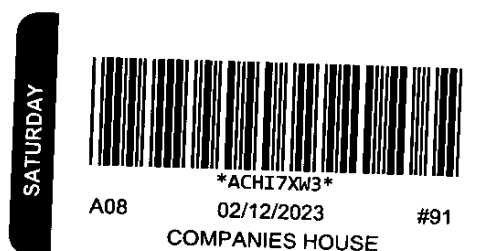


Gi Group Holdings Recruitment Limited

Annual Report and Financial Statements

Registered number 07577190

For the year ended
31 December 2022



Gi Group Holdings Recruitment Limited

Registered number 07577190

31 December 2022

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Gi Group Holdings Recruitment Limited

Registered number 07577190
31 December 2022

Directors and Other Information

Year ended 31 December 2022

Directors

Iain Pickering
Paulo Canoa
Dario Dell'Osa
Davide Toso
Stefano Colli-Lanzi

Company Secretary

Iain Pickering

Registered Address

Unit A
The Glass Yard
Sheffield Road
Chesterfield
Derbyshire
S41 8JY

Independent auditors

A.C.T. London Limited
48 Dover Street
Mayfair
London
W1S 4FF

Gi Group Holdings Recruitment Limited

Registered number 07577190

31 December 2022

Strategic report

Introduction

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them to assess how the Directors have performed their duty to promote the success of Gi Group Holdings Recruitment Limited ("the Company").

Principal activities

The principal activity of Gi Group Holdings Recruitment Limited ("the company") is that of a holding company of Gi Recruitment Limited, INTOO (UK) Limited, Marks Sattin (UK) Limited, TACK TMI UK Limited and TACK International Limited which are all companies incorporated in the UK. The Group's principal activity is that of a services provider supplying temporary labour and an employment agency providing permanent staff.

Business model

This company is in place to hold long term strategic investments in Gi Recruitment Limited, TACK TMI UK Limited, TACK International Limited, INTOO (UK) Limited and Marks Sattin (UK) Limited.

Business review and results

The Group delivered an EBITDA profit as a consequence of the continued focus on higher value clients. However due to a material client going into liquidation and the subsequent impairment of £649,000 of debt, year on year adjusted EBITDA was down. The overall loss for the year was further compounded by an increase in financing costs as a result of UK interest rate increases in the year. The Group delivered an operating profit before depreciation of £1,592,000 (2021: £922,000), resulting in a loss before taxation of £4,448,000 (2021: £4,018,000). The net liabilities of the Group at year end were £13,547,000 (2021: £9,558,000).

During the year we exited from our biggest client Rolls Royce / BMW as part of the drive to focus on higher yield clients. As a consequence, this removed £46.7m of top line revenue but year on year we had net growth in gross margin. Gross margin continued to improve, moving to 13.9% as a result of this exit and more efficient deployment of resources to managed higher yield clients.

On 1st October 2022 the Group completed the acquisition of Encore Personnel Services Limited which provided complimentary activities to that of the company. There are expected synergy savings to be made as a consequence of this integration and the transfer of knowledge and expertise. The results presented reflect the consolidation of this business within that of the Group from 1st October 2022.

While the group to benefit from strong long-term relationships with major blue chip clients and we continue to develop our client accounts through the provision of value added services through other businesses in the group,

Our reputation as an established, legally compliant, ethical and reliable supplier is important in reassuring major companies that we are a respected, qualified, suitable partner for the supply of temporary labour – particularly in our increasingly regulated environment.

With a robust sales pipeline, clear drive towards profitable sales activities, a focus on tight cost control and continued support from the group, the directors remain optimistic about the future performance and profitability of the Group.

Continuing progress was made during the year in the development of plans for improving our front and back office operating systems and the supply of higher quality management information to our clients.

Strategic report *(continued)*

The Board continues to see technology and innovation as a key strategic area of importance going forward, and new systems and processes will continue to be implemented.

Key performance indicators

The Group continues to operate a number of Key Performance Indicators (KPI's) within each business unit, both financial and non-financial.

The primary financial KPIs and ratios monitored for internal management reporting are Turnover, EBITDA (Adjusted), Debtor Days and Gross Profit %. The results of these KPIs for the year and prior year are in the table below.

	2022	2021
Turnover (£'000)	292,326	324,771
EBITDA (Adjusted) (£'000)	2,138	1,238
Average Debtor Days during the year	52.7	52.2
Gross Profit Percentage	13.9%	9.9%

EBITDA (Adjusted) is an internal measure based on EBITDA adjusting for Group Management fees from Italy of £546,000 (2021: £316,000).

Non-financial KPIs used in the business units include the measures used in managing a sales focused organisation, including activity levels, sales conversion ratios, sales volumes and values and client retention statistics, in addition to employee related KPIs such as attrition rates and FTE headcount.

Section 172 (1) Statement

In accordance with section 172 of the Companies Act 2006, the Board have the views of the key stakeholders of the business in mind and have considered the below matters during Board discussion and in their decision making.

The matters as set out in section 172(1) (a) to (f) are:

- 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;
- and
- f) the need to act fairly between members of the company.

The key stakeholders identified include but are not limited to, our clients, our colleagues, our candidates, and the wider community and environment, each of whom are considered in any decisions we make. This is in addition to our shareholders and ultimate beneficial owners within the group.

The Board delegates authority for day-to-day management of the business to the Executive Management Team ("EMT") for setting, approving and overseeing the execution of the business strategy and related policies. The EMT hold monthly meetings at which all business matters are discussed including business performance, risk management, any client issues or updates, health and safety updates, and employee matters. The construction of the EMT represents all areas of the operational business and support functions with a wealth of experience in the business brought to the table. The experience of the EMT including their drive and passion will ensure that decisions made are fair and beneficial to the majority of stakeholders in the long term, and will result in the long term success of the business. The restructuring activities undertaken were done in the interest of the long term benefit of the Group, despite incurring one off costs. We believe that this move to consolidate parts of the

Gi Group Holdings Recruitment Limited

Registered number 07577190

31 December 2022

Strategic report *(continued)*

business and to remove some ongoing costs will drive forward the profitability of the business in the longer term.

We have held working relationships with many of our clients on a long term basis and work alongside many of them on site alongside their own colleagues. The length of the relationships we have held with many of these clients is testament to the good working relationship we have with them and how we

consider them as key stakeholders. Contract renegotiations are always a balance between the needs for continued success of our business alongside the provision of their workforce requirements for their continued success. As a result during the year we stepped away from some long term key contracts in order to pursue a strategic aim of generating higher gross profit percentage. Regular client review meetings are held to ensure that key deliverables are met and the thoughts and opinions of our clients are considered.

Our business is founded on building relationships, both with clients where we look to be a key part of their workforce supply chain and also with candidates where we look to be an employer of choice.

Significant efforts are made by the Group in ensuring the wellbeing of our employees. We have an employee survey that is run globally on a periodic basis and with regular 'pulse surveys' in between to monitor progress in certain areas. The feedback from the surveys will drive the focus of global and local management within the Group to focus on specific areas of wellbeing. The success of the business is dependent on our employees and as such it is critical that any decisions that are made have our employees front of mind.

The Group is committed to preventing opportunities for modern slavery to occur both within its own and its supply chain's daily business activities. We are Gangmasters and Labour Abuse Authority (GLAA) licenced and have a number of business activities in place to enable us to identify areas of risk and ensure prevention of occurrences of modern slavery.

The Group is committed to the adoption of environmentally responsible policies and practices throughout its operation. Whilst accepting that as a business operating in the service sector without any raw materials or any production operations our impact on the environment is not as substantial as that of a manufacturing organisation, we aim to encourage a positive impact through our activities via consumers, employees, communities and stakeholders.

Principal risks and uncertainties

Our business continues to benefit from strong long-term relationships with major clients, however the market remains subject to competition. As part of a large international group, the Group is well-placed to add to its portfolio of such clients, though this of course is accompanied by the risks attendant in any competitive, tender based business, subject to increasing attention by professional procurement departments.

Compliance with all relevant regulations continues to be a high priority for the Board, and the Group's reputation as an ethical, reliable and substantial entity continue to make it an attractive partner for major and often international clients.

Future developments

The Board anticipates a period ahead in which the economic situation remains uncertain due to the ongoing recovery from Covid-19 and the rise in costs. However, with good stable relationships with existing major clients and with its robust pipeline of prospective business, the company should continue to enjoy solid growth.

Investment will continue to be made in the IT infrastructure of the company to ensure its systems meet the increasing demands of the market in this important area. We have a focus on ensuring our customer

Strategic report *(continued)*

experience is appropriate given the current technologies available, and utilising technology to drive efficiency in our internal processes.

The company continues to operate a fully-fledged Corporate Social Responsibility programme. This is seen by the Board as an increasingly important focus as our employees and clients place more emphasis on this in choosing GI as an employer of choice and as a key supplier.

Our diverse client base has enabled us to build on our workforce supply in those sectors which have been relied upon during the pandemic, in particular that of home delivery drivers and food production, assisting clients with flexible workforce to meet their demand.

On behalf of the Board:



Iain Pickering
Director
30 October 2023

Gi Group Holdings Recruitment Limited

Registered number 07577190

31 December 2022

Directors' report

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2022.

Results and dividends

The Group loss for the year after taxation was £3,989,000 (2021: loss of £3,904,000).

During the year, the directors have not paid any interim dividends or recommended payment of a final dividend (2021: £nil).

Going concern

As part of the going concern assessment, the Directors have considered the company's principal risk areas, including current economic conditions, that they consider material to the assessment of going concern including completed cash flow forecasts for at least 12 months from now, considering severe but plausible downsides too. They have also considered the facilities available to the company, including its rolling invoice discounting facility and ongoing support from Gi Group Holding S.p.A.. Having completed this assessment, the Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Gi Group Holding S.p.A.. The Directors have received written confirmation that Gi Group Holding S.p.A. intends to support the company for at least one year from the date of signing of these financial statements.

Post balance sheet events

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic report on pages 2 to 5.

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

Davide Toso	
Dario Dell'Osa	
Iain Pickering	(appointed 1 March 2023)
Paulo Canoa	
Stefano Colli-Lanzi	
Steve Cook	(resigned 1 March 2023)

The directors and the secretary who served at 31 December 2022 had no interests in shares in, or debentures of, the company. Their interests in the shares of the ultimate parent company are disclosed in that company's financial statements.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Directors' report *(continued)*

Employees

The group aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity regardless of sex, religion or ethnic origin. The group does all that is practicable to meet its responsibilities towards the employment and training of disabled people. In the event that an employee becomes disabled, every effort will be made to provide continuity of employment in the same job or a suitable alternative.

Employee engagement statement

The group involves staff in the decision-making process and communicates regularly with them during the year through a GiUK Communication email. Their involvement in the group performance is encouraged with an employee bonus scheme.

Streamlined Energy and Carbon Reporting (SECR) disclosure

Our SECR disclosure presents our carbon footprint across Scopes 1, 2 and 3, together with an appropriate intensity metric and our total energy use of electricity, gas, transport fuel. Included within the energy performance data are all Gi Group entities in the UK, being all direct and indirect subsidiaries of Gi Group Holdings Recruitment Limited.

	<i>Unit</i>	2022	2021
Scope 1 emissions (gas)	<i>tCO₂e</i>	22.1	38.0
Scope 1 emissions (company car)	<i>tCO₂e</i>	79.5	-
Scope 2 emissions (electricity, location-based)	<i>tCO₂e</i>	82.8	119.0
Scope 3 emissions (transport fuel where company purchased)	<i>tCO₂e</i>	12.3	20.9
Total gross CO ₂ e based on above	<i>tCO₂e</i>	196.7	177.9
Carbon Intensity Ratio:	<i>kWh/m²</i>	79	102
Office gas consumption/emissions per m ²	<i>kg CO₂e/m²</i>	14	19
Carbon Intensity Ratio:	<i>kWh/m²</i>	86	121
Office electricity consumption/emissions per m ²	<i>kg CO₂e/m²</i>	17	25
Energy consumption used to calculate emissions			
Electricity	<i>kWh</i>	428,269	561,600
Gas	<i>kWh</i>	120,998	211,732
Grey fleet vehicles	<i>kWh</i>	498,099	500,144
Vehicle Fuel Card Purchase	<i>kWh</i>	92,107	91,115
EV/Hybrid Electricity Purchase	<i>kWh</i>	107,170	927
Annual Total	<i>kWh</i>	1,246,643	1,365,518

Methodology

The methodology applied is consistent with the following;

- Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019 (Updated Introduction and Chapters 1 and 2).
- The Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard.
- UK Government GHG Conversion Factors for Company Reporting. 2020.

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Directors' report (continued)

Gi Group has accounted for and reported their consolidated GHG data according to the operational control approach. Energy data has continued to be collated monthly by GI Group staff and external energy brokers and desk top verification has been undertaken by the Green Business Centre (external energy consultants) to verify the energy performance data/submission for 2021 and 2022.

The methodology used was developed to meet BS EN 16247 - Energy Audit requirements in preparation for the Gi Group ESOS assessment completed in 2019.

All Greenhouse Emissions Calculations are made using appropriate annual conversion factors downloaded from the DEFRA/gov.uk website.

Office Energy Consumption

Gi started purchasing 100% renewable electricity from the 1st of February 2022.

GI Group completed the process of relocating its Head Office in March 2023. The relocation will have the following benefits:

- Ground source heat pumps instead of gas heating
- Lighting operated on sensors.
- Fully LED lighting.
- Potentially less people using own car to commute to work as new office is on main bus route and there is limited parking.

A review of the feasibility of opportunities to work from home was undertaken with a number of staff switching to hybrid working resulting in a reduction in staff commuting and office related environmental impacts.

Note that difference between office electricity and gas consumption in 2021 and 2022 and can be attributed to difference in estimating of energy consumption data between current (Total Energies) and previous energy brokers (Pozitive).

Energy efficiency action taken – Business Travel

Reduction in vehicle (grey fleet and leased) related energy consumption and carbon emissions:

	kWh	Kg CO ₂ e
2018	1,274,933	307.2
2020	612,566	144.0
2021	591,259	137.6
2022	357,437	84.7
Reduction	72%	72%

A cycle to work scheme and electric vehicle purchase scheme have been implemented in order to encourage more sustainable modes of transport. 4 bikes have been delivered and a further bike has been ordered. In addition, 23 electric vehicles have been purchased as part of the scheme.

The leased vehicle fleet has continued to be renewed resulting in a reduction in g CO₂e per Km. Average g CO₂e has improved from 119 in 2018, 116 in 2020, 110 in 2021, and 104 in 2022. This is attributed to the switch to self-charging and plug in hybrids. The fleet included 1 hybrid in 2020, 25 in 2021, and 29 in 2022. 'Which' magazine has calculated that hybrids estimated have an improved fuel efficiency of 12% compared to diesel cars and 21% compared to petrol cars.

Directors' report *(continued)*

Financial risk management

The Group has established a risk and financial management framework whose primary objective is to ensure sufficient working capital exists and to monitor the management of risk at a business unit level. The Group aims to mitigate credit and liquidity risk by managing cash generation by its operations and applying cash collection targets. The Group also manages liquidity via a group invoice discounting facility.

Research and development

The Group performed no research and development in the year (2021: *£nil*).

Political contributions

The Group made no political donations or incurred any political expenditure during the year (2021: *£nil*).

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 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.

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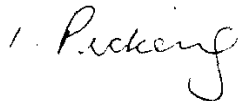
31 December 2022

Directors' report *(continued)*

Independent auditors

During the year the auditors A.C.T. London Limited were appointed. Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and therefore continue in office.

On behalf of the Board:



Iain Pickering
Director
30 October 2023

Independent auditors' report to the members of Gi Group Holdings Recruitment Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Gi Group Holdings Recruitment Limited (the 'company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 director's 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 the parent company's ability to continue as a going concern for a period of at least 12 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.

Independent auditors' report to the members of Gi Group Holdings Recruitment Limited (continued)

We have nothing to report in this regard.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on Which We Are Required to Report by Exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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 company's 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;

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.

Independent auditors' report to the members of Gi Group Holdings Recruitment Limited *(continued)*

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group and the company through discussions with the director and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental (including Waste Electrical and Electronic Equipment recycling (WEEE) Regulations 2013) and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's and company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the director and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Gi Group Holdings Recruitment Limited

Registered number 07577190

31 December 2022

Independent auditors' report to the members of Gi Group Holdings Recruitment Limited *(continued)*

Use Of Our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters that 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.

ACT AUDIT LIMITED

Mr Francesco Lepri (Senior Statutory Auditor)
for and on behalf of ACT Audit Limited
Chartered Accountants and Statutory Auditors
48 Dover Street
Mayfair, London
W1S 4FF

Date: 07/11/2023

Gi Group Holdings Recruitment Limited

Registered number 07577190

31 December 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

			(Unaudited)
	<i>Not e</i>	2022	2021
		£'000	£000
Turnover	4	292,326	324,771
Cost of sales		(251,838)	(292,636)
Gross profit		40,488	32,135
Administrative expenses		(42,607)	(35,761)
Other operating income	5	-	714
Operating profit / (loss)	6	(2,119)	(2,912)
Interest payable and similar expenses	9	(2,329)	(1,106)
Loss before taxation		(4,448)	(4,018)
Tax on loss	10	462	224
Loss for the financial year		(3,986)	(3,794)
Exchange translation loss on foreign operations		(3)	(12)
Total comprehensive expense for the year		(3,989)	(3,806)

The above results relate to the continuing operations of the Group.

Gi Group Holdings Recruitment Limited

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31 December 2022

Consolidated Balance Sheet

at 31 December 2022

	<i>Note</i>	2022 £'000	(Unaudited) 2021 £'000
Fixed assets			
Goodwill	11	24,883	12,899
Intangible assets	11	92	103
Tangible assets	12	1,095	429
		26,070	13,431
Current assets			
Debtors: amounts falling due within one year	14	107,111	70,752
Cash and cash equivalents		2,486	945
		109,597	71,697
Creditors: amounts falling due within one year	15	(133,790)	(92,551)
Net current assets		(24,193)	(20,854)
Total assets less current liabilities		1,877	(7,423)
Creditors: amounts falling due after more than one year	16	(15,424)	(2,135)
Net assets		(13,547)	(9,558)
Capital and reserves			
Called up share capital	17	12,000	12,000
Retained earnings		(25,547)	(21,558)
Total shareholders' funds		(13,547)	(9,558)

The notes on pages 21 to 36 form part of these financial statements.

These financial statements were approved by the board of directors and authorised for issue on 30 October 2023, and are signed on behalf of the board by:



Iain Pickering
Director
30 October 2023

Gi Group Holdings Recruitment Limited

Registered number 07577190

31 December 2022

Company Balance Sheet

at 31 December 2022

	<i>Note</i>	2022 £'000	2021 £'000
Fixed assets			
Investments	13	26,782	35,947
Current assets			
Debtors: amounts falling due within one year	14	-	-
Creditors: amounts falling due within one year	15	(25,304)	(25,304)
Net current liabilities		(25,304)	(25,304)
Total assets less current liabilities		1,478	10,643
Net assets		1,478	10,643
Capital and reserves			
Called up share capital	17	12,000	12,000
Accumulated losses		(10,522)	(1,357)
Total shareholders' deficit		1,478	10,643

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. The result for the year was a loss of £9,165,000 (2021: £nil).

The notes on pages 21 to 36 form part of these financial statements.

These financial statements were approved by the board of directors and authorised for issue on 30 October 2023, and are signed on behalf of the board by:



Iain Pickering
Director
30 October 2023

Gi Group Holdings Recruitment Limited

Registered number 07577190

31 December 2022

Consolidated Statement of changes in equity

For the year ended 31 December 2022

	(Unaudited) Called up share capital £'000	(Unaudited) Profit and loss account £'000	(Unaudited) Total shareholders' funds £'000
Balance at 1 January 2021	12,000	(17,752)	(5,752)
Total comprehensive expense for the year			
Loss for the financial year	-	(3,794)	(3,794)
Exchange translation loss on foreign operations	-	(12)	(12)
Total comprehensive expense for the year	-	(3,806)	(3,806)
Balance at 31 December 2021	12,000	(21,558)	(9,558)
	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
Balance at 1 January 2022	12,000	(21,558)	(9,558)
Total comprehensive expense for the year			
Loss for the financial year	-	(3,986)	(3,986)
Exchange translation loss on foreign operations	-	(3)	(3)
Total comprehensive expense for the year	-	(3,989)	(3,989)
Balance at 31 December 2022	12,000	(25,547)	(13,547)

Gi Group Holdings Recruitment Limited

Registered number 07577190

31 December 2022

Company Statement of changes in equity

For the year ended 31 December 2022

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 January 2021	12,000	(1,357)	10,643
Total comprehensive expense for the year			
Loss for the financial year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive expense for the year	-	-	-
Balance at 31 December 2021	12,000	(1,357)	10,643
Balance at 1 January 2022	12,000	(1,357)	10,643
Total comprehensive expense for the year			
Loss for the financial year	-	(9,165)	(9,165)
Other comprehensive income	-	-	-
Total comprehensive expense for the year	-	(9,165)	(9,165)
Balance at 31 December 2022	12,000	(10,522)	1,478

Gi Group Holdings Recruitment Limited

Registered number 07577190

31 December 2022

Consolidated Cash Flow Statement

For the year ended 31 December 2022

	Note	2022 £'000	(Unaudited) 2021 £'000
Cash flows from operating activities			
Loss for the financial year		(3,988)	(3,806)
<i>Adjustments for:</i>			
Depreciation		382	509
Amortisation		3,329	3,325
Loss on disposal		-	6
Foreign exchange losses / (gains)		(1)	(1)
Interest payable and similar expenses	9	2,329	1,106
Taxation	10	(462)	(224)
		<u>1,589</u>	<u>1,473</u>
(Increase)/Decrease in trade and other debtors		(45,290)	21,180
(Increase)/Decrease in trade and other creditors		<u>41,703</u>	<u>(15,329)</u>
		<u>(1,998)</u>	<u>7,324</u>
Interest paid		(2,329)	(1,106)
Net cash (used in) / generated from operating activities		<u>(4,327)</u>	<u>6,218</u>
Cashflows from investing activities			
Acquisition of tangible assets	12	(1,049)	(595)
Acquisition of intangible assets	11	(15,302)	(37)
Net cash used in investing activities		<u>(16,351)</u>	<u>(707)</u>
Cashflows from financing activities			
Net proceeds from invoice discount facility		8,930	5,084
Group loan		13,289	(11,190)
Net cash generate from / (used in) financing activities		<u>22,219</u>	<u>(6,106)</u>
Net cash movement		<u>1,541</u>	<u>(595)</u>
Net increase in cash and cash equivalents		1,541	(595)
Cash and cash equivalents at 1 January		945	1,540
Cash and cash equivalents at 31 December		<u>2,486</u>	<u>945</u>

	At 1 January 2022 £'000	Cash flow £'000	At 31 December 2022 £'000
Reconciliation of net debt			
Cash and cash equivalents	945	1,541	2,486
Bank facilities and overdraft	(33,096)	(8,930)	(42,026)
Net debt	<u>(32,151)</u>	<u>(7,389)</u>	<u>(39,540)</u>

The company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12 (b) not to present the company statement of cash flows.

Notes to the Financial Statements

Year ended 31 December 2022

1 General information

Gi Group Holdings Recruitment Limited (the "company") is a private company limited by shares and incorporated in England, United Kingdom. The address of its registered office is Unit A, Glass Yard, Sheffield Road, Chesterfield S41 8JY.

2 Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") and the Companies Act 2006.

In order to better reflect the split between cash and financing facilities the cash flow statement has been updated to reconcile to cash and cash equivalents rather than a net debt position.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- No separate parent company cash flow statement and related notes;
- Key management personnel compensation; and
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

3 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same financial statements.

3.1 Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, except certain financial assets and liabilities measured at fair value through profit and loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.8

The presentation currency of these financial statements is sterling, which is the functional currency of the company. All amounts in the financial statements have been rounded to the nearest £1,000.

3.2 Business Combinations

The cost of a business combination is the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued, plus costs directly attributable to the business combination.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Gi Group Holdings Recruitment Limited

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Notes to the Financial Statements *(continued)*

3 Accounting policies *(continued)*

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provision amounts recognised as asset and liabilities at the acquisition date are retrospectively adjusted within the following twelve months.

3.3 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2022. A subsidiary is an entity that is controlled by the parent.

The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

3.4 Going concern

As part of the going concern assessment, the Directors have considered the company's principal risk areas, including the current economic condition, that they consider material to the assessment of going concern including completed cash flow forecasts for at least 12 months from now, considering severe but plausible downsides too. They have also considered the facilities available to the company, including its invoice discounting facility and ongoing support from Gi Group Holding S.p.A.. Having completed this assessment, the Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Gi Group Holding S.p.A.. The Directors have received written confirmation that Gi Group Holding S.p.A. intends to support the company for at least one year from the date of signing of these financial statements.

3.5 Turnover

Turnover comprises the amount derived from services falling within the Group's activities after deduction of trade discounts, rebates and excluding Value Added Tax. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Income received in advance of services provided is taken to deferred revenue.

Turnover for temporary workers is recognised in the period the work took place. Fees for permanent placements are agreed in advance with the customer, with turnover being recognised when the candidate successfully receives an offer of employment. Turnover for the provision of training and development solutions is recognised in the period that the work took place.

3.6 Basis of investments

In the financial statements, investments in subsidiaries are carried at cost less impairment.

3.7 Goodwill and amortisation

The goodwill arising on the transfer of trade and net assets is capitalised and amortised over its expected useful life, being 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Notes to the Financial Statements *(continued)*

3 Accounting policies *(continued)*

3.8 Intangible assets other than goodwill

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual value over their estimated useful lives as follows:

- Development costs 3 years

Amortisation is charged to administrative expenses in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life or amortisation rate have changed, these are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

3.9 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Where parts of an item of tangible assets have different useful lives, they are accounted for as separate items of tangible assets.

The Group assesses at each reporting date whether tangible assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible assets. The estimated useful lives are as follows:

- Leasehold improvements the shorter of the period of the lease or 10 years
- Fixtures and fittings 3 - 5 years
- Office equipment 3 - 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

3.10 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Impairment of Goodwill

At each balance sheet date the Group considers whether the carrying value of Goodwill is fairly stated. Where an indication of impairment is identified the recoverable amount is compared to the carrying amount. *The recoverable amount is the higher of the fair value less costs to sell and value in use. This requires estimation of the future cash flows from the investment and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.*

Assessment of deferred consideration

Costs of acquisitions and business combinations in the year are included in investments in the Balance Sheet and comprise the initial consideration paid/payable plus any adjustment contingent on future events if the adjustment is probable and can be measured reliably.

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Notes to the Financial Statements *(continued)*

3 Accounting policies *(continued)*

If the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration is treated as an adjustment to the cost of the combination.

Impairment of fixed asset investments

At each balance sheet date the company considers whether the carrying value of fixed asset investments is fairly stated. Where an indication of impairment is identified the recoverable amount of the investments is compared to the carrying amount of the investment. The recoverable amount is the higher of the fair value less costs to sell and value in use. This requires estimation of the future cash flows from the investment and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Regarding the investment in Gi Recruitment Limited, the valuation is based on Group Board approved forecasts which include compound annual growth rates in Gross Profit of 7.6%, long term growth of 2.0% and a discount rate of 12.0%.

Regarding the investment in Tack International Limited, the valuation is based on Group Board approved forecasts which include compound annual growth rates in Revenue of 16.4%, Gross Profit of 18.2%, long term growth of 2.0% and a discount rate of 10.8%. Details of this impairment review for the investments, along with the net carrying amount of investments and any associated, if any, impairment provisions can be seen in note 13.

Impairment of trade and other debtors

The Group makes an estimate of the recoverable amount of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. It is on this basis with the associated financial support that impairment is not required. See note 14 for the net carrying amount of the debtors and associated impairment provision.

3.11 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. The Group has in place a confidential invoice discounting facility where the counterparty has full recourse to all monies advanced against book debts, and for one client a factoring agreement is in place.

Notes to the Financial Statements *(continued)*

3 Accounting policies *(continued)*

3.12 Employee Benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution plans.

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees. The assets of the plan are held separately from the company in independently administered funds.

Holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

3.13 Expenses

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange gains or losses that are recognised in the profit and loss account (see Foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on intercompany loans.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

3.14 Foreign currency accounting

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date of the transactions. At each period end foreign currency monetary items measured at historical cost are translated using the exchange rate at the closing rate and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses are presented in the profit and loss account within 'Administrative expenses'.

3.15 Government grants

Government grants are recognised against expenses in the period in which they are intended to compensate. Grants are only recognised when there is reasonable assurance that any conditions attached to them will be complied with and that the grant will be received.

3.16 Exceptional items

Items of income and expense that are material by size and/or nature and are non-recurring are classified as exceptional items in the profit and loss account within their relevant category.

3.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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Notes to the Financial Statements *(continued)*

3 Accounting policies *(continued)*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3.18 Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared and approved by the shareholders prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

3.19 Related parties

As a subsidiary undertaking of Gi Group Holding S.p.A. the company has taken advantage of the exemption in FRS 102 Section 33 from disclosing transactions with other members of the group headed by Gi Group Holding S.p.A.

4 Turnover

An analysis of the company's turnover by geographical market is set out below.

	2022 £'000	2021 £'000
United Kingdom	287,792	323,344
Geographical markets outside the United Kingdom	4,534	1,427
	<u>292,326</u>	<u>324,771</u>

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Notes to the Financial Statements *(continued)***5 Other operating income**

	2022	2021
	£'000	£'000
Government Grants	-	714

Government grants income represents amounts claimed and received under the Coronavirus Job Retention Scheme for both operational staff and permanent administration staff in the Group

6 Operating loss

Operating loss is stated after charging / (crediting) the following expenses, included in the administrative expenses:

	2022	2021
	£'000	£'000
Depreciation of tangible assets	382	509
Amortisation of intangible assets	3,329	3,325
Loss on disposal of fixed assets	-	6
Operating lease rentals – land and buildings	911	786
Operating lease rentals – plant and machinery	300	199

Auditors' remuneration:

	2022	2021
	£'000	£'000
Audit of these financial statements	50	10
Amounts receivable by the company's auditors and their associates in respect of;		
Audit of financial statements of subsidiaries of the company	141	218

Auditors' remuneration is paid for by Gi Group Recruitment Limited.

7 Staff numbers and costs

The average monthly number of people employed by the Group (including directors) during the year, analysed by category, was as follows:

	Average number of employees	
	2022	2021
Operational staff	9,111	10,551
Permanent administration staff	516	454
	9,627	11,005

Gi Group Holdings Recruitment Limited

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Notes to the Financial Statements *(continued)*

7 Staff numbers and costs *(continued)*

The aggregate payroll costs of these people were as follows:

	2022 £'000	2021 £'000
Wages and salaries	241,441	280,676
Social security costs	19,796	22,400
Other pension costs	2,822	3,829
	<u>264,059</u>	<u>306,905</u>

8 Directors' remuneration

No directors were remunerated by the company in both the current and prior year. The cost of this was borne by other group companies

During the year and the prior year there were no costs incurred from third parties for the services of directors

	2022 £'000	2021 £'000
Directors' remuneration	2,220	1,467
Company contributions to money purchase pension plans	98	114
	<u>2,318</u>	<u>1,581</u>

The aggregate of remuneration of the highest paid director was £867,132 (2021: £366,099) and company pension contributions of £23,000 (2021: £43,646) were made to a money purchase scheme on their behalf.

	Number of directors	
	2022	2021
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>7</u>	<u>7</u>

The emoluments of Directors not included above are paid by another group company which makes no recharge to the company.

9 Interest payable and similar expenses

	2022 £'000	2021 £'000
Bank interest	1,466	941
Interest payable on parent loan company	863	165
Total interest payable and similar expenses	<u>2,329</u>	<u>1,106</u>

Notes to the Financial Statements *(continued)***10 Tax on loss****10.1 Total tax benefit recognised in the profit and loss account**

	2022	2021
	£'000	£'000
<i>Current tax</i>		
Adjustments in respect of prior periods	-	-
Total current tax	-	-
<i>Deferred tax (see note 18)</i>		
Origination and reversal of timing differences	(474)	(148)
Adjustment in respect of previous periods	167	62
Effect of tax rate change on opening balance	(155)	(138)
Total deferred tax	(462)	(224)
Total tax credit included in profit or loss	(462)	(224)

The actual tax credit for the current and previous year varies from the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%) for the reasons set out in the following reconciliation:

10.2 Reconciliation of tax credit

	2022	2021
	£'000	£'000
Loss for the year	(3,986)	(3,794)
Total tax (benefit) / charge	(462)	(224)
Loss before taxation	(4,448)	(4,018)
Loss before taxation multiplied by the standard UK corporation tax rate of 19.0% (2021: 19.0%)	(845)	(763)
Expenses not deductible for tax purposes	86	13
Tangible and intangible asset differences	584	615
Group relief surrendered	1	-
Adjustments in respect of prior periods (deferred tax)	166	(62)
Remeasurement of deferred tax for changes in tax rates	(156)	(815)
Deferred tax not recognised	(287)	780
Other movements	(11)	8
Total tax benefit included in profit or loss	(462)	(224)

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Notes to the Financial Statements *(continued)***10 Tax on loss** *(continued)*

In the Spring Budget 2021, the UK Government announces that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

	2022			2021		
	£'000 Current tax	£'000 Deferred tax	£'000 Total tax	£'000 Current tax	£'000 Deferred tax	£'000 Total Tax
Recognised in profit and loss	-	(462)	(462)	-	(224)	(224)
Total tax	-	(462)	(462)	-	(224)	(224)

11 Goodwill and other intangible assets

	Goodwill	Other intangible assets	Total
	£'000	£'000	£'000
Cost			
Balance at 1 January 2022	34,627	415	35,042
Additions	15,229	74	15,303
Disposals	-	-	-
Balance at 31 December 2022	49,856	489	50,345
Accumulated depreciation			
Balance at 1 January 2022	21,728	312	22,040
Depreciation charge for the year	3,244	85	3,329
Disposals	-	-	-
Balance at 31 December 2022	24,972	397	25,369
Net book value			
At 31 December 2022	24,883	92	24,975
At 31 December 2021	12,899	103	13,002

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Notes to the Financial Statements *(continued)***11 Goodwill and other intangible assets** *(continued)*

During the year the following entities were acquired;

Entity acquired	Acquisition date	% of voting equity instruments acquired	Cost of business combination	Useful life of goodwill
Encore Personnel Services Limited	1 October 2022	100%	£16,766,014	10 years
The Leadership Factory Ltd	1 July 2022	100%	£737,948	10 years
TMI Consultancy Sdn Bhd	30 June 2022	100%	£468,865	10 years

12 Tangible assets

	Motor vehicles	Fixtures, fittings and other equipment	Total
	£'000	£'000	£'000
Cost			
Balance at 1 January 2022	-	1,920	1,920
Acquired	34	1,266	1,300
Additions	-	725	725
Disposals	-	(22)	(22)
Balance at 31 December 2022	34	3,889	3,923
Accumulated depreciation			
Balance at 1 January 2022	-	1,492	1,492
Acquired	10	966	976
Depreciation charge for the year	3	379	382
Disposals	-	(22)	(22)
Balance at 31 December 2022	13	2,815	2,828
Net book value			
At 31 December 2022	21	1,074	1,095
At 31 December 2021	-	429	429

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Notes to the Financial Statements *(continued)*

13 Investments

The company has the following investments in subsidiaries:

Subsidiary undertakings	Address	Country of incorporation	Principal activity	Class of shares and % held	Ownership
Gi Recruitment Limited [02836088]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Holding company	Ordinary 100%	Direct
Protemp Recruitment Limited [02263952]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Dormant	Ordinary 100%	Indirect
Gi Group Recruitment Limited [01949160]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Staff Agency	Ordinary 100%	Indirect
Total Work Services Limited [01989399]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Dormant	Ordinary 100%	Indirect
Draefern Limited [02066103]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Staff Agency	Ordinary 100%	Indirect
Right4Staff Limited [03182152]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Dormant	Ordinary 100%	Indirect
Excel Resourcing (Recruitment Consultants) Limited [03014770]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Staff Agency	Ordinary 100%	Indirect
INTOO (UK) Limited [10288858]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Outplacement Services	Ordinary 100%	Direct
TACK International Limited [02936840]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Training & Development Solutions	Ordinary 100%	Direct
TACK TMI UK Limited [11781487]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Training & Development Solutions	Ordinary 100%	Direct
International Learning Limited [03319178]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Dormant	Ordinary 100%	Indirect
TACK Global Limited [06602021]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Dormant	Ordinary 100%	Indirect
The European Academy of Sales and Sales Management Limited [03195652]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Dormant	Ordinary 100%	Indirect
TACK Industries Limited [00537755]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Dormant	Ordinary 100%	Indirect
TACK Management Consultants Limited [00703686]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Dormant	Ordinary 100%	Indirect
TACK Sales & Marketing Training Limited [03195655]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Dormant	Ordinary 100%	Indirect
TACK Training Scotland Limited [SC173904]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Dormant	Ordinary 100%	Indirect
TACK Training Worldwide Ltd [00961871]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Dormant	Ordinary 100%	Indirect
Marks Sattin (UK) Limited [01594927]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Recruitment Consultancy	Ordinary 100%	Direct
Grafton Professional Staffing Limited [12291213]	Unit A Glass Yard Sheffield Road Chesterfield, S41 8JY	UK	Recruitment Consultancy	Ordinary 100%	Indirect

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Notes to the Financial Statements (continued)

13 Investments (continued)

The Leadership Factory Ltd; (SC272156)	Springfield House, Laurelhill Bus Park, Stirling FK7 9JQ	UK	Other Professional Activities	Ordinary 100%	Indirect
TMI Consultancy Sdn Bhd	Unit E 3-9, Block E Plaza Damas, Kuala Lumpur 50480	Malaysia	Other Professional Activities	Ordinary 100%	Indirect
Encore Personnel Services Limited (04253504)	Unit A Glass Yard, Sheffield Road, Chesterfield S41 8JY	UK	Staff Agency	Ordinary 100%	Indirect
Gi Staffing Solutions (Ireland) Limited [647932]	Wework, Dublin Landings, North Wall Quay, Dublin 1	Ireland	Dormant	Ordinary 100%	Indirect

After assessing the carrying value and overdraft of the investment of Gi Recruitment Limited against the value in use, an impairment of £9,165,000 (2021: £nil) was required to be applied to this investment.

The company has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from preparing audit under Section 479A of the Companies Act 2006 in respect of the year ended 31 December 2022.

- Excel Resourcing (Recruitment Consultants) Limited,
- Grafton Professional Staffing Limited,
- Tack TMI UK Limited
- Tack International Limited
- Intoo (UK) Limited

14 Debtors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade debtors	74,280	59,196	-	-
Amounts owed by group undertakings	27,399	9,865	-	-
Deferred tax assets (see note 18)	1,080	599	-	-
Other debtors	255	120	-	-
Prepayments and accrued income	4,097	972	-	-
	107,111	70,752	-	-

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Trade debtors are stated after provisions for impairment of £711,000 (2021: £494,000).

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Notes to the Financial Statements *(continued)***15 Creditors: amounts falling due within one year**

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	42,025	33,096	-	-
Trade creditors	10,736	10,626	-	-
Amounts owed to group undertakings	56,837	24,216	25,304	25,304
Taxation and social security	15,270	19,648	-	-
Other creditors	5,224	1,297	-	-
Accruals and deferred income	3,698	3,668	-	-
	133,790	92,551	25,304	25,304

Bank loans and overdrafts are secured on the Group's trade debtors.

Of the amounts owed to group undertakings, £36,398,000 are unsecured, interest free and repayable on demand.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts owed to group undertakings	15,424	2,135	-	-
	15,424	2,135	-	-

Amounts owed to Group undertakings were unsecured, with an interest rate of 12 month Euribor + 2% and were due for repayment 31 December 2024.

17 Called up share capital

	2022	2021
	£'000	£'000
<i>Authorised</i>		
12,000,001 (2021: 12,000,001) ordinary shares of £1 each	12,000	12,000
<i>Allotted, called up and fully paid</i>		
12,000,001 (2021: 12,000,0001) ordinary shares of £1 each	12,000	12,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. There is a single class of ordinary share. There are no restrictions on the distribution of dividend and the repayment of capital.

Gi Group Holdings Recruitment Limited

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Notes to the Financial Statements *(continued)***18 Deferred tax assets**

There are deferred tax assets of £1,042,000 (2021: £599,000). Deferred tax assets are attributable to the following:

<i>Group</i>	2022 £'000	2021 £'000
Brought forward	599	375
Adjustment through acquisition	(19)	-
Adjustment in respect of prior years	-	-
Credited to Profit and Loss account	462	224
Carried forward	1,042	599
	2022 £'000	2021 £'000
Fixed assets timing differences	83	320
Short term timing differences	148	233
Losses and other deductions	811	46
Net deferred tax assets	1,042	599

Amount of deferred tax asset not recognised on the balance sheet was £2,632,000 (2021: £2,840,000).

For the effective rate of deferred tax see note 10.

19 Operating leases

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

	Car lease £'000	Property and equipment £'000	2022 £'000
Payments Due:			
Less than one year	205	1,267	1,472
Between one and five years	94	1,752	1,846
More than five years	-	203	203
	299	3,222	3,521

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Notes to the Financial Statements *(continued)*

19 Operating leases *(continued)*

	Car lease	Property and equipment	2021
Payments Due:	£'000	£'000	£'000
Less than one year	245	391	636
Between one and five years	307	995	1,302
More than five years	-	402	402
	<u>552</u>	<u>1,788</u>	<u>2,340</u>

During the year £1,207,000 (2021: £985,000) was recognised as an expense in the profit and loss account in respect of operating leases.

At 31 December 2022 and 31 December 2021 the company has no other operational lease commitments.

The company had no other capital or other commitment of other off balance sheet arrangements.

20 Contingent liabilities

In considering recent case law on holiday entitlement, impacting entitlement for employees on permanent contracts with irregular working patterns the Group is evaluating the impact, if any of the ruling. In line with others in the industry, the Group is unable to assess the potential impact, if any, on the business at this stage due to the significant uncertainty over the financial impact as well as the likelihood and timing of any potential outflow.

21 Ultimate controlling party

The ultimate parent undertaking and controlling party is Gi Group Holding S.p.A. a company incorporated in Italy.

The smallest and largest group in which the results of the company are consolidated is Gi Group Holding S.p.A. a company incorporated in Italy, which is also the ultimate parent undertaking and controlling party, and whose financial statements are available to the public. Copies can be requested from Milano via Cosimo del Fante 4 – 20122.

As a subsidiary undertaking of Gi Group Holding S.p.A. the company has taken advantage of the exemption in FRS 102 Section 33 from disclosing transactions with other members of the group headed by Gi Group Holding S.p.A..

22 Post Balance sheet events

Since the end of financial year, no facts have occurred, and no events or information have become evident that could significantly affect these financial statements