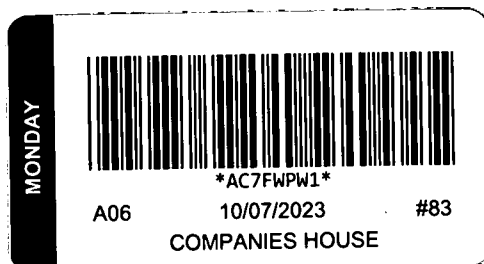


Company Registration number: 02073305

Alexander Mann Solutions Limited

Annual report and financial statements

For the year ended 31 December 2022



Alexander Mann Solutions Limited

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Directors' responsibilities statement	13
Independent auditor's report	16
Consolidated statement of profit and loss and other comprehensive income	18
Consolidated statement of changes in equity	20
Consolidated statement of changes in cash flow	21
Notes to the financial statements	22

Alexander Mann Solutions Limited

Officers and professional advisers

Directors

R Blair (resigned on 15 March 2022)
D Leigh (appointed on 5 May 2022)
G Stuart (appointed on 20 May 2022)
M Rodger
G Bull (appointed on 5 May 2022)
S Leach (resigned on 5 May 2022)
E Whittaker (appointed on 8 July 2022)

Registered office

7-11 Bishopsgate
London
EC2N 3AQ
United Kingdom

Bankers

HSBC Bank Limited
8 Canada Square
London
E14 5HP
United Kingdom

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

Solicitors

Weil, Gotshal and 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 2022

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”.

2022 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. The Company made a strategic investment during the year. Flexability HR Solutions Limited (“Flex”) was acquired in July 2022 and has been AMS’s partner in India for 12 years. Flex provides an array of capabilities in a market that is of great strategic importance to many of our clients.

AMS delivered a strong financial performance with earnings before interest, taxes, depreciation and amortisation (“EBITDA”) and before exceptional items of £47.4m (2021: £44.3m). The company reported an operating profit before exceptional items of £37.4m (2021: £35.6m). The profit for the year before taxation was £36.6m (2021: £36.8m).

The key financial metrics used by the Company to monitor trading performance are net fee income (“NFI”), operating profit and EBITDA. Operating profit for this purpose is measured before exceptional items. The trading metrics of the Company are detailed below.

	2022 £000	% change	2021 £000	% change
Billing	2,106,877	9.1%	1,931,043	29.6%
Revenue	255,597	37.1%	186,477	8.1%
Net fee income (gross profit)	217,280	36.0%	159,755	9.0%
Operating profit (before exceptional items)	37,372	4.9%	35,637	0.0%
Profit before tax	36,647	-0.4%	36,780	0.0%
EBITDA (before exceptional items)	47,390	6.7%	44,323	8.8%

Billings represent invoiced amounts net of sales taxes; revenue represents net billings less subcontractor costs.

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

	2022 £000	2021 £000
Operating profit	36,647	34,890
Exceptional items (note 5)	<u>725</u>	<u>747</u>
	37,372	35,637
Depreciation of right of use and fixed assets	1,836	1,730
Amortisation of software and contract implementation costs	<u>8,182</u>	<u>6,957</u>
EBITDA (as defined above)	<u><u>47,390</u></u>	<u><u>44,323</u></u>

Alexander Mann Solutions Limited

Strategic Report (continued)

Market conditions were good in 2022 despite the challenges of the war in Ukraine, the high inflationary environment and the knock-on consequences of the cost of living crisis. Demand was strong with existing customers increasing their hiring volumes in 2022 as well as strong demand from new customers. This supported a 37.1% increase in revenue, 36.0% increase in gross profit and a 6.7% increase in EBITDA.

AMS continued to convert its pipeline of large new outsourcing wins and the pipeline continues to be strong across the business.

The creation of the Innovation function has enabled the Company to accelerate development of its service lines, including further technology enablement and the acceleration of a Tech Skilling proposition.

Cash generation from operating activities of £9.9m was lower than the prior year (2021: £29.4m). Whilst Company operating profit increased by 5.0%, operating cashflow was lower as a result of the acceleration of the UK payroll payment date which resulted in 13 UK payroll payments in 2022 rather than the usual 12 and a working capital outflow resulting from a drop in the number of contractors required for the UK government track and trace programme as the UK moved to a "living with Covid" strategy.

As a result of the working capital outflow and the cash spend on acquiring Flexability, the Company's cash and cash equivalents reduced by £33.6m (2021 increased: £23.4m) in the year to close at £28.4m (2021: £62.0m).

The Company had a net asset position at 31 December 2022 of £99.1m (2021: £63.7m) as a result of the strong trading position. In addition, the Company has a net current asset position at 31 December 2022 of £40.5m (2021: £46.1m).

Principal risks and uncertainties

The Company's activities expose it to a number of financial and operational risks including risk of a global economic slowdown, credit risk, cash flow risk and liquidity risk, each discussed in further detail below.

Prolonged impact of a pandemic and global economic slow-down

The Company benefits from a wide portfolio of clients in diverse sectors. Our Public Sector business experienced a slow-down in demand in 2022 as a result of the UK government track and trace programme reducing significantly as the UK moved to a "living with Covid" strategy but this was more than offset by strong demand in defence and engineering, investment and retail banking and pharmaceutical sectors. The Company mitigates its exposure to the risk of a prolonged economic slowdown through its increasingly diverse client portfolio coupled with a strategy of retaining a percentage of its staff on temporary or short-term contracts. The Company continues to remain close to our clients plans and requirements so that we can react quickly to any change in their demand.

War in Ukraine

The Company has not experienced any identifiable negative impact on trading to date elsewhere in the world 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 into 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.

Strategic Report (continued)

Alexander Mann Solutions Limited

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 to minimise the exposure to converting currencies into sterling. The Company also draws funding in foreign currencies to minimise the foreign exchange exposure of funding the working capital requirements of its overseas subsidiaries. In view of the proportion of the cost base denominated in Polish zloty and Philippine pesos, the Company enters into forward contracts which guarantee that the Company can purchase Polish zloty and Philippine pesos at a pre-determined rate each month to provide some certainty over the Polish zloty and Philippine pesos exchange rates for an appropriate percentage of the Group'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 receivables. 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 receivables and is in regular communication with the Company's clients. 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 clients, 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 contract, but this exposure is monitored closely.


Liquidity risk

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

Key performance indicators

The Company 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:

7193FDC341B84F8...

G Stuart
Director

30th June 2023

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 the year ended 31 December 2022.

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

The profit after taxation for the year ended 31 December 2022 was £35,375,000 (2021: £29,996,000).

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 acquisitions.

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.

AMS is committed to operating its business in a sustainable manner and is dedicated to mitigating any potential risks to its financial performance.

Directors

The current directors are listed on page 1.

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 (2021: nil).

During the year the Company received dividends from its subsidiaries of £1,075,000 (2021: £2,627,000).

Going concern

As at 31 December 2022, the Company had a cash and cash equivalents balance of £28.4m and undrawn Confidential Invoice Discounting and Revolving Credit Facilities of £64.3m. The Board has performed an assessment at the ultimate parent level of forecasts for the financial year ending 31 December 2023 and the 18 month period to 30 June 2024 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, the war in Ukraine or a global recession. 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 withstand the highly remote scenario of a 28% decline in NFI and a 68% decline in EBITDA for the 18 months through to June 2024 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. The Directors therefore 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

There have been no significant events affecting the Company since 31 December 2022.

Charitable and political contributions

During the financial year the Company made charitable donations of £57,000 (2021: £13,000). The Group and the Company made no political donations in the year (2021: £nil).

Alexander Mann Solutions Limited

Directors' report (continued)

Environmental, Social, and Governance (ESG) considerations are an integral part of our business strategy, and we have identified the following areas as being material to our operations:

Environmental

AMS acknowledges the impact of climate change on its business and is committed to reducing its carbon footprint. In 2022, AMS produced the following UK Carbon Emissions:

Reporting Year	2022 tCO ₂ e	2021 tCO ₂ e	Comments
Scope 1	1,281.342	2,066.821	AMS does not own any office space or company vehicles. With this in mind, AMS reports on homeworking as part of its Scope 1 emissions. In 2021, the headcount of homeworkers was taken as of December 31 st , 2021. An average headcount across 2022 was used as part of the calculation for 2022, allowing for more accurate reporting. This resulted in a reduction in headcount from 2021 to 2022, which in turn meant a reduction in Scope 1 carbon emissions.
Scope 2	Gross: 50.018 Net: 5.651	Gross: 72.852 Net: 39.405	AMS relocated to a new smaller Bracknell office in 2022, the new office provided green energy. Energy supplied in our Belfast office for 2022 also came from a green energy supplier. This resulted in a reduction of energy from 2021 to 2022. At the current time, the energy provider selected by the landlord for the London office is not a green energy provider.
Scope 3 (Employee Commuting Business Travel)	725.649	89.992	AMS had an increase in Scope 3 emissions from 2021 to 2022 due to business travel and commuting resuming after the pandemic.
Total Emissions	Gross: 2,057.009 Net: 2,012.642	Gross: 2,229.638 Net: 2,196.218	

AMS's UK carbon emissions in Scope 1 have decreased due to the amount of identified homeworkers in 2022. During previous reporting, AMS used the headcount total at the end of 2021. For the current emission reporting data AMS has taken the average number of employees at AMS across 2022 to provide a more accurate reflection on its emissions. AMS's gross Scope 2 emissions increased due to more AMS office utilisation by employees, resulting in a higher energy usage. The net Scope 2 emissions have decreased. This is because AMS moved office location in Bracknell and the new office provided green energy. AMS's Scope 3 emissions have also increased due to higher business travel levels and employee commuting post Covid-19 restrictions. It is worth noting that employees that commuted and booked rail travel or made a road expense to a Bracknell, London or Belfast office will be included in both employee commuting and business travel. This is because at present, AMS on an average data method for commuting.

Alexander Mann Solutions Limited

Directors' report (continued)

In 2022, AMS achieved 'Management' Level status in the Carbon Disclosure Project, Climate Change response which increased from its 'Disclosure' level status in 2021. AMS also supported events such as World Clean-up Day and improved engagement communication on environmental performance with internal personnel and external stakeholders.

In 2023, AMS plan to produce AMS's first Sustainability Report and achieve UK Carbon Neutral status. AMS will be supporting environmental events such as World Earth Hour, World Environmental Day and World Clean-up Day.

Social

We understand the importance of social responsibility and are committed to promoting diversity and inclusion within our organisation alongside ensuring social mobility and high standards for health and wellbeing.

Social Mobility

AMS has Executive Committee sponsorship together with the on-going support of the Senior Leadership Team, CEO and Chair in respect of Social Mobility. Quarterly updates are sent to the business together with regular social media posts, client roundtables, PR activity and case studies. In 2022, an internal AMS Social Mobility Survey was completed to understand the socio-economic profile of our UK&I based employees and in addition, AMS entered into the Social Mobility Employer Index at number 43 in the top 75 employers in the Social Mobility Foundation Employer Index. AMS also achieved 80% growth in its Social Mobility Employee Resource Group (ERG), allowing AMS employees who share a common identity to meet and support one another in building their community and sense of belonging. Looking forward into 2023, AMS intends to further analyse the socio-economic profile of the workforce against external benchmarks to help further shape the social mobility agenda and to roll this programme out globally.

Diversity and Inclusion

During 2022, AMS established a new DEI (Diversity, Equity and Inclusion) Centre of Excellence (COE) within its global Innovation function. The purpose of the COE is to lead on the internal DEI strategy for AMS and to support the business in ensuring that it is delivering DEI-centric RPO and CWS solutions. During the year AMS added 3 new roles to the COE to support both internal and external strategies. AMS also increased its discretionary budget to support the efforts of its ERGs. All ERGs achieved at least 13% membership growth globally in 2022. AMS delivered its most engaged DEI and Citizenship week in September, where 7,500 colleagues joined a live session compared to 2,500 colleagues in 2021. AMS officially attended LGBTQ+ Pride events including at Gdansk, Krakow, Warsaw, London, Manila and Cleveland marches. In 2022, AMS embedded a DEI Learning programme for its colleagues, including Bias and Conscious Inclusion which 75% of the population completed. Other courses include managing microaggressions, allyship, "Passport to Hire" training required by all AMS Hiring Managers, and programmes for supporting underrepresented talent in our business such as Step Ahead and Sponsorship.

AMS published their inaugural DEI Annual Report in April 2022 and reported its second Gender & Ethnicity Pay Gap report in the UK. AMS received Level 2 Disability Confident Employer Status and maintained its "Gold" Status under the Defense Employer Recognition Scheme (ERS) for its work in actively promoting the value of military talent across the talent supply chain. Finally, AMS is also signatory of the Social Mobility Pledge, the Menopause Workplace Pledge, CBI Change the Race Ratio, Time to Talk Pledge and the Armed Forces Covenant in UK&I. AMS's DEI efforts were recognised through external awards during 2022, including winning in the Disability Confident Category at the Recruitment Industry Disability Initiative (RIDI) Awards, being recognised as 'Highly Commended' in the British Diversity Awards and European Diversity Awards, and finalists at the Recruiter Awards, Business in the Community Awards, UK Social Mobility Awards and National Diversity Awards.

Alexander Mann Solutions Limited

Directors' report (continued)

Health & Safety

During 2022, AMS continued to ensure Health and Safety compliance across all operating locations, and this included doubling the number of certified Mental Health First Aiders in the business. AMS continues to promote good mental health and wellbeing through a range of supported events, webinars and providing 3 additional days of annual leave to employees in 2022.

In 2023, AMS intends to make its workforce more closely representative of the communities in which it operates and will look to deliver this in part through cultivating inclusive leaders through coaching, training and dedicated programmes. As part of its commitment to the CBI Change the Race Ratio campaign, AMS has set a target that 16% of the global leadership team is ethnically diverse. AMS will also be enhancing its network of Health & Safety advisors and champions across the key geographical area in which it operates. This will create opportunities for AMS employees to engage in sustainability events and volunteering.

Governance

AMS prioritise strong corporate governance and transparency through the application of its Corporate Governance Policy. In 2022, we continued to strengthen our Code of Conduct for both suppliers and AMS personnel alongside ensuring our mandatory compliance training programme is completed by AMS staff by introducing enhanced reporting on completion of training. AMS reviewed its Risk Management process to assess alignment to the ISO 31000 standard. AMS report a summary of Risk & Compliance metrics, together with identified enterprise risks to its shareholders, OMERS, every 2 months. AMS also attend a quarterly ESG Roundtable hosted by OMERS.

In 2023 AMS plan to continue to monitor governance across AMS via the Global Risk & Compliance Function to ensure continued strong governance practices, including benchmarking with external best practice.

We believe that ESG principles are fundamental to our long-term success, and we are committed to the continual integration of ESG into our business strategy.

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 AMS Group as a whole and their individual performance.

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 2022 was:

	Female	Male	Other	Undisclosed
Senior Management (bands 6-8)	147	100	-	1
All Workers	6,488	2,456	10	26

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

Directors' report (continued)

Alexander Mann Solutions Limited

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.

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 Group, 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 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

The ultimate parent is where the group-wide activities and operation are managed. Reports are regularly made to the ultimate parent company 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.

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 wellbeing, 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 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.

Alexander Mann Solutions Limited

Directors' report (continued)

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.

Engaging with stakeholders

The success of our business is dependent on the support 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.

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.


Alexander Mann Solutions Limited

Directors' report (continued)

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

DocuSigned by:

7193FDC341B84F8...
G Stuart
Director
30th June 2023

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 applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the Company 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 in IFRS is 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 at 31 December 2022 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 25.

The financial reporting framework that has been applied in their preparation is applicable law, 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 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.

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation; and
- 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.

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

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 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 and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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.

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

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.

Matt Ward FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30th June 2023

Alexander Mann Solutions Limited

Statement of profit and loss and other comprehensive income For the year ended December 2022

		2022			2021		
	Notes	Before exceptional items £'000	Exceptional items £'000	Statutory result £'000	Before exceptional items £'000	Exceptional items £'000	Statutory result £'000
Revenue	4	255,597	-	255,597	186,477	-	186,477
Cost of sales		<u>(38,317)</u>	<u>-</u>	<u>(38,317)</u>	<u>(26,722)</u>	<u>-</u>	<u>(26,722)</u>
Gross profit		217,280	-	217,280	159,755	-	159,755
Administrative expenses	5	<u>(179,908)</u>	<u>(725)</u>	<u>(180,633)</u>	<u>(124,118)</u>	<u>(747)</u>	<u>(124,865)</u>
Operating profit		37,372	(725)	36,647	35,637	(747)	34,890
Finance income/(charges) (net)	6			5,197			(737)
Dividends received				<u>1,075</u>			<u>2,627</u>
Profit before taxation	8			42,919			36,780
Tax on profit	9			(7,544)			(6,784)
Profit after taxation for the year				<u>35,375</u>			<u>29,996</u>
Other comprehensive Income:				-			-
Total comprehensive profit				<u>35,375</u>			<u>29,996</u>

All of the results presented above derive from continuing operations.


Alexander Mann Solutions Limited

Statement of financial position As at 31 December 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Property, plant and equipment	10	1,735	2,519
Intangible assets	11	13,360	8,008
Right to use assets	12	940	1,756
Investments	13	40,283	1,803
Deferred tax	19	465	483
Capitalised contract implementation costs		<u>2,760</u>	<u>4,868</u>
		59,543	19,437
Current assets			
Trade and other receivables	14	251,669	207,312
Cash at bank and in hand	15	<u>40,163</u>	<u>61,991</u>
		291,832	269,303
Current liabilities	16	<u>(251,337)</u>	<u>(223,216)</u>
Net current assets		<u>40,495</u>	<u>46,087</u>
Total assets less current liabilities		100,038	65,524
Non-current liabilities	17	(428)	(1,288)
Provisions for liabilities	20	<u>(500)</u>	<u>(500)</u>
Net assets		<u>99,110</u>	<u>63,735</u>
Equity			
Called up share capital	22	90	90
Retained earnings		<u>99,020</u>	<u>63,645</u>
Total shareholders' fund		<u>99,110</u>	<u>63,735</u>

The financial statements of Alexander Mann Solutions Limited, registered number 02073305, were approved by the board of directors and authorised for issue on 30th June 2023.

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 2022

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
At 1 January 2021	90	33,649	33,739
Total comprehensive income for the year	-	29,996	29,996
At 31 December 2021	90	63,645	63,735
Total comprehensive income for the year	-	35,375	35,375
At 31 December 2022	90	99,020	99,110

Alexander Mann Solutions Limited

Statement of cash flows

For the year ended 31 December 2022

		2022	2021
	Notes	£'000	£'000
Net cash flow from operating activities	23	9,958	29,435
Purchase of tangible fixed assets	10	(386)	(5,531)
Purchase of intangible fixed assets- software	11	(8,964)	(2,260)
Acquisition of subsidiary	13	(34,381)	-
Dividend received		<u>1,075</u>	<u>2,627</u>
Net cash flow used in investing activities		(42,656)	(5,164)
Lease liability repayment		<u>(862)</u>	<u>(896)</u>
Net cash flow used in financing activities		(862)	(896)
Net (decrease)/increase in cash and cash equivalents		<u>(33,560)</u>	<u>23,375</u>
Cash and cash equivalents at the beginning of the financial year		61,991	38,616
Cash and cash equivalents at the end of the financial year	23	28,431	61,991

Cash and cash equivalents at the end of the financial year in the consolidated statement of changes in cash flow are inclusive of bank overdrafts of £11,731,000 (2021: £nil). Further details are provided in note 23.

Alexander Mann Solutions Limited

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

1. General information

Alexander Mann Solutions Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares. The address of the Company's registered office is 7-11 Bishopsgate, London, EC2N 3AQ, United Kingdom.

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 IAS 1 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
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 Non-current Liabilities with Covenants

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) Other mandatory disclosures

Standards and amendments that the Company has applied from 1 January 2022

Standards and amendments to standards applicable to the Company that became effective during the year are listed below. These have no material impact on the reported performance or financial statements of the Company.

- 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

(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 2022 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.

Alexander Mann Solutions Limited

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

3. Accounting policies (continued)

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").

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.

Preparation of consolidation financial statements

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the Company and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent, Auxey Holdco Limited. The financial statements of the parent can be obtained from its registered address at 44 Esplanade, St Helier, Jersey, JE4 9WG.

Going concern

As at 31 December 2022, the Group had a cash and cash equivalents balance of £50.0m and undrawn Confidential Invoice Discounting and Revolving Credit Facilities of £75m. The Board has performed an assessment at the ultimate parent level of forecasts for the financial year ending 31 December 2023 and the 18 month period to 30 June 2024 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 28% decline in NFI and a 68% decline in EBITDA for the 18 months through to June 2024 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.

Alexander Mann Solutions Limited

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

3. Accounting policies (continued)

Other intangible assets

Other intangible assets include customer base, brand and amounts spent by the Company acquiring licences and the costs of purchasing and developing computer software, where intangible assets are acquired through business combinations and no active market for the assets exists, the fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. Estimates relating to the future cash flows and discount rates used may have a material effect on the reported amounts of finite lives of intangible assets.

Other intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is based on the useful lives of the assets concerned and recognised on a straight-line basis.

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 the 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, financial instruments held at amortised cost.

The Company 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 receivables and an analysis of the receivables' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the receivables 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 receivables 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. There has been no change in the estimation techniques or significant assumptions made during this reporting year.

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.

Alexander Mann Solutions Limited

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

3. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with original maturities of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Company's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

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.

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.

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 Companies 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 OTC 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 2022

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 five 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
- Recognise revenue when or as a performance obligation is satisfied.

Revenue is measured based on the consideration specified in a contract with a customer. The Company 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 Company 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.

Payment of the transaction price is due immediately at the point in which the candidate is placed.

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 Company utilises an output method using time as a measure of progress to recognise revenue as our management activities are performed evenly throughout the year.

At the end of each month, the Company recognises the transaction price for the actual amount of the monthly hires placed successfully with the customer, by allocating the monthly fees to the distinct performance obligations provided to the customer during the year.

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 of implementation projects 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” in non-current assets falling due after 12 months and current assets falling 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.

Alexander Mann Solutions Limited

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

3. Accounting policies (continued)

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 2022 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.

Impairment of fixed assets and intangible assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset the Company estimates the recoverable amount of the cash-generating units to which the asset belongs.

3. Accounting policies (continued)

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 current liabilities.

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.

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.

Alexander Mann Solutions Limited

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

3. Accounting policies (continued)

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.

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and presented in Statement of Other comprehensive income.

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.

Provisions

Provisions are recognised when;

- The Company has a legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount has been reliably estimated

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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.

Alexander Mann Solutions Limited

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

3. Accounting policies (continued)

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.
- 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 contract 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 benefit plans

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.

Alexander Mann Solutions Limited

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

3. Accounting policies (continued)

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 Directors do not believe any critical accounting judgements have been made in the preparation of the financial statements.

Key sources of estimation uncertainty

The Directors of the Company do not consider there to be any key sources of estimation uncertainty 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. Revenue

Disaggregation of revenue

The Company operates in only one class of business, that of talent acquisition and talent management services and all its revenue, profit before tax and net assets/liabilities are generated from this class of business. Geographical analysis of business by revenue, profit before tax and net liabilities is set out below.

	2022				2021			
	Revenue	Gross profit	Profit before tax	Net assets	Revenue	Gross profit	Profit before tax	Net Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom	255,597	217,280	42,919	99,110	186,477	159,755	36,780	63,735
	<u>255,597</u>	<u>217,280</u>	<u>42,919</u>	<u>99,110</u>	<u>186,477</u>	<u>159,755</u>	<u>36,780</u>	<u>63,735</u>

Contract balances

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

	2022 £'000	2021 £'000
Trade receivables	83,816	72,293
Contract costs capitalised	6,536	8,168
Amortisation of contract costs during the year	3,837	3,546
Contract assets (accrued income)	36,637	27,934
Contract liabilities (deferred income)	<u>(5,987)</u>	<u>(4,225)</u>

The contract assets primarily relate to the Company's rights to consideration for work performed but not billed at the reporting date on contracts with its customers. The contract assets are transferred to receivables when invoiced.

Alexander Mann Solutions Limited

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

4. Revenue (continued)

Contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised on satisfaction of performance obligations.

5. Exceptional items reported within administrative expenses

Exceptional items are defined as exceptional by virtue of their size or infrequency or relating to one-off events which, in the opinion of the Directors, are material, generally not expected to recur and unusual in nature or of such significance that they require separate disclosure on the face of the consolidated income statement in accordance with IAS 1, 'Presentation of Financial Statements'. An assessment is made of events occurring during the year on both a quantitative and qualitative basis to determine which events require separate disclosure because they do not relate to the Company's underlying performance.

The Company incurred £0.7m costs and expenses during the course of 2022 that are disclosed as "exceptional items" in the statutory accounts (2021: £0.7m).

	2022	2021
	£'000	£'000
Redundancy and restructuring costs	972	-
Onerous contracts	316	-
Professional fees in relation to acquisitions	1,866	-
Expected credit loss (reversal) / Provision for intercompany receivable	(2,429)	747
	<u>725</u>	<u>747</u>

Exceptional items reported within administrative expenses

Redundancy and restructuring costs

The 2022 redundancy costs were due to restructuring.

Onerous contracts

The onerous contract costs related to onerous lease provisions where the unavoidable costs exceeded the economic benefits of one of the Company's leases.

Professional fees in relation to acquisitions

Professional fees represent legal and consultancy costs incurred in acquiring the Flex in July 2022.

Expected credit loss (reversal)

The provision for intercompany doubtful debts in Alexander Mann Solutions, S. DE R.L. DE C.V. was reversed in 2022 as a result of a revision in the projected forecast results of Alexander Mann Solutions, S. DE R.L. DE C.V. for future periods.

Provision for intercompany receivable

Provision for intercompany receivable in respect of provision for intercompany doubtful debts.

Alexander Mann Solutions Limited

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

6. Finance income/ charges (net)

	2022 £'000	2021 £'000
Interest payable and similar charges		
Bank loans and overdrafts	40	54
Invoice discounting charges	750	458
Amortisation of arrangement fees and interest rate cap	49	49
Interest on lease liabilities	102	141
Other interest payable	-	35
	<u>941</u>	<u>737</u>
Interest receivable and similar income		
Interest receivable	(68)	-
Fair value Forward contracts	(1,502)	-
Exchange gains on amounts owed by group undertakings	(4,568)	-
	<u>(6,138)</u>	<u>-</u>
Finance (income)/charges (net)	<u>(5,197)</u>	<u>737</u>

7. Directors emoluments and staff costs

	2022 £'000	2021 £'000
Directors' remuneration	2,694	997
Pension contributions	42	30
	<u>2,736</u>	<u>1,027</u>

The number of Directors who were members of money purchase pension schemes were three (2021: three). The accrued pension entitlement is £nil (2021: £nil).

	2022 No.	2021 No.
Highest paid director	1,105	394
Contributions to personal pension scheme	-	10
	<u>1,105</u>	<u>404</u>

Alexander Mann Solutions Limited

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

7. Directors emoluments and staff costs (continued)

Staff costs

The average number of employees in the Company (including executive directors) was:

	2022	2021
	No.	No.
Sales	2,126	1,395
Administration	300	234
	<u>2,426</u>	<u>1,629</u>

	2022	2021
	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	120,073	86,680
Social security costs	13,787	9,416
Other pension costs	4,595	3,181
	<u>138,455</u>	<u>99,277</u>

The Company had no employees during the financial year (2021: none).

8. Profit before taxation

	2022	2021
	£'000	£'000
Profit before taxation is stated after:		
Depreciation of tangible assets (note 10)	1,157	946
Depreciation of right of use assets (note 12)	679	783
Amortisation of intangible assets (note 11)	4,345	3,411
Amortisation of capitalised contract implementation costs	3,837	3,546
Net foreign exchange loss	<u>-</u>	<u>160</u>

Analysis of auditors remuneration is:

	2022	2021
	£'000	£'000
Fees payable to company's auditors for audit of company's annual accounts	<u>90</u>	<u>93</u>

Alexander Mann Solutions Limited

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

9. Tax on profit

	2022 £'000	2021 £'000
UK corporation tax - current year	7,592	6,715
Adjustments in relation to prior year	(66)	113
UK corporation tax	7,526	6,827
Deferred tax - current year	8	94
Adjustments in relation to prior year	7	(21)
Effect of changes in tax rate	3	(116)
Deferred tax	18	(43)
Tax on profit	7,544	6,784

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before taxation are as follows:

	2022 £'000	2021 £'000
Profit before taxation	42,919	36,780
Tax on profit at standard UK CT rate of 19% (2021 - 19%)	8,155	6,988
Effects of:		
Expenses not deductible for tax purposes	112	320
Income not taxable	(666)	(499)
Adjustments to tax charge in respect of previous periods	(59)	92
Effect of changes in tax rate	3	(116)
Current tax charge	7,544	6,784

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 and 31 December 2022 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.

Alexander Mann Solutions Limited

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

10. Property, plant and equipment

	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2022	4,548	1,639	6,187
Additions	385	1	386
Reclassification	-	(13)	(13)
At 31 December 2022	<u>4,933</u>	<u>1,627</u>	<u>6,560</u>
Accumulated depreciation			
At 1 January 2022	2,196	1,472	3,668
Charge for the year	<u>1,063</u>	<u>94</u>	<u>1,157</u>
At 31 December 2022	<u>3,259</u>	<u>1,566</u>	<u>4,825</u>
Net book value			
At 31 December 2022	<u>1,674</u>	<u>61</u>	<u>1,735</u>

	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2021	2,952	2,812	5,764
Additions	2,257	3	2,260
Disposal	(661)	(1,176)	(1,837)
At 31 December 2021	<u>4,548</u>	<u>1,639</u>	<u>6,187</u>
Accumulated depreciation			
At 1 January 2021	2,005	2,553	4,558
Charge for the year	852	94	946
Disposal	<u>(661)</u>	<u>(1,175)</u>	<u>(1,836)</u>
At 31 December 2021	<u>2,196</u>	<u>1,472</u>	<u>3,668</u>
Net book value			
At 31 December 2021	<u>2,352</u>	<u>167</u>	<u>2,519</u>

Alexander Mann Solutions Limited

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

11. Intangible Assets

	2022	2021
	Software	Software
	£'000	£'000
Cost		
At 1 January 2022	13,424	10,434
Additions	9,698	5,531
Disposal	-	(2,541)
At 31 December 2022	23,122	13,424
Amortisation		
At 1 January 2022	5,417	4,464
Charge for the year	4,345	3,411
Disposal	-	(2,458)
At 31 December 2022	9,762	5,417
Net book value		
At 31 December 2022	13,360	8,007

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

12. Right of use assets

	2022	2021
	Buildings	Buildings
	£'000	£'000
Cost		
At 1 January	6,173	5,511
Additions	-	662
Disposal	(257)	-
At 31 December	5,916	6,173
Accumulated depreciation		
At 1 January	4,417	3,634
Charge for the period	679	783
Disposal	(120)	-
At 31 December	4,976	4,417
Net book value		
At 31 December	940	1,756

The Company leases buildings with average lease term of 8 years (2021: 8 years).

During 2022, the Company surrendered one lease (2021: none)

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 2022

13. Investments

	2022	2021
	Subsidiaries	Subsidiaries
	£'000	£'000
Cost		
At 1 January	4,454	4,405
Additions	38,481	49
At 31 December	42,935	4,454
Amortisation		
At 1 January	2,651	2,461
Charge for the year	1	190
At 31 December	2,652	2,651
Net book value		
At 31 December	40,283	1,803

On 15 July 2022, the Company acquired 100% of the issued capital of Flexability HR Solutions Private Limited in India by obtaining control of the company. The principal activity of the Flex is executive recruitment solutions.

The company has investments in the following subsidiaries:

Subsidiary Undertaking	Country of registration	Activity	Proportion of ordinary shares
AMG Asia Pacific Pty Ltd	Australia	Trading	100%
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 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 BV	Holland	Trading	100%
Alexander Mann Solutions S.A.R.L.	France	Trading	100%
Alexander Mann Solutions (KFT)	Hungary	Trading	100%
AMS Recruitment Process Outsourcing S.L.	Spain	Trading	100%
Alexander Mann Solutions Corporation	U.S.A	Trading	100%
Alexander Mann CWS LLC	U.S.A	Trading	100%
Alexander Mann BPO Solutions (Singapore) PTE Limited	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%

Alexander Mann Solutions Limited

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

13. Investments (continued)

Subsidiary Undertaking	Country of registration	Activity	Proportion of ordinary shares
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	100%
Alexander Mann Solutions (Pty) Ltd	South Africa	Trading	100%
Public Sector Resourcing Limited	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%
Flexability HR Solutions Private Limited	India	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

	2022 £'000	2021 £'000
Trade receivables	83,816	72,293
Amounts owed by parent undertaking	15,460	15,553
Amounts owed by group undertakings	99,836	78,266
Other receivables	883	1,897
Corporation tax recoverable	1,841	1,623
Derivatives (note 18)	1,958	561
Accrued income	36,637	27,934
Prepayments	7,462	5,885
Capitalised contract implementation costs	3,776	3,300
	<u>251,669</u>	<u>207,312</u>

The Company 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 debtor and an analysis of the receivables' current financial position, adjusted for factors that are specific to the receivables, general economic conditions of the industry in which the receivables 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 debtor 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.

In 2022, the Company has one potential credit loss of £48,500 (2021: £48,500), for which full provision was made in the prior year. The Company had not suffered any credit loss in the two years prior to 2021 and as such, given the small size of the credit losses, no further provision for lifetime ECL is considered necessary for all aging buckets for trade receivables.

Alexander Mann Solutions Limited

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

14. Trade and other receivables (continued)

There has been no change in the estimation techniques or significant assumptions made during this reporting year.

Trade receivables can be analysed as follows:

	2022 £'000	2021 £'000
Amount receivable not past due	79,530	72,762
Amount past due but not impaired	4,335	(421)
	83,865	72,342
Less: expected credit losses	(49)	(49)
	<u>83,816</u>	<u>72,293</u>

15. Cash and bank balances

The Company's cash is held in bank deposits to enable the Company to meet the short-term liquidity requirements of the business. No cash is held in countries with restrictions on remittances.

16. Current liabilities

	2022 £'000	2021 £'000
Derivatives (note 18)	1,114	1,219
Trade creditors	8,791	6,499
Bank overdrafts (note 15)	11,732	-
Amounts due to subsidiary undertakings	30,767	13,700
Other taxes and social security	9,151	3,541
Other creditors	429	850
Accruals	182,652	192,428
Deferred income	5,987	4,225
Lease liabilities (note 21)	715	754
	<u>251,337</u>	<u>223,216</u>

17. Non-current liabilities

	2022 £'000	2021 £'000
Lease liabilities (note 21)	428	1,288
	<u>428</u>	<u>1,288</u>

Alexander Mann Solutions Limited

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

18. Derivative financial instruments

	2022 £'000	2021 £'000
Financial assets carried at fair value through profit or loss (FVTPL):		
Forward contracts		
Derivative assets	1,958	561
Derivative liabilities	<u>(1,114)</u>	<u>(1,219)</u>

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

19. Deferred tax asset

	2022 £'000	2021 £'000
At 1 January	483	439
(Debited) /credited to profit and loss account	<u>(18)</u>	<u>43</u>
At 31 December	<u>465</u>	<u>483</u>

	2022 £'000	2021 £'000
The amounts of deferred taxation provided at 25% (2021 - 19%) are:		
Fixed asset	154	218
Temporary trading differences	<u>311</u>	<u>265</u>
	<u>465</u>	<u>483</u>

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 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 and 31 December 2022 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.

Alexander Mann Solutions Limited

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

20. Provision for liabilities

	Provisions £'000
At 1 January 2021	500
Additions	-
At 31 December 2022	<u>500</u>

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.

21. Lease liabilities

	2022 £'000	2021 £'000
Analysed as:		
Current	715	754
Non-current	<u>428</u>	<u>1,288</u>
	<u>1,143</u>	<u>2,042</u>
Maturity analysis		
	2022 £'000	2021 £'000
Year 1	715	754
Year 2	428	800
Year 3	<u>-</u>	<u>488</u>
	<u>1,143</u>	<u>2,042</u>

The Company does not face a significant liquidity risk with regard to its lease liabilities.

Alexander Mann Solutions Limited

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

22. Share capital

	2022 £'000	2021 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
100 'A' ordinary shares of 1p each	-	-
	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
90,000 ordinary shares of £1 each	90	90
100 'A' ordinary shares of 1p each	-	-
	<u>90</u>	<u>90</u>

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.

23. Notes to cash flow statement

a. Reconciliation of net cash flow used in operating activities

	2022 £'000	2021 £'000
Operating profit for the year	36,647	34,890
Adjustments for:		
Depreciation and amortisation	10,017	8,770
Increase in trade and other receivables	(45,703)	(56,154)
Increase in trade and other payables	12,417	47,466
Financing costs paid	(990)	(737)
Income tax paid	(2,430)	(4,800)
Net cash flow from operating activities	<u>9,958</u>	<u>29,435</u>

b. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash and bank balances	40,163	61,991
Bank overdrafts (see note 16)	(11,732)	-
	<u>28,431</u>	<u>61,991</u>

Alexander Mann Solutions Limited

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

24. Ultimate controlling party and related party transactions

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

25. Subsequent events

There have been no significant events affecting the Company since 31 December 2022.

Alexander Mann Solutions Limited

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

Appendix – subsidiary undertakings

Subsidiary Undertaking

Alexander Mann Solutions GmbH
Alexander Mann Solutions APS
Alexander Mann Solutions AB
Alexander Mann Solutions GmbH
Alexander Mann Solutions S.R.L.
Alexander Mann Solutions Poland Sp. Z o.o.
Alexander Mann Solutions BVBA
Alexander Mann Solutions BV
AMS Recruitment Process Outsourcing S.L.
Alexander Mann Solutions Corporation
Alexander Mann CWS LLC
Alexander Mann BPO Solutions (Singapore) PTE Limited
Alexander Mann Solutions S.A.R.L.

Alexander Mann Solutions Private Limited

Amikus Limited

Alexander Mann Solutions K.K.
AMG Asia Pacific Pty Ltd

Alexander Mann Solutions (HK) Limited

Alexander Mann Solutions s.r.o.
Alexander Mann Solutions (KFT)
Alexander Mann Solutions (Shanghai) Enterprise
Management Consulting Ltd

Alexander Mann Solutions Inc

Alexander Mann Outsourcing Solutions Limited

Alexander Mann BPO (HK) Limited

AMS Processo De Recrutamento E Terceirização Ltda

Alexander Mann Solutions S. De R.L. De C.V.

Alexander Mann Solutions AS

Alexander Mann Solutions BPO Inc.

Alexander Mann Solutions (Pty) Ltd

Public Sector Resourcing Limited

Karen HR Inc

Alexander Mann Solutions Limited Liability Company

AMS Recruitment S.A.(Costa Rica)

Flexability HR Solutions Private Limited

HirePower INC

AMS Solutions Services d.o.o.

AMS Solutions d.o.o. Beograd

Registered Address

Eichhomstraße 3, Potsdamer Platz, WeWork Atrium Tower, 10785 Berlin
Frederiksborggade 15, 1360 Copenhagen, Denmark
Hälle Linder 2 B, 1 tr, 459 32 Ljungskile, Sweden
Hardturmstrasse 120, CH-8005 Zürich Switzerland
Via Senato, 20, 20121 Milano, Italy
Ul. Puzkarska 7f, 30-644, Krakow, Poland
Rond Point Schuman 6, Box 5, 1040 Brussels, Belgium
Joop Geesinkweg 901-999, 1114 AB Amsterdam- Duivendrecht, The Netherlands
Av. Josep Tarradellas, 123, 9ª planta, 08029, Barcelona
Erievue Tower, 1301 East 9th St, suite 1200, Cleveland, Ohio, 44114, USA
Erievue Tower, 1301 East 9th St, Suite 1200, Cleveland, Ohio, 44114, USA
2 Shenton Way, SGX Centre 1, #16-03, Singapore, 068804
12/14 Rond-Point des Champs-Élysées, 75008, Paris, France
B2, 402, Marathon Innova, Off Ganpatrao Kadam Marg, Opp Peninsula,
Corporate Bank, Lower Parel, Mumbai, India
7-11 Bishopsgate, London, EC2N 3AQ
3-18-6 Toyo, Koto-ku, Tokyo, 135-0016, Japan
Level 27, 101 Collins St, Melbourne, Vic 3000
FLAT/RM 1108, 11/F TWO CHINACHEM CENTRAL 26 DES VOEUX ROAD
CENTRAL HK
U Garáži 161 I/1, 170 00 Prague 7, Czech Republic
Kálmán Imre utca 1, Budapest, 1054 Hungary
Unit 701, ZRT Tower, No. 20, Lane 1228 Jiangchang Road, Jingan District,
Shanghai, 200072, China
1000, rue De La Gauchetière Ouest, Bureau 900, Montréal, QC, Canada H3B
5H4
Trinity House, Charleston Road, Ranelagh, Dublin 6 DO6, Ireland, C8X4
Level 15 and 19, West Exchange Tower, 322 Des Voeux Road Central, Sheung
Wan, Hong Kong
R JESUINO ARRUDA 797, ANDAR 10, ITAIM BIBI, CEP 04.532-082, SAO
PAULO, UF: SP
Gutierrez Zamora #128 Int. 1, Colonia Las Aguilas, Delegacion Alvaro Obregon,
Ciudad de Mexico, CP 01710, Mexico
Vassboten 1, Building 2, Cadastral unit no 67, Sandnes, Norway
32/F Philam Life Tower Building, 8767 Paseo De Roxas Avenues, Makati City,
Philippines
West Tower Office 2nd floor, Nelson Mandela Square Maude Street, Sandown
Johannesburg 2196 Sandown, Gauteng 2146
7-11 Bishopsgate, London, EC2N 3AQ
1000, rue De La Gauchetière Ouest, bureau / suite 900, Montréal, QC, Canada
H3B 5H4
Room 57, Floor 8, building 1, 16A Leningradskoe Shosse, Moscow, 125171, the
Russian Federation
Santa Ana, Forum 1, Building E, Second Floor, San Jose, 10903, Costa Rica
I. 50, 6th Floor, Awfis Space Solutions Chowringhee Road Elgin Kolkata
700071, India
14 Lauderdale Drive, Toronto ON M2L 2A9
Zagreb (Grad Zagreb) Radnička cesta 80, Croatia
Bulevar Zorana ĐINĐIĆA 64A, Belgrade-New Belgrade, New Belgrade, 11070
New Belgrade, Serbia

Certificate Of Completion

Envelope Id: 04E91653E98C49FE923BC9243AA2FA4E

Status: Completed

Subject: Complete with DocuSign: 2022 AMS Limited Fin Statements.docx

Source Envelope:

Document Pages: 46

Signatures: 3

Envelope Originator:

Certificate Pages: 1

Initials: 0

Samantha Robin-Hibbert

AutoNav: Enabled

7-11 Bishopsgate

Enveloped Stamping: Enabled

London, Greater London EC2N 3AQ

Time Zone: (UTC) Dublin, Edinburgh, Lisbon, London

Samantha.Robin-Hibbert@weareams.com

IP Address: 149.22.241.102

Record Tracking

Status: Original

Holder: Samantha Robin-Hibbert

Location: DocuSign

30/6/2023 | 14:49

Samantha.Robin-Hibbert@weareams.com

Signer Events

Gordon Stuart

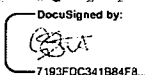
samantha.robin-hibbert@weareams.com

Chief Financial Officer

Alexander Mann Solutions Limited

Security Level: Email, Account Authentication
(None)**Signature**

DocuSigned by:



7193FDC341B84F8...

Timestamp

Sent: 30/6/2023 | 14:52

Viewed: 30/6/2023 | 15:19

Signed: 30/6/2023 | 15:21

Signature Adoption: Uploaded Signature Image

Using IP Address: 149.22.241.102

Electronic Record and Signature Disclosure:
Not Offered via DocuSign**In Person Signer Events****Signature****Timestamp****Editor Delivery Events****Status****Timestamp****Agent Delivery Events****Status****Timestamp****Intermediary Delivery Events****Status****Timestamp****Certified Delivery Events****Status****Timestamp****Carbon Copy Events****Status****Timestamp****Witness Events****Signature****Timestamp****Notary Events****Signature****Timestamp****Envelope Summary Events****Status****Timestamps**

Envelope Sent

Hashed/Encrypted

30/6/2023 | 14:52

Certified Delivered

Security Checked

30/6/2023 | 15:19

Signing Complete

Security Checked

30/6/2023 | 15:21

Completed

Security Checked

30/6/2023 | 15:21

Payment Events**Status****Timestamps**