

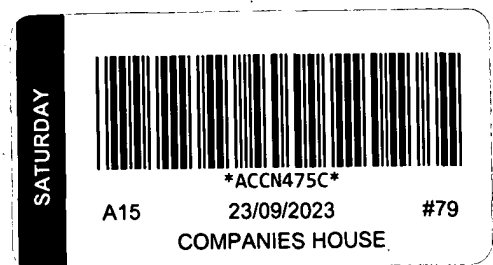
Randstad Sourceright Limited

Annual Report and Financial Statements

For the Year Ended

31 December 2022

Company Number 03869709



Randstad Sourceright Limited

Company Information

Directors	D Vincent D Bruce
Company secretary	C Evans
Registered number	03869709
Registered office	450 Capability Green Luton Bedfordshire LU1 3LU
Independent auditors	Deloitte LLP 3 Victoria Square Victoria Street St Albans Hertfordshire AL1 3TF United Kingdom
Bankers	Barclays Bank plc 27th Floor 1 Churchill Place London United Kingdom E14 5HP

Randstad Sourceright Limited

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Randstad Sourceright Limited

Strategic report
For the year ended 31 December 2022

Introduction

The directors present their strategic report on the company for the year ended 31 December 2022.

Principal activity

The company's principal activity continues to be that of an employment business hiring out temporary and permanent staff for clients.

Review of the business

As shown in the company's statement of comprehensive income on page 13, the company's revenue has increased to £309,351,000 (2021 - £265,104,000). This has been driven by changes in client mix where we have had clients exit and new ones come on-board. The company achieved a gross profit of £33,987,000 (2021 - £27,176,000), which resulted in achieving profit before taxation for the year is £205,000 (2021 - loss before taxation £584,000).

Position of the business

The company's net liabilities and shareholder's deficit were £9,461,000 at the end of the year (2021 - £12,115,000).

Key performance indicators

Progress of the business is assessed via the growth in revenue compared to the prior year. Performance is shown below with prior year comparatives expressed as percentages.

	2022	2021
Revenue movement	<u>16.7%</u>	<u>37.6%</u>

Please see above, review of the business section, for additional analysis of year-on-year movement.

The directors do not believe any further analysis would aid the users' understanding of the performance of the company.

Principal risks and uncertainties

The company reports regularly to Randstad NV on all areas of risk. The company's operations expose it to a variety of risks. The company's management has examined all major risks to its business and considers the main risk to be that of the general economic landscape and uncertainty and how this could affect the future profitability of the company.

As the economic environment remains challenging, recruitment companies need to remain agile and diversified in order to take advantage of future opportunities and avoid risk. Against the backdrop of the continued high cost of living, post-Brexit challenges and the negative impact of inflation, client and candidate hesitancy could remain in the short-to-medium term. The longer-term prospects of the economy remain uncertain. Technological disruption continues to threaten traditional staffing business models and may accelerate as pressures on costs increase. Innovative business models continue to emerge. An increased focus on engagement models for temporary workers, in particular the gig economy, increases the potential for legal, tax and regulatory changes in the medium term, particularly if there is a change of Government in the UK. Such changes are likely to bring with them an increased compliance burden (at least initially), and potentially a change in established client and candidate engagement practices. These do however also provide opportunities for compliant staffing companies who are able to adapt quickly to changes in the market.

Randstad Sourceright Limited

Strategic report (continued)
For the year ended 31 December 2022

Principal risks and uncertainties (continued)

A description of the key risks, and mitigating action taken to protect the company against them are as follows:

General Economic Uncertainty

While the country is still recovering from the unprecedented impact of the Coronavirus pandemic, rising inflation, a cost of living crisis, a myriad of challenges caused by Brexit, the war in Ukraine and political controversy in the UK, there is uncertainty about the short, medium and long term impacts this will have on the economy. This has a knock-on impact on client and candidate confidence, both of which are critical for the recruitment sector.

The Randstad business is diversified across multiple sectors. It is weighted towards temporary recruitment which appears to be more resilient than permanent recruitment in the short term.

Technological Disruption

New business models continue to emerge that threaten to disrupt parts of the client and candidate matching process. Emerging models threaten specific parts of the process e.g., candidate screening, which presents a risk of disintermediation.

We continue to adapt our business models to incorporate appropriate technological solutions to enhance value to clients and candidates.

Regulatory Change

Employment and worker rights is an area which attracts a risk of regulatory change, particularly when influenced by political sentiment. In many cases, regulation is influenced by traditional employment models and can often be inappropriate for modern, flexible employment models requiring significant internal commitment to ensure continued compliance. High-profile legal cases around employment status and worker rights increase the likelihood of further legal and regulatory change.

Globally we continuously monitor changes in labour laws and regulations across the various jurisdictions and analyse the potential impact of regulatory changes on our operations and workforce.

Reputational Risk

As with most companies, the risk of adverse publicity arising from failure to deliver in line with expectations (whether that be contractual, regulatory or behavioural) poses a threat to our corporate reputation.

We have experienced teams managing and overseeing delivery, compliance and reputation management. Identified shortcomings are subject to remediation and prevention measures and controls.

Cyber Threats

Cyber-attacks pose an increasing threat to all businesses, including in the recruitment industry, and it is likely that these threats will persist or increase as more technology is introduced into processes and supply chains.

We have a team of experts who continuously monitor IT equipment and applications for cyber threats. All the employees need to complete mandatory yearly training on phishing attempts and cyber attacks.

Randstad Sourceright Limited

Strategic report (continued)
For the year ended 31 December 2022

Directors' statement of compliance with section 172(1)

The Directors of the company act in good faith, to promote the success of the company for the benefit of its stakeholders as a whole, in line with one of our Group's core values, "the simultaneous promotion of all interests". The annual statement of our ultimate shareholding company, Randstad Group NV, sets out in detail how we operate to provide value for clients, talent, employees, investors, suppliers and society. Specifically, the Directors of this subsidiary have regard for the following matters:

- a) The likely consequences of any decision in the long term:
 - The Directors have set out a clear strategy for the business over the medium and long term for creating value and growth, which has been shared with staff and shareholders, the key pillars of which are set out below:
 - Technology - investing in new technologies, in order to better connect clients and candidates, by making processes smart, simple, and efficient; and
 - Humanity - being passionate about supporting people and organisations and by creating an experience that is more human, creating that personal connection.
 - Sustainable profitability – to ensure that the business generates sufficient profits by focusing growth on profitable sectors and managing our cost base
 - All significant decisions are agreed by the board within the context of the strategic plan.
- b) The interests of the company's employees are recognised and valued by the Directors through a variety of mechanisms, including:
 - Regular Leadership team webinars, team and department meetings, and conferences;
 - Actively seeking employee feedback through Employee Network Groups, Q&A sessions, an open culture, and a regular anonymous survey which allows all issues to be raised and tracks employee engagement across a number of key factors; and
 - The provision of learning and development opportunities for staff, covering hard and soft skills, as well as management training and mental health.
- c) The need to foster the company's business relationships with suppliers, customers and others by ensuring all stakeholders are treated within the spirit and detail of the Randstad Group ethics policies and core values.
- d) The impact of the company's operations on the community and the environment, including consideration of climate change through supporting appropriate Energy Savings Opportunities Scheme recommendations, supporting Electric Vehicles where appropriate with an 'EV first' car policy, supporting a wide variety of charities under the Randstad with Heart initiative, and the Randstad Group VSO scheme. The company has also published a social responsibility statement, available on its website.
- e) The desirability of the company to maintain a reputation for high standards of business conduct, through the organisation's values, culture and ethical standards, as set out in the company's business principles, which are published on its website. Our core values represent the foundation of our culture: to know, to serve, to trust, to strive for perfection, and simultaneous promotion of all interests. They help us develop, grow and better serve our clients, talent and other stakeholders.
- f) Since the company is a wholly owned (indirect) subsidiary of Randstad NV, it only has one shareholder; accordingly, the need to act fairly between shareholders is not applicable for the company, although Randstad NV's annual report does set out how it engages with key stakeholder groups, including shareholders, in its "Key Material Topics" section.

Randstad Sourceright Limited

Strategic report (continued)
For the year ended 31 December 2022

Going concern

The company is a subsidiary of Randstad Group UK, which is the parent company of the UK subgroup of Randstad NV, the ultimate parent company.

The UK subgroup ("Randstad UK") has intercompany financing in place, which principally comprises the following:

- A long-term intercompany loan, for an amount of £80m, repayable in December 2025.
- An intercompany overdraft facility, for an amount of £65.5m, that is provided by the wider Randstad NV group, under a group-wide cash pooling arrangement, which is used to finance Randstad UK's day-to-day trading activities and in which the Company participates in; this is headed by Randstad Group UK.

The Directors of Randstad Group UK have prepared a forecast for a period of at least 12 months from the date of signing, for the wider Randstad Group UK sub-group, which shows that the UK sub-group will remain within its current intercompany overdraft facilities throughout the forecast period.

The nature of Randstad UK's business is such that, during periods of revenue growth, there is an adverse impact on the group's working capital, which is required to fund that growth, whereby cash is required to fund the resultant increase in debtors. Conversely, if revenues are declining, then the working capital unwinds, resulting in cash being released.

As at July 2023, the UK sub-group had a substantial level of available headroom of £39.5m against the intercompany overdraft facility.

Taking all of the above into account, the Directors do not consider that there are any material uncertainties, in relation to the company's ability to continue as a going concern and are satisfied that the company will continue to meet its obligations, as they fall due, for a period of at least 12 months from the date of approval of these financial statements. Accordingly, they have prepared these financial statements on a going concern basis.

A letter of comfort covering a period of at least 12 months from the signing date of the accounts was received from the ultimate parent Randstad NV.

Approved by the Board and signed on its behalf by:



D Bruce
Director

Date: 07 September 2023

Randstad Sourceright Limited

Directors' report For the year ended 31 December 2022

The directors present their annual report on the affairs of Randstad Sourceright Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2022.

Future developments

We expect to see an improvement in 2023 compared to 2022 both organically and with external wins in all areas of the business. Organic growth will come from higher recruitment demands, additional services and improved productivity.

Dividends

The directors do not recommend the payment of a dividend (2021 - £Nil).

Financial risk management objectives and policies

The Randstad NV group's corporate treasury function provides services to the company, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include credit risk, liquidity risk and cash flow risk. The company does not use financial derivatives.

Credit risk

The Company's principal financial assets are trade and other receivables and cash.

The Company's credit risk is attributable to trade receivables and amounts due from group undertakings. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses intercompany finance by way of a cash pooling facility.

Cash flow risk

The company's activities expose it to changes in interest rates on its balances with other group companies. The company does not hedge against this exposure. The company has limited exposure to the financial risks of changes in foreign currency exchange rates.

Randstad Sourceright Limited

Directors' report (continued) For the year ended 31 December 2022

Going concern

Information on the going concern status of the company can be found in the Strategic Report on page 4.

Directors

The directors who served during the year and up to the date of signing this report, unless otherwise stated, were:

D Bruce
D Vincent

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person, as far as possible, be identical to that of a person who does not suffer from any disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through line management channels and regular meetings with representatives of employees.

Statement on employee engagement

The company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various matters affecting the performance of the company. This is achieved through formal and informal meetings and internal publications. Employee representatives are consulted regularly on a wide range of matters affecting them.

Directors' liabilities

The company had no directors' indemnities in place during the year.

Research and development

The company had no significant activities constituting research and development in the current or prior year.

Foreign branches

The company does not have any branches operating outside of the UK.

Political contributions

The company made no political contributions during the current or prior year.

Statement on business relationships

People are our lifeline to our clients. We help our clients to find the best talent with the most relevant skills for their business, both now and in the future. We do this by combining our human touch with technological expertise and data-driven insights. In this way, we are able to provide our clients with tailor-made solutions and the best personal advice, building strategic relationships for the long term. At the same time, our data-driven approach makes the matching process simple and efficient, while creating the best possible user experience.

Randstad Sourceright Limited

Directors' report (continued) For the year ended 31 December 2022

Disabled employees

In line with our aim to promote diversity in our workforce, we also welcome talent with a disability. We have found that registration of disabled talent varies in the different markets in which we operate. This may be related to local legislation, but also to the personal wishes of the people concerned.

Energy and carbon report

Please see below for the UK energy and carbon emissions for the company for the year.

Energy consumption used to calculate emissions (kWh)	28,834
Emissions from combustion of gas tCO ₂ e (Scope 1) (metric tonnes)	-
Emissions from combustion of fuel for transport purposes (Scope 1) (metric tonnes)	9
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) (metric tonnes)	115
Emissions from purchased electricity (Scope 2, location-based) (metric tonnes)	15
Total gross CO ₂ e based on above (metric tonnes)	138.9
Intensity ratio: tCO ₂ e gross figure based from mandatory fields above/£m revenue	0.45

The methodology for the calculations is based on the GHG protocol and ISO 14064.

We report our CO₂ footprint according to the Greenhouse Gas Protocol. As part of our framework, we continue to improve the completeness and accuracy of our Group environmental data.

Energy efficient initiatives for 2022 and 2021:

Paper and waste reduction	Reduce number of printers by 50% to encourage reduced use of paper. Reduce printed marketing material and maximize online content. Stopped use of single use and disposable plastics.
Green alternatives	Switch our office and PPE supplies to recycled products as far as possible
Travel reduction	Reduce travel across the business by 50% of pre pandemic levels by maximizing video and technology based solutions.
Fleet	To switch at least 50% of our fleet to Electric Vehicles by 2023. Increase use of hybrid vehicles and further increase the electric fleet as infrastructure, electric car options, battery life and lease terms permit.
Property	Continue to reduce and maximize office space, increase the energy efficiency by using LED lighting, PIRs and smart building systems.

Events after the reporting date

There are no post balance sheet events to note.

Independent auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act, 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor.

Randstad Sourceright Limited

Directors' report (continued) For the year ended 31 December 2022

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the board of directors and signed on its behalf by:



D Bruce
Director

Date: 07 September 2023

Randstad Sourceright Limited

Independent Auditor's report to the members of Randstad Sourceright Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Randstad Sourceright Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

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

Randstad Sourceright Limited

Independent Auditor's report to the members of Randstad Sourceright Limited (continued)

Other information

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit and the directors about their own identification and assessment of the risks of irregularities including those that are specific to the company's business sector.

Randstad Sourceright Limited

Independent Auditor's report to the members of Randstad Sourceright Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation and government support schemes; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included compliance with the UK Bribery Act.

We discussed among the audit engagement team including relevant internal specialists such as IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue – the presumed risk of fraud in revenue recognition, pinpointed to manual adjustments made to revenue. In response to this risk, we performed the following procedure:
 - Performed a substantive test of detail on a selected sample of manual adjustments to revenue.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Randstad Sourceright Limited

Independent Auditor's report to the members of Randstad Sourceright Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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

Matthew Hall

Matthew Hall FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans
United Kingdom

Date: 07 September 2023

Randstad Sourceright Limited

Statement of Comprehensive Income For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Revenue	4	309,351	265,104
Cost of sales		<u>(275,364)</u>	<u>(237,928)</u>
Gross profit		33,987	27,176
Administrative expenses		<u>(32,410)</u>	<u>(26,869)</u>
Operating profit	5	1,577	307
Finance costs	9	<u>(1,372)</u>	<u>(891)</u>
Profit/(loss) before tax		205	(584)
Tax credit/(charge) on loss	10	<u>2,502</u>	<u>(55)</u>
Profit/(loss) and total comprehensive income/(expense) for the financial year		<u><u>2,707</u></u>	<u><u>(639)</u></u>

All results derive from continuing activities.

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 17 to 41 form part of these financial statements.

Randstad Sourceright Limited

Registered number: 03869709

Statement of Financial Position As at 31 December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Intangible assets	11	44	65
Property, plant and equipment	12	151	65
Deferred taxation	15	2,521	-
		<u>2,716</u>	<u>130</u>
Current assets			
Trade and other receivables	13	91,508	67,005
Cash at bank and in hand		2,145	3,277
		<u>93,653</u>	<u>70,282</u>
Current liabilities			
Trade and other payables	14	(105,828)	(82,527)
Net current liabilities			
		<u>(12,175)</u>	<u>(12,245)</u>
Total assets less current liabilities			
		<u>(9,459)</u>	<u>(12,115)</u>
Net liabilities			
		<u>(9,459)</u>	<u>(12,115)</u>
Equity			
Called up share capital	16	-	-
Share based payment reserve	18	461	384
Retained earnings	17	(9,920)	(12,499)
Shareholders' deficit			
		<u>(9,459)</u>	<u>(12,115)</u>

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



D Bruce
Director

Date: 07 September 2023

The notes on pages 17 to 41 form part of these financial statements.

Randstad Sourceright Limited

Statement of Changes in Equity For the year ended 31 December 2021

	Called up share capital £000	Share based payment reserve £000	Retained earnings £000	Total equity £000
At 1 January 2021	-	324	(11,848)	(11,524)
Comprehensive expense for the year				
Loss for the year	-	-	(639)	(639)
Total comprehensive expense for the year	-	-	(639)	(639)
Contributions by and distributions to owners				
Credit relating to equity-settled share based payments (see note 18)	-	176	-	176
Transfer to retained earnings	-	(116)	116	-
Charge from parent for equity-settled payment	-	-	(128)	(128)
Total transactions with owners	-	60	(12)	48
At 31 December 2021	-	384	(12,499)	(12,115)

The notes on pages 17 to 41 form part of these financial statements.

Randstad Sourceright Limited

Statement of Changes in Equity For the year ended 31 December 2022

	Called up share capital £000	Share based payment reserve £000	Retained earnings £000	Total equity £000
At 1 January 2022	-	384	(12,499)	(12,115)
Comprehensive income for the year				
Profit for the year	-	-	2,707	2,707
Total comprehensive income for the year	-	-	2,707	2,707
Contributions by and distributions to owners				
Credit relating to equity-settled share based payments (see note 18)	-	273	-	273
Transfer to retained earnings	-	(196)	196	-
Charge from parent for equity-settled payment	-	-	(324)	(324)
Total transactions with owners	-	77	(128)	(51)
At 31 December 2022	-	461	(9,920)	(9,459)

The notes on pages 17 to 41 form part of these financial statements.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

1. General information

Randstad Sourceright Limited (the "Company") is a private company limited by shares and incorporated and registered in the United Kingdom (England and Wales) under the Companies Act 2006. The address of the company's registered office is shown on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets and certain related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Randstad NV.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.3 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Further information in relation to going concern is set out in the going concern section of the Strategic report on page 4.

2.4 Impact of new international reporting standards, amendments and interpretations

Of the new IFRSs that are mandatorily effective for the year ended 31 December 2022, none are materially applicable or deemed relevant.

2.5 Revenue recognition

Revenue comprises the expected consideration for services rendered during the year. Revenue from services rendered is recognised in the Statement of Comprehensive Income in proportion to the progress in execution of the contract as of the Statement of Financial Position date. Progress in execution of the contract is measured by reference to costs (mainly hours) incurred to date as a percentage of total estimated costs for each contract. When the outcome of the contract cannot be measured reliably, revenue is recognised only to the extent that expenses incurred are eligible to be recovered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration.

Revenue from temporary placements includes the amounts received or receivable for the services of candidates, including the salary and salary-related employment costs of these candidates (gross basis). These revenues are recognised over time and are generally based on the number of hours worked by these candidates.

Revenue from permanent placements includes the fee received or receivable for the services provided. This fee is generally a percentage of the candidate's remuneration package (net basis). The revenue of these permanent placements is recognised on completion of the service when the performance obligations are fulfilled, being, in principle, the start date of the candidate. For 'retained assignments', revenue is recognised on the completion of certain pre-agreed stages of the service, for which the fee is non-refundable. Allowances are established to estimate losses due to placed candidates not remaining employed during the agreed guarantee period.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.6 Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives, which do not exceed three years.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.7 Property, plant and equipment

Property, plant and equipment under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 4 years
Computer equipment	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit and loss during the period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use.

2.8 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.8 Financial instruments (continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Debt instruments at fair value through other comprehensive income

Debt instruments are subsequently measured at fair value through other comprehensive income where they are financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company did not have any debt instruments measured subsequently at fair value through other comprehensive income in either the current year or the preceding year.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces and accounting mismatch (see (iii) below).

The company did not have any other financial assets measured subsequently at FVTPL in either the current year or the preceding year.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.8 Financial instruments (continued)

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in the Statement of Comprehensive Income and is included in the 'finance cost' line item.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.8 Financial instruments (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.8 Financial instruments (continued)

(i) Significant increase in credit risk (continued)

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.8 Financial instruments (continued)

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the Statement of Financial Position.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.9 Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.9 Financial liabilities and equity (continued)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) held-for-trading, or (ii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Derivative financial instruments

The company did not have any derivative financial instruments in either the current year or the preceding year.

Embedded derivatives

The company did not have any embedded derivatives in either the current year or the preceding year.

Hedge accounting

The company did not have any hedging instruments in either the current year or the preceding year.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash and cash equivalents includes, cash in hand, deposits held at call with banks and bank overdrafts. At the reporting date, bank overdrafts are shown within borrowings in current liabilities. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

The company, along with other UK members of the Randstad group, is party to a cash pooling arrangement with Barclays Bank, whereby each UK members' sterling bank account is zero balanced each day by transfer to or from the parent company, in order to more efficiently manage the overall UK cash resources through the treasury department of the ultimate parent.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

All foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.14 Share based payments

Randstad NV operates a number of equity-settled, share-based compensation plans, under which the company receives services from employees as consideration for equity instruments (options) of Randstad NV. The awards are granted by Randstad NV and the company has no obligation to settle the awards. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. A credit is recognised directly in shareholder's funds. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. When the options are exercised the company is recharged the options' original fair value as of the grant date from Randstad NV. This recharge is accounted for as a deduction from shareholder's funds.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.15 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholder's funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholder's funds, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Operating profit

Operating profit is stated before net finance cost.

2.17 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

In 2020 the UK government put in place the Coronavirus Job Retention Scheme to support the UK economy and employment. The company applied for this and the amounts received from this grant are disclosed in other income within the statement of comprehensive income.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The directors consider that there were no critical accounting judgements in applying the company's accounting policies and that there are no key sources of estimation uncertainty in preparing the financial statements.

Deferred tax

Estimation is also required of temporary differences between the carrying amount of assets and liabilities and their tax base. Deferred tax liabilities are recognized for all taxable temporary differences but, where there exist deductible temporary differences, management's judgment is required as to whether a deferred tax asset should be recognized based on the availability of future taxable profits. As of December 31, 2022, the Company recognized net deferred tax assets amounting to £ 2,521,000 - refer to Note 25. It is possible that the deferred tax assets actually recoverable may differ from the amounts recognized if actual taxable profits differ from management's estimates

4. Revenue

The whole of the revenue is attributable to the principal activity of the company. Analysis of revenue by country of destination:

	2022 £000	2021 £000
United Kingdom	306,848	261,737
Non-United Kingdom	2,503	3,367
	<u>309,351</u>	<u>265,104</u>

5. Operating profit

	2022 £000	2021 £000
The operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	42	21
Amortisation of intangible assets	21	20
Exchange differences	(171)	2
Share based payments	273	176
	<u>273</u>	<u>176</u>

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

6. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	36	38

There were no non-audit fees payable to the Company's auditor (2021 - none).

7. Employees

	2022 £000	2021 £000
Staff costs were as follows:		
Wages and salaries	23,457	15,907
Social security costs	3,204	1,864
Other pension costs	676	447
	<u>27,337</u>	<u>18,218</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Sales	52	124
Administration	463	178
	<u>515</u>	<u>302</u>

8. Directors' remuneration

In the current and prior year the directors received remuneration paid by Randstad UK Holding Limited in respect of their services to group companies. No recharge is made to the company for these costs and none of their remuneration is in respect of their services to the company. There were no directors in the company's defined contribution pension scheme during the year.

9. Finance costs

	2022 £000	2021 £000
Interest payable to group companies	1,372	891

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

10. Taxation

	2022 £000	2021 £000
Corporation tax in profit or loss		
Current tax on profit/(loss) for the year	47	(103)
Adjustments in respect of previous periods	(28)	158
Total current tax in profit or loss	<u>19</u>	<u>55</u>
Deferred tax in profit or loss		
Recognition of previously derecognised deferred tax	(2,527)	-
Origination and reversal of temporary differences	27	-
Adjustments in respect of changes in rates	(21)	-
Total deferred tax in profit or loss	<u>(2,521)</u>	<u>-</u>
Taxation on profit in profit or loss	<u>(2,502)</u>	<u>55</u>

Tax credit included in equity

The total tax credit included in equity is £30,000 (2021 – £nil).

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 – higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit/(loss) before tax	205	(584)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	39	(111)
Effects of:		
Expenses not deductible for tax purposes	9	8
Adjustments to tax credit in respect of previous periods	(28)	158
Total current tax charge for the year	<u>19</u>	<u>55</u>

Factors that may affect future tax charges

It has been announced that from 1 April 2023, the Corporation Tax main rate for non-ring-fenced profits will be increased to 25% applying to profits over £250,000. Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the year end of 25%.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

11. Intangible assets

	Computer software £000
At 1 January 2022	133
Additions	-
	<hr/>
At 31 December 2022	133
	<hr/>
Amortisation	
At 1 January 2022	68
Charge for the year	21
	<hr/>
At 31 December 2022	89
	<hr/>
Net book value	
At 31 December 2022	44
	<hr/> <hr/>
At 31 December 2021	65
	<hr/> <hr/>

The computer software is amortised over its estimated useful life, which is an average of three years. Amortisation is recorded in administrative expenses in profit or loss.

No intangible asset is pledged as security for liabilities in the company.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

12. Property, plant and equipment

	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost			
At 1 January 2022	156	195	351
Additions	-	128	128
At 31 December 2022	<u>156</u>	<u>323</u>	<u>479</u>
Depreciation			
At 1 January 2022	115	171	286
Charge for the year	18	24	42
At 31 December 2022	<u>133</u>	<u>195</u>	<u>328</u>
Net book value			
At 31 December 2022	<u>23</u>	<u>128</u>	<u>151</u>
At 31 December 2021	<u>41</u>	<u>24</u>	<u>65</u>

No property, plant and equipment asset is pledged as security for liabilities in the company.

13. Trade and other receivables

	2022 £000	2021 £000
Trade receivables	64,270	49,804
Allowance for expected credit losses	(86)	(111)
Amounts owed by group undertakings	14,982	10,229
Other receivables	-	3
Prepayments and accrued income	12,342	7,080
	<u>91,508</u>	<u>67,005</u>

Amounts owed by group undertakings were made up of £51,000 (2021 - £51,000) owed by the parent undertakings and £14,931,000 (2021 - £10,178,000) due from fellow wholly owned subsidiaries of Randstad NV.

Amounts owed by group undertakings are unsecured, bear no interest and are repayable on demand.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

14. Trade and other payables

	2022 £000	2021 £000
Trade payables	245	285
Amounts owed to group undertakings	56,367	40,279
Other taxation and social security	13,078	10,549
Interest payable	617	147
Accruals and deferred income	35,521	31,267
	<u>105,828</u>	<u>82,527</u>

Included in amounts owed to group undertakings is a cash pooling balance of £48,325,000 (2021 - £39,736,000) which bears interest, the amount is due from parent company. Interest rates are assessed quarterly and are based on 3-month EURIBOR rates.

The remaining amounts owed to group undertakings were made up of £8,042,000 (2021 - £543,000) due to fellow wholly owned subsidiaries of Randstad NV. Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand.

15. Deferred taxation

	2022 £000	2021 £000
At beginning of year	-	-
Recognition of earlier derecognised deferred tax	2,527	-
Adjustment in respect of previous periods	(6)	-
At end of year	<u>2,521</u>	<u>-</u>

Following a review of the Company's forecast performance the directors consider the deferred tax asset to be recoverable.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

15. Deferred taxation (continued)

The company recognised deferred tax assets attributable to the following:

	2021 £000	Charged to profit and loss £000	2022 £000
Property plant and equipment	-	120	120
Share-based payments	-	99	99
Temporary timing differences	-	12	12
Carry forward losses	-	2,290	2,290
	<u>-</u>	<u>2,521</u>	<u>2,521</u>

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

16. Share capital

	2022 £000	2021 £000
Authorised, allotted, called up and fully paid 1 (2021 - 1) Ordinary share of £1.00	-	-

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights on redemption.

17. Reserves

Called up share capital

Called up share capital reserve represents the nominal value of the shares issued.

Share-based payments reserve

Share based payment reserve represents the gain/loss on the share options (see note 18).

Retained earnings

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

18. Share based payments

Certain employees of the company along with other group employees have been granted options over the shares in Randstad NV. There are 2 share-based payment arrangements in place: Senior management performance share plan and Share purchase plan for corporate employees.

The company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution. The expense charged to profit or loss in respect of the senior management performance share plan in the year was £273,000 (2021 - £176,000).

On exercise of the shares by the employees, the company is charged the intrinsic value of the shares by Randstad NV. This amount is treated as a reduction of the capital contribution and is recognised directly in equity.

Senior management performance share plan

As from 2007, conditional performance shares have been granted annually to a limited group of senior management. The plan has a term of three years. The number of shares to vest depends on Randstad NV's TSR performance compared to a peer group of nine companies measured over a three-year period starting on 1 January of the year of grant. From 2015 onwards, the number of shares to vest also depends on achieving certain sustainability performance targets. During the vesting period, we include for the non-market conditions an estimated bonus adjustment of between 45% and 85% to be expensed during the reporting years. At each reporting date, these non-market conditions will be reassessed; any adjustment is charged/released to the profit or loss.

Out of the 13,623 awarded options (2021 – 13,623 options), Nil options (2021 - Nil) were exercisable at the end of the year.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant year – Vest year	Options outstanding 1 January 2022	Granted in the year	Forfeited in the year	Vested in the year	Options outstanding 31 December 2022	Remaining contractual life	Fair value at grant in € per share option
2019-2022	4,556	-	-	(4,556)	-	-	40.02
2020-2023	4,441	-	-	-	4,441	-	43.86
2021-2024	4,626	-	-	-	4,626	1 year	47.45
2022-2025	-	7,075	-	-	7,075	2 years	54.43
	<u>13,623</u>	<u>7,075</u>	<u>-</u>	<u>(4,556)</u>	<u>16,142</u>		

Share purchase plan for corporate employees

Under the share purchase plan, participating corporate employees may purchase shares from a separate foundation, Stichting Randstad Optiefonds, twice a year. The maximum amount to be spent within the plan is set annually at 5% of the participant's fixed annual salary. Employees receive a number of bonus shares equal to a fixed percentage of the number of shares purchased; these bonus shares vest over a period of six months, only if employees hold on to the purchased shares for the same period of six months (on condition that they are still employed by the company). The bonus of £43,000 (2021 - £43,000) is expensed by the company over the vesting period.

Randstad Sourceright Limited

Notes to the financial statements For the year ended 31 December 2022

19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £676,000 (2021 - £447,000). Contributions totalling £Nil (2021 - £Nil) were payable to the fund at the reporting date and are included in trade and other payables.

20. Related Party transactions

The company is exempt in accordance with IAS 24 from disclosing related party transactions with other companies that are wholly owned within the Randstad NV group.

21. Controlling party

Randstad NV, a company incorporated in the Netherlands is the ultimate parent company and controlling party. Randstad UK Holding Limited, a company incorporated in the United Kingdom, is the immediate parent company.

Copies of the ultimate parent company's consolidated financial statements, which are the smallest and largest group in which the company is consolidated, can be obtained from the Company Secretary, Randstad NV, Diemermere 25, 1112 TC Diemen, the Netherlands, its registered address.

Copies of the immediate parent company's financial statements can be obtained from the Company Secretary, Randstad UK Holding Limited. Its registered address is 450 Capability Green, Luton, Bedfordshire, LU1 3LU.