page 2.

The Statement of Directors' Responsibilities in respect of the financial statements may be found on page 16.

### **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 Statement**

The Company values input and feedback from its 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.

The Company continued to facilitate co-member feedback in Board decision making through its Shadow Board, which consists of a group of engaged co-members from across the Company providing feedback and co-member insight toward relevant matters the Board are considering. Members are appointed annually and in FY23, a total of 8 co-members were appointed to the new Shadow Board, these co-members have a cumulative length of service of 98 years with Reed and hold a range of roles across both the network and central support.

Furthermore, the Board recognised the needs of co-members across FY23 in its principal decision making and used feedback from these engagements to help shape our decisions. An

## **REPORT OF THE DIRECTORS (continued)**

### **Employee Engagement Statement (continued)**

example of these decisions can be found in the Section 172 Statement within the Strategic Report.

Diversity and inclusion at work is important for Reed, and the Board supports the mentorship programmes and other social inclusion initiatives that take place, to support all co-members in the Company and ensure the workforce is diverse and inclusive. Further information on the Company's commitment to diversity and inclusion can be found on the 'Diversity and Inclusion' page of the Company's website: <https://www.reed.com/diversity-and-inclusion>.

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

### **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 its temporary employees and clients, in line with Reed's purpose of "Improving lives through work". The Company actively engaged with its regulators, including the UK government Department for Business and Trade, by responding to formal consultations. In addition, through its relationships with its UK regulators, the Company was able to support improvements to guidance produced for keeping children safe in the Education sector, for example. These improvements ensure that recruitment standards in the Education sector are aligned, and temporary workers are treated fairly throughout their time working in the sector.

The 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 'Success with Environment and Communities' and 'Success with Suppliers' sections of the Section 172 statement.

## **REPORT OF THE DIRECTORS (continued)**

### **Other Stakeholder Engagement Statement (continued)**

The Company recognises that its clients' needs remain a top priority, with the Board's strategy focused on ensuring an excellent customer journey. In FY23 the Company's Net Promoter Score with its clients improved to 66.4, and reviews on external websites such as TrustPilot remained strong. The Board initiated a project in FY23 to encourage clients to provide feedback via TrustPilot so that the Company can continuously develop its service in line with customer insights.

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.

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 £1,400 were made in the year (2022: £41,000).

No political contributions were made in the year (2022: £nil).

## **REPORT OF THE DIRECTORS (continued)**

### **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, financial risk management objectives, and its exposures to credit, liquidity and cash flow risk 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 2024. That support is intended to include assistance to meet the liabilities of payment of intercompany creditors until 31st December 2024.

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.

### **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.

**REPORT OF THE DIRECTORS (continued)**

**Independent auditors**

PricewaterhouseCoopers LLP were reappointed as Reed group auditors during the year.

**Approval**

The report of the Directors was approved by the Board on 17th November 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'LR', written in a cursive style.

Lee Richards ACMA, BSc  
Director

## **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.

## **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 2023 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, including 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 2023; 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REED SPECIALIST RECRUITMENT LIMITED (continued)**

**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 2023 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REED SPECIALIST RECRUITMENT LIMITED (continued)**

**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 the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 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:

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REED SPECIALIST RECRUITMENT LIMITED (continued)**

*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;
- Evaluating management's controls designed to prevent and detect irregularities.

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](http://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 (continued)**

**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  
17 November 2023

REED SPECIALIST RECRUITMENT LIMITED

**INCOME STATEMENT**

For the year ended 30th June 2023

	Note	Year ended 30th June 2023 £'000	Year ended 30th June 2022 £'000
Turnover	3	<b>992,661</b>	916,187
Cost of sales		<b>(851,903)</b>	(776,506)
Gross profit		<b>140,758</b>	139,681
Sales and administrative expenses		<b>(124,556)</b>	(116,434)
Other operating income		-	9
Operating profit	4	<b>16,202</b>	23,256
Loss on disposal of assets	4	<b>(434)</b>	-
Income from shares in group undertakings		<b>2,475</b>	-
Interest receivable and similar income		<b>3</b>	-
Interest payable and similar expenses	5	<b>(324)</b>	(710)
Profit before taxation		<b>17,922</b>	22,546
Tax charge on profit	7	<b>(3,443)</b>	(4,551)
Profit for the financial year		<b>14,479</b>	17,995

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 2023

	Note	As at 30th June 2023 £'000	As at 30th June 2022 £'000
<b>Fixed assets</b>			
Goodwill	9	6,807	6,807
Tangible assets	10	8,270	7,473
Right of use assets	19	10,363	11,688
Investments	11	77	34
		<u>25,517</u>	<u>26,002</u>
<b>Current assets</b>			
Debtors	12	132,269	146,174
Cash at bank and in hand		10,864	10,840
		<u>143,133</u>	<u>157,014</u>
<b>Creditors:</b> Amounts falling due within one year	13	(108,227)	(108,393)
Net current assets		<u>34,906</u>	<u>48,621</u>
Total assets less current liabilities		<b>60,423</b>	74,623
<b>Creditors:</b> Amounts falling due after more than one year	14	(8,274)	(9,730)
Provisions for liabilities	15	(1,460)	(1,683)
<b>Net assets</b>		<u>50,689</u>	<u>63,210</u>
<b>Capital and reserves</b>			
Called up share capital	17	24,500	24,500
Retained earnings		26,189	38,710
<b>Total shareholders' funds</b>		<u>50,689</u>	<u>63,210</u>

The financial statements of Company number 06903140 on pages 22 to 44 were approved by the board on 17th November 2023 and signed on its behalf by:



Lee Richards ACMA, BSc  
Director

REED SPECIALIST RECRUITMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30th June 2023

	Called up share capital £'000	Retained earnings £'000	Total shareholders' funds £'000
As at 1st July 2021	24,500	20,715	45,215
Profit for the financial year	-	17,995	17,995
At 30th June 2022	24,500	38,710	63,210
At 1st July 2022	24,500	38,710	63,210
Dividend	-	(27,000)	(27,000)
Profit for the financial year	-	14,479	14,479
<b>At 30th June 2023</b>	<b>24,500</b>	<b>26,189</b>	<b>50,689</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2023

### 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 2023 were authorised for issue by the board of Directors on 17th November 2023 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 2023.

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*,

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2023

### 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 the remuneration of key management; 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.

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 2024. That support is intended to include assistance to meet the liabilities of payment of intercompany creditors until 31st December 2024.

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.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

### **2. ACCOUNTING POLICIES (CONTINUED)**

#### **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 2023, have had a material impact on the Company.

##### **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 2023. 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,

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2023

### 2. ACCOUNTING POLICIES (CONTINUED)

#### Significant accounting policies (continued)

a) Intangible assets - goodwill (continued)

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. This departure from the Companies Act has been taken for the overriding purpose of providing a true and fair view.

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 interest (and where the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination.

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2023

### 2. ACCOUNTING POLICIES (CONTINUED)

#### Significant accounting policies (continued)

##### c) Tangible fixed assets (continued)

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 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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2023

### 2. ACCOUNTING POLICIES (CONTINUED)

#### d) Impairment of non-financial assets (continued)

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.

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. The right-of-use assets are amortised over the life of the lease on a straight-line basis.

#### 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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2023

### 2. ACCOUNTING POLICIES (CONTINUED)

#### Significant accounting policies (continued)

g) Trade and other debtors (continued)

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.

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 enforcement 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

### **2. ACCOUNTING POLICIES (CONTINUED)**

#### **Significant accounting policies (continued)**

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.

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.

### **3. TURNOVER**

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

**4. OPERATING PROFIT**

Operating profit is stated after charging:

	Year ended 30th June 2023 £'000	Year ended 30th June 2022 £'000
Depreciation of fixed assets		
- leasehold improvements	836	663
- other owned assets	2,607	1,666
- Right of use assets	3,759	3,734
Loss on disposal of fixed assets	434	-
Auditors' remuneration		
- audit of the Company's financial statements	275	156
Government support relating to Covid-19	-	9

£nil fees (2022: £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 2023 £'000	Year ended 30th June 2022 £'000
Lease interest	324	710

**6. DIRECTORS & EMPLOYEES**

**(a) Directors' remuneration**

	Year ended 30th June 2023 £'000	Year ended 30th June 2022 £'000
Total Directors' emoluments	1,618	1,615
Highest paid Director – emoluments	879	1,029
Highest paid Director – pension contributions	1	1

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

**6. DIRECTORS & EMPLOYEES (continued)**

**(a) Directors' remuneration**

	No.	No.
The following number of Directors are accruing retirement benefit under:		
Defined benefit scheme	-	-
Group personal pension scheme	<u>5</u>	<u>5</u>

There were 6 Directors serving during the current year (2022: 6).

**(b) Staff costs**

	Year ended 30th June 2023 £'000	Year ended 30th June 2022 £'000
Wages and salaries	82,650	78,101
Social security costs	8,885	8,312
Other pension costs (note 18)	1,560	1,399
	<u>93,095</u>	<u>87,812</u>

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

**(c) Staff numbers**

	Year ended 30th June 2023 Number	Year ended 30th June 2022 Number
Direct staff	1,550	1,289
Administrative staff	247	429
	<u>1,797</u>	<u>1,718</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

**7. TAX ON PROFIT**

**(a) Analysis of tax for the year**

	<b>Year ended 30th June 2023 £'000</b>	Year ended 30th June 2022 £'000
Current tax:		
UK corporation tax on profit for the year	<b>2,882</b>	3,772
Adjustments in respect of previous years	<b>(96)</b>	(136)
	<b>2,786</b>	3,636
Deferred tax:		
Origination and reversal of timing differences	<b>544</b>	580
Adjustments in respect of previous years	<b>113</b>	152
Effect of tax rate change	<b>-</b>	183
	<b>657</b>	915
Total tax charge on profit for the year	<b>3,443</b>	4,551

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

**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 20.50% (2022: 19.00%). The differences are explained below:

	<b>Year ended 30th June 2023 £'000</b>	Year ended 30th June 2022 £'000
Profit before taxation	<u>17,922</u>	<u>22,546</u>
Theoretical tax at UK corporation tax standard rate of 20.50% (2022: 19.00%)	<b>3,674</b>	4,284
Effects of:		
Expenses not deductible for tax purposes	<b>235</b>	125
Income not taxable for tax purposes	<b>(507)</b>	-
Remeasurement of deferred tax for changes in tax rates	<b>98</b>	183
Fixed asset differences	<b>(74)</b>	(57)
Adjustments to deferred tax in respect of previous periods – deferred tax	<b>114</b>	152
Adjustments to tax in respect of previous periods	<b>(97)</b>	(136)
Total tax charge on profit for the year	<u><b>3,443</b></u>	<u>4,551</u>

**8. DEFERRED TAX**

	<b>As at 30th June 2023 £'000</b>	As at 30th June 2022 £'000
Depreciation in excess of capital allowances	<b>(492)</b>	125
Other timing differences	<b>89</b>	129
Deferred tax (liability) / asset	<u><b>(403)</b></u>	<u>254</u>
Asset at beginning of year	<b>254</b>	1,169
Amount credited to income statement	<b>(657)</b>	(915)
(Liability) / asset at end of year (note 12)	<u><b>(403)</b></u>	<u>254</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

**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**

	<b>Goodwill £'000</b>
<b>Cost</b>	
As at 1st July 2022 and 30th June 2023	<u>10,212</u>
<b>Accumulated amortisation</b>	
As at 1st July 2022 and 30th June 2023	<u>(3,405)</u>
<b>Net book value</b>	
<b>As at 30th June 2023</b>	<u>6,807</u>
As at 30th June 2022	<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 8.7%. 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 (8.7%) 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

**10. TANGIBLE ASSETS**

	<b>Leasehold improvements £'000</b>	<b>Fixtures, fittings, computer equipment &amp; motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
As at 1st July 2022	8,410	19,334	27,744
Additions	5	4,865	4,870
Disposals	-	(1,156)	(1,156)
<b>As at 30th June 2023</b>	<b>8,415</b>	<b>23,043</b>	<b>31,458</b>
<b>Accumulated depreciation</b>			
As at 1st July 2022	5,525	14,746	20,271
Charge for the year	836	2,607	3,443
Disposals	-	(526)	(526)
<b>As at 30th June 2023</b>	<b>6,361</b>	<b>16,827</b>	<b>23,188</b>
<b>Net book value</b>			
<b>As at 30th June 2023</b>	<b>2,054</b>	<b>6,216</b>	<b>8,270</b>
As at 30th June 2022	2,885	4,588	7,473

**11. INVESTMENTS**

	<b>As at 30th June 2023 £'000</b>	<b>As at 30th June 2022 £'000</b>
Cost and net book value	<b>77</b>	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:

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

**11. INVESTMENTS (continued)**

<b>Name</b>	<b>Company Number</b>	<b>Principal Activity</b>	<b>Country of incorporation</b>	<b>Ownership</b>
Reed Staffing Services Limited	5247149	Recruitment specialists	United Kingdom	100%
Reed Professional Services LLP	OC317172	Consulting business	United Kingdom	99%
Reed Talent Solutions Limited	11875450	Consulting business	United Kingdom	100%
Reed Franchise Partnerships LLC	6060829	Franchise business	United States	100%

**12. DEBTORS**

	<b>As at 30th June 2023 £'000</b>	As at 30th June 2022 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	<b>94,757</b>	103,171
Amounts receivable from group undertakings	<b>20,787</b>	28,611
Corporation tax	<b>10,609</b>	9,274
Deferred tax (see note 8)	-	254
Other debtors	<b>456</b>	190
Prepayments and accrued income	<b>5,660</b>	4,674
	<b>132,269</b>	146,174

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 £622,000 (2022: £677,000).

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

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

	<b>As at 30th June 2023 £'000</b>	As at 30th June 2022 £'000
Trade creditors	59,871	56,345
Amounts owed to group undertakings	13,241	19,742
Lease liability	2,622	2,858
Deferred tax (see note 8)	403	-
Social security costs and other taxes	17,188	14,548
Other creditors	7,604	8,016
Accruals and deferred income	7,298	6,884
	<u>108,227</u>	<u>108,393</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**

	<b>As at 30th June 2023 £'000</b>	As at 30th June 2022 £'000
Lease liability	<u>8,274</u>	<u>9,730</u>

**15. PROVISIONS FOR LIABILITIES**

	<b>Total £'000</b>
As at 1st July 2022	1,683
Additional provisions	276
Provision utilised	(499)
<b>As at 30th June 2023</b>	<u><b>1,460</b></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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

**16. EQUITY DIVIDENDS PAID**

A dividend of £27m was declared and paid by the board in the year (2022: £nil).

**17. CALLED UP SHARE CAPITAL**

	£
Authorised, called up, allotted and fully paid	
Ordinary shares of £1 each	
As at 1st July 2022	24,500,002
Shares issued at par	-
As at 30th June 2023	<b>24,500,002</b>

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

**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>	<b>£'000</b>
<i>Cost</i>	
As at 1st July 2022	<b>22,035</b>
Additions	<b>1,738</b>
Disposals	<b>(5,971)</b>
As at 30th June 2023	<b>17,802</b>
<i>Accumulated depreciation</i>	
As at 1st July 2022	<b>10,347</b>
Charge	<b>3,759</b>
Disposals	<b>(6,667)</b>
As at 30th June 2023	<b>7,439</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

**19. LEASING COMMITMENTS (continued)**

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

*Right of use assets*

Net book value as at 30th June 2023		<b>10,363</b>
Net book value as at 30th June 2022		<b>11,688</b>

<i>Lease liabilities</i>	<b>As at 30th June 2023 £'000</b>	As at 30th June 2022 £'000
Current	<b>2,622</b>	2,858
Non-current	<b>8,274</b>	9,730
	<b>10,896</b>	12,588

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

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

	<b>Year ended 30th June 2023 £'000</b>	Year ended 30th June 2022 £'000
<i>Depreciation charge on right-of-use assets</i>		
Buildings		
Charged in the year	<b>3,759</b>	3,734
	<b>3,759</b>	3,734

	<b>Year ended 30th June 2023 £'000</b>	Year ended 30th June 2022 £'000
Interest expense	<b>324</b>	710
Expenses relating to short-term leases	<b>324</b>	710

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30th June 2023

**19. LEASING COMMITMENTS (continued)**

Future minimum lease payments as at 30th June 2023 are as follows:

	<b>As at 30th June 2023 £'000</b>	As at 30th June 2022 £'000
Within one year	<b>3,660</b>	3,409
Two to five years	<b>8,854</b>	7,402
After five years	<b>1,849</b>	2,908
	<b>14,363</b>	13,719
Impact of finance expenses	<b>(3,467)</b>	(1,131)
Carrying amount of liability	<b>10,896</b>	12,588

**20. CONTROLLING PARTY**

The Company's immediate holding company is Reed Executive Limited, and its ultimate parent company is Reed Global Limited, both companies 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.