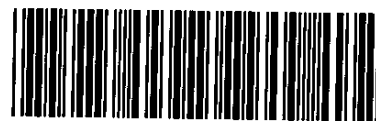


Nash
Squared

ANNUAL REPORT & ACCOUNTS 2023

Consolidated financial statements for the 12 month
period ending 31 January 2023

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Nash Squared Holdings Limited

For the 12 month period ended 31 January 2023

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Strategic Report

For the 12 month period ended 31 January 2023

Strategic Report

The directors present their strategic report on the Group for the period ended 31 January 2023.

Strategy

Nash Squared Holdings Limited and its subsidiaries, together "Nash Squared", is the leading global provider of technology and talent solutions. We're equipped with a unique network, that realises the potential where people and technology meet.

For over three decades we've been helping clients solve broad and complex problems, building and scaling their technology and digital capability in every way, from connecting organisations with the very best global talent to applying technology expertise to solve complex problems.

Nash Squared aims to accelerate growth through investments in people, systems, solutions and potentially further acquisitions.

During the year the Alumni business was divested through a management buyout (MBO) to accelerate the growth of both brands. The divestment of Alumni will support Nash Squared's rapid growth strategy by providing a greater focus to its technology and talent solution brands - which help and support clients in developing their digital teams and capability. See note 32 for details.

In July 2022 Nash Squared acquired Het Flexhuis, a major Managed Service Provider (MSP) of talent and recruitment services based in the Netherlands. Het Flexhuis has established a strong reputation in the MSP market through its extensive expertise, well proven methodologies and custom designed tools and technology. It is Nash Squared's vision to help clients access talent and technology in every way possible, and offering a high quality MSP solution is an important next step for the Group. Het Flexhuis has subsequently been rebranded as simply Flexhuis. See note 31 for details.

In January 2023 Nash Squared acquired Knoldus as part of its strategic expansion in North America. Knoldus is a technology advisory and solutions company with over 300 employees based in Canada, the US, Singapore and two development centres in India. It has a strong reputation across Fortune 500 clients for delivering leading-edge digital solutions around data, cloud and machine learning, as well as high-performance real-time data systems. See note 31 for details.

The acquisition significantly strengthens NashTech's footprint in the world's largest technology market and adds important expertise in the fast-growing areas of cloud and data. It extends NashTech's global development centre capability, which includes hubs in Vietnam and India.

Review of the business

The progress of Nash Squared Holdings Ltd is summarised below:

Results and performance

Nash Squared reported an operating profit of £15.3m after exceptional costs (2022: £17.4m). Operating profit excluding exceptional costs was £22.3m (2022: £18.7m). Profit before tax for the period including all exceptional items was £11.9m (2022: £15.7m). The directors are satisfied with the results.

Key performance indicators (KPIs)

The directors consider the key performance indicators are those that communicate the financial performance and strength of the business.

	2023 £' 000	2022 £' 000
Revenue (excluding discontinued operations)	748,416	659,062
Gross profit	120,677	105,230
Gross margin	16.12%	15.97%
Operating profit (excluding exceptionals, amortisation, foreign exchange and interest)	31,924	27,330
Operating profit	15,285	17,423
EBITDA excluding exceptionals *	34,433	29,408
EBITDA percentage of gross profit	28.53%	27.95%
Profit before tax	11,919	15,679

* EBITDA excluding exceptionals is calculated by adding back depreciation on property, plant and equipment of £2.0m and amortisation of £6.7m and exceptional costs of £7.1m and finance costs of £3.3m to operating profit of £15.3m.

Strategic Report

For the 12 month period ended 31 January 2023

Strategic Report continued

Stakeholder engagement and our S172 statement

Introduction

Throughout the strategic and directors report, we provide examples of how we:

- Take into account the likely consequences of long-term decisions
- Build relationships with stakeholders
- Engage with employees and promote diversity
- Understand the importance of finding ways of reducing our environmental impact and be a considerate member of local communities
- Attribute importance to behaving as a responsible business.

The board acknowledges Section 172 (1) of the UK Companies Act 2006, and its duty to promote the success of the Company.

A director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so has regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term
- b) the interests of the company's employees
- c) the need to foster the company's business relationships with suppliers, customers and others
- d) the impact of the company's operations on the community and the environment
- e) the desirability of the company maintaining a reputation for high standards of business conduct
- f) the need to act fairly between members of the company

The Nash Squared board takes these obligations seriously and the directors are aware of their ongoing duties to act for the benefit of its customers, investors and staff. The following section provides examples of how the company directors meet their duties to all stakeholders.

Employee engagement

During 2020, the board appointed its first Chief People Officer. Since joining they have introduced a Global People Strategy to attract and retain the best talent to enable Nash Squared to build a fit for future organisation that achieves sustainable and profitable growth. This strategy is supported by a connected people team to deliver key strategic actions. Key initiatives include a Global Diversity & Inclusion Council along with three employee networks and a wellbeing hub for colleagues, candidates and clients. Alongside this there has been investment in talent and development through our Talent Framework, talent development programmes, global mentoring programme and the implementation of a new learning management system (LMS). We have invested further in Learning & Development with new L&D roles and the development of career pathways which support our colleagues to have a rewarding career with us.

The launch of a Global engagement platform has given our colleagues a voice by fostering a culture of open feedback and actions. The Global engagement survey results are presented at senior leadership and board level to discuss findings, review recommendations and agree action plans. To support this Leaders across the business have put in place engagement ambassadors who help us to act upon the feedback from our colleagues. Our 'Ask Bev' tool, a platform that gives colleagues from across the globe the opportunity to directly raise concerns or ask questions on the wider business strategy with Bev White our CEO, has been widely used. In conjunction with this, global strategy updates for all colleagues are held each quarter along with a Global People Update Newsletter. These updates give an opportunity to relay decisions made based on colleague feedback, communicate strategy and its impact on colleagues in addition to sharing updates on wider economic factors affecting Nash Squared.

Equal opportunities

Nash Squared has a zero tolerance approach to discrimination supported by an equal opportunities policy that aims to treat individuals fairly and not to discriminate on the basis of sex, race, ethnic origin, disability or any other basis. Nash Squared is focused on ensuring that we operate in an environment where diversity, equality and inclusion is an integral part of our culture, where our leaders, managers and colleagues role model inclusive behaviours which permeate through our business internally and externally.

Nash Squared's policies and procedures are designed to provide for full and fair consideration and selection of disabled applicants, to ensure that they are properly trained to perform safely and effectively and to provide career opportunities that allow them to fulfil their potential. Where an employee becomes disabled in the course of their employment, Nash Squared will actively seek to retain them wherever possible by making adjustments to their work content and environment or by retraining them to undertake new roles.

Strategic Report

For the 12 month period ended 31 January 2023

Strategic Report continued

Business relationships and supply chain

The board is aware of the necessity of maintaining a clean supply chain, free of exploited labour. Nash Squared adheres to a supplier code of conduct that integrate with its key policies, including its Modern Slavery, Human Trafficking (MSHT) and carbon reduction strategy.

The directors encourage all representatives of Nash Squared to build and maintain strong business relationships with both customers and suppliers. This continued engagement with customers and suppliers contributes to the current and continued success of Nash Squared.

Community and environment

The board is conscious that the business should have a low impact on the environment in which it operates, particularly in terms of energy consumption and business travel. As an organisation, we take climate change seriously. Our environmental strategy aims to reduce our carbon footprint and follows industry best practice on environmental, social and governance ('ESG') principles. Nash Squared's operations, being services, are inherently less damaging to the environment than other business sectors. However, the board recognises that the business must minimise its impact on the environment and utilises recommendations from the Carbon Trust to reduce the organisation's carbon footprint.

At Nash Squared we are focused on delivering a positive social impact through our actions to support our employees, the work we do with clients every day and through our actions with local communities. As a global employer we believe in supporting communities within the regions we operate and we do this through initiatives which help to deliver sustainable employment, mentoring, volunteering and fundraising. We actively encourage our colleagues to identify opportunities to support local charities and not-for-profits via volunteering or fundraising.

Emissions and energy usage

This year we have calculated our environmental impact across scope 1, 2 and 3 emission sources for the UK only, presenting emissions on a location basis. Our emissions are 111,350 kgCO₂e (2022: 121,400 kgCO₂e), which is an intensity ratio of 229 kgCO₂e per employee (2022: 283 kgCO₂e per employee). We have calculated the emission intensity ratios on a per employee basis. The methodology used to calculate the greenhouse gas emissions uses conversion factors published by the Department for Environment, Food and Rural Affairs for 2023. We have reported on all the measured emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, except where stated.

The directors are pleased with Nash Squared's progress in reducing carbon emissions, and remain committed to making a positive environmental contribution while recognising their responsibility to ensure a bright future for the next generation.

Emissions and energy usage	Emissions source	2023	2022
Scope 1 (kgCO ₂ e)	Combustion	49,820	49,696
Scope 2 (kgCO ₂ e)	Electricity	44,020	56,468
Scope 3 (kgCO ₂ e)	Indirect energy	17,510	15,236
Total kgCO₂e		111,350	121,400
Total energy usage (kWh)		554,474	626,414
kgCO ₂ e per employee		229	283

Strategic Report

For the 12 month period ended 31 January 2023

Strategic Report continued

Emissions and carbon action

Nash Squared finalised its property rationalisation project in the last period. Where leases have expired we have invested in smaller office spaces that can be shared by our brands and support our hybrid working model. Offices that can benefit from renewable energy sources have been prioritised as part of the rationalisation. The full year benefit of the project has caused the current reporting period reduction in Scope 2 emissions detailed in the emissions and energy usage table.

During the year we launched an electric car scheme for UK colleagues, adding to the offerings already available to colleagues in other regions. This transition away from petrol and diesel to electric represents an important step in the achievement of our net zero strategy while bolstering benefit packages for our colleagues. The impact of this is expected to be seen in the Scope 1 emissions for the next reporting period.

Nash Squared began preparations for its first public disclosure with the Carbon Disclosure Project (CDP) in 2023. The CDP is the gold standard in for corporate environmental reporting. Publicly reporting with the CDP will give greater transparency and engagement with our stakeholders

Carbon reduction targets

There have been carbon reduction targets in place since the launch of our net zero strategy in 2022. We have made steady progress against these targets during the reporting period, culminating in year on year reductions of our reported emissions and energy usage data under the streamlined energy and carbon reporting.

The progress of specific carbon reduction targets is summarised further below:

Target: Hybrid working to be a standard from 2022 with a focus on electric vehicles where fleet decisions are made.

FY23 actions and progress:

- All regions globally now operate a hybrid working model where local laws allow
- An all-electric company car scheme was launched in the UK during the reporting period

Target: A 50% reduction in baseline global air travel emissions by 2025. The baseline year is the 12 months ended 31st January 2020.

FY23 actions and progress:

- Implementation of a global travel management system increasing data quality and the ability to purchase carbon offsets at the point of booking travel

Target: All European offices to be 100% renewable energy by 2025.

FY23 actions and progress:

- Relocation to a new London headquarters with a 65% lower Scope 2 emission output.
- Continued improvement our office selection criteria, prioritising green properties.
- Continued prioritisation of renewable energy suppliers at contract renewal points.

Strategic Report

For the 12 month period ended 31 January 2023

Strategic Report continued

Principal risks and uncertainties

There are certain risks and uncertainties inherent in the Group that may affect future performance, these are described below:

Legal and regulatory

Nash Squared works in a number of geographic jurisdictions on a daily basis under a variety of laws and regulations. Nash Squared mitigates this risk through comprehensive compliance policies and procedures including engaging with local advisers and regulators where necessary.

Financial

All potential areas of financial risk are regularly monitored and reviewed by the directors. Where necessary preventative and/or corrective measures are taken to reduce such risk. Nash Squared operates in a number of foreign markets, the existence of which exposes the company to a number of financial risks. These risks including credit risk are addressed in note 4 of the financial statements.

Operational

Nash Squared is reliant on its ability to fulfil client demand while recruiting, training and developing high quality talent to maintain and expand its growth strategy. The directors actively engage in providing a structure of sustainable career development for employees.

Nash Squared continues to diversify its operations and utilises its positioning in key sectors across a broad geographic footprint to protect against lower candidate availability in more mature markets.

Political

The increased political uncertainty from the Ukraine conflict continues to be monitored and reviewed by directors. Nash Squared does not have operations in Ukraine or Russia so there is no direct impact on our trading at this time. In addition to the impact of inflation, tax rises are also being monitored. Client contracts allow any state related pay increases to be charged on.

Climate change

Climate change will impact Nash Squared over a significantly longer time scale than the risks normally considered by the group risk committee. Consequently climate change remains an emerging risk with no material impact on current strategy, liquidity or performance. Despite this, the group risk committee take the impact of climate change seriously and continue to monitor its impact.

Risk management

Nash Squared adheres to a Group risk policy and framework that was developed based around the principles of ISO31000. Risk registers are submitted from across the organisation on a quarterly basis. The audit and risk committee meets twice a year at which Group risks are presented for consideration. Additionally, the board is made aware of imminent and high risks, and the framework integrates with a business continuity plan that can be activated as necessary.

Subsequent events

Nash Squared has completed its subsequent events evaluation for the period subsequent to the balance sheet date of 31 January 2023, through to the date of signing these financial statements and concluded that there are no adjusting or non-adjusting subsequent events requiring disclosure.

Future outlook

Nash Squared's strategy leaves it well placed to continue making progress, delivering further value to investors and stakeholders through continued focus on the technology market, our broad portfolio of services and the geographic diversity of the Group.



Chris Tilley

Date: 26-May-23

Director

Directors' Report

For the 12 month period ended 31 January 2023

Directors' report

The directors present their annual report and the audited financial statements for the 12 month period ended 31 January 2023.

On 4 May 2022, the company changed its name from Harvey Nash Group Holdings Limited to Nash Squared Holdings Limited.

The Group has chosen to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS).

Directors

The directors holding office at the date of this report:

Bev White	Gary Browning	Adrian Gunn	Joanna Macleod
Chris Tilley	Michael Haxby	Diederik Vos	
Michael Branigan	David Morrison	Streisan Bevan	

Subsidiaries outside the United Kingdom

For the 12 month period ended 31 January 2023, the Group had entities established for corporation tax purposes in a number of countries. A full list of subsidiaries and locations are set out on pages 56 to 59.

Future developments

Details of future developments can be found in the strategic report and form part of this report by cross-reference.

Financial risk management objectives and policies

Nash Squared's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. Details of Nash Squared's objectives and policies in response to these risks can be found within note 4 to the financial statements.

Going concern

The directors have considered the current and forecast levels of trading, taking into account the cash and invoice discounting facilities expected to be available to Nash Squared, and have concluded that the going concern basis of preparation remains appropriate.

In coming to their conclusion, the directors have considered trading and cash flow performance of the last 12 months and for at least 12 months from the date of signing the financial statements. Nash Squared has demonstrated its resilience and ability to trade profitably through the pandemic with considered management actions to reduce costs and maintain strong working capital management. The extremely strong current year trading results support the directors firm belief that Nash Squared is well beyond the point of peak disruption. Despite this the directors have taken a prudent approach, and stress test scenarios have been modelled representing the potential impact of a second pandemic downturn. In this scenario, we would still maintain adequate cash headroom and remain within the limits of our banking covenants.

Directors' Report

For the 12 month period ended 31 January 2023

Directors' report continued

Directors' and third party indemnity provisions

Nash Squared has maintained throughout the period directors' and officers' liability insurance for the benefit of the Group, the directors and its officers. The Group has entered into qualifying third party indemnity arrangements for the benefit of all its directors in a form and scope which complies with the requirements of the Companies Act 2006. These arrangements were in force throughout the period and remain in force at the date of these financial statements.

Dividends

During the period dividends were declared and paid to the value of £0.89m (2022: £1.2m). No dividends have been proposed post period end.

Share capital

During the period there were no changes to the issued share capital of the Group.

Political and charitable contributions

The Group made no political or charitable contributions or donations during the period.

Auditor and 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 (as defined by section 418 of the Companies Act 2006) of which the Group's auditor is unaware; and
- the director has taken all the 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 Group's auditor is aware of that information.

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

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved and signed on behalf of the board:



Chris Tilley

Date: 26-May-23

Director

Statement of Directors' Responsibilities in Respect of the Annual Report

For the 12 month period ended 31 January 2023

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 are required to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group 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 IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance performance; and make an assessment of the Group'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

We confirm that to the best of our 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;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This responsibility statement was approved by the board of directors on [date] and is signed on its behalf by:

Chris Tilley
Director



Date: 26-May-23

Independent auditor's report to the members of Nash Squared Holdings Limited

For the 12 month period ended 31 January 2023

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Nash Squared Holdings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2023 and of the group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB)
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of profit and loss;
- the consolidated statement of other comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement
- the related consolidated notes 1 to 32; and
- the related parent company notes 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of 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 group and the parent 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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

Independent auditor's report to the members of Nash Squared Holdings Limited

For the 12 month period ended 31 January 2023

Report on the audit of the financial statements continued

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 group's and the parent 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 group or the parent 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 group's industry and its control environment, and reviewed the group'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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group 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, relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

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

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

- the risk that any impairment review in relation to goodwill balances has not been carried out appropriately: to address this risk, we tested the design and implementation of controls in place to mitigate the risk of material misstatement, independent valuations experts have analysed inputs to the goodwill model and discount rates, management assumptions and forecasts have been critically evaluated and challenged to assess reasonableness, mathematical accuracy of management's model has been tested and sensitivity analysis has been performed including recalculation of headrooms
- the risk that revenue amounts have been recorded inaccurately or recognised in the wrong period (resulting in a misstatement to the accrued revenue balance): we tested the design and implementation of controls in place to mitigate the risk of material misstatement and the reconciliation between revenue accrued for, and timesheets subsequently submitted which relate to the current reporting period was obtained and vouched on a sample basis

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.

Independent auditor's report to the members of Nash Squared Holdings Limited

For the 12 month period ended 31 January 2023

Report on the audit of the financial statements continued

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 group and of the parent company and their 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

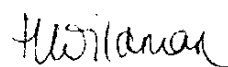
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Helen Wildman ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 26-May-23

Consolidated Statement of Profit and Loss

For the 12 month period ended 31 January 2023

	Notes	2023 £' 000	2022 * £' 000
Revenue	6	748,416	659,062
Cost of sales		(627,739)	(553,833)
Gross profit		120,677	105,229
Other income	11	340	159
Administrative expenses		(98,717)	(86,673)
Operating profit before exceptional items		22,300	18,715
Exceptional items	10	(7,015)	(1,293)
Operating profit	8	15,285	17,422
Finance costs	7	(3,326)	(1,714)
Exceptional finance costs	10	(40)	(30)
Profit before tax		11,919	15,678
Income tax charge	13	(5,116)	(2,641)
Profit for the period from continuing operations		6,803	13,037
Discontinued operations			
(Loss)/profit from discontinued operations after tax	32	(114)	63
Profit for the period		6,689	13,100

* Comparative amounts have been re-presented to reflect the classification of the Alumni sub-group as a discontinued operation. See note 32 for further information.

Consolidated Statement of Other Comprehensive Income

For the 12 month period ended 31 January 2023

	2023 £' 000	2022 £' 000
Profit for the period	6,689	13,100
Foreign currency translation differences	2,827	1,084
Total comprehensive profit for the period attributable to owners of the Company	9,516	14,184

Consolidated Statement of Financial Position

As at 31 January 2023

	Notes	2023 £' 000	2022 £' 000
ASSETS			
Non-current assets			
Intangible assets	15	153,555	122,801
Property, plant and equipment	16	7,051	6,185
Right-of-use assets	17	9,894	9,900
Deferred tax asset	13	1,059	-
Loans receivable from parent undertakings	24	3,085	995
Other long term receivables	28	7,524	1,924
		182,168	141,805
Current assets			
Trade and other receivables	18	197,707	164,046
Current income tax assets	13	1,100	750
Cash and cash equivalents	19	36,099	30,221
		234,906	195,017
Total assets		417,074	336,822
LIABILITIES			
Current liabilities			
Trade and other payables	20	(179,428)	(157,096)
Current income tax liabilities	13	(3,115)	-
Deferred tax liabilities	13	-	(1,066)
Borrowings	29	(55,002)	(40,177)
Short-term lease liabilities	17	(6,972)	(7,807)
Deferred consideration	30	(8,054)	(6,758)
		(252,571)	(212,904)
Non-current liabilities			
Borrowings	29	(39,189)	(15,135)
Long-term lease liabilities	17	(3,448)	(2,472)
Loans payable to group undertakings	24	(1,312)	(1,112)
Deferred consideration	30	(2,827)	-
Deferred tax liabilities	13	(11,490)	(7,584)
		(58,266)	(26,303)
Total liabilities		(310,837)	(239,207)
Net assets		106,237	97,615
EQUITY			
Ordinary shares	21	1	1
Share premium	21	10,000	10,000
Fair value and other non-distributable reserves	22	15,380	15,380
Other distributable reserves	22	67,969	67,969
Cumulative translation reserve	22	604	(2,223)
Retained earnings	23	12,283	6,488
Total equity		106,237	97,615

The consolidated financial statements on pages 13 - 51 were approved by the board and authorised for issue on its behalf by Chris Tilley.

Chris Tilley
Director

C. Tilley

Date: 26-May-23

Nash Squared Holdings Limited

Annual Report & Accounts 2023

Consolidated Statement of Changes in Equity

For the 12 month period ended 31 January 2023

	Share capital £' 000	Share premium £' 000	Fair value and other non- distributable reserves £' 000	Other distributable reserves £' 000	Cumulative translation reserve £' 000	Retained earnings £' 000	Total £' 000
Balance at 31 January 2021	1	10,000	15,380	67,969	(3,306)	(5,378)	84,666
Profit for the period	-	-	-	-	-	13,100	13,100
Currency translation adjustments	-	-	-	-	1,084	-	1,084
Total comprehensive income for the period	-	-	-	-	1,084	13,100	14,183
Dividends paid	-	-	-	-	-	(1,235)	(1,235)
Balance at 31 January 2022	1	10,000	15,380	67,969	(2,222)	6,487	97,615
Profit for the period	-	-	-	-	-	6,689	6,689
Currency translation adjustments	-	-	-	-	2,827	-	2,827
Total comprehensive income for the period	-	-	-	-	2,827	6,689	9,516
Dividends paid	-	-	-	-	-	(894)	(894)
Balance at 31 January 2023	1	10,000	15,380	67,969	604	12,282	106,237

Consolidated Statement of Cash Flows

For the 12 month period ended 31 January 2023

	Notes	2023 £' 000	2022 * £' 000
Profit before tax		11,919	15,679
Adjustments for:			
- depreciation	16 & 17	6,847	6,948
- amortisation	15	9,074	6,824
- profit on disposal of property, plant and equipment	16	-	(161)
- finance income	11	(340)	(129)
- finance costs	7	3,326	1,714
- exceptional finance costs	10	40	30
- LTIP non-cash movement		200	200
Operating cash flows before changes in working capital		31,066	31,105
Changes in working capital:			
- (increase) in trade and other receivables	18	(26,405)	(9,016)
- increase in trade and other payables	20	9,611	7,230
Operating loss on discontinued operations	32	107	63
Cash flows from operating activities		14,379	29,381
Income tax paid	13	(4,192)	(4,026)
Net cash generated from operating activities		10,187	25,355
Cash flows from investing activities			
Net purchases of property, plant and equipment	16	(2,837)	(2,660)
Interest received	11	340	129
Payment of deferred consideration	30	(7,494)	(6,736)
Acquisition of subsidiary	31	(38,292)	-
Cash acquired in acquisition of subsidiary	31	12,656	-
Cash proceeds from disposal of subsidiary	32	3,500	-
Cash disposed with subsidiary	32	(2,556)	-
Net cash used in investing activities		(34,683)	(9,267)
Cash flows from financing activities			
Lease repayments	17	(5,215)	(5,001)
Loans given to group undertakings	24	(2,090)	(150)
Interest paid	7	(2,975)	(1,435)
Exceptional finance costs	10	(40)	(30)
Proceeds from long-term borrowings raised	29	48,522	-
Repayment of long-term borrowings	29	(18,443)	(3,308)
Increase/(decrease) in short-term borrowings	29	8,801	3,068
Equity dividends paid	14	(894)	(1,235)
Net cash used in financing activities		27,666	(8,092)
Increase in cash and cash equivalents		3,170	7,996
Cash and cash equivalents at the beginning of the year		30,221	21,684
Exchange movements on cash and cash equivalents		2,708	541
Cash and cash equivalents at the end of the year		36,099	30,221

* Comparative amounts have been re-presented to reflect the classification of the Alumni sub-group as a discontinued operation. See note 32 for further information.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

1. General information

Nash Squared Holdings Ltd ('the Company') and its subsidiaries (together 'the Group') is a leading provider of specialist recruitment and outsourcing solutions. The Group has offices in the United Kingdom, Europe, the United States and Asia Pacific.

The Company is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. Its registered address is 3 Noble Street, London EC2V 7EE.

For the period ended 31 January 2023 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies. As parent the Company has provided a guarantee undertaking under s479C.

NashTech Limited (Company Number 09834873)

Nash Squared Ltd (Company Number 03320790)

1.2 Basis of preparation

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the IASB.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial assets and financial liabilities that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements of the parent Company are prepared under Financial Reporting Standard ('FRS') 101 Reduced Disclosure Framework.

The Company has adopted the requirements of The Companies Act 2006.

2. Adoption of new and revised standards

The Group has considered the following new standards, interpretations and amendments to published standards that are effective for the Group for the financial period beginning 1 February 2022 and concluded that they are either not relevant to the Group or that they would not have a significant effect on the Group's financial statements other than disclosures:

Standard	Description	Effective Date
IFRS 4, IFRS 7, IFRS 9, IFRS 16, IAS 39	Amendments regarding replacement issues in the context of the IBOR reform	1 January 2021
IFRS 17	Insurance contracts	1 January 2021
IFRS 16	Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	1 April 2021

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

2. Adoption of new and revised standards continued

The following new standards, interpretations and amendments to published standards and interpretations which are relevant to the Group have been issued but are not effective for the financial period beginning 1 February 2022 and have not been adopted early. These standards, interpretations and amendments to published standards and interpretations are not expected to have a material effect on the Group's financial statements:

Standard	Description	Effective Date
IFRS 4	Amendments regarding the expiry date of the deferral approach	1 January 2023
IAS 1	Amendments regarding the classification of liabilities	1 January 2023
IAS 8	Amendments regarding the definition of accounting estimates	1 January 2023
IAS 12	Amendments regarding deferred tax on leases and decommissioning obligations	1 January 2023

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

3. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(a) Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly the Group continues to adopt the going concern basis of accounting in preparing the financial statements. Please see the going concern statement on page 7 for more detail.

(b) Basis of consolidation

The Group financial statements consolidate the results of the Company and all of its subsidiary undertakings drawn up from 1 February 2022 to 31 January 2023 and are based on the consistent accounting policies disclosed herein.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

(c) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

3. Significant accounting policies continued

(d) Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If an impairment is required the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(e) Revenue recognition

The Group measures and recognises revenue in accordance with IFRS 15. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. The Group continuously monitors and performs a detailed review of contracts, to determine the timing of the transfer of control in each of its service lines. Revenue is measured at the fair value of the consideration received or receivable for the supply of services, net of value added tax, rebates and discounts and after eliminating sales within the Group.

Revenue earned, but not invoiced, at the balance sheet date is accrued on the balance sheet as accrued income. Revenue invoiced but not earned at the balance sheet date is recorded as a liability as deferred income.

Principal versus agent considerations

The Group derives a significant proportion of its revenue from the provision of temporary workers to clients. Whether the full invoiced amount is recognised gross (inclusive of the costs of the temporary workers), or net (exclusive of costs of the workers) depends on whether the Group acts as principal or agent. IFRS 15 recognises revenue under a concept of 'transfer of control'. Its core principle is whether the good or service is controlled by the entity prior to delivery to the client. For the purposes of determining whether an entity acts as an agent or principal, IFRS 15 provides indicators of where control may exist. Significantly, these indicators do not include credit risk as an indicator that an entity is acting as a principal.

Temporary contractors

The Group derives its revenue in the contract services and interim businesses on a time and materials basis. It is recognised as services are rendered as validated by receipt of a client-approved timesheet or equivalent.

Where the Group has the primary responsibility to deliver and fulfil the promise to provide contractors to the client, this indicates that the entity controls the service before it is transferred to the client. This includes the acceptability of the service meeting the client's specifications. In such cases the Group is acting as principal. Revenue recognised is the gross amount billed to the client for the services of the temporary workers. This includes revenues from the placement of temporary contractors where the Group has a contract management services contract with the client.

Contract management services – temporary contractors arranged by third party agencies

The Group acts as an agent when its primary responsibility is to provide administrative support to clients, acting as an intermediary between two parties. The Group does not control the service provided to the client as the primary responsibility to deliver the services to the client sits with a third party agency. Revenue is recognised as the commission only (exclusive of costs of the worker).

Permanent placements

Revenue arising from permanent placements is recognised on acceptance of the candidate or on start date, subject to the contractual agreement. Provision is made for the expected cost of obligations where employees do not work for the specified contractual period.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

3. Significant accounting policies continued

(e) Revenue recognition continued

Revenue earned on a retained basis

Recruitment and assignment fees are considered as a performance obligation, delivered over time. When revenue is recognised over time, it is necessary to determine the entity's performance towards satisfaction of the performance obligation. Revenue can therefore not be recognised until the entity has performed a service that will take it closer to fulfilling the performance obligation. Under IFRS 15 revenue for permanent executive recruitment and assignment fees is based on a percentage of a candidate's remuneration package recognised over time as the services are provided, typically in two stages: shortlist and placement fee. Provision is made for the expected cost of obligations where employees do not work for the specified contractual period.

Commissions

Under IFRS 15, incremental costs incurred in obtaining a contract (such as sales commissions) are recognised as an asset and amortised over the life of the contract if they are expected to be recovered from the client. Given the short-term nature of the Group's contracts, the Group elected to take the practical expedient offered under IFRS 15 for contracts less than 12 months, allowing commissions to be expensed as incurred.

Development work

For fixed price development work, revenue is recognised on the percentage completion basis, using pre-specified milestones or a client sign-off to trigger revenue recognition and the estimate of profit. Revenue from business process outsourcing is recognised as services are rendered, based on a time and materials basis.

(f) Investments

Investments in associated undertakings ('associated companies') are stated at the amount of the Group's share of net assets.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold improvements	term of the lease
Furniture, fixtures and equipment	5 Years
Office equipment	5 Years
Computer equipment	3 - 10 Years
Motor vehicles	25% reducing balance

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss on disposal or retirement of an item of property, plant or equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Property, plant and equipment purchased to deliver outsourcing projects, which have been recharged to clients at cost, remain the legal property of the Group. The cost of the asset is capitalised within current assets and charged to cost of sales over the contract length.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

3. Significant accounting policies continued

(h) Leases

This note sets out the Group's IFRS 16 accounting policy.

Leases, from a lessee perspective, are recognised as a right-of-use asset and a corresponding lease liability at the date when the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a net present value basis and are recognised as part of 'Right-of-use asset', 'Short-term lease liabilities' and 'Long-term lease liabilities' in the consolidated statement of financial position.

Lease liabilities include the net present value of the following lease payments:

- a) fixed payments less any lease incentives receivable;
- b) variable lease payments that are based on an index or a rate;
- c) amounts expected to be payable by the lessee under residual value guarantees, if any;
- d) the exercise price of a purchase option if the Group is reasonably certain it will exercise that option; and
- e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease (if that rate can be determined), or the incremental borrowing rate (IBR), being the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. In determining the IBR to be used, the Group applies judgement to establish the suitable reference rate and credit spread.

Each lease payment is allocated between the liability and finance costs, within finance costs in the income statement.

Lease payments are presented as follows in the Group statement of cash flows:

- payments for the interest element of recognised lease liabilities are included in 'interest paid' within cash flows from financing activities; and
- payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities.

Right-of-use assets are measured at cost comprising the following:

- a) the amount of the initial measurement of lease liability;
- b) any lease payments made at or before the commencement date less any lease incentive received;
- c) any initial direct costs; and

For short-term leases (lease term of less than 12 months) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated statement of profit and loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

3. Significant accounting policies continued

(i) Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(j) Intangible assets

Intangible assets which are acquired separately, or through a business combination, are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Group does not have any assets, other than goodwill, with infinite useful lives. Any impairment is recognised immediately in the income statement.

Development costs are capitalised as an intangible asset if all of the requirements of IAS 38 'Intangible Assets' are met. The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

As part of the acquisition during the period, the following separately identifiable assets were identified:

Customer relationships	8 - 14 Years
Brands	1 - 10 Years
Internally developed software	6 Years

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

3. Significant accounting policies continued

(k) Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Group 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 to determine the extent of the impairment loss (if any). An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is the higher of the asset's fair value less costs of sale and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the original carrying value prior to any impairment charges.

(l) Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows expire or the Group transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the Group's balance sheet when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial. For trade receivables, generally this results in recognition at nominal value less any allowance for doubtful debts.

Financial assets which are not classified as loans and receivables, but do not meet the held to collect business model and contractual cash flow criteria as set out in IFRS 9 are classified as 'fair value through other comprehensive income' ('FVOCI'). A financial asset is classified in this category if acquired for both collecting contractual cash flows and selling the financial asset. Financial assets in this category are classified as current assets. All other financial assets that cannot be classified under amortised cost or FVOCI are measured at fair value through profit and loss ('FVTPL').

Financial liabilities

Financial liabilities are classified as either FVTPL or 'other financial liabilities'. A financial liability is classified as FVTPL if it is held for trading or specifically designated as such to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the profit and loss.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

3. Significant accounting policies continued

(1)(i) Financial assets

Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Debt instruments that are held to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

Debt instruments that are held to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI).

All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- a) The Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- b) The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current period, the Group has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

3. Significant accounting policies continued

Impairment of financial assets

IFRS 9 requires an expected credit loss model, rather than an incurred credit loss model to be applied. This requires the assessment of the expected credit loss on each class of financial asset at each reporting date. This assessment should take into consideration any changes in credit risk since the initial recognition of the financial asset. The main class of financial asset held by the Group are trade receivables, which are short-term in nature.

The directors of the Group have reviewed and assessed existing financial assets using reasonable and supportable information to determine credit risk and concluded that there is no material financial impact on the Group.

(m) Share capital

Ordinary shares are classified as equity. Where any Group company purchases the Company's equity share capital (own shares), the consideration paid is deductible from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to the Company's equity holders.

(n) Tax

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

(o) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

3. Significant accounting policies continued

(p) Employee benefits

Pension obligations

Wherever possible, the Group operates defined contribution pension schemes, under which the Group pays fixed contributions into separate entities. The Group has no legal or constructive obligation to pay further contributions. Pension costs are charged to the statement of profit and loss in the period in which they arise. In Belgium and Switzerland, legislation requires the operation of pension schemes which contain an element of defined benefit, the obligations under which are fully insured and there are no unrecorded liabilities. Amounts related to these schemes were considered by the Group to be immaterial during the period thus Group accounted for these as defined contribution schemes.

Share-based payment transactions

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for the failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for benefits. The Group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal.

Bonus plan

The Group recognises a liability and an expense for bonuses when contractually obliged.

Government grants

Government grants are accounted for under the accruals model. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in other income in the period it becomes receivable. This includes the Government Coronavirus Job Retention Scheme. The Group has not benefited from other forms of government assistance or received grants relating to expenditure on non-current assets.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Discounting is applied only when the effect is material.

(r) Borrowing costs

Short-term borrowing costs including invoice discounting fees are written off as incurred. Long-term borrowing costs are recognised on an amortised cost basis over the relevant period of the borrowing term.

(s) Working capital facilities

The Group has access to working capital finance facilities provided by its bankers in the form of a confidential trade receivables finance facility which is secured by a floating charge over the Group's assets. The borrowings under this are included within current liabilities and described as borrowings on the Group's consolidated statement of financial position and the facility is secured specifically against the Group's trade receivables. Trade receivables are included within trade receivables in the Group's consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

3. Significant accounting policies continued

(i) Exceptional items

Exceptional items are significant items that are presented separately on the face of the consolidated statement of profit and loss due to their nature and/or size to assist in providing a better indication of the Group's underlying trading performance. Further information is provided in note 10 of the financial statements.

In the reporting of financial information, the Group uses certain measures that are not required under IFRS. Management considers that these additional measures (commonly referred to as 'alternative performance measures' or 'APMs') provide shareholders with valuable additional information on the performance of the business. These measures are consistent with those used internally, and are considered critical to understanding the financial performance of the Group. APMs are also used to enhance the comparability of information between reporting periods, by adjusting for exceptional or items considered to be distortive to trading performance which may affect IFRS measures, to aid shareholders in understanding the Group's performance. These APMs are not intended to be a substitute for, or superior to, IFRS measures. The only APM presented by the group is for exceptional items (Note 10). The APMs mentioned relate to the EBITDA (excluding exceptions) and operating profit (excluding exceptionals) as defined in the strategic report on page 2.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

4. Financial risk management

Financing

The Group's principal financial instruments are overdrafts, cash and short-term deposits, an invoice discounting facility and a senior finance debt syndicated facility. The Group has other financial instruments such as trade receivables and trade payables that arise directly from its operations. Acquisitions are financed through a mixture of operating cash flow and equity. Working capital finance for day-to-day requirements is provided through operating cash generation, invoice discount facilities and small short term overdraft facilities. Where applicable, funds are then made available for the financing of the Group's subsidiaries through intercompany loans.

Objectives, policies and strategies

The most significant treasury exposures faced by the Group are raising finance, managing interest rates and currency positions as well as investing surplus cash in high-quality assets. The Board has established clear parameters, including levels of authority, on the type and use of financial instruments to manage these exposures. Transactions are only undertaken if they relate to underlying exposures and cannot be viewed as speculative.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital for the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	2023 £' 000	2022 £' 000
Borrowings	94,191	55,312
Total equity	106,237	97,615
Total funding	200,428	152,927
Gearing ratio %	47.0%	36.2%

Interest rate risk management

The Group's policy is to minimise interest charges through cash pooling and active cash management. The group also monitors inflation risk and any potential impact on its external debt servicing requirements.

Market risk and foreign exchange risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group's policy is to minimise foreign currency risk. The Group manages its exposure on equity investments in overseas subsidiaries through foreign currency borrowings. The currency risk of holding assets and liabilities in foreign currencies across the Group is managed by partially matching foreign currency assets with foreign currency liabilities.

The Group's operating profit exposure to foreign currency translation is primarily in respect of the US dollar and the Euro.

Credit risk

The Group has no significant concentration of credit risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history and historically there are low levels of debt write-off throughout the Group. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Group does not have any significant credit risk exposure to a single customer.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

4. Financial risk management continued

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and committed credit facilities. Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facility, cash and invoice discounting) on the basis of expected cash flow. All borrowings are short term other than the syndicated senior finance facility. The Group's main invoice finance facility was most recently renewed in January 2023.

5. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Share based payments

The Group has exercised judgement in determining that the share option scheme which is based on the future sale price of the Group by the current shareholders reflects performance-based remuneration which should pass through the income statement. Management has estimated the value of the share option scheme at the date of initial grant and will vest the amount through share option charge on the income statement up to the expected exercise date. The exercise date used is also a management estimate.

The presentation of selected items as exceptional items

The Group applies judgement in identifying the significant non-recurring items of income and expense that are recognised as exceptional to help provide an indication of the Group's underlying business performance. See note 10 for further details.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Purchase price allocation

As part of the acquisition purchase price allocation management was required to make various judgements and estimations in relation to the values placed on intangible assets and goodwill allocated to each cash-generating unit. Management utilised various market analysis, and valuation techniques as well as forward-looking forecasts as at the time of acquisition which are inherently judgemental.

Impairment of goodwill and investments

Determining whether the carrying value of goodwill or an investment is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill or investment has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. These include forward-looking forecasts which are inherently judgemental. The carrying amount of goodwill at 31 January 2023 was £94.8m. The carrying value of the investment held in the parent company at 31 January 2023 was £108.6m. The key assumptions and sensitivities in the value-in-use calculations are set out in note 15.

6. Segment information

IFRS 8 'Operating Segments' requires disclosure of information about the Group's operating segments. It requires a management approach under which segment information is presented on a similar basis to that used for internal reporting purposes. The chief operating decision maker in the business has been identified as the Group Board. Services provided by each reportable segment are Leadership Services, Technology Recruitment and Solutions.

The accounting policies adopted by each segment are consistent and as described in the Group's accounting policies described in note 3.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

6. Segment information continued

The Group Board analyses segmental information as follows:

Revenue	2023	2022
Geographical	£' 000	£' 000
United Kingdom & Ireland	365,363	308,754
Mainland Europe	204,527	195,072
Benelux	163,328	157,610
Central Europe	41,199	37,462
United States	156,271	115,312
Asia Pacific	22,255	39,924
Total revenue	748,416	659,062
Service Line		
Technology Recruitment	677,441	603,965
Technology Solutions	70,975	55,097
Total revenue	748,416	659,062
Operating profit and profit before tax		
Geographical		
United Kingdom & Ireland	13,465	12,361
Mainland Europe	7,378	7,282
Benelux	7,300	6,984
Central Europe	78	298
United States	6,652	6,384
Asia Pacific	3,359	1,948
Total operating profit before group and central service costs and other income	30,854	27,975
Service Line		
Technology Recruitment	23,640	21,069
Technology Solutions	7,214	6,906
Total operating profit before group and central service costs and other income	30,854	27,975
Group and central service costs	(8,380)	(9,259)
Other income	(174)	-
Total operating profit before exceptional items	22,300	18,716
Exceptional items	(7,015)	(1,293)
Total operating profit	15,285	17,423
Finance costs	(3,326)	(1,714)
Exceptional finance costs	(40)	(30)
Profit before tax from continuing operations	11,919	15,679

The segment information reported above does not include any amounts for discontinued operations, which are described in more detail in note 32.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

7. Finance costs

	2023	2022
	£' 000	£' 000
Net interest on bank borrowings	2,975	1,435
Interest expense on lease liabilities	351	279
Finance costs	3,326	1,714

8. Operating profit

The following items have been included in arriving at operating profit from continuing operations:

	2023	2022
	£' 000	£' 000
Bad debt provision and debts directly (released)/raised	(162)	140
Depreciation of property, plant and equipment	2,044	2,124
Depreciation on right of use assets	4,803	4,824
Amortisation of intangible assets	6,719	6,824
Operating lease rentals payable	219	1,322
Loss/(profit) on foreign exchange	(464)	45

9. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2023	2022
	£' 000	£' 000
Fees payable to the Company's auditor for the audit of the Company's Annual Report	239	207
Fees payable to the Company's auditor for the audit of the Company's subsidiaries pursuant to legislation	446	409
Total audit fees	685	616
Total fees	685	616

No services were performed pursuant to contingent fee arrangements. There were no other non-audit fees incurred in the current period.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

10. Exceptional items

Exceptional items

	2023 £' 000	2022 £' 000
Acquisition costs	4,522	-
Impairment of intangible assets	2,355	-
Transaction costs	694	266
Property exit costs	(350)	932
Optimisation projects	59	47
Other	(265)	48
Total exceptional items	7,015	1,293

During the period, the Group acquired Het Flexhuis BV and Knoldus Group (see note 31 for further details). The Group incurred exceptional costs related to the acquisitions including professional and legal fees. These amounted to £4.6m.

During the period, the Group disposed of its Alumni sub-group (see note 32 for further details). The disposal resulted in the impairment of attributable brand and customer relationship assets totalling £2.4m.

The Group incurred various transaction costs that included selling off a part of the business, restructuring of relevant divisions, investments in key areas.

Exceptional finance costs

	2023 £' 000	2022 £' 000
Exceptional finance costs	40	30

During the current financial year loan arrangement fees of £0.04m were incurred. During the previous financial year £0.03m was incurred in transitioning all LIBOR loans to the new risk free rate, SONIA.

11. Other income

	2023 £' 000	2022 £' 000
Interest received	340	129
Job retention furlough scheme	-	30
Total other income	340	159

As a result of Covid-19 during the prior period the Group took advantage of government job retention schemes whereby a portion of salaries were reimbursed for furloughed staff. There was no claim made against this scheme in the current year.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

12. Employees and directors

Average number of people employed	UK & Ireland	Europe	Rest of World	Total
Executive directors	6	-	-	6
Sales	226	249	63	538
Administrative	133	104	170	407
Employees included within cost of sales	122	447	1,958	2,527
Total for the 12 month period ended 31 January 2023	487	800	2,191	3,478

Average number of people employed	UK & Ireland	Europe	Rest of World	Total
Executive directors	6	-	-	6
Sales	235	254	67	556
Administrative	106	91	121	318
Employees included within cost of sales	100	431	1,581	2,112
Total for the 12 month period ended 31 January 2022	447	776	1,769	2,992

No directors or employees were employed by the company during the period.

	2023 Cost of sales £' 000	2023 Admin expenses £' 000	2023 Total £' 000	2022 Cost of sales £' 000	2022 Admin expenses £' 000	2022 Total £' 000
Total staff costs for the Group						
Wages and salaries	56,423	56,053	112,476	48,620	45,184	93,804
Social security costs	8,105	7,373	15,478	6,405	8,070	14,475
Pension costs	819	2,456	3,275	910	2,382	3,292
Total	65,347	65,882	131,229	55,935	55,636	111,571

Directors' emoluments in respect of qualifying services to the Group were as follows:

	2023 £' 000	2022 £' 000
Directors' remuneration		
Aggregate emoluments	1,424	1,373
Pension contributions	74	69
Share-based payments	90	90
Total director's remuneration	1,588	1,532
Highest paid director		
Aggregate emoluments	692	652
Pension contributions	45	41
Share-based payments	50	50
Total highest paid director	787	743

In accordance with the Companies Act 2006, directors' emoluments above represent the proportion of total emoluments paid or payable in respect of qualifying services.

During the period the directors received no emoluments for non-qualifying services which are required to be disclosed.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

13. Tax	2023 £' 000	2022 £' 000
Corporation tax - UK	1,261	317
Corporation tax - overseas	5,149	3,145
Adjustments in respect of prior periods	893	(654)
Total current tax expense	7,303	2,808
Decrease in deferred tax liability	(2,187)	(167)
Total deferred tax credit	(2,187)	(167)
Total tax charge	5,116	2,641

Continuing and discontinued operations

Tax charge from continuing operations	5,116	2,641
Tax charge from discontinued operations	-	-
	5,116	2,641

The tax rate used for the reconciliation above is the corporate tax rate of 19.00% (2022: 19.00%) which was in effect the entire period.

The difference are explained below for the 12 month period ended 31 January 2023 using the UK standard rate of corporation tax:

	2023 £' 000	2022 £' 000
Profit before tax - continuing operations	11,919	15,741
Tax at standard UK corporation tax rate of 19.00%	2,265	2,991
Effects of:		
Expenses not deductible and other permanent items	1,593	941
Income not taxable	(7)	-
Tax losses for which no deferred tax is recognised	17	-
Adjustments to current tax in respect of prior year adjustments	893	(654)
Effect of changes in tax rates on deferred tax balances	(87)	717
Deferred tax adjustment in respect of prior years	(109)	434
Profits taxed at overseas rates	551	(211)
Recognition of previously unrecognised deferred tax asset	0	(1,577)
Total taxation	5,116	2,641

Current tax:

Tax in the period	6,410	3,462
Adjustments in respect of prior periods	893	(654)
Total current tax	7,303	2,808

Deferred tax:

Origination and reversal of timing differences	(2,135)	(1,318)
Effect of changes in tax rates on deferred tax balances	58	717
Prior period adjustment to deferred tax	(110)	434
Total deferred tax credit	(2,187)	(167)
Total tax charge	5,116	2,641

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

13. Tax continued

The Finance Act 2020 included legislation to maintain the main rate of UK corporation at 19%, rather than reducing it to 17% from 1 April 2020. The change to the main rate of corporation tax was substantively enacted by the balance sheet date and therefore included in these financial statements. Temporary differences have been remeasured using these enacted tax rates that are expected to apply when the liability is settled or the asset realised.

The UK Budget 2021 announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted at the balance sheet date and hence have been reflected in the measurement of deferred tax balances where applicable.

	2023 £' 000	2022 £' 000
Deferred tax		
Deferred tax assets:		
Deferred tax asset to be settled after more than 12 months	1,059	-
Deferred tax liabilities:		
Deferred tax liability to be settled after more than 12 months	(11,490)	(7,584)
Deferred tax liability to be settled within 12 months	-	(1,066)
	(11,490)	(8,650)
Net deferred tax liability	(10,431)	(8,650)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The table above sets out the analysis of the deferred tax balances for financial reporting purposes.

The deferred tax position is analysed below:

	Acquired intangibles £' 000	Accelerated capital allowances £' 000	Tax losses £' 000	Accrued interest charges £' 000	Other £' 000	Total £' 000
1 February 2021	(13,339)	(47)	1,549	2,482	500	(8,855)
Movement	830	189	(627)	(732)	507	167
Foreign exchange	-	-	-	-	38	38
31 January 2022	(12,509)	142	922	1,750	1,045	(8,650)
Acquired in acquisition	(3,621)	-	-	-	-	(3,621)
Disposals	-	-	(358)	-	-	(358)
Movement	2,115	(109)	131	(266)	316	2,187
Foreign exchange	-	-	-	-	11	11
31 January 2023	(14,015)	33	695	1,484	1,372	(10,431)

Deferred tax assets arising from deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they are realised. The rates enacted or substantively enacted by the UK Government for the relevant periods of reversal are 25%. The rates enacted by the US Government for the relevant periods of reversal was 26% from 22 December 2017.

Due to the uncertainty of recoverability, deferred tax assets in respect of tax losses, depreciation in excess of accelerated capital allowance and deductible temporary differences of £Nil (2022: £Nil) have not been recognised.

Deferred tax on intangible assets relates to a deferred tax liability raised on separately identified intangible assets recognised as part of the acquisition of the Nash Squared Group. The balance is released proportionately in line with the amortisation of the underlying intangible assets. £2,067k was released during the period. The acquisition of Flexhuis on 1 July 2022 and Knoldus on 12 January 2023 resulted in additional deferred tax liabilities raised on intangible assets amounting to £1.4m and £2.2m respectively.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

14. Dividends

The dividends paid in the period were £0.9m (2022: £1.2m). This amounted to 1.22p per share (2022: 1.68p per share). No dividends were proposed subsequent to period end.

	2023	2022
	£' 000	£' 000
Dividends declared and paid during the period	894	1,235

15. Intangible assets	Customer relation-ships	Brand: Harvey Nash	Brand: Alumni	Brand: TalentIT	Brand: Nashtech	Brand: Latitude 36	Brand: Knoldus	Brand: Flexhuis	Internally developed software	Total
	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000
Cost										
At 31 January 2021	62,115	6,100	1,600	700	1,400	281	-	-	1,000	73,196
At 31 January 2022	62,115	6,100	1,600	700	1,400	281	-	-	1,000	73,196
Acquisitions	12,244	-	-	-	-	-	249	2,099	-	14,592
Disposals	(2,100)	(100)	(1,600)	-	-	-	-	-	-	(3,800)
At 31 January 2023	72,259	6,000	-	700	1,400	281	249	2,099	1,000	83,988
Amortisation										
At 31 January 2021	10,385	1,373	360	158	315	168	-	-	375	13,134
Charge for the 12 month period	5,564	610	160	70	140	113	-	-	167	6,824
At 31 January 2022	15,949	1,983	520	228	455	281	-	-	542	19,958
Charge for the 12 month period	5,568	603	53	70	140	-	13	105	167	6,719
Impairment	1,264	64	1,027	-	-	-	-	-	-	2,355
Disposals	(2,100)	(100)	(1,600)	-	-	-	-	-	-	(3,800)
At 31 January 2023	20,681	2,550	-	298	595	281	13	105	709	25,232
Carrying amount										
At 31 January 2022	46,166	4,117	1,080	472	945	-	-	-	458	53,238
At 31 January 2023	51,578	3,450	-	402	805	-	236	1,994	291	58,756
Goodwill										£' 000
At 31 January 2021										70,065
Remeasurement										(502)
At 31 January 2022										69,563
Acquisitions										27,512
Goodwill written off following disposal (Note 32)										(2,276)
At 31 January 2023										94,799
Intangible assets (including goodwill)										
At 31 January 2022										122,801
At 31 January 2023										153,555

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

15. Intangible assets continued

The carrying amounts of goodwill at acquisition and at period end allocated by cash-generating unit ('CGU') are as follows:

	2023	2022
	£' 000	£' 000
Goodwill		
Tech Recruitment - UK & Ireland	30,762	30,762
Tech Recruitment - Belgium	11,700	11,700
Tech Recruitment - Netherlands	11,803	7,525
Tech Recruitment - Central Europe	1,803	1,803
Tech Recruitment - USA	10,986	10,986
Leadership Services - UK & Ireland	-	1,036
Leadership Services - Nordics	-	1,240
Solutions - Nashtech	4,511	4,511
Solutions - Knoldus (Note 31)	23,234	-
	94,799	69,563

During the period the goodwill in respect of each CGU was tested for impairment in accordance with IAS 36 'Impairment of Assets'. All CGU's were assessed to have a value-in-use in excess of their respective carrying values, thus no impairment adjustments to goodwill were considered necessary. Knoldus was acquired in the financial year (Note 32) and was not subjected to impairment testing. Leadership Services represents the Alumni sub-group which was disposed of in the period (Note 33).

The assumptions applied in the impairment review are consistent with those applied within the Group's long-term strategic plan, approved by management and the Board. The assumptions are based on latest industry forecasts and the expectations of management given their past experience. The key assumptions in the value-in-use calculations are disclosed below.

Significant cash-generating unit	Average growth rate in first five years		Long-term growth rate	
	2023	2022	2023	2022
Tech Recruitment - UK & Ireland	12.6%	12.7%	2.6%	2.9%
Tech Recruitment - Belgium	23.5%	18.6%	5.1%	2.5%
Tech Recruitment - Netherlands	28.7%	17.4%	4.3%	2.1%
Tech Recruitment - Central Europe	40.8%	(13.1%)	3.8%	2.7%
Tech Recruitment - USA	21.9%	19.8%	3.5%	4.4%
Leadership Services - UK & Ireland	0.0%	11.3%	0.0%	2.9%
Leadership Services - Nordics	0.0%	22.2%	0.0%	4.4%
Solutions - Nashtech	38.7%	31.4%	4.3%	3.7%

The five year average growth rate has been utilised for all cash generating entities. The terminal growth rate is based on the long-term growth rate for each country and was on a non weighted average 3.0% (2022: 3.2%). Management believes the forecasts are achievable.

Management has taken the current economic downturn into account and has applied an additional sensitivity percentage to ensure that Goodwill does not need to be impaired should there be a further downturn.

The pre-tax discount rate used was based on the industry weighted average cost of capital for each country and was on average 17.5% (2022: 15.5%).

The group has carried out a sensitivity analysis on the impairment tests of each cash generating unit to which goodwill has been allocated, where changes have been made to the discount rate applied. An increase of 1% in the applied discount rate to each cash generating unit would result in a 17% fall in the headroom. Based on this analysis management believes any reasonable changes in the key assumptions used in the impairment model would not result in any material impairment charge being recorded in the financial statement. Long term growth rates would need to decrease by 10.1%, 5.0%, 2.5% and 11.0% in UK & Ireland, Belgium, Netherlands and USA respectively to wipeout the headroom.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

16. Property, plant and equipment

	Leasehold Improvements £' 000	Office Equipment £' 000	Furniture, fixtures and equipment £' 000	Computer equipment £' 000	Motor vehicles £' 000	Total £' 000
Cost						
At 31 January 2021	3,896	719	2,088	12,463	17	19,183
Additions	183	125	9	2,343	-	2,660
Disposals	(1,438)	(402)	(94)	(1,808)	-	(3,742)
Exchange adjustments	(13)	(29)	(7)	59	1	11
At 31 January 2022	2,628	413	1,996	13,057	18	18,112
Additions	551	199	116	2,159	-	3,025
Acquisitions of subsidiary	39	259	36	-	16	350
Disposals	(416)	(82)	(143)	(909)	-	(1,550)
Exchange adjustments	79	42	73	324	1	519
At 31 January 2023	2,881	831	2,078	14,631	35	20,456
Accumulated depreciation						
At 31 January 2021	2,736	622	1,821	8,169	17	13,365
Charge for the year	389	90	143	1,502	-	2,124
Disposals	(1,470)	(397)	(92)	(1,622)	-	(3,581)
Exchange adjustments	(5)	(16)	(9)	48	1	19
At 31 January 2022	1,650	299	1,863	8,097	18	11,927
Charge for the year	209	118	88	1,629	-	2,044
Acquisitions of subsidiary	19	148	17	-	11	195
Disposals	(350)	(82)	(143)	(609)	-	(1,184)
Exchange adjustments	61	36	67	258	1	423
At 31 January 2023	1,589	519	1,892	9,375	30	13,405
Carrying amount						
At 31 January 2022	978	114	133	4,960	-	6,185
At 31 January 2023	1,292	312	186	5,256	5	7,051

On 1 July 2022 the Group acquired 100% of Flexhuis BV. On 12 January 2023 the Group acquired the Knoldus Holdings Inc. group. As a result under IFRS 3: Business combinations the Group acquired all property, plant and equipment as at that date. On 1 June 2022 the Group divested the Alumni sub-group.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

17. Right of use assets

	Right of use assets - Property £' 000
Cost	
At 31 January 2021	22,041
Additions	5,520
Disposals	(10,142)
Exchange adjustments	(595)
At 31 January 2022	16,824
Additions	4,361
Disposals	(5,835)
Acquisitions	68
Exchange adjustments	624
At 31 January 2023	16,042
Accumulated depreciation	
At 31 January 2021	12,426
Charge for the year	4,824
Disposals	(10,023)
Exchange adjustments	(303)
At 31 January 2022	6,924
Charge for the year	4,803
Acquisitions	4
Disposals	(5,835)
Exchange adjustments	252
At 31 January 2023	6,148
Carrying amount	
At 31 January 2022	9,900
At 31 January 2023	9,894

On 1 July 2022 the Group acquired 100% of Flexhuis BV. On 12 January 2023 the Group acquired the Knoldus Holdings Inc. group. As a result under IFRS 3: Business combinations the Group acquired all right of use assets as at that date. On 1 June 2022 the Group divested the Alumni sub-group.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

17. Leases under IFRS16 continued

The carrying amount of the lease liability is as follows:

	2023 £' 000	2022 £' 000
Lease liability		
Opening balance	10,279	9,907
Additions	4,501	5,520
Acquisitions	68	(122)
Lease payments	(5,215)	(5,001)
Interest incurred	351	279
Exchange adjustments	436	(304)
At 31 January 2023	10,420	10,279
Current	6,972	7,807
Non-current	3,448	2,472
Total	10,420	10,279

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

18. Trade and other receivables

	2023 £' 000	2022 £' 000
Trade receivables	126,004	109,795
Less: Provision for estimated credit loss	(628)	(790)
	125,376	109,005
Other receivables	5,308	4,251
Prepayments	3,165	2,841
Accrued income	63,858	47,949
	197,707	164,046

Debtor days were 38.6 days (2022: 35.2 days). Debtor days are calculated by reference to outstanding debtors relative to amounts invoiced in the preceding months up to the year end.

Trade receivables that are less than three months past due are not considered impaired. As of 31 January 2023, trade receivables of £21.9m (2022: £38.5m) were aged over 30 days but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2023 £' 000	2022 £' 000
1-2 months	9,272	23,675
2-3 months	4,722	9,827
Over 3 months	7,885	4,974
	21,879	38,476

As of 31 January 2023, trade receivables of £0.63m (2022: £0.79m) were impaired and provided for.

The individually impaired receivables mainly relate to customers who are in difficult economic situations. All the impaired receivables are more than three months overdue. In the current period, the creation and release of provisions for impaired receivables have been included in 'administrative expenses' in the consolidated statement of profit or loss. The other classes within trade and other receivables do not contain impaired assets.

Movements on the Group provision for impairment of trade receivables are as follows:

Provisions	£' 000
At 1 February 2021	1,046
Provision utilised during the period	(256)
At 31 January 2022	790
Provision utilised during the period	(162)
At 31 January 2023	628

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

18. Trade and other receivables continued

	Current £' 000	30-60 days £' 000	60-90 days £' 000	90+ days £' 000	Total £' 000
Default rate	0.00%	1.25%	2.50%	5.00%	
Gross carrying amount	104,125	9,272	4,722	7,885	126,004
Lifetime expected credit loss	-	(116)	(118)	(394)	(628)
	104,125	9,156	4,604	7,491	125,376

The Group has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable listed above. The Group does not hold any collateral as security. The currency profile of trade and other receivables is shown below.

	2023 £' 000	2022 £' 000
Sterling	52,913	43,039
Euro	111,280	85,736
US Dollar	24,829	24,839
Other currencies	8,685	10,432
	197,707	164,046

The directors consider the above trade and other receivables to be reflected at fair value.

19. Cash and cash equivalents

	2023 £' 000	2022 £' 000
Bank balances	36,057	30,200
Petty cash	42	21
Total	36,099	30,221

20. Trade and other payables

	2023 £' 000	2022 £' 000
Trade payables	79,620	68,267
Other tax and social security payable	25,311	24,919
Employee benefits payable	309	-
Accruals	65,361	61,872
Other payables	8,827	2,038
	179,428	157,096

The directors consider the above trade and other payables to be reflected at fair value.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

21. Share capital

	2023 £' 000	2022 £' 000
Allotted and fully paid		
73,323,183 (2022: 73,323,183) ordinary shares of 0.001 pence each	1	1

22. Other reserves

Fair value and other non-distributable reserves of £15.4m (2022: £15.4m) remain unchanged in the current financial period and include £2.8m relating to a capital contribution movement as part of the historic share reduction exercise, £11.9m related to the fair value of the investment as part of the acquisition under IFRS3 and the remaining £0.6m related to the movement in fair value of contingent considerations outstanding, all of which took place in prior financial periods.

Other distributable reserve consists of £68.0m (2022: £68.0m) relating to the transfer from share capital and share premium as a result of the share reduction undertaken in a prior financial period.

Cumulative translation reserves for the year amounted to £0.6m (2022: £2.2m in deficit).

23. Retained earnings

	£' 000
At 31 January 2021	(5,378)
Profit for the year	13,100
Dividends paid	(1,235)
At 31 January 2022	6,487
Profit for the year	6,689
Dividends paid	(894)
At 31 January 2023	12,282

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

24. Group undertakings and related party transactions

Group undertakings	2023	2022
	£' 000	£' 000
Included in loans from group undertakings are the following outstanding balances as at 31 January 2023		
Loans receivable		
DBAY Funds	1	1
The Power of Talent Midco Limited	1,000	994
The Power of Talent Plano Limited	6	-
The Power of Talent Topco Limited	39	-
The Power of Talent Finco Limited	7	-
The Power of Talent Kartanesi Limited	2,032	-
	3,085	995
Loans payable		
The Power of Talent Midco Limited	(1,312)	(1,112)

DBAY Advisors and DBAY Funds are considered related parties due to their investment in and control of the Group's ultimate parent The Power of Talent Topco Limited.

25. Subsidiaries and Ultimate controlling party

The Group consists of a parent Company, Nash Squared Holdings Limited, incorporated in the UK and registered in England and Wales, and a number of directly and indirectly held subsidiaries around the world.

All subsidiary companies are consolidated.

At 31 January 2023 the Group was a wholly owned subsidiary of The Power of Talent Kartanesi Ltd (company number: 11665541) incorporated and registered in England and Wales.

The ultimate parent of the Group is The Power of Talent Topco Limited (company number: 132333C) incorporated and registered in the Isle of Man, and which prepares consolidated accounts.

The ultimate controlling party is DBAY Advisors Limited (company number: 126150C) incorporated and registered in the Isle of Man.

A full list of the Company's subsidiaries at 31 January 2023 is shown on pages 56 - 58.

26. Pensions

The Group operates separate defined contribution pension schemes in all locations. The Group's total contribution to such schemes for the 12 month period ended 31 January 2023 was £3.3m (2022: £3.2m).

The Group's largest pension scheme is a defined contribution scheme provided by Scottish Widows in the UK. Employer and employee contributions to the scheme range between 4% and 5% depending on the employee's length of service.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

27. Operating leases

Operating lease commitments

The Group has total future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2023 Property £' 000	2023 Vehicles, plant and equipment £' 000	2022 Property £' 000	2022 Vehicles, plant and equipment £' 000
Minimum lease payments under non-cancellable operating leases:				
Within one year	72	928	63	744
Later than one year and less than five years	24	1,042	-	676
	96	1,970	63	1,420

28 Other long term receivables

	2023 £' 000	2022 £' 000
Nash Technologies GmbH		
Opening balance	1,924	1,934
Foreign exchange	100	(10)
Closing balance	2,024	1,924
Deferred consideration receivable	£' 000	£' 000
Additions	5,500	-
Closing balance	5,500	-
	£' 000	£' 000
Total other long term receivables	7,524	1,924

The Group has a £1.9m (€2.3m) loan receivable from Nash Technologies GmbH included within non-current assets. The loan is due to mature on 01 April 2033, rate is 1.5% flat.

Deferred consideration arose on the disposal of its Alumni sub group. Refer to note 32 for further details.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

29 Financial instruments

The Group's financial instruments comprise cash, bank overdraft, invoice discounting and various items such as trade receivables and trade payables that arise directly from its operations. The fair value of financial assets and liabilities is approximately equal to their book values.

Additional disclosures are set out in the accounting policies relating to risk management. An explanation of the role that financial instruments have had during the period in the management of the Group's funding liquidity and foreign exchange is provided within note 4.

In accordance with IFRS 9 "Financial Instruments", the Group has reviewed all contracts and confirmed that none contain embedded derivatives that are required to be assessed and measured as per the requirements set out in the standard. There were no material embedded derivatives at 31 January 2023.

Borrowing facilities

Invoice discount facility

As at 1 February 2022 the Group had an outstanding senior finance facility totalling £18.4m. During the financial period, on 10 January 2023 the Group repaid its existing facility and replaced it with a new 4 year Term Loan facility of £50m. The new Term Loan is repayable in quarterly instalments with a final repayment on maturity. Interest accrues at SONIA plus margin ranging between 4.50% and 5.00%. Arrangement fees of £1.5m arising have been netted against the outstanding loan balance and will be amortised over the life of the loan.

The overdraft facilities are repayable on demand and the invoice discounting facilities are available on a rolling 12-month basis. The rates on all facilities are floating. All conditions precedent to the overdraft and invoice discounting were met at 31 January 2023.

		2023	2023		2022	2022
		'000	£'000		'000	£'000
Drawn borrowing facilities (current)						
Invoice discounting facilities – UK	£	17,196	17,196	£	17,985	17,985
Invoice discounting facilities – Ireland	€	345	303	€	(150)	(125)
Invoice discounting facilities – Belgium	€	4,540	3,995	€	3,095	2,578
Invoice discounting facilities – Netherlands	€	23,457	20,639	€	15,287	12,734
Invoice discounting facilities – USA	\$	3,774	3,061	\$	5,152	3,837
Invoice discounting facilities – Crimson	£	475	475	£	(141)	(141)
Total			45,669			36,868

		2023	2023		2022	2022
		'000	£'000		'000	£'000
Undrawn borrowing facilities						
Invoice discounting facilities – UK	£	17,804	17,804	£	17,015	17,015
Invoice discounting facilities – Ireland	€	3,917	3,447	€	4,652	3,875
Invoice discounting facilities – Belgium	€	4,836	4,255	€	6,809	5,672
Invoice discounting facilities – Netherlands	€	10,639	9,361	€	20,727	17,266
Invoice discounting facilities – USA	\$	8,556	6,939	\$	8,277	6,163
Invoice discounting facilities – Crimson	£	2,525	2,525	£	3,141	3,141
Total			44,331			53,132

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

29 Financial instruments continued

Borrowing facilities continued

Senior finance debt

As at 1 February 2022 the Group had an outstanding senior finance facility totalling £18.4m. During the financial period, on 10 January 2023 the Group repaid its existing facility and replaced it with a new 4 year Term Loan facility of £50m. The new Term Loan is repayable in quarterly instalments with a final repayment on maturity. Interest accrues at SONIA plus margin ranging between 4.50% and 5%. Arrangement fees of £1.5m arising have been netted against the outstanding loan balance and will be amortised over the life of the loan.

	2023 £' 000	2022 £' 000
Senior finance debt		
Opening balance	18,443	21,752
Repayments	(18,443)	(3,308)
New loans	50,000	-
Arrangement fees to be amortised	(1,478)	-
Closing balance	48,522	18,444
Current	9,333	3,309
Non-current	39,189	15,135
Borrowing facilities - Current	£' 000	£' 000
Invoice discounting facility	45,669	36,868
Senior finance debt	9,333	3,309
Total	55,002	40,177
Borrowing facilities - Non - current	£' 000	£' 000
Senior finance debt	39,189	15,135

30 Deferred consideration

	2023 £' 000	2022 £' 000
Opening balance	6,758	13,834
Acquisitions	11,347	-
Remeasurement	-	(502)
Consideration settled	(7,494)	(6,736)
Foreign exchange	270	162
Closing balance	10,881	6,758
Current	8,054	6,758
Non-current	2,827	-

Deferred consideration arising on acquisitions in the period relates to the acquisition of Flexhuis BV and Kholdus Group. Refer to Note 32 for further details.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

31. Business combinations

Acquisition of Het Flexhuis BV

On 1 July 2022, the Group acquired 100% of the issued share capital of Het Flexhuis BV, a Dutch MSP (Managed Service Programme) provider specialising in the health care sector and incorporated in the Netherlands. The total purchase consideration was £12.1m and qualifies as a business as defined in IFRS 3 Business Combinations.

Flexhuis BV was acquired as it is a major MSP of talent and recruitment services. Het Flexhuis has established a strong reputation in the MSP market through its extensive expertise, well proven methodologies and custom designed tools and technology. Through this acquisition Nash Squared will be able to offer a high quality MSP solution which is an important strategic move forward for the Group.

The provisional fair value of the net assets acquired is approximately equal to the acquiree's carrying amount. The excess of consideration above net asset values has been attributed to goodwill and other identified intangible assets.

The amounts of revenue and profit of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period were £1.4m and £0.8m respectively.

If the acquisition of Het Flexhuis had been completed on the first day of the financial year, the amounts of revenue and profit of the acquiree included in the consolidated statement of comprehensive income for the reporting period would have been £2.5m and £1.3m respectively.

Details of the purchase consideration, the net assets acquired and the goodwill recognised were as follows:

	£' 000
Purchase consideration	
Cash paid	6,218
Deferred consideration	4,574
Total purchase consideration	10,792

The assets and liabilities arising at the date of acquisition were as follows:

	£' 000
Cash	4,884
Property, plant and equipment	50
Trade and other receivables	14,879
Trade and other payables	(17,708)
Intangible assets identified	5,842
Deferred tax on intangible assets	(1,434)
Net identifiable assets acquired	6,513
Goodwill	4,279
Total purchase consideration	10,792

	£' 000
Cash outflow to acquire subsidiary	
Cash consideration	(6,218)
Cash balances acquired	4,884
Acquisition of subsidiary, net of cash acquired	(1,334)

A portion of deferred consideration is payable contingent upon the seller remaining in employment within the Group over the period of the earnout. Accordingly, in line with the requirements of IFRS 3, deferred consideration with a fair value of £1.6m has been treated as a transaction separate from the above disclosed business combination accounting and has instead been accounted for in accordance with IAS 19 Employee Benefits.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

31. Business combinations (continued)

Acquisition of Knoldus Group

On 13 January 2023, the Group acquired 100% of the Knoldus Group, a Canadian headquartered Technology Solutions provider with operations in India, US, Netherlands and Singapore. The cash consideration paid was £32.1m. Knoldus Group provides data, cloud and machine learning, as well high-performance real-time data systems and qualifies as a business as defined in IFRS 3 Business Combinations.

Knoldus Group was acquired for strategic and commercial reasons, which will enable Nash Squared to strengthen their presence in North America, and add depth and scale to their cloud and data solutions offerings.

The provisional fair value of the net assets acquired is approximately equal to the acquiree's carrying amount. The excess of consideration above net asset values has been attributed to goodwill and other identified intangible assets.

The amounts of revenue and profit of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period were £0.4m and £0.1m respectively.

If the acquisition had been completed on the first day of the financial year, the amounts of revenue and profit of the acquiree included in the consolidated statement of comprehensive income for the reporting period would have been £11.8m and £5.9m respectively.

Details of the purchase consideration, the net assets acquired and the goodwill recognised were as follows:

	£' 000
Purchase consideration	
Cash paid	32,074
Deferred consideration	6,931
Total purchase consideration	39,005

The assets and liabilities arising at the date of acquisition were as follows:

	£' 000
Cash	7,772
Property, plant and equipment	122
Trade and other receivables	6,339
Trade and other payables	(5,026)
Intangible assets identified	8,749
Deferred tax on intangible assets	(2,187)
Net identifiable assets acquired	15,769
Goodwill	23,234
Total purchase consideration	39,003

Cash outflow to acquire subsidiary

	£' 000
Cash consideration	(32,074)
Cash balances acquired	7,772
Acquisition of subsidiary, net of cash acquired	(24,302)

A portion of deferred consideration is payable contingent upon the seller remaining in employment within the Group over the period of the earnout. Accordingly, in line with the requirements of IFRS 3, deferred consideration with a fair value of £20.2m has been treated as a transaction separate from the above disclosed business combination accounting and has instead been accounted for in accordance with IAS 19 Employee Benefits.

Notes to the Consolidated Financial Statements

For the 12 month period ended 31 January 2023

32. Discontinued operations

Disposal of Alumni Sub-group

On 1 June 2022 the Group disposed of its Alumni sub-group and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the four months ended 1 June 2022 (2023 column) and the year ended 31 January 2022.

	2023 £' 000	2022 £' 000
Revenue	8,229	20,367
Expenses	(8,122)	(20,304)
Profit after tax	107	63
Loss on disposal of discontinued operations	(221)	-
Net (loss)/profit attributable to discontinued operations	(114)	63

During the year, Alumni Group contributed £0.1m (2022: 0.1m) to the Group's net operating cash flows, paid Nil (2022: Nil) in respect of investing activities and paid Nil (2022: Nil) in respect of financing activities.

Loss on disposal of discontinued operations


Net assets at disposal date	£' 000
Property, Plant & Equipment	113
Investments	3,208
Trade and other receivables	10,040
Cash	2,556
Trade and other payables	(9,676)
Current tax assets	356
Deferred tax assets	358
Net assets disposed	6,955
Goodwill	2,266
Total net assets disposed	9,221
Proceeds	
Cash consideration	3,500
Deferred consideration	5,500
Total Proceeds	9,000
Group loss on disposal of discontinued operations	(221)

Company Statement of Financial Position

As at 31 January 2023

	Notes	2023 £' 000	2022 £' 000
ASSETS			
Non-current assets			
Investments	3	108,627	108,627
Loans receivable from group undertakings	4	40,260	7,317
		148,887	115,944
Current assets			
Trade and other receivables		-	267
Cash and cash equivalents		1	1
		1	268
Total assets		148,888	116,212
LIABILITIES			
Current liabilities			
Trade and other payables		(1,978)	(2)
Borrowings	7	-	(3,309)
		(1,978)	(3,311)
Non-current liabilities			
Borrowings		(48,522)	(15,134)
Loans payable to group undertakings	5	(18,955)	(11,616)
		(67,477)	(26,750)
Total liabilities		(69,455)	(30,061)
Net assets		79,433	86,151
EQUITY			
Ordinary shares	6	1	1
Share Premium		10,000	10,000
Fair value and other non-distributable reserves		14,751	14,751
Other distributable reserves		67,969	67,969
Retained loss		(13,288)	(6,570)
Total equity		79,433	86,151

The company financial statements on pages 52 - 55 were approved by the board and authorised for issue on its behalf by Chris Tilley.



Chris Tilley
Director

Date: 26-May-23

Company Statement of Changes in Equity

For the 12 month period ended 31 January 2023

	Share capital	Share premium	Fair value and other non- distributable reserves	Other distributable reserves	Retained earnings	Total
	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000
Balance at 31 January 2021	1	10,000	14,751	67,969	(5,790)	86,931
Profit for the period	-	-	-	-	455	455
Total comprehensive income for the period	-	-	-	-	455	455
Dividends paid	-	-	-	-	(1,235)	(1,235)
Balance at 31 January 2022	1	10,000	14,751	67,969	(6,570)	86,151
Loss for the period	-	-	-	-	(5,824)	(5,824)
Total comprehensive loss for the period	-	-	-	-	(5,824)	(5,824)
Dividends paid	-	-	-	-	(894)	(894)
Balance at 31 January 2023	1	10,000	14,751	67,969	(13,288)	79,433

Notes to the Company Financial Statements

For the 12 month period ended 31 January 2023

1. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Financial Reporting Standard ('FRS') 100, issued by the Financial Reporting Council ('FRC'). Accordingly, the financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, financial instruments, capital management, presentation of a cash-flow statement, standards not yet effective, impairment of assets and certain related party transactions.

Where required, equivalent disclosures are given in the Group accounts.

The financial statements have been prepared on the historical cost basis, which is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

No critical judgements were applied in the parent company other those discussed in note 5 to the consolidated financial statements.

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. Impairment reviews are conducted annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the asset's fair value less costs of sale and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. Profit for the period

The loss for the 12 month period ended 31 January 2023 in the financial statements of Nash Squared Holdings Limited, the Company, was £5.8m (2022: profit of £0.5m). As permitted by s408 Companies Act 2006, no profit and loss account is presented in respect of the parent Company.

3. Investment in subsidiaries

	2023 £' 000	2022 £' 000
Shares in Group undertakings		
Opening balance	108,627	108,627
Additions	-	-
Closing balance	108,627	108,627

The directors consider that the carrying value of the investments is supported by their underlying net assets. The carrying value of the investments was tested against discounted future cash flows during the period. The forecasts were based on post-tax cash flows derived from the approved budget for FY2024 and the long-term strategic plan. Management considers that these forecasts are achievable. Should future cash flows be unable to support the carrying value, an impairment would be recognised.

A full list of subsidiary companies and branches owned directly or indirectly by the Company as at 31 January 2023 is presented on pages 56 - 58.

Notes to the Company Financial Statements

For the 12 month period ended 31 January 2023

4 Loans receivable from group undertakings

	2023	2022
	£' 000	£' 000
Amounts owed by group undertakings	40,260	7,317

Amounts owed by Group undertakings are unsecured. The interest is charged at a 2.5% margin over LIBOR in accordance with formal loan agreements between the parties. These are not expected to be repaid within the next 12 months.

Information on each loan is included in note 24 of the notes to the consolidated financial statements.

5. Loans payable to group undertakings

	2023	2022
	£' 000	£' 000
Amounts owed to group undertakings	18,955	11,616

Amounts owed to Group undertakings are unsecured. Interest is charged at a 2.5% margin over the bank base rate applicable in the jurisdiction of the lender, in accordance with formal loan agreements between the parties. These are not expected to be repaid within the next 12 months.

Information on each loan is included in note 24 of the notes to the consolidated financial statements.

6. Share capital

	2023	2022
	£' 000	£' 000
Allotted and fully paid		
73,323,183 ordinary shares of 0.001 pence each	1	1

7. Borrowings

Further details are provided in the senior finance debt section of note 29 to the consolidated financial statements.

Full List of Subsidiaries of Nash Squared Holdings Limited

Full list of Subsidiaries

	% Holding	Principal activity
United Kingdom		
3 Noble Street, London EC2V 7EE		
Nash Squared Ltd	100%	Holding company
Harvey Nash Ltd	100%	Recruitment consultancy
Crimson Ltd	100%	Recruitment consultancy
NashTech Ltd	100%	Software consultancy
Ireland		
Lower Ground Floor, 100 Mount Street, Dublin 2		
Harvey Nash (Ireland) Ltd	100%	Recruitment consultancy
NashTech Software Ltd	100%	Software consultancy
Netherlands		
Industrieweg 4, Maarssen, 3606 AS		
Harvey Nash BV	100%	Recruitment consultancy
Harvey Nash Group BV	100%	Holding company
Harvey Nash Perspective BV	100%	Recruitment consultancy
Harvey Nash Detachering BV	100%	Recruitment consultancy
Het Flexhuis BV	100%	Recruitment consultancy
Regus Amsterdam, Sloterdijk Teleport Towers, Kingsfordweg 1511043 GR		
Knoldus BV	100%	Software consultancy
Germany		
Grafenberger Allee 337a-c 40235 Düsseldorf		
Harvey Nash GmbH	100%	Recruitment consultancy
Nash Direct GmbH	100%	Recruitment consultancy
NashTech GmbH	100%	Software consultancy
Impact Executives (Germany) GmbH	100%	Non-trading
Belgium		
Nieuwe gentesteenweg 21/3, 1702 Groot-Bijgaarden		
Harvey Nash IT Consulting NV	100%	Recruitment consultancy
Harvey Nash NV	100%	Recruitment consultancy
Residentie Docklands, Indiëstraat 2, 2000 Antwerpen		
eMenka NV	100%	Recruitment consultancy
Talent IT BVBA	100%	Recruitment consultancy
Team4Talent BVBA	100%	Recruitment consultancy
Pro-Cured BVBA	100%	Procurement
Switzerland		
Badenerstrasse 15, Postfach 8021 Zürich		
Harvey Nash AG	100%	Recruitment consultancy
Impact Executives Holdings AG	100%	Non-trading

Full List of Subsidiaries of Nash Squared Holdings Limited continued

Full list of Subsidiaries

	% Holding	Principal activity
Poland		
Mokotowska 49, 00-542 Warsaw		
Harvey Nash Alumni Sp. z o.o.	Warsaw	100% Recruitment consultancy
Harvey Nash Technology Poland Sp. z o.o.	Warsaw	100% Recruitment consultancy
NashTech Sp. z o.o.	Warsaw	100% Software consultancy
India		
5-9-22/57/D/1 1st Floor BM, Birla Science Centre Complex, Adarshnagar, Hyderabad		
Harvey Nash Private Limited	Hyderabad	100% Recruitment consultancy
SDF L11, NSEZ, Sector 81, Noida, UP 201304		
Knoldus Software LLP		100% Software consultancy
Knoldus Technologies Pvt Ltd		100% Software consultancy
Canada		
3095 Tours Rd, Mississauga, L5N3H9		
NashTech Canada Inc		100% Holding company
Knoldus Holdings Inc		100% Software consultancy
Knoldus Inc.		100% Software consultancy
United States of America		
1700 Route 23 North, Suite 100, Wayne, NJ 07470		
Harvey Nash Inc		100% Recruitment consultancy
Harvey Nash Holdings Inc		100% Non-trading
SBS Group Inc		100% Non-trading
Broadbay Networks Inc		100% Non-trading
Tech Discovery LLC		100% Non-trading
Euro Systems International Inc		100% Non-trading
Applied Concepts Inc		100% Non-trading
Scientific & Business Systems Inc		100% Non-trading
50 N. Brockway Street, Suite 3-12, Palatine, IL - 60067		
Knoldus Inc.		100% Software consultancy
810, Crescent Centre Dr., Suite 120, Franklin, Tennessee 37067		
Latitude 36 Inc		100% Recruitment consultancy
Japan		
Tokyo Square Garden 14F, WeWork, 3-1-1 Kyobashi, Chuo-ku, Tokyo, Japan 104-0031		
NashTech Japan KK		100% Software consultancy
Singapore		
One Raffles Quay, North Tower, Level 25		
Harvey Nash Singapore PTE Ltd		100% Non-trading
Level 08-09, The Metropolis Tower 2, 11 North Buona Vista Drive, Singapore 138589		
Knoldus Consulting Pte Ltd		100% Software consultancy
71 Robinson Road, #13-129		
NashTech Singapore PTE Ltd		100% Software consultancy

Full List of Subsidiaries of Nash Squared Holdings Limited

continued

Full list of Subsidiaries

	% Holding	Principal activity
British Virgin Islands		
P.O Box 957, Offshore Incorporations Centre, Road Town, Tortola		
Harvey Nash Ltd (BVI)	100%	Non-trading
Hong Kong		
Unit 1501, 15/F Henley Building, 5 Queen's Road Central, Central		
Harvey Nash (Hong Kong) Ltd	100%	Non-trading
Vietnam		
364 Cong Hoa Street, Tan Binh District, Ho Chi Minh City		
Harvey Nash (Vietnam) Company Ltd	100%	Software consultancy
Level 14, Saigon Centre Tower1, No 65 Le Loi Street, Ben Nghe Ward, District 1, Ho Chi Minh City		
Knoldus Consulting Company Ltd	100%	Software consultancy
Australia		
Suite 14.02, Level 14, 20 Hunter Street, Sydney NSW 2000		
NashTech Software Pty Ltd	100%	Software consultancy
Harvey Nash Ltd (Australian Branch)	100%	Recruitment consultancy

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Birmingham B37 7YN

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Munich

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D-20354 Hamburg

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Regus Amsterdam
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Chris Tilley	Michael Haxby
David Morrison	Diederik Vos
Michael Branigan	Streisan Bevan
Adrian Gunn	Joanna Macleod

Secretary

Chris Tilley

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