Company Registration No. 02073305

Alexander Mann Solutions Limited

Annual Report and Financial Statements

For the year ended 31 December 2020

Alexander Mann Solutions Limited

Annual report and financial statements 2020

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Alexander Mann Solutions Limited

Officers and professional advisers

Directors

R Blair
M Rodger
E Whittaker
S Leach
J Roberts (Resigned 30 December 2020)

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London
EC2N 3AQ

Bankers

HSBC Bank Limited
8 Canada Square
London
E14 5HP

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

Solicitors

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

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Strategic report

Review of Alexander Mann Solutions Limited trading results for the year ended 31 December 2020

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".

Throughout 2020, significant economic and social disruption arose across the world as a result of the Covid-19 pandemic. In March 2020, the Company invoked business continuity plans, closed all offices and moved all employees to home working so as to ensure their safety and well-being whilst still continuing to fully support all our clients and to service their on-going requirements.

Despite the significant impact of the pandemic on the Company's operations, in 2020, the Company generated earnings before exceptional items, interest, taxation, depreciation and amortisation (EBITDA) of £24.3m (2019: £35.7.m) and an operating profit before exceptional items of £16.8m (2019: £29.3m).

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

The trading metrics of the Company are detailed below.

	2020 £'000	Change %	2019 £'000	Change %
Billing	1,423,750	(15.3%)	1,680,118	32.9%
Turnover	144,579	(11.7%)	163,805	11.5%
Net fee income (gross profit)	126,296	(12.1%)	143,616	15.7%
Operating profit (before exceptional items)	16,784	(42.7%)	29,295	(5.1%)
Profit before tax	10,527	(63.7%)	28,972	19.4%
EBITDA	24,276	(32.0%)	35,696	1.3%

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

	2020 £'000	2019 £'000
Operating profit	10,436	27,406
Exceptional items	6,348	1,889
	16,784	29,295
Depreciation of right of use and fixed assets	1,703	1,954
Amortisation of software and contract implementation costs	5,789	4,447
EBITDA (as defined above)	24,276	35,696

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

Review of Alexander Mann Solutions Limited trading results for the year ended 31 December 2020 (continued)

Market conditions caused by the Covid-19 global pandemic led to our customers reducing their hiring volumes in 2020 and this caused a 11.7% reduction in turnover and 12.1% reduction in gross profit. To counter this downturn in trading volumes, the Company put in place a rigorous cost control programme which resulted in a large proportion of the workforce either taking a temporary pay cut or reducing their working hours. In addition, the Company used the UK government furlough scheme and VAT deferral payment scheme. Action was taken to minimise discretionary spend including capital expenditure and due to the reduced profitability of the Company, no bonus has been paid in respect of 2020 performance.

Despite the challenging trading conditions, cash generation was strong with operating cashflow of £8.2m (2019: £13.8m) driven by the benefit of new contingent contracts and strong working capital management, including the deferral of indirect taxes where applicable. This resulted in the Company increasing its cash funds by £4.0m (2019: £8.2m) in the year to close the year at £38.6m of cash (2019: £34.6m).

The Company is primarily funded through an invoice discounting facility and revolving credit facility provided by third party banks. The Company had a net asset position at 31 December 2020 of £33.7m (£25.2m).

As at December 2020, the Company had a median gender pay gap in hourly pay of 7.5% which, whilst still requiring attention, compares favourably to the national average as published by the Office for National Statistics ("ONS") of 17.3%.

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks including prolonged impact of the Covid-19 pandemic, cash flow risk, credit risk, interest rate risk and liquidity risk. With the exception of the foreign currency forwards detailed below, the Company does not use derivative financial instruments.

Prolonged impact of a pandemic

The Covid-19 pandemic resulted in significant economic and social disruption in 2020. The Company was impacted by lower revenues as a result of an economic downturn as was experienced after the last economic downturn. However, there continues to be significant potential upside as organisations look to outsource as a way of removing fixed costs and coping with the challenges of re-hiring the talent they need. The Company benefits from a wide portfolio of clients in divergent sectors and whilst several sectors have experienced a significant reduction in demand (airlines and leisure), other clients (health and pharmaceutical) continue to grow. Our Public Sector business experienced a significant increase in demand in 2020 and this continues in 2021 as a result of the additional requirements arising from both Brexit and the pandemic. Other clients continue to manage the impact of the pandemic on their businesses and key for the Company continues to be to remain close to our clients so that we can react quickly to any change in demand from them.

The Company invoked business continuity plans in March 2020 in order to support its clients whilst ensuring the safety and well-being of its employees. The Company undertook a detailed review of UK government pandemic support schemes and has accessed these schemes where appropriate and where we felt it was reasonable to do so. The Company continues to perform regular reforecasts to assess the likely impact of the pandemic on revenues and is in regular discussion with key clients to ensure that we can react to the fluctuating requirements of our customers in an agile manner.

The Company continues to closely monitor the impact of the pandemic on liquidity and drew £31.5m under the Revolving Credit Facility for a 6-month period in 2020 in order to protect the Company against any liquidity restrictions in the banking market. This was repaid in full before the end of the financial year.

Strategic report (continued)

Principal risks and uncertainties (continued)

Cash flow risk

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

In addition, the Company has also entered into forward contracts to hedge an appropriate percentage of the profits denominated in Euros.

Credit risk

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

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

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company maintains a well-established credit control function that monitors the Company's trade debtors and is in regular communication with the Company's customers. With the exception of the Company's Public Sector Resourcing ("PSR") contingent contract with Crown Commercial Services, the Company has no significant concentration of credit risk, with other exposure spread over a large number of counterparties and customers, who tend to be global, blue chip corporations with high credit ratings. The Company does have an increased concentration of credit risk that rests ultimately with the UK Government under the PSR contract. This exposure is monitored closely and is not considered by the Directors to be a credit risk.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company is a party to a £36 million invoice discounting facility with HSBC bank and Lloyds bank. Under the terms of the facility any funds advanced to the Company by the discounting houses are secured against a specific basket of pre-agreed trade debtors.

The directors monitor compliance with financial covenants related to this facility agreement on an ongoing basis.

The Company is also party to a £40m revolving credit facility (RCF).

Interest rate risk

The Receivables Financing Agreement bears interest at HSBC Bank plc's bank base rate plus margin and is therefore exposed to interest rate risk. The Company has not put in place any hedging arrangements in relation to movements in base rate.

Brexit risk

The Company continues to be well positioned to deal with Brexit risks in particular due to the continued geographical diversification of our clients whereby a large proportion of the NFI delivered in the UK is with clients where the relationships are pan-European or global so if those clients decide to move activities from the UK to another European destination AMS would continue to supply them in that location. There continues to be a potential risk that Brexit could impact economic growth, and although this would have a negative impact on the Company, as has been amply demonstrated in 2020 through the actions undertaken by the Company in the face of the global pandemic, the business is well positioned to deal with a recession due to the nature of the contracts with clients and the flexibility of the cost base.

Strategic report (continued)

Principal risks and uncertainties (continued)

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

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

Key performance indicators

The Company monitors a number of operational, financial and strategic indicators to ensure it is progressing against plan and adequately addressing any risks. As mentioned above, financial metrics measured include NFI, Operating Profit, EBITDA and cash flow. 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

Elizabeth Whittaker

E Whittaker
Director

16 June 2021

Directors' report

The Directors of Alexander Mann Solutions Limited ("the Company") present their annual report with the financial statements and independent auditor's report for year ended 31 December 2020.

Principal activities

The principal activity of the Company, trading as Alexander Mann Solutions until January 2021 and subsequently as "AMS", is the provision of talent acquisition and talent management services usually under long-term contractual arrangements.

Business review

Profit for the year after tax was £8,542,000 (2019: £27,650,000). Further detail is provided in the Strategic Report.

Future developments

The Company will 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.

During 2020 and continuing into 2021, significant economic and social disruption has arisen from the Covid-19 pandemic. The Company invoked business continuity plans and at present all offices are closed and employees are working from home to ensure their safety and well-being whilst we continue to fully support all our clients and service their on-going requirements.

As a result of the pandemic the Company was impacted by a reduction in income from all activities and a reduction in EBITDA.

The Board considered in depth the impact of Covid-19 on the Company's viability and going concern status. The relevant disclosures are set out in Note 3.

Financial risk management objectives and policies

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

Directors and their interests

The current directors are listed on page 1. On 30 December 2020, J Roberts resigned as director. There have been no director changes since the year end. M Rodger, S Leach and E Whittaker are members of money purchase pension schemes.

Directors' indemnity arrangements

The ultimate parent of the Company, Auxey Holdco Limited and its subsidiaries ("the Group"), has purchased directors' and officers' liability insurance in respect of itself and its directors at the end of 2020.

Dividends

During the year, the Company paid no dividends to shareholders (2019: £77,366,000).

During the year the Company received dividends from its subsidiaries of £953,000 (2019: £2,565,000).

Going concern

As at 31 December 2020, the Company had a cash balance of £38.6m and undrawn Confidential Invoice Discounting and Revolving Credit Facilities of £71m. In addition, the AMS Group has a £200 million term loan facility and a $161.2 million term loan facility, which require compliance with covenants. A significant element of the Group's indebtedness is shareholder loan notes, which are free from financial covenants. The shareholder loan notes are repayable on 15 June 2028 or on an exit event, whichever is earlier. The Board has reviewed the Group's forecasts for the financial year ending 31 December 2021 and the 6 months ending 30 June 2022 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 major variables being duration of the pandemic and its impact on potential reductions in client demand.

Going concern (continued)

The Group has considered several variables that may have an impact on future trading due to the global pandemic 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. As disclosed in the strategic report, the Company demonstrated in 2020 that it could withstand the sudden impact of the pandemic, and that despite the 7.1% decrease in NFI associated with that in 2020, the Group still generated an EBITDA of £38.1m and a net cash inflow of £14.6m.

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 and the Group could even withstand the purely illustrative for this test and highly remote scenario of a 27% decline in NFI and a 54% decline in EBITDA for the 18 months through to June 2022 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, 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.

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.

Refer to note 3 to the financial statements for detailed considerations made by the directors.

Subsequent events

There have been no significant events affecting the Company since 31 December 2020.

Employee consultation

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

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Charitable and political contributions

During the year the Company made charitable donations of £1,514 (2019: £nil). The Company made no political donations in the year.

Alexander Mann Solutions Limited

Directors' report (continued)

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

Engaging with stakeholders

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

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

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

Shareholders

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

Lenders

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

Workforce

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

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 Group's long-term success and is briefed on supplier payment performance, supplier feedback and issues on a regular basis.

Government and regulators

We engage with government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations and most recently in respect of the implications of IR35. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Greenhouse gas emissions, energy consumption and energy efficient action

The Company is not required to disclose information in respect of greenhouse gas emissions, energy consumption and energy efficient action as it satisfies the statutory de minimis exemption granted under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Disclosure of information to auditor

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

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

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

Auditor

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

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

Elizabeth Whittaker

E Whittaker
Director
16 June 2021

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 International Accounting Standards in accordance with the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing 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.

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

Responsibility statement

Each of the directors, whose names are listed on page 1, confirms that:

- to the best of their knowledge, the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- to the best of their knowledge, the Annual Report and financial statements includes a fair review of the development and performance of the business and the position of the Company on a consolidated and individual basis, together with a description of the principal risks and uncertainties that it faces; and
- they consider that the Annual Report and Financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in accordance with the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- Statement of profit and loss and other comprehensive income;
- Statement of financial position;
- Statement of cash flows;
- Statement of changes in equity;
- Notes to the financial statements;
- Statement of accounting policies; and
- Related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in accordance with the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

As a result of performing the above, we identified the greatest potential for fraud in the revenue recognition on new contracts and of permanent placements. In order to respond to these fraud risks, we have assessed the terms of each new contract signed in the financial year to assess whether any non-standard terms have been accounted for correctly in order to determine whether the performance obligation has been fulfilled. In addition, we have tested a sample of permanent placement revenues recognised around the period end to assess whether the performance obligation had been met in the financial year through obtaining and reviewing the terms of the contract and therefore whether it was correct to recognise the revenue.

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Peter Saunders (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
16 June 2021

Alexander Mann Solutions Limited

Statement of profit and loss and other comprehensive income
For the year ended 31 December 2020

		2020			2019		
		Before exceptional items	Exceptional items	Statutory result	Before exceptional items	Exceptional items	Statutory result
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	4	144,579	-	144,579	163,805	-	163,805
Cost of sales		(18,283)	-	(18,283)	(20,189)	-	(20,189)
Gross profit		126,296	-	126,296	143,616	-	143,616
Administrative expenses	7	(109,512)	(6,348)	(115,860)	(114,321)	(1,889)	(116,210)
Operating profit		16,784	(6,348)	10,436	29,295	(1,889)	27,406
Finance charges (net)	8			(862)			(999)
Dividends received				953			2,565
Profit before tax	6			10,527			28,972
Tax on profit	9			(1,985)			(1,322)
Profit for the year				8,542			27,650
Other comprehensive income Exchange gain				3			82
Total comprehensive income for the year				8,545			27,732

All of the results presented above derive from continuing operations.

Alexander Mann Solutions Limited

Statement of financial position
As at 31 December 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Tangible assets	10	1,206	1,525
Intangible assets	11	5,970	4,742
Right-of-use assets	12	1,877	2,500
Investments	13	1,944	1,967
Deferred tax	18	439	569
		11,436	11,303
Current assets			
Debtors: Amounts falling due within one year	14	162,122	146,691
Cash at bank and in hand		38,616	34,649
		200,738	181,340
Creditors: Amounts falling due within one year	15	(176,227)	(164,797)
Net current assets		24,511	16,543
Total assets less current liabilities		35,947	27,846
Creditors: amounts falling due after more than one year	16	(1,769)	(2,235)
Provision for liabilities	17	(439)	(417)
Net assets		33,739	25,194
Capital and reserves			
Called up share capital	20	90	90
Profit and loss account		33,649	25,104
Total shareholder's funds		33,739	25,194

The financial statements of Alexander Mann Solutions Limited, registered number 02073305, were approved by the board of directors and authorised for issue on 16 June 2021.

Signed on behalf of the board of directors

Elizabeth Whittaker

E Whittaker
Director

Alexander Mann Solutions Limited

Statement of cash flows
For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Net cash flow from operating activities	**21**	8,225	13,809
Payments to acquire tangible fixed assets	**10**	(651)	(1,319)
Payments to acquire intangible assets	**11**	(3,795)	(3,521)
Dividend received		953	309
Acquisition of subsidiary	**13**	-	(190)
Net cash flow used in investing activities		(3,493)	(4,721)
Lease liability repayment		(765)	(603)
Dividend paid		-	(269)
Net cash flow used in financing activities		(765)	(872)
Net increase in cash and cash equivalents		3,967	8,216
Cash and cash equivalents at the beginning of the financial year		34,649	26,433
Cash and cash equivalents at the end of the financial year		38,616	34,649

Cash and cash equivalents comprise cash and bank balances.

Alexander Mann Solutions Limited

Statement of changes in equity
For the year ended 31 December 2020

	Share capital £'000	Profit and loss account £'000	Total £'000
Balance as at 01 January 2019	90	74,550	74,640
Adjustment from the adoption of IFRS 16	-	(426)	(426)
Total comprehensive income for the year	-	27,732	27,732
Dividends paid	-	(77,366)	(77,366)
Capital contribution	-	614	614
Balance as at 31 December 2019	90	25,104	25,194
Total comprehensive income for the year	-	8,545	8,545
Balance as at 31 December 2020	90	33,649	33,739

Notes to the financial statements
For the year ended 31 December 2020

1. General Information

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

The principal activity of the Company is the provision of talent acquisition and talent management services usually under long-term contracts.

2. Adoption of new and revised standards

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

- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

(i) New and amended standards adopted by the Company

The Company has not adopted any new standards during 2020.

(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 2020 reporting years and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out above.

3. Accounting policies

Compliance with International Financial Reporting Standards

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

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.

3. Accounting policies (continued)

Going concern

As at 31 December 2020, the Company had a cash balance of £38.6m and undrawn Confidential Invoice Discounting and Revolving Credit Facilities of £71m. The Group also has a £200 million term loan facility and a $161.2 million term loan facility, which require compliance with covenants. A significant element of the indebtedness is shareholder loan notes, which are free from financial covenants. The shareholder loan notes are repayable on 15 June 2028 or on an exit event, whichever is earlier.

The Board has reviewed the Group's forecasts for the financial year ending 31 December 2021 and the six months ending 30 June 2022 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 major variables being duration of the pandemic and its impact on potential reductions in client demand.

The Group has considered several variables that may have an impact on future trading due to the global pandemic 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 further headcount reductions and a reduction in discretionary spend. As disclosed in the Strategic report, the Group demonstrated in 2020 that it could withstand the sudden impact of the pandemic, and the estimated 7.1% decrease in NFI associated with that in 2020.

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 and the Group could even withstand the purely illustrative for this test and highly remote scenario of a 27% decline in NFI and a 54% decline in EBITDA for the 18 months through to June 2022 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, 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.

In addition, the Directors have also assessed the going concern assumption at the Company level. The Directors believe that the Company is adequately placed to manage its business risks successfully and, on the basis of both the Group level forecasts, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and thus the Directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated statement of comprehensive income as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

3. Accounting policies (continued)

Other intangible assets

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

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

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

Financial assets and liabilities

Financial assets

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

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

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

Financial assets at fair value through profit and loss

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

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

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

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

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

Financial liabilities

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

3. Accounting policies (continued)

Financial liabilities at fair value through profit or loss

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

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

Other financial liabilities

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

Fair value measurement

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

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

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

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

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

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.

3. Accounting policies (continued)

Revenue recognition

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

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

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a service to a customer. Revenue is shown net of value-added tax.

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. AMS typically transfers control over the service to the customer upon the candidate commencing work for the customer. The promised consideration is dependent on the number of hires that are successfully placed with the customer. The main area of judgement in revenue recognition relates to timing in determining the point when AMS have satisfied their performance obligation to the customer. This is determined in accordance with the contractual arrangement with each customer with revenue recognised when a located candidate commences work for the customer or accepts an offer of employment from a customer. For contingent contracts, AMS recognises revenue at the point at which the customer approves the contingent worker's timesheet.

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. AMS utilises an input method (based on the project status) using time as a measure of progress to recognise revenue as our management activities are performed evenly throughout the period.

Payment terms

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

Contract costs

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

3. Accounting policies (continued)

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.

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

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

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

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Company's accounting policies

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

Revenue recognition

The main area of judgement in revenue recognition relates to timing in regards to determining the point when the Company has satisfied their performance obligation to the customer. This is determined in accordance with the contractual arrangement with each customer with revenue recognised when a located candidate commences work for the customer or accepts an offer of employment from a customer . In making its judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 *Revenue from contracts with customers.*

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. Turnover

a. Segment information and disaggregation of turnover

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

	2020				2019			
	Turnover £'000	Net Fee Income £'000	Profit before tax	Net assets £'000	Turnover £'000	Net Fee Income £'000	Profit before tax	Net assets £'000
United Kingdom	144,579	126,296	10,527	33,739	163,797	143,733	29,210	27,544
Rest of Europe & Middle East	-	-	-	-	8	(117)	(238)	(2,350)
	144,579	126,296	10,527	33,739	163,805	143,616	28,972	25,194

The Company derives its turnover from contracts with customers for the transfer of services over time and at a point in time in line with the Company accounting policy. The disaggregation of the timing of turnover is presented below.

	2020 £'000	2019 £'000
External revenue by timing of turnover		
Services transferred at a point in time	70,725	87,599
Services transferred over time	73,854	76,206
	144,579	163,805

b. Contract balances

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

	2020 £'000	2019 £'000
Trade debtors	50,888	45,171
Contract costs capitalised	9,579	8,733
Amortisation of contract costs during the year	3,222	3,192
Contract assets (Accrued income)	23,278	41,773
Contract liabilities (Deferred income)	(3,668)	(3,218)

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on contracts with its customers. The contract assets are transferred to trade debtors when amounts are billed. Contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised on satisfaction of performance obligations (represents the obligation to transfer services to a customer). During the year £41,773,000 was transferred to trade debtors upon billing (2019: £41,905,000). £3,218,000 of deferred income was recognised in the year (2019: £2,854,000).

5. Directors' emoluments and staff costs

	2020 £'000	2019 £'000
Directors' remuneration		
Emoluments	932	1,273
Pension contributions	40	42
	972	1,315

The number of directors who were members of pension schemes was 4 (2019: 5).

Highest paid director

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

	2020 £'000	2019 £'000
Emoluments	253	355
Contributions to personal pension scheme	10	-
	263	355

Staff costs

	2020 No.	2019 No.
Average number of persons employed (including directors)		
Sales	1,206	1,223
Administration	201	166
	1,407	1,389
Staff costs during the year (including directors)		
	£'000	**£'000**
Wages and salaries	63,870	63,751
Social security costs	6,565	6,670
Pension costs	3,016	2,716
	73,451	73,137

6. Profit before taxation

Profit before taxation is stated after charging:

	2020 £'000	2019 £'000
Depreciation of tangible assets	962	1,355
Depreciation of right-of-use assets	741	599
Amortisation of intangible assets	2,567	1,255
Amortisation of capitalised contract implementation costs	3,222	3,192
Net foreign exchange (profit)/loss	(126)	139
Government grant income (Note 24)	(4,108)	-

Analysis of auditors' remuneration is as under:

	2020 £'000	2019 £'000
Fees payable to company's auditors for audit of company's annual accounts	93	88

7. Exceptional items within administrative expenses

	2020	2019
	£'000	£'000
Redundancy and restructuring costs	1,866	700
Onerous Contracts	371	510
SGG Transformation Programme	3,927	-
Professional fees in relation to acquisitions	-	59
Provision for intercompany receivable	184	620
	6,348	1,889

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

Redundancy and restructuring costs

The 2020 redundancy and restructuring costs are due to the Covid-19 global pandemic. The 2019 redundancy and restructuring costs were part of a business transformation programme.

Onerous contracts

The 2020 onerous contract costs relate to an onerous lease provision where the unavoidable costs exceeded the economic benefits of one of the Company's leases. The 2019 onerous contract costs relate to the cost of terminating a contract with a supplier with whom the Company had a significant minimum spend commitment.

SGG Transformation Programme

These are professional fees in relation to the Simplification, Globalisation and Growth programme (SGG Transformation Programme), a major restructuring project commenced in 2020. In addition, the Company has treated as exceptional, the costs of employing staff who spent a significant proportion of their time on the SGG transformation programme.

Provision for intercompany receivable

This is a provision for intercompany doubtful debts in relation to the Company's Mexican subsidiary which the Directors consider to be an exceptional item in accordance with the Company's accounting policy.

8. Finance charges (net)

	2020 £'000	2019 £'000
Interest payable and similar charges		
Bank loans and overdrafts	109	142
Invoice factoring charges	505	659
Amortisation of arrangement fees	49	49
Interest on lease liabilities	224	212
Other interest payable	8	7
	895	1,069
Interest receivable and similar income	(33)	(70)
Finance charges (net)	862	999

9. Tax on profit

	2020 £'000	2019 £'000
Current Tax:		
Current tax on profits for the year	2,058	2,078
Adjustments in respect of prior periods	(203)	(712)
Total current tax	1,855	1,366
Deferred tax:		
Current year	(88)	117
Adjustment in respect of previous periods	255	(149)
Effect of changes in tax rates	(37)	(12)
	130	(44)
Tax per income statement	1,985	1,322

9. Tax on profit (continued)

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

	2020 £'000	2019 £'000
Profit before tax	10,527	28,972
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2019: 19%)	2,000	5,505
Expenses not deductible for tax purposes	151	64
Income not taxable	(181)	(520)
Adjustments to tax charge in respect of previous periods	52	(862)
Effect of changes in tax rate	(37)	(12)
Effect of group relief	-	(2,853)
	1,985	1,322

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that this reduction would not occur and the Corporation Tax Rate would be held at 19%.

The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

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

Notes to the financial statements
For the year ended 31 December 2020

10. Tangible fixed assets

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

	Computer equipment	Fixtures and fittings	Plant & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	13,391	2,489	6	15,886
Reclassification	(3,118)			(3,118)
Additions	959	360	-	1,319
Disposals	(8,952)	-	(6)	(8,958)
At 31 December 2019	2,280	2,849	-	5,129
Accumulated depreciation				
At 1 January 2019	9,556	2,287	6	11,849
Reclassification	(642)			(642)
Charge for the year	1,222	133	-	1,355
Disposals	(8,952)	-	(6)	(8,958)
At 31 December 2019	1,184	2,420	-	3,604
Net book value				
At 31 December 2019	1,096	429	-	1,525

Included in fixtures and fittings is £375,000 (2019: £375,000) in respect of future rectification costs associated with leasehold premises. The net book value of these assets at 31 December 2020 was £nil (2019: £26,000).

11. Intangible Assets

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

	Software £'000	Total £'000
Cost		
At 1 January 2019	-	-
Reclassification	3,118	3,118
Additions	3,521	3,521
Disposals	-	-
At 31 December 2019	6,639	6,639
Amortisation		
At 1 January 2019	-	-
Reclassification	642	642
Charge for the year	1,255	1,255
Disposals	-	-
At 31 December 2019	1,897	1,897
Net book value		
At 31 December 2019	4,742	4,742

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

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

	Leasehold buildings £'000
Cost	
At 1 January 2019	4,973
Additions	420
At 31 December 2019	5,393
Accumulated depreciation	
At 1 January 2019	2,294
Charge for the year	599
At 31 December 2019	2,893
Net book value	
At 31 December 2019	2,500

The Company leases buildings and the average lease term is 8 years (2019: 8 years). There were no leases that expired in the current financial year. During the year a new contract for a new underlying asset was signed. This resulted in additions to right-of-use assets of £0.4 million (2019: £0.4m).

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

13. Investments

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

	Subsidiaries £'000
Cost	
At 1 January 2019	4,215
Additions	190
At 31 December 2019	4,405
Impairment	
At 1 January 2019	2,438
Charge for the year	-
At 31 December 2019	2,438
Net book value	
At 31 December 2019	1,967

13. Investments (continued)

The company has investments in the following subsidiaries:

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

	2020 £'000	2019 £'000
Trade debtors	50,888	45,171
Amounts owed by parent undertaking	12,002	-
Amounts owed by group undertakings	60,923	45,681
Other debtors	846	265
Corporation tax	574	887
Derivative (note 19)	230	241
Accrued income	23,278	41,773
Prepayments	3,802	3,940
Capitalised contract implementation costs	9,579	8,733
	162,122	146,691

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

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

Capitalised contract implementation costs of £9,579,000 (2019: £8,733,000) are in respect of new Recruitment Process Outsourcing contracts. These are capitalised and written off in accordance with the Company's accounting policy. Contract implementation costs capitalised in the year were £4,068,000 (2019: £2,451,000), and amounts amortised were £3,222,000 (2019: £3,192,000).

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

The Company policy is to write off a trade 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 2020, the Company identified two potential credit losses totalling £42,000 that full provision has been made for. Prior to that, the Company had not suffered any credit loss in the previous two years 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 debtors.

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

14. Debtors: Amounts falling due within one year (continued)

Trade debtors can be analysed as follows:

	2020 £'000	2019 £'000
Amount receivable not past due	47,492	41,799
Amount past due but not impaired	3,438	3,372
	50,930	45,171
Less: allowance for expected credit losses	(42)	-
	50,888	45,171

15. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Derivative (note 19)	444	394
Trade creditors	7,310	1,813
Amounts owed to parent undertaking	-	3,690
Amounts owed to group undertakings	10,674	7,041
Other taxation and social security	19,238	10,715
Other creditors	772	668
Accruals	133,328	136,570
Deferred income	3,668	3,218
Lease liabilities (note 22)	793	688
	176,227	164,797

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

16. Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Lease liabilities (note 22)	1,769	2,235
	1,769	2,235

17. Provision for liabilities

	Dilapidation provision £'000
At 1 January 2020	417
Additions	22
At 31 December 2020	439

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

18. Deferred taxation

	2020 £'000	2019 £'000
At beginning of the year	569	525
(Debited) / credited to profit and loss account (note 9)	(130)	44
At end of the year	439	569

The amounts of deferred tax provided at 19% (2019 - 17%) are:

	2020 £'000	2019 £'000
Fixed assets	321	392
Temporary trading differences	118	177
Derivatives	-	-
	439	569

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

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

19. Derivative financial instrument

	2020 £'000	2019 £'000
Financial assets carried at fair value through profit or loss (FVTPL):		
Forward contracts		
Derivative assets	230	241
Derivative liabilities	(444)	(394)

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

20. Share capital

	2020 £'000	2019 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
100 'A' ordinary shares of 1p each	-	-
	100	100
Called up, allotted and fully paid		
90,000 ordinary shares of £1 each	90	90
100 'A' ordinary shares of 1p each	-	-
	90	90

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

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

21. Reconciliation of net cash flow from operating activities

	2020 £'000	2019 £'000
Operating profit for the year	10,437	27,406
Adjustments for:		
Depreciation and amortisation	7,492	6,401
(Increase) in trade and other receivables	(21,125)	(21,990)
Increase in trade and other payables	11,751	5,001
Financing costs	(862)	(999)
Income tax received (paid)	532	(2,010)
Net cash flow from operating activities	8,225	13,809

22. Lease liabilities

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

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

23. Ultimate controlling party

In the opinion of the directors, the Company's ultimate parent Company 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 for which consolidated accounts are drawn up is Alexander Mann Group Limited, a Company incorporated in the UK and registered in England and Wales.

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

24. Government grants

In 2020, as a result of the global pandemic, the Company utilised government support measures made available in the United Kingdom, including employee wage subsidy schemes. Employees were furloughed under the Coronavirus Job Retention Scheme from April until October 2020. The total amount the Company received in respect of this wage subsidy scheme was £4,108,000 (2019: nil).

In addition, the Company availed itself of tax deferral arrangements including the automatic deferral of UK VAT payments due between March and June 2020, which now become payable between June 2021 and February 2022. The tax deferred resulted in a benefit to working capital of £9,444,000 (2019: nil).
There are no unfulfilled conditions or contingencies attached to these grants.

25. Subsequent events
There have been no significant events affecting the Company since 31 December 2020.

Alexander Mann Solutions Limited

Appendix to the subsidiary note

Subsidiary undertakings	**Registered Address**
AMG Asia Pacific Pty Ltd	101 Collins Street , Melbourne, Victoria 3004
Alexander Mann Solutions GmbH	Eschenheimer Anlage 1, 60316 Frankfurt am Main
Alexander Mann Solutions APS	Larsbjornsstraede 3, K1454, Copenhagen, Denmark
Alexander Mann Solutions AB	Stureplan 4c, 4th Floor, 114 35, Stockholm, Sweden
Alexander Mann Solutions GmbH	Hardturmstrasse 120, CH-8005 Zürich Switzerland
Alexander Mann Solutions S.r.l	Via Senato, 20, 20121 Milano, Italy
Alexander Mann Solutions SARL	12/14 Rond-Point des Champs-Elysées, 75008, Paris, France
Alexander Mann Solutions Poland Sp. z.o.o.	Ul. Puszkarska 7f, 30-644, Krakow, Poland
Alexander Mann Solutions BVBA	Rond Point Schuman 6, Box 5, 1040 Brussels, Belgium
Alexander Mann Solutions s.r.o.	Karolinska 661/4, 186 00 Praha 8, Czech Republic
Alexander Mann Solutions B.V.	Geesinkweg 901 - 999, 1096 AZ, Amsterdam, The Netherlands
AMS Recruitment Process Outsourcing, S.L	Avida Diagonal, 640 6º, 08021 Barcelona
Alexander Mann Solutions KFT	Kálmán Imre utca 1, Budapest, 1054 HUNGARY
Alexander Mann Solutions Corporation	Office Address: Erieview Tower, 1301 East 9th St, suite 1200, Cleveland, Ohio, 44114
Alexander Mann BPO Solutions (Singapore) Pte. Ltd	2 Shenton Way, SGX Centre 1, #16-03, Singapore 068804, Singapore
Alexander Mann Solutions K. K.	3-18-6 Toyo, Koto-ku, Tokyo 135-0016, Japan
Alexander Mann Solutions (HK) Limited	7/F Nan Fung Tower, 88 Connaught Road, Central, Hong Kong
Alexander Mann Solutions Private Limited	B2, 402, MARATHON INNOVA, OFF GANPATRAO KADAM MARG, OPP PENINSULA, CORPORATE BANK, LOWER PAREL, MUMBAI 400013, India
Alexander Mann Solutions (Shanghai) Enterprise Management Consulting Ltd	Unit 701, ZRT Tower, No. 20, Lane 1228 Jiangchang Road,Jingan District, Shanghai, 200072
Alexander Mann Solutions Inc	1000, rue De La Gauchetière Ouest, Bureau 900, Montréal, QC, Canada H3B 5H4
Alexander Mann Outsourcing Solutions Limited	Trinity House, Charleston Road, Ranelagh, Dublin 6
Alexander Mann BPO (HK) Limited	7/F Nan Fung Tower, 88 Connaught Road, Central, Hong Kong
Shearwater s.r.o.	U Garáží 1611/1, 170 00 Prague 7, Czech Republic
AMS Processo De Recrutamento E Terceirização Ltda	Avenida Engenheiro Luis Carlos Berrini, nº 1461, 12º andar, bairro Cidade Monções, cidade de São Paulo, estado de São Paulo,
Alexander Mann Solutions S. De R.L. De C.V.	Periférico Sur #4293, Primer Piso, Colonia Jardines en la Montaña, Delegación Tlalpan, C.P. 14210, México D.F.
Alexander Mann Solutions AS	Vassbotnen 1, 4313 SANDNES, Norway
Alexander Mann Solutions BPO Inc.	27/F Philam Life Tower Building, 8767 Paseo De Roxas Avenues, Makati City, Philippines
Alexander Mann Solutions Limited	514, Level 5, Index Tower, Dubai International Finance Centre (DIFC), Dubai, 506976, United Arab Emirates
Alexander Mann Solutions (Pty) Ltd	Executive City Corner of Cross St & Charmaine Ave President Ridge Randburg 2125, PO Box 1734
Karen HR Inc	Toronto, Ontario, Canada