Company Registration No. 02073305

Alexander Mann Solutions Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

Alexander Mann Solutions Limited

Annual report and financial statements 2021

Contents

Alexander Mann Solutions Limited

Officers and professional advisers

Directors

R Blair	
M Rodger	
E Whittaker	
D Leigh	(appointed on 05/05/2022)
G Bull	(appointed on 05/05/2022)
G Stuart	(appointed on 20/05/2022)
S Leach	(resigned on 05/05/2022)

Registered Office

7 Bishopsgate
London
EC2N 3AQ

Bankers

HSBC Bank Limited
8 Canada Square
London
E14 5HP

Lloyds Bank plc
25 Gresham Street,
London
EC2V 7HN
United Kingdom

Solicitors

Weil, Gotshal & Manges (London) LLP
110 Fetter Lane
London
EC4A 1AY
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ
United Kingdom

Alexander Mann Solutions Limited

Strategic report

Review of trading results for the year ended 31 December 2021

This Strategic report has been prepared for Alexander Mann Solutions Limited ("the Company") trading as Alexander Mann Solutions until January 2021, and subsequently as "AMS".

2021 was a very positive year for AMS, driven by good market conditions and significant growth facilitated by the regional structure which was put in place in late 2020.

AMS delivered a strong financial performance with earnings before interest, taxes, depreciation and amortisation ("EBITDA") before exceptional items and amortisation of customer relationships and brand of £44.4m (2020: £24.3m). The Company also delivered an operating profit before exceptional items of £35.6m (2020: £16.8m).

The key performance indicators ("KPIs") and key financial metrics used by the Company to monitor trading performance are NFI (net fee income), operating profit and EBITDA. Operating profit and EBITDA are measured before exceptional items and amortisation of goodwill.

The trading metrics of the Company are detailed below.

	2021 £'000	**Increase %**	**2020 £'000**	**Increase %**
Billing	1,931,043	35.6%	1,423,750	(15.3%)
Turnover	186,477	29.0%	144,579	(11.7%)
Net fee income (gross profit)	159,755	26.5%	126,296	(12.1%)
Operating profit (before exceptional items)	35,637	112.3%	16,784	(42.7%)
Profit before tax	36,780	249.4%	10,527	(63.7%)
EBITDA	44,407	82.9%	24,276	(32.0%)

A reconciliation between statutory operating profit and EBITDA (as defined above) is presented in the table below.

	2021 £'000	**2020 £'000**
Operating profit	34,890	10,436
Exceptional items	747	6,348
	35,637	16,784
Depreciation of right of use and fixed assets	1,730	1,703
Amortisation of software and contract implementation costs	7,040	5,789
EBITDA (as defined above)	44,407	24,276

The Company continues to record total billings to customers as this is a driver of working capital and reflects overall transactional activity. Total billings equates to the turnover that the Company reported prior to implementing IFRS 15.

Alexander Mann Solutions Limited

Strategic report (continued)

Review of Alexander Mann Solutions Limited trading results for the year ended 31 December 2021 (continued)

Market conditions improved significantly in 2021. Demand recovered following the Covid-19 global pandemic coupled with existing customers increasing their hiring volumes in 2021 as well as strong demand from new customers. This supported a 29.0% increase in revenue and 26.5% increase in gross profit. In addition, the Company benefitted from the cost control programme that had been put in place during the pandemic and this, coupled with the increase in demand from our clients resulted in a very busy year for our employees. The Group increased its headcount during the year to meet the extra demand and took a number of actions to recognize and reward the exceptional efforts of employees.

AMS has continued to deliver on its pipeline of large new outsourcing wins and the pipeline continues to be strong across the business but especially in the Americas, following targeted investment in the Sales and Marketing function there.

Creation of the Innovation function has enabled the Company to accelerate development, including further technology enablement of its service lines.

AMS completed its transformation programme and saw the benefits of moving its operating model to a four-region model - Asia Pacific ("APAC"), Europe, Middle East, and Africa ("EMEA"), United Kingdom and Ireland ("UK&I") and the Americas. This model better equips the Company to target growth both locally and globally and has helped to create and accelerate new sales activity

Cash generation was steady with operating cashflow of £29.4m (2020: £8.2m) driven by the benefit of strong working capital management offset by the payment of indirect taxes that had been deferred from the prior year under government Covid relief schemes and the increase in accrued income as a result of growth in the Recruitment Process Outsourcing and consulting businesses. This resulted in the Group increasing its cash funds by £23.4m (2020: £4.0m) in the year to close the year at £62.0m of gross cash (2020: £38.6m).

The Company is primarily funded through external debt provided by third party banks and funds managed by OMERS Private Equity. The Company had a net assets position at 31 December 2021 of £63.7m (2020: net assets £33.7m). In addition, the Group has a net current assets position at 31 December 2021 of £51.0m (2020: net current assets position of £24.5m) as a result of the strong recovery in trading.

Principal risks and uncertainties

The Company's activities expose it to a number of financial and operational risks including prolonged impact of a pandemic, impact of the war in Ukraine, credit risk, cash flow risk and liquidity risk, each discussed in further detail below.

Prolonged impact of a pandemic

The Covid-19 pandemic resulted in significant economic and social disruption in 2020. The Company was impacted by lower revenues as a result of an economic downturn in that year; however, in 2021 the Company experienced a significant rebound in hiring activity at existing clients and strong volumes from new customers. This was not unexpected as the Company had previously identified significant potential upside associated with organisations looking to outsource as a way of removing fixed costs and of coping with the challenges of re-hiring the talent they need. The Company benefits from a wide portfolio of clients in divergent sectors and in 2021 all sectors flourished. Our Public Sector business experienced significantly increased demand in 2020 and this continued throughout 2021 as a result of the additional ongoing requirements arising from both Brexit and the pandemic. The Company continues to remain close to our clients so that we can react quickly to any change in demand from them.

Alexander Mann Solutions Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

War in Ukraine

The Company has not experienced any identifiable negative impact on trading to date as a result of the war in Ukraine. Demand from clients has remained strong although the Company continues to monitor developments and customer demand closely and is prepared to respond should overall customer demand reduce.

Inflation risk

The Company is exposed to inflation risk in the current economic climate primarily in relation to employee related costs. The Company seeks to mitigate this risk by also focusing on non-monetary benefits to employees to aid staff retention. In addition, inflation clauses are built in to many customer contracts from a pricing perspective and where pricing is based on a percentage of starting salary there is an automatic inflation protection in contracts.

Cash flow and interest rate risk

The Company's trading activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company aims wherever possible to match income and costs by currency and maintains foreign currency denominated bank accounts so as to minimise the exposure to converting currencies into sterling. The Company also draws funding in foreign currencies so as to minimise the foreign exchange exposure of funding the working capital requirements of its overseas subsidiaries. In addition, in view of the amount of the cost base denominated in Polish zloty and Philippine pesos, the Company has entered into forward contracts which guarantee that the Company can purchase Polish zloty and Philippine pesos at a pre-determined rate each month so as to provide some certainty about the Polish zloty and Philippine pesos exchange rates for an appropriate percentage of the Company's forecast Polish zloty and Philippine pesos funding requirements.

The Company has entered into forward contracts to hedge an appropriate percentage of the profits denominated in Euros, Swiss Francs and Hong Kong Dollars.

Credit risk

The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. The Company mitigates this risk by ensuring that its counterparties do not represent excessive credit risk prior to the agreement of any transaction.

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of expected credit losses. The Company maintains a well-established credit control function that monitors the Company's trade debtors and is in regular communication with the Company's customers. The Directors do not consider there to be a significant concentration of credit risk, with other exposure spread over a large number of counterparties and customers, who tend to be global, blue chip corporations with high credit ratings. There is an element of risk that rests ultimately with the UK Government under the Public Sector Resourcing ("PSR") contingent PSR contract and is not considered by the Directors to be a credit risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through committed facilities.

Brexit risk

As anticipated, the Company has not been unduly impacted by Brexit primarily due to the continued geographical diversification of our clients whereby a large proportion of the NFI delivered in the UK is with clients where the relationships are pan-European or global so if those clients had decided or decide in the future to move activities from the UK to another European destination, AMS would continue to supply them in that location. There continues to be a potential risk that Brexit could still impact economic growth, and although this would have a negative impact on the Company, as was amply demonstrated in 2020 through the actions undertaken by the Company in the face of the global

Alexander Mann Solutions Limited

Strategic report (continued)

pandemic, the business is well positioned to deal with a recession due to the nature of the contracts with clients and the flexibility of the cost base globally.

As well as the economic risks outlined above, the Company also considered a number of other risks including:

- Client service and supply chain: The Company has flexible operational capacity in place in both the UK and Continental Europe, and we continue to work with our clients and supply chain partners, in order to operate effectively in the post Brexit trading and regulatory environment.
- Employees and mobility: We continue to ensure our employees are employed legally, and that their rights are fully understood based on the diverse nationalities employed by the Company. We continue, insofar as it is possible, to recruit and retain individuals from a global talent pool.
- Data transfer: All our data transfer agreements include standard data protection clauses, ensuring that any data transfer within the organisation between the EU and non-EU locations continues to be lawful now that the UK has left the EU.

Key performance indicators
The Group monitors a number of operational, financial and strategic indicators to ensure it is progressing against plan and adequately addressing any risks. As noted above, financial metrics measured include NFI, Operating Profit and EBITDA. Non-financial metrics include, but are not limited to, hiring source mix and gender pay gap ratio.

Approved by the Board of Directors
and signed on behalf of the Board

DocuSigned by:
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G Stuart
Director

Alexander Mann Solutions Limited

Directors' report

The Directors of Alexander Mann Solutions Limited ('the Company') present their annual report with the financial statements and independent auditor's report for year ended 31 December 2021.

Principal activities

The principal activity of the Company is the provision of Talent Acquisition and Talent Management Services usually under long-term contractual arrangements.

Business review

Profit for the year after tax was £29,996,000 (2020: £8,542,000).

Future developments

The Company intends to continue to expand by developing present client relationships with further geographical growth and breadth of service offering, as well as by working with new clients and through acquisition.

The Board considered in depth potential impacts of Covid-19, the war in Ukraine and a global recession on the Company's viability and going concern status. The relevant disclosures are set out in the Directors Report and in note 3.

Financial risk management objectives and policies

The financial risk management objectives and policies are discussed in detail in the Strategic Report.

Directors

The current directors are listed on page 1. Since the year end, D Leigh and G Bull have been appointed as a director and S Leach has resigned as a director on 5 May 2022. G Stuart has been subsequently appointed as a director on 20 May 2022.

Directors' indemnity arrangements

The Company has purchased directors' and officers' liability insurance in respect of itself and its directors.

Dividends

During the year, the Company paid no dividends to shareholders (2020: Nil).

During the year the Company received dividends from its subsidiaries of £2,627,000 (2020: £953,000).

Going concern

As at 31 December 2021, the Group had a gross cash balance of £71.7m and undrawn Confidential Invoice Discounting and Revolving Credit Facilities of £75m. The Group also has a £200m term loan facility and a $161.2m term loan facility, which require compliance with covenants. A significant element of the indebtedness is the £400m shareholder loan notes, which are free from financial covenants. The shareholder loan notes are repayable on 15 June 2028 or on an exit event, whichever is earlier. The Board has reviewed the Group's forecasts for the financial year ending 31 December 2022 and the 12 months ending 31 December 2023 and, alongside their 'base case' forecasts, have considered the potential impact of downside scenarios which could possibly still result from further economic disruption caused by the global Covid-19 pandemic or the war in Ukraine. The major variables being the impact of either of these on client volumes.

The Group has considered several variables that may have an impact on future trading due to the risks identified above and the possibility of a global recession. The Group has run a number of downside scenarios that reflect various potential reductions in client demand together with the associated mitigating actions available such as headcount reductions and a reduction in discretionary spend.

Forecast stress testing scenarios have demonstrated that the Group could mitigate and withstand a further material and prolonged decrease in NFI and EBITDA without breaching the covenants attached to the banking facilities. The Directors have also modelled that the Group could also withstand the highly remote scenario of a 21% decline in NFI and a 50% decline in EBITDA for the 24 months through to December 2023 and still operate within existing facilities. The covenants are measured including a number of agreed 'pro-forma' adjustments to the actual results and these adjustments have also been forecast to take account of potential downside scenarios

Alexander Mann Solutions Limited

Directors' report (continued)

Going concern (continued)

These forecasts, which include the impact on lending covenants, and take into account the Board's future expectations of the Group's performance and permissible covenant pro-forma adjustments, indicate that there is sufficient headroom within the bank facilities for the Group to continue to operate within those facilities and to comply with the financial covenants.

The Directors believe that the Group is adequately placed to manage its business risks successfully. On the basis of the Group's forecasts and after making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

In addition, the Directors have also assessed the going concern assumption at the Company level where there are no external borrowings or covenant obligations. The directors believe that the Company is adequately placed to manage its business risks successfully and, on the basis of both the Group and Company level forecasts, and after making due enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and thus the Directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Subsequent events

On 15 July 2022, the Company acquired 100% of the issued capital of Flexability HR Solutions Private Limited. Flexability has been the company's longstanding Recruitment Process Outsourcing (RPO) partner in India. Initial consideration for the acquisition was £33.2m with a further £2.1m held in escrow. The Company funded the acquisition through the securing of a US$40 million senior secured term loan.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the Company intranet and the annual appraisal process. Employees are consulted regularly on a wide range of matters affecting their current and future interests and are eligible for an annual bonus related to the overall profitability of the group and their individual performance.

Disabled employees

Disability inclusion is a key priority for AMS and we regularly review our hiring processes and employment policies to ensure that we are creating a level playing field for disabled colleagues. Our active Disability and Neurodiversity employee resource group is a key enabler, supporting the needs of our disabled community (and allies) across the business and creating a culture of learning for all colleagues. We prioritise training and support for managers to ensure that they understand the distinct needs for disabled employees in their teams.

Diversity, Equity & Inclusion (DEI)

DEI is at the core of what we believe in and is integral to our success. Talent acquisition is our business. We focus on attracting and retaining the best talent and AMS being the best place to work for our employees. We lead and inspire our clients and wider industries at large to understand the value of a diverse workforce.

We ourselves value the diversity of people's backgrounds, ethnicities, gender, orientation, cognitive and physical abilities, because we know that the combination of people's personal life experiences will contribute to the success of our company and support our day to day activity.

We understand that this diversity of profiles might create different needs. For this reason, we offer our employees a range of arrangements wherever possible, such as flexible working patterns and home working.

We know that change comes from within and we are proud of our employees and what they bring to our clients in terms of both their skills and their individual life experiences.

We have a DEI Board that is chaired by one of our Non Executive Directors and includes our CEO. The Board oversees our global DEI strategy and ensure that we continue to enhance and develop our inclusive culture. We have embedded

Alexander Mann Solutions Limited

Directors' report (continued)

employee resource groups (ERGs) e.g Race, Women, LGBTQ, Social Mobility etc to create employee communities so that we continue to support and progress our strategy with the relevant protected characteristic.

We work with a number of organisations that actively seek to promote diversity including Recruit for Spouses and Tomorrow's People and we have signed up to the Valuable 500 as part of our commitment to putting disability on the business leadership agenda. We are a member of the Confederation of British Industry (CBI) Change the Race Ratio campaign to increase racial and ethnic participation in British businesses.

In addition, all employees are entitled to one additional day's holiday each year to work for a charity of their choice.

Gender mix across the Group as at 31 December 2021 was:

	Female	Male	Other	Undisclosed
Senior Management (bands 6-8)	125	88	-	3
All Workers	5,236	2,048	6	448

Gender mix across the Group as at 31 December 2020 was:

	Female	Male	Other	Undisclosed
Senior Management (bands 6-8)	103	70	-	2
All Workers	3,144	1,179	-	79

Charitable and political contributions

During the financial year the Company made charitable donations of £13,000 (2020: £7,000).

Directors and their interests

The directors who have served during and since the year end are listed on page 1. One director has resigned and two new directors have been appointed since the year end.

M Rodger, S Leach and E Whittaker are members of a money purchase pension scheme.

Sourcing talent, responsibly

We understand that we have a significant role to play in managing our business carefully and responsibly. We continuously focus on driving corporate responsibility through adopting appropriate policies, not only within the Company, but also within our global supply chain.

With the introduction of the Modern Slavery Act which came into effect in 2015, we have formally documented our commitment to ensuring slavery is not present within any part of our business or across our supply chain. The Company is fully supportive of the Modern Slavery Act and its aims and will not knowingly support or deal with any business involved in slavery or human trafficking.

As part of our responsibility to our fellow citizens around the world, we will continue to invest in compliance with our legal obligations and to ensure that all our employees undertake regular training so as to ensure they understand what constitutes modern day slavery and are equipped with the tools to identify it.

Statement of Compliance with Section 172 of the Companies Act 2006

Throughout the year the directors have performed their duty to promote the success of the company under section 172, taking into consideration:

- all issues, factors and stakeholders relevant in complying with this section of the Companies Act
- the main methods used to engage with stakeholders & how best to understand and address the issues that concern them
- how the stakeholder issues impact on the company's decisions and strategies during the financial year and in the medium to longer term

Alexander Mann Solutions Limited

Directors' report (continued)

Engaging with stakeholders

The success of our business is dependent on the support of all of our stakeholders. Building positive relationships with stakeholders that share our values is important to us and working together towards shared goals assists us in delivering long-term success.

Our Company comprises a number of industry sector specific business units, all of which have extensive engagement with their own stakeholders and with other business units in the Group. Each business unit is represented on the Executive Committee that meets on a regular basis and this Executive Committee makes decisions with a long-term view in mind and with the highest standards of conduct. In order to fulfil their duties, the Heads of each business unit and the Executive Committee take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take.

Reports are regularly made to the Auxey HoldCo Board by the Executive Committee as to the strategy, performance and key decisions taken which provides the Board with assurance that proper consideration is given to stakeholder interests in decision-making.

Shareholders

The Auxey Holdco Board meets on a regular basis and two of the Directors represent the ultimate & majority shareholder. In addition, the other Auxey Holdco Directors are also shareholders in the Group and as such shareholder interests are well represented at the Board level.

Lenders

We maintain strong relationships with our lender syndicate and provide a quarterly update on all financial aspects of the Group's performance.

Workforce

Our people are key to our success and we want them to thrive both individually and as a team. There are many ways in which we engage with and listen to our people; these include sentiment surveys, listening groups, face-to-face briefings, internal town halls and via our Code of Conduct Helpline. There is also a free of charge 24/7 independent Employee Assistance Programme at the disposal of our employees where they can access help and support on a number of work and personal related topics. Key areas of focus within people engagement include health and well-being, career development opportunities, and a regular market review of pay and benefits. Regular feedback about what is important to our employees is fed back to the Board through our MD of People and Culture ensuring consideration is given to their needs. We have started a programme of Diversity & Inclusion and Global Citizenship days where we invite a broad range of individuals to present to employees & to stimulate wide ranging conversations & improve awareness.

Customers

Our ambition is to deliver best-in-class service to our customers. We build strong lasting relationships with our customers as evidenced by the long-term nature of our contracts and the high contract renewal rate. We spend considerable time with our customers to understand their needs and views and listen to how we can improve our offer and service for them. We use this knowledge to inform our decision-making and product development, for example with the new "Hourly" volume recruitment proposition that we are developing.

Suppliers

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews and we also host regular conferences to bring suppliers and customers together to discuss shared goals and build relationships. The Board recognises that relationships with suppliers are important to the Company's long-term success and is briefed on supplier payment performance, supplier feedback and issues on a regular basis.

Government and regulators

We engage with government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Alexander Mann Solutions Limited

Directors' report (continued)

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted with Section 418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

G Stuart
Director

29 September 2022

Alexander Mann Solutions Limited

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 adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Alexander Mann Solutions Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Alexander Mann Solutions Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); 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 profit and loss and other comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

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.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- financing facilities including nature of facilities, repayment terms and covenants
- assumptions used in the forecasts
- amount of headroom in the forecasts (cash and covenants)
- sensitivity analysis
- sophistication of the model used to prepare the forecasts, testing of the clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management

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 group's and parent 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.

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.

Independent auditor's report to the members of Alexander Mann Solutions Limited

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 about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks 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 and tax legislation; 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.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, IT and industry specialists 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 revenue recognition on new contracts and of permanent placements. In order to respond to these fraud risks, we have assessed the terms of each new contract signed in the financial year to assess whether any non-standard terms have been accounted for correctly in order to determine whether the performance obligation has been fulfilled. In addition, we have tested a sample of permanent placement revenues recognised around the period end to assess whether the performance obligation had been met in the financial year through obtaining and reviewing the terms of the contract and therefore whether it was correct

Independent auditor's report to the members of Alexander Mann Solutions Limited

to recognise the 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 and external 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.

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.

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 Ward

Matt Ward FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

29 September 2022

Alexander Mann Solutions Limited

Statement of changes in equity
For the year ended 31 December 2021

		2021			2020		
		Before exceptional items	Exceptional items	Statutory result	Before exceptional items	Exceptional items	Statutory result
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	4	186,477	-	186,477	144,579	-	144,579
Cost of sales		(26,722)	-	(26,722)	(18,283)	-	(18,283)
Gross profit		159,755	-	159,755	126,296	-	126,296
Administrative expenses	7	(124,118)	(747)	(124,865)	(109,512)	(6,348)	(115,860)
Operating profit		35,637	(747)	34,890	16,784	(6,348)	10,436
Finance charges (net)	8			(737)			(862)
Dividends received				2,627			953
Profit before tax	6			36,780			10,527
Tax on profit	9			(6,784)			(1,985)
Profit for the year				29,996			8,542
Other comprehensive income				-			3
Total comprehensive income for the year				29,996			8,545

All of the results presented above derive from continuing operations.

Alexander Mann Solutions Limited

Statement of changes in equity
For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000 (Restated*)	2019 £'000 (Restated*)
Non-current assets				
Property, plant and equipment	10	2,519	1,206	1,525
Intangible assets	11	8,007	5,970	4,742
Right-of-use assets	12	1,756	1,877	2,500
Investments	13	1,803	1,944	1,967
Deferred tax	18	483	439	569
Capitalised contract implementation costs		4,868	6,142	6,411
		19,437	17,578	17,714
Current assets				
Trade and other receivables	14	207,312	155,980	140,280
Cash at bank and in hand		61,991	38,616	34,649
		269,303	194,596	174,929
Current liabilities	15	(223,216)	(176,227)	(164,797)
Net current assets		46,087	18,369	10,132
Total assets less current liabilities		65,523	35,947	27,846
Non-current liabilities	16	(1,288)	(1,769)	(2,235)
Provisions	17	(500)	(439)	(417)
Net assets		63,735	33,739	25,194
Equity				
Called up share capital	20	90	90	90
Retained earnings		63,645	33,649	25,104
Total equity		63,735	33,739	25,194

* The comparative information has been restated as a result of the prior year capitalised contract implementation costs adjustments as discussed in note 26.

The financial statements of Alexander Mann Solutions Limited, registered number 02073305, were approved by the board of directors and authorised for issue on 29 September 2022.

Signed on behalf of the board of directors

DocuSigned by:

G Stuart

Director

Alexander Mann Solutions Limited

Statement of changes in equity
For the year ended 31 December 2021

	Share capital £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2020	90	25,104	25,194
Total comprehensive income for the year	-	8,545	8,545
Balance as at 31 December 2020	90	33,649	33,739
Total comprehensive income for the year	-	29,996	29,996
Balance as at 31 December 2021	90	63,645	63,735

Alexander Mann Solutions Limited

Statement of cash flows
For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Net cash flow from operating activities	21	29,435	8,225
Payments to acquire tangible fixed assets	10	(5,531)	(3,795)
Payments to acquire intangible assets	11	(2,260)	(651)
Dividend received		2,627	953
Net cash flow used in investing activities		(5,164)	(3,493)
Lease liability repayment		(896)	(765)
Net cash flow used in financing activities		(896)	(765)
Net increase in cash and cash equivalents		23,375	3,967
Cash and cash equivalents at the beginning of the financial year		38,616	34,649
Cash and cash equivalents at the end of the financial year		61,991	38,616

Cash and cash equivalents comprise cash and bank balances.

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

1. General Information

Alexander Mann Solutions Limited (the "Company) is a company incorporated in the United Kingdom under the Companies Act. The address of the Company's registered office is 7 Bishopsgate, London EC2N 3AQ.

The principal activity of the Company is the provision of Talent Acquisition and Talent Management Services usually under long-term contracts.

2. Adoption of new and revised standards

At the date of authorisation of these financial statements, The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and, in some cases, had not yet been adopted by the UK:

- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018 – 2020 Cycle Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, and IFRS 16 Leases
- Amendments to IAS1 and IFRS Practice Statements 2 Disclosure of Accounting Policies
- Amendments to IAS 8 Definition of Accounting Estimates
- Amendments to IAS 12 Deferred tax related to Assets and Liabilities arising from a Single Transaction
- IAS 12 (amendments) Recognition of Deferred Tax Assets for Unrealised Losses

The Directors of the Company (the "Directors") expect that the adoption of the standards listed above will not have a material impact. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

(i) New and amended standards adopted by the Company

The Company has not adopted any new standards during 2021.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting years and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out above.

3 Accounting policies

Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with International Accounting Standards in accordance with the Companies Act 2006. IFRS includes the standards and interpretations approved by the International Accounting Standards Board ("IASB") including International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

3 Accounting policies (continued)

Basis of preparation

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets acquired. The principal accounting policies adopted are set out below which have been applied consistently with the prior period.

Going concern

As at 31 December 2021, the Group had a gross cash balance of £71.7m and undrawn Confidential Invoice Discounting and Revolving Credit Facilities of £75m. The Group also has a £200m term loan facility and a $161.2m term loan facility, which require compliance with covenants. A significant element of the indebtedness is the £400m shareholder loan notes, which are free from financial covenants. The shareholder loan notes are repayable on 15 June 2028 or on an exit event, whichever is earlier. The Board has reviewed the Group's forecasts for the financial year ending 31 December 2022 and the 12 months ending 31 December 2023 and, alongside their 'base case' forecasts, have considered the potential impact of downside scenarios which could possibly still result from further economic disruption caused by the global Covid-19 pandemic or the war in Ukraine. The major variables being the impact of either of these on client volumes.

The Group has considered several variables that may have an impact on future trading due to the risks identified above and the possibility of a global recession. The Group has run a number of downside scenarios that reflect various potential reductions in client demand together with the associated mitigating actions available such as headcount reductions and a reduction in discretionary spend.

Forecast stress testing scenarios have demonstrated that the Group could mitigate and withstand a further material and prolonged decrease in NFI and EBITDA without breaching the covenants attached to the banking facilities. The Directors have also modelled that the Group could also withstand the highly remote scenario of a 21% decline in NFI and a 50% decline in EBITDA for the 24 months through to December 2023 and still operate within existing facilities. The covenants are measured including a number of agreed 'pro-forma' adjustments to the actual results and these adjustments have also been forecast to take account of potential downside scenarios.

These forecasts, which include the impact on lending covenants, and take into account the Board's future expectations of the Group's performance and permissible covenant pro-forma adjustments, indicate that there is sufficient headroom within the bank facilities for the Group to continue to operate within those facilities and to comply with the financial covenants.

The Directors believe that the Group is adequately placed to manage its business risks successfully. On the basis of the Group's forecasts and after making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

In addition, the Directors have also assessed the going concern assumption at the Company level where there are no external borrowings or covenant obligations. The directors believe that the Company is adequately placed to manage its business risks successfully and, on the basis of both the Group and Company level forecasts, and after making due enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and thus the Directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated statement of comprehensive income as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

3. Accounting policies (continued)

Other intangible assets

Intangible assets other than goodwill include amounts spent by the Company acquiring licences and the costs of purchasing and developing computer software. These are stated at cost less accumulated amortisation and impairment losses. Amortisation is carried out on a systematic basis as below:

- The amortisation method reflects the pattern of benefits;
- If a pattern cannot be determined reliably, the straight-line method is adopted;
- The amortisation charge is recognised in profit or loss; and

The Company has no other intangible assets with an indefinite life.

Financial assets and liabilities

Financial assets

Financial assets are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument and are measured at fair value on initial recognition. Transaction costs are included in the fair value on initial recognition except for financial assets designated at fair value through profit or loss where transaction costs are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all risks and rewards. Transfers of financial assets with retention of all or substantially all risks and rewards include for example repurchase transactions and securities lending transactions. The Company classifies its financial assets in the following categories: financial instruments at fair value through profit or loss; loans and receivables; held-to maturity investments and available-for-sale financial assets.

Trade date accounting is applied to financial assets classified in the categories financial assets at fair value through profit or loss and available-for-sale financial assets. Settlement date accounting is applied to the other categories of financial assets.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss consist of financial assets classified as held for trading and financial assets which, upon initial recognition, have been designated at fair value through profit or loss (fair value option).

Financial assets are classified as held for trading if they are held with the intention to be sold in the short term and for the purpose of generating profits. Derivatives are classified as held for trading unless designated as hedging instruments.

The fair value option can be applied to contracts including one or more embedded derivatives, investments that are managed and evaluated on a fair value basis and situations in which such designation reduces measurement inconsistencies.

The nature of the financial assets and financial liabilities which have been designated at fair value through profit or loss and the criteria for such designation are described in the relevant notes to the financial statements.

Gains and losses arising from changes in fair value are reported in the income statement on an ongoing basis under the item net financial income.

Financial liabilities

Financial liabilities are measured at fair value on initial recognition. In the case of financial liabilities measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or the issuance of the financial liability are recognised in profit or loss. For other financial liabilities direct transaction cost are recognised as a deduction from the fair value. Financial liabilities are derecognised when extinguished, that is, when the obligation is discharged, cancelled or expired.

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

3. Accounting policies (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are either classified as held for trading or designated as fair value through profit or loss on initial recognition (fair value option). The criteria for classification of financial liabilities under the fair value option are the same as for financial assets. Liabilities to policyholders and Debt securities are included in this category. Financial liabilities held for trading are primarily short positions in interest-bearing securities, equities and derivatives not designated as hedging instruments.

Gains and losses arising from changes in fair value are reported in the income statement on an ongoing basis under the item net financial income.

Other financial liabilities

The category other financial liabilities primarily include the Company's short-term and long-term borrowings. After initial recognition other financial liabilities are measured at amortised cost, using the effective interest method. The balance sheet items Deposits from credit institutions, Deposits and borrowings from the public and debt securities are included in this category.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly market between market participants at the measurement date.

The fair value of financial instruments quoted in an active market, for example derivatives, financial assets and financial liabilities held for trading, and available-for-sale financial assets, is based on quoted market prices. If the asset or liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances are used.

The fair value of financial instruments that are not quoted in an active market is determined by applying various valuation techniques with maximum use of observable inputs. The valuation techniques used are for example discounted cash flows, option pricing models, valuations with reference to recent transactions in the same instrument and valuations with reference to other financial instruments that are substantially the same. When valuing financial liabilities at fair value own credit standing is reflected.

Any differences between the transaction price and the fair value calculated using a valuation technique with unobservable inputs, the Day 1 profit, is amortised over the life of the transaction. Day 1 profit is then recognised in profit or loss either when realised through settlement or when inputs used to calculate fair value are based on observable prices or rates.

Fair value is generally measured for individual financial instruments. In addition, portfolio adjustments are made to cover market risks and the credit risk of each of the counterparties on groups of financial assets and liabilities on the basis of the net exposure to these risks. When assets and liabilities have offsetting market risks mid-market prices are used for establishing fair value of the risk positions that offset each other. To reflect counterparty risk and own credit risk in over-the-counter derivatives, adjustments are made based on the net exposure towards each counterpart.

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

3. Accounting policies (continued)

Revenue recognition

The Company follows IFRS 15 "Revenue from Contracts with Customers", in determining appropriate revenue recognition policies. In principle, therefore, the Company follows the fives step process when applying the revenue recognition policy:

- Identify the contracts with the customers;
- Identify the performance obligations in the contracts;
- Determine the transaction price;
- Allocation of the transaction price; and
- Recognised revenue when or as a performance obligation is satisfied.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer. Revenue is shown net of value-added tax, sales tax, returns, rebates and discounts.

The Company operates in one class of business, that of Talent Acquisition and Talent Management services.

Performance Obligations Satisfied at a Point in Time

Talent Acquisition performance obligations are satisfied at a point in time. The Group typically transfers control over the service to the customer upon the candidate accepting a job offer from the customer or the candidate commencing work for the customer.

Performance Obligations Satisfied Over Time

Talent Acquisition Management Service performance obligations are satisfied over time as the customer typically enjoys and consumes the benefits of our service over the contract term as we perform and transfer control of our management activities. The Group utilises an output method using time as a measure of progress to recognise revenue as our management activities are performed evenly throughout the year.

Payment Terms for Performance Obligations Satisfied at a Point in Time and Over Time

At contract inception, the promised consideration is dependent on the number of hires that are successfully placed with the customer for Talent Acquisition performance obligations as well as dependent on the number of consultants working at the customer site for Talent Acquisition Management performance obligations. Whether or not a candidate is hired is susceptible to factors outside of the Group's influence. The number of consultants for Talent Acquisition Management Services has a large number and broad range of possible consideration amounts through the life of the contract as the Group is not aware of how many consultants the customer will require at the various times of the contract. The Group has experience with similar types of contract but that experience is of little predictive value in determining the future placement of candidates or the number of employees for management fee arrangements.

At the end of each month, the Group includes the transaction price of the actual amount of the monthly hires placed successfully with the customer and the number of consultants utilised by the customer given that the estimation uncertainty is resolved. At the end of each month, the Group allocates the monthly fees to the distinct performance obligations provided during the year. This is because the fees relate specifically to the Group's efforts to transfer the services for that month, which are distinct from the services provided in other months, and the resulting allocation is consistent with the objective of the standard.

Payment terms

Payment terms are negotiated on a contract by contract basis and typically averaged around 20 days after the services are completed. There is no significant financing component in the contracts.

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

3. Accounting policies (continued)

Contract costs

No costs are recognised as an asset unless it is virtually certain that a contract will be obtained and the contract is expected to result in future net cash inflows with a present value not less than the amounts recognised as an asset. Costs to obtain a contract when not covered by implementation fees are carried forward and written off on a straight-line basis starting from the year commencing with service delivery to the client and ending at the earlier of contract end date or point of earliest possible termination at will by the client. Costs carried forward are disclosed as "capitalised contract implementation costs" within debtors due within one year.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings	four years
Plant and machinery	four years
Computer equipment	three years

Residual value is calculated on prices prevailing at the date of acquisition.

Intangible assets

The useful life over which intangible assets are amortised depends on management's estimate of the period over which economic benefit will be derived from the asset. Useful lives are periodically reviewed to ensure that they remain appropriate. Management's estimates of useful life have a material impact on the amount of amortisation recorded in the year, but there is not considered to be a significant risk of material adjustment to the carrying values of intangible assets in the year to 31 December 2021 if these estimates were revised.

For computer software, the estimated useful life is based on management's view, considering historical experience with similar products as well as anticipation of future events which may impact their life such as changes in technology. The useful life will not exceed the duration of a licence. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, using rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Invoice discounting

Amounts advanced through invoice discounting facilities are held on the balance sheet as part of cash and cash equivalents, with a corresponding amount recognised in creditors due within one year.

Finance and transaction costs related to invoice discounting are recognised in the profit and loss account as incurred.

Investments

Investments in subsidiaries are carried at cost less impairment. The carrying value of these investments is reviewed annually by the Directors to determine whether there has been any impairment to their values.

3. Accounting policies (continued)

Dividends

Dividends payable

Dividends are recorded in the financial statements in the year in which they are approved by the Company's shareholders.

Dividends receivable

Dividends receivable from subsidiary undertakings are recorded in profit or loss in the year in which they are received.

Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Finance charges

Finance charges include interest payable on financial liabilities which are recognised in the Statement of Profit and Loss using the effective interest method.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Government grants are presented as part of revenue.

Exceptional items

Exceptional items represent items of income or expenditure which individually, or in aggregate, are of exceptional size or incidence, and in the Directors' judgement should be presented separately in order to give a clearer understanding of the Company's trading performance.

Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

3 Accounting policies (continued)

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the years presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Company applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Retirement and termination benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

3a. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, 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.

Critical judgements in applying the Company's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

The main area of judgement in revenue recognition relates to timing in regards to determining the point when the Company has satisfied their performance obligation to the customer. This is determined in accordance with the contractual

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

3 Accounting policies (continued)

arrangement with each customer with revenue recognised when a located candidate commences work for the customer. In making its judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 *Revenue from contracts with customers* and, in particular.

Key sources of estimation uncertainty

The Directors of the Company do not consider there to be any key sources of estimation uncertainly at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Turnover

a. Disaggregation of turnover

The Company operates in only one class of business, that of Talent Acquisition and Talent Management Services and all its turnover, profit before tax and net assets are generated from this class of business. Geographical analysis of business by turnover, profit before tax and net assets is set out below.

	2021				2020			
	Turnover £'000	Net Fee Income £'000	Profit before tax	Net assets £'000	Turnover £'000	Net Fee Income £'000	Profit before tax	Net assets £'000
United Kingdom	186,477	159,755	36,780	63,735	144,579	126,296	10,527	33,739
	186,477	159,755	36,780	63,735	144,579	126,296	10,527	33,739

b. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2021 £'000	2020 £'000
Trade debtors	72,293	50,888
Contract costs capitalised	8,168	9,579
Amortisation of contract cost during the year	3,546	3,222
Contract assets (Accrued income)	27,934	23,278
Contract liabilities (Deferred income)	(4,225)	(3,668)

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on contracts with its customers. The contract assets are transferred to trade debtors when amounts are billed. Contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised on satisfaction of performance obligations (represents the obligation to transfer services to a customer). During the year £23,278,000 was transferred to trade debtors upon billing (2020: £41,773,000). £3,668,000 of deferred income was recognised in the year (2020: £3,218,000).

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

5. Directors' emoluments and staff costs

	2021 £'000	2020 £'000
Directors' remuneration		
Emoluments	997	932
Pension contributions	30	40
	1,027	972

The number of directors who were members of pension schemes was 3 (2020: 4).

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2021 £'000	2020 £'000
Emoluments	394	253
Contributions to personal pension scheme	10	10
	404	263

Staff costs

	2021 No.	2020 No.
Average number of persons employed (including directors)		
Sales	1,395	1,092
Administration	234	163
	1,629	1,255
Staff costs during the year (including directors)	**£'000**	**£'000**
Wages and salaries	86,680	63,870
Social security costs	9,416	6,565
Pension costs	3,181	3,016
	99,276	73,451

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

6. Profit before taxation

Profit before taxation is stated after charging:

	2021 £'000	2020 £'000
Depreciation of tangible assets	946	962
Depreciation of right-of-use assets	783	741
Amortisation of intangible assets	3,411	2,567
Amortisation of capitalised contract implementation costs	3,546	3,222
Net foreign exchange loss / (profit)	160	(126)
Government grant income	-	(4,108)

Analysis of auditors' remuneration is:

	2021 £'000	2020 £'000
Fees payable to company's auditors for audit of company's annual accounts	93	93

7. Exceptional items within administrative expenses

	2021 £'000	2020 £'000
Redundancy and restructuring costs	-	1,866
Onerous Contract	-	371
SGG Transformation Programme	-	3,922
Professional fees in relation to acquisitions	-	5
Provision for intercompany receivable	747	184
	747	6,348

During the year, the Company incurred costs and expenses that are disclosed as 'exceptional items' in the statutory accounts. These items are exceptional by virtue of their size or infrequency and require separate disclosure as they would otherwise distort the 'normal' results of the business.

The exceptional items in 2021 are in respect of a provision for intercompany doubtful debts.

The exceptional items in 2020 are in respect of redundancy and restructuring costs due to the Covid-19 global pandemic, onerous contract costs, provision for intercompany doubtful debts, and professional fees and the costs of employing staff in relation to the Simplification, Globalisation and Growth (SGG) programme.

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

8. Finance charges (net)

	2021 £'000	2020 £'000
Interest payable and similar charges		
Bank loans and overdrafts	54	109
Invoice factoring charges	458	505
Amortisation of arrangement fees	49	49
Interest on lease liabilities	141	224
Other interest payable	35	8
	737	895
Interest receivable and similar income	-	(33)
Finance charges (net)	737	862

9. Tax on profit

	2021 £'000	2020 £'000
Current Tax:		
Current tax on profits for the year	6,715	2,058
Adjustments in respect of prior periods	113	(203)
Total current tax	6,827	1,855
Deferred tax:		
Current year	94	(88)
Adjustment in respect of previous periods	(21)	255
Effect of changes in tax rates	(116)	(37)
	(43)	130
Tax per income statement	6,784	1,985

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

9 Tax on profit (continued)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2021 £'000	2020 £'000
Profit before tax	36,780	10,528
Tax on profit at standard UK CT rate of 19% (2020: 19%)	6,988	2,000
Expenses not deductible for tax purposes	320	151
Income not taxable	(499)	(181)
Adjustments to tax charge in respect of previous periods	92	52
Effect of changes in tax rate	(116)	(37)
Effect of group relief	-	-
	6,784	1,985

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023 and this rate was substantively enacted in the Finance Bill (No.2) on 24 May 2021. As a result deferred tax balances as at 31 December 2021 have been measured at 19% where the timing differences are expected to reverse prior to 1 April 2023 and at 25% where the timing differences are expected to reverse on or after 1 April 2023.

In September 2022, the UK Government announced that the planned main rate of UK corporation tax increase from 1 April 2023 to 25% would be cancelled.

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

10. Property, plant and equipment

	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2021	2,901	2,863	5,764
Additions	2,257	3	2,260
Disposals	(661)	(1,176)	(1,837)
At 31 December 2021	4,548	1,639	6,187
Accumulated depreciation			
At 1 January 2021	2,005	2,553	4,558
Charge for the year	852	94	946
Disposals	(661)	(1,175)	(1,836)
At 31 December 2021	2,196	1,472	3,668
Net book value			
At 31 December 2021	2,352	167	2,519

	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2020	2,280	2,849	5,129
Additions	621	30	651
Disposals	-	(16)	(16)
At 31 December 2020	2,901	2,863	5,764
Accumulated depreciation			
At 1 January 2020	1,184	2,420	3,604
Charge for the year	821	141	962
Disposals	-	(8)	(8)
At 31 December 2020	2,005	2,553	4,558
Net book value			
At 31 December 2020	896	310	1,206

Included in fixtures and fittings is £235,000 (2020: £375,000) in respect of future rectification costs associated with leasehold premises. The net book value of these assets at 31 December 2021 was £nil (2020: £nil).

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

11. Intangible Assets

	Software £'000
Cost	
At 1 January 2021	10,434
Reclassification	-
Additions	5,531
Disposals	(2,541)
At 31 December 2021	13,424
Amortization	
At 1 January 2021	4,464
Reclassification	
Charge for the year	3,411
Disposals	(2,458)
At 31 December 2021	5,417
Net book value	
At 31 December 2021	8,007

	Software £'000
Cost	
At 1 January 2020	6,639
Reclassification	-
Additions	3,795
Disposals	-
At 31 December 2020	10,434
Amortization	
At 1 January 2020	1,897
Reclassification	-
Charge for the year	2,567
Disposals	-
At 31 December 2020	4,464
Net book value	
At 31 December 2020	5,970

Software relates to automations developed to enhance the efficiency of the recruitment process. The useful life of software is estimated at three years.

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

12. Right of use assets

	Buildings £'000
Cost	
At 1 January 2021	5,511
Additions	662
At 31 December 2021	6,173
Accumulated depreciation	
At 1 January 2021	3,634
Charge for the year	783
At 31 December 2021	4,417
Net book value	
At 31 December 2021	1,756

	Buildings £'000
Cost	
At 1 January 2020	5,393
Additions	404
Impairment charge (onerous contract)	(286)
At 31 December 2020	5,511
Accumulated depreciation	
At 1 January 2020	2,893
Charge for the year	741
At 31 December 2020	3,634
Net book value	
At 31 December 2020	1,877

The Company leases buildings and the average lease term is 8 years (2020: 8 years).

One new lease was entered and one lease was terminated during the current financial year. This resulted in additions to right-of-use assets of £0.7m in 2021 (2020: £0.4m).

The 2020 impairment charges relate to an onerous lease provision where the unavoidable costs exceeded the economic benefits of one of the Company's leases.

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

13. Investments

	Subsidiaries £'000
Cost	
At 1 January 2021	4,405
Additions	49
At 31 December 2021	4,454
Impairment	
At 1 January 2021	2,461
Charge for the year	190
At 31 December 2021	2,651
Net book value	
At 31 December 2021	1,803

	Subsidiaries £'000
Cost	
At 1 January 2020	4,405
Additions	-
At 31 December 2020	4,405
Impairment	
At 1 January 2020	2,438
Charge for the year	23
At 31 December 2020	2,461
Net book value	
At 31 December 2020	1,944

13 Investments (continued)

The company has investments in the following subsidiaries:

Subsidiary undertakings	Country of Incorporation	Status	Proportion of ordinary shares held
AMG Asia Pacific Pty Ltd	Australia	Trading	14%
Alexander Mann Solutions GmbH	Germany	Trading	100%
Alexander Mann Solutions APS	Denmark	Trading	100%
Alexander Mann Solutions AB	Sweden	Trading	100%
Alexander Mann Solutions GmbH	Switzerland	Trading	100%
Alexander Mann Solutions S.r.l	Italy	Trading	100%
Alexander Mann Solutions SARL	France	Trading	100%
Alexander Mann Solutions Poland Sp. z.o.o.	Poland	Trading	100%
Alexander Mann Solutions BVBA	Belgium	Trading	100%
Alexander Mann Solutions s.r.o.	Czech Republic	Trading	100%
Alexander Mann Solutions B.V.	Holland	Trading	100%
AMS Recruitment Process Outsourcing, S.L	Spain	Trading	100%
Alexander Mann Solutions KFT	Hungary	Trading	100%
Alexander Mann Solutions Corporation	USA	Trading	100%
Alexander Mann BPO Solutions (Singapore) Pte. Ltd	Singapore	Trading	100%
Alexander Mann Solutions K. K.	Japan	Trading	100%
Alexander Mann Solutions (HK) Limited	Hong Kong	Trading	100%
Alexander Mann Solutions Private Limited	India	Trading	100%
Alexander Mann Solutions (Shanghai) Enterprise Management Consulting Ltd	China	Trading	100%
Alexander Mann Solutions Inc	Canada	Trading	100%
Alexander Mann Outsourcing Solutions Limited	Ireland	Trading	100%
Alexander Mann BPO (HK) Limited	Hong Kong	Trading	100%
Shearwater s.r.o.	Czech Republic	Dormant	50%
AMS Processo De Recrutamento E Terceirização Ltda	Brazil	Trading	100%
Alexander Mann Solutions S. De R.L. De C.V.	Mexico	Trading	100%
Alexander Mann Solutions AS	Norway	Trading	100%
Alexander Mann Solutions BPO Inc.	Philippines	Trading	99.9%
Alexander Mann Solutions (Pty) Ltd	South Africa	Trading	100%
Public Sector Resourcing Ltd	England and Wales	Dormant	100%
Karen HR Inc	Canada	Dormant	100%
Alexander Mann Solutions Limited Liability Company	Russia	Trading	100%
AMS Recruitment S.A.(Costa Rica)	Costa Rica	Trading	100%

The principal activity of all the trading subsidiary undertakings is that of Talent Acquisition and Talent Management Services, usually under long-term contracts.

14. Trade and other receivables

	2021	2020
	£'000	£'000
		(Restated*)
Trade receivables	72,293	50,888
Amounts owed by parent undertaking	15,553	12,002
Amounts owed by group undertakings	78,266	60,923
Other receivables	1,897	846
Corporation tax	1,623	574
Derivative (note 19)	561	230
Accrued income	27,934	23,278
Prepayments	5,885	3,802
Capitalised contract implementation costs	3,300	3,437
	207,312	155,980

* The comparative information has been restated as a result of the prior year capitalised contract implementation costs adjustment as discussed in note 26.

All amounts shown under receivables fall due for payment within one year.

The Company is party to an invoice discounting facility, under the terms of which any funds advanced to the company by the discounting house are secured against a pre-agreed basket of the company's trade debtors.

Capitalised contract implementation costs of £8,168,000 (2020: £9,579,000) are in respect of new Recruitment Process Outsourcing contracts. These are capitalised and written off in accordance with the Company's accounting policy. Contract implementation costs capitalised in the year were £2,135,000 (2020: £4,068,000), and amounts amortised were £3,546,000 (2020: £3,222,000).

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the receivable and an analysis of the receivable's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company policy is to write off a trade receivable 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 when the trade receivables are over two years past due, whichever occurs earlier.

The Company has not written off or identified any trade receivables that indicate a credit loss. The Company has not suffered any credit loss in the past three years and based on this experience, no provision for lifetime expected credit loss (ECL) is considered necessary for all aging buckets for trade receivables. There has been no change in the estimation techniques or significant assumptions made during the current reporting year.

14 Trade and other receivables (continued)

Trade receivables can be analysed as follows:

	2021 £'000	2020 £'000
Amount receivable not past due	72,878	47,492
Amount past due but not impaired	421	3,438
	72,878	50,930
Less: allowance for expected credit losses	(49)	(42)
	72,829	50,888

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

15 Current liabilities

	2021 £'000	2020 £'000
Derivative (note 19)	1,219	444
Trade creditors	6,499	7,310
Amounts owed to group undertakings	13,700	10,674
Corporation tax	-	-
Other taxation and social security	3,541	19,238
Other creditors	850	772
Accruals	192,428	133,328
Deferred income	4,225	3,668
Lease liabilities (note 22)	754	793
	223,216	176,227

Amounts owed to group undertakings are non-interest bearing and are repayable on demand.

16 Non-current liabilities

	2021 £'000	2020 £'000
Lease liabilities (note 22)	1,288	1,769
	1,288	1,769

17 Provisions

	Provision £'000
At 1 January 2021	439
Additions	233
Utilised	(172)
At 31 December 2021	500

The Company has provided against the cost of rectification work required to restore leasehold premises to the same condition as at the inception of the lease.

18 Deferred taxation

	2021 £'000	2020 £'000
At beginning of year	439	569
Credited/(debited) to profit and loss account	44	(130)
At end of year	483	439

The amounts of deferred tax provided at 25% (2020 - 19%) are:

	2021 £'000	2020 £'000
Fixed assets	218	321
Temporary trading differences	265	118
	483	439

The deferred tax asset and liability have been recognised on the basis that it is considered more likely than not that there will be suitable taxable profits in the entity from which the future reversal of the underlying timing differences can be deducted. There are no unprovided deferred tax assets.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 31 December 2020 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended 25% rate, the impact on the closing deferred tax position would be to increase the deferred tax asset by £139K.

19 Derivative financial instrument

	2021 £'000	2020 £'000
Financial assets carried at fair value through profit or loss (FVTPL):		
Forward contracts		
Derivative assets	561	230
Derivative liabilities	(1,219)	(444)

All derivatives are treated as financial assets carried at fair value through profit or loss (FVTPL) and hedge accounting is not used.

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

20 Share capital

	2021 £'000	2020 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
100 'A' ordinary shares of 1p each	-	-
	100	100
Called up, allotted and fully paid		
90,000 ordinary shares of £1 each	90	90
100 'A' ordinary shares of 1p each	-	-
	90	90

The 'A' ordinary shares rank pari passu in all respects with the ordinary shares of £1 except that the holders have the following rights:

- for every 'A' ordinary share held by a member, that member shall have 10,000,000 votes at any meeting of the company on a poll;
- each 'A' ordinary share shall be entitled to a dividend of 10,000,000 times the value of any dividend on each of the ordinary shares; and
- on a winding-up of the company each 'A' ordinary share will be entitled to 10,000,000 times the value paid on each ordinary share.

21 Reconciliation of net cash flow from operating activities

	2021 £'000	2020 £'000
Operating profit for the year	34,890	10,436
Adjustments for:		
Depreciation and amortisation	8,770	7,492
(Increase) in trade and other receivables	(56,154)	(21,124)
Increase / (decrease) in trade and other payables	47,465	11,751
Financing costs	(737)	(862)
Income tax (paid)/received	(4,800)	532
Net cash flow from operating activities	29,435	8,225

Alexander Mann Solutions Limited

Notes to the financial statements
For the year ended 31 December 2021

22 Lease liabilities

Analysed as:	2021 £'000	2020 £'000
Current	754	793
Non-current	1,288	1,769
	2,042	2,562

Maturity analysis:	2021 £'000	2020 £'000
Year 1	754	793
Year 2	801	658
Year 3	488	698
Year 4	-	413
Year 5	-	-
	2,042	2,562

23 Ultimate controlling party

In the opinion of the directors, the Company's ultimate parent Company and ultimate controlling party is Auxey Holdco Limited, a Company incorporated in Jersey. Auxey Holdco Limited is also the parent undertaking of the largest group, which includes the Company and for which group accounts are prepared. Copies of the consolidated financial statements of the ultimate parent company are available from 7 Bishopsgate, London EC2N 3AQ.

The immediate parent company and parent undertaking of the smallest group is considered to be Alexander Mann Group Limited, a Company incorporated in the UK and registered in England and Wales,

Auxey Holdco Limited is under the control of Auxey Holdings (Lux) S.A.S. OMERS Administration Corporation indirectly owns 100% of the participating (economic) interest and 30% of the voting interest of Auxey Holdings (Lux) S.A.S., and OCP Trust, of which OMERS Administration Corporation is a beneficiary, indirectly owns the remaining 70% voting interest of Auxey Holdings (Lux) S.A.S. and is therefore considered to be the ultimate controlling party.

24 Government grants

In 2020, as a result of the global pandemic, the Company utilised government support measures made available in various countries, including employee wage subsidy schemes. The Company did not receive any wage subsidy schemes in 2021 (2020: £4,108,000).

In addition, in 2020 the Group availed itself of tax deferral arrangements including the automatic deferral of UK VAT payment in which resulted in a benefit to working capital of £9,444,000. No such tax deferral schemes were applied in 2021 and at December 2021, the amount of tax deferrals still to be paid totalled £2.1m.

There are no unfulfilled conditions or contingencies attached to these grants.

25 Subsequent events

On 15 July 2022, the Company acquired 100% of the issued capital of Flexability HR Solutions Private Limited. Flexability has been the company's longstanding Recruitment Process Outsourcing (RPO) partner in India. Initial consideration for the acquisition was £33.2m with a further £2.1m held in escrow. The Company funded the acquisition through the securing of a US$40 million senior secured term loan.

26 Prior year restatement

Reclassification of capitalised contract implementation costs – The Company previously presented its capitalised contract implementation costs as current assets. However in accordance with IAS 1 Presentation of Financial Statements a portion of these capitalised costs should be presented as non-current assets, to represent amounts not expected to be amortised within the next twelve months after the reporting date.

The reclassification has resulted in the restatement of the balance as at 31 December 2020 and 31 December 2019 of £6.1m and £6.4m respectively, for amounts not expected to be amortised within the next twelve months after the reporting date, with no impact to gross or net assets previously disclosed. There has been no impact to opening reserves or prior profit/(loss) for the period.

Alexander Mann Solutions Limited

Appendix to the subsidiary note

Subsidiary undertakings	Registered Address
AMG Asia Pacific Pty Ltd	101 Collins Street , Melbourne, Victoria 3004
Alexander Mann Solutions GmbH	Eschenheimer Anlage 1, 60316 Frankfurt am Main
Alexander Mann Solutions APS	Larsbjornsstraede 3, K1454, Copenhagen, Denmark
Alexander Mann Solutions AB	Stureplan 4c, 4th Floor, 114 35, Stockholm, Sweden
Alexander Mann Solutions GmbH	Hardturmstrasse 120, CH-8005 Zürich Switzerland
Alexander Mann Solutions S.r.l	Via Senato, 20, 20121 Milano, Italy
Alexander Mann Solutions SARL	12/14 Rond-Point des Champs-Elysées, 75008, Paris, France
Alexander Mann Solutions Poland Sp. z.o.o.	Ul. Puszkarska 7f, 30-644, Krakow, Poland
Alexander Mann Solutions BVBA	Rond Point Schuman 6, Box 5, 1040 Brussels, Belgium
Alexander Mann Solutions s.r.o.	Karolinska 661/4, 186 00 Praha 8, Czech Republic
Alexander Mann Solutions B.V.	Geesinkweg 901 - 999, 1096 AZ, Amsterdam, The Netherlands
AMS Recruitment Process Outsourcing, S.L	Avida Diagonal, 640 6°, 08021 Barcelona
Alexander Mann Solutions KFT	Kálmán Imre utca 1, Budapest, 1054 HUNGARY
Alexander Mann Solutions Corporation	Office Address: Erieview Tower, 1301 East 9th St, suite 1200, Cleveland, Ohio, 44114
Alexander Mann BPO Solutions (Singapore) Pte. Ltd	2 Shenton Way, SGX Centre 1, #16-03, Singapore 068804, Singapore
Alexander Mann Solutions K. K.	3-18-6 Toyo, Koto-ku, Tokyo 135-0016, Japan
Alexander Mann Solutions (HK) Limited	7/F Nan Fung Tower, 88 Connaught Road, Central, Hong Kong
Alexander Mann Solutions Private Limited	B2, 402, MARATHON INNOVA, OFF GANPATRAO KADAM MARG, OPP PENINSULA, CORPORATE BANK, LOWER PAREL, MUMBAI 400013, India
Alexander Mann Solutions (Shanghai) Enterprise Management Consulting Ltd	Unit 701, ZRT Tower, No. 20, Lane 1228 Jiangchang Road,Jingan District, Shanghai, 200072
Alexander Mann Solutions Inc	1000, rue De La Gauchetière Ouest, Bureau 900, Montréal, QC, Canada H3B 5H4
Alexander Mann Outsourcing Solutions Limited	Trinity House, Charleston Road, Ranelagh, Dublin 6
Alexander Mann BPO (HK) Limited	7/F Nan Fung Tower, 88 Connaught Road, Central, Hong Kong
Shearwater s.r.o.	U Garáží 1611/1, 170 00 Prague 7, Czech Republic
AMS Processo De Recrutamento E Terceirização Ltda	Avenida Engenheiro Luis Carlos Berrini, nº 1461, 12º andar, bairro Cidade Monções, cidade de São Paulo, estado de São Paulo,
Alexander Mann Solutions S. De R.L. De C.V.	Periférico Sur #4293, Primer Piso, Colonia Jardines en la Montaña, Delegación Tlalpan, C.P. 14210, México D.F.
Alexander Mann Solutions AS	Vassbotnen 1, 4313 SANDNES, Norway
Alexander Mann Solutions BPO Inc.	27/F Philam Life Tower Building, 8767 Paseo De Roxas Avenues, Makati City, Philippines
Alexander Mann Solutions (Pty) Ltd	Executive City Corner of Cross St & Charmaine Ave President Ridge Randburg 2125, PO Box 1734
Karen HR Inc	Toronto, Ontario, Canada
Alexander Mann Solutions Limited Liability Company	Room 57, Floor 8, building 1, 16A Leningradskoe Shosse, Moscow, 125171, the Russian Federation
AMS Recruitment S.A.(Costa Rica)	Santa Ana, Forum 1, Building E, Second Floor, San Jose, 10903, Costa Rica

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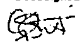
Gordon Stuart samantha.robin-hibbert@weareams.com Alexander Mann Solutions Security Level: Email, Account Authentication (None)	DocuSigned by:  7193FDC341B84F8... Signature Adoption: Uploaded Signature Image Using IP Address: 149.86.42.133	Sent: 29/9/2022 | 17:22 Viewed: 29/9/2022 | 17:22 Signed: 29/9/2022 | 17:23

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