

# **Phaidon International (UK) Ltd**

Annual Report and Financial Statements

Year Ended

31 October 2022

Company Number 05134675

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# Phaidon International (UK) Ltd

## Company Information

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<b>Directors</b>	K Behan S Yendell J Slipper H Gray
<b>Registered number</b>	05134675
<b>Registered office</b>	21 Lombard Street London EC3V 9AH
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# Phaidon International (UK) Ltd

## Contents

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	Page
<b>Strategic Report</b>	1 - 8
<b>Directors' Report</b>	9 - 10
<b>Directors' Responsibilities Statement</b>	11
<b>Independent Auditor's Report</b>	12 - 15
<b>Statement of Comprehensive Income</b>	16
<b>Statement of Financial Position</b>	17
<b>Statement of Changes in Equity</b>	18
<b>Notes to the Financial Statements</b>	19 - 41

# **Phaidon International (UK) Limited**

## **Strategic Report For the year ended 31 October 2022**

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The directors present their strategic report together with the audited financial statements for Phaidon International (UK) Limited (the "Company") for the year ended 31 October 2022.

### **Review of the business**

It is the focus of the Company to help businesses solve one of their greatest challenges, talent acquisition. The Company is a key subsidiary of Olympus Jersey Topco Limited ("Topco"). Topco together with its subsidiaries are known as the "Group".

The Group represents one of the leading global professional search businesses delivering hard to find, highly educated, candidates in business-critical roles.

### **Principal risks and uncertainties**

The Group's international network reduces its dependence on any one specific geography or economy; nevertheless, global or regional variances still impact the Group's business.

Management structures are in place to allow The Group to react swiftly to changing market conditions. Our international brand strength and the experience of the organically grown management team means the Group is well placed to meet these challenges as demonstrated during the last two years.

The Group is also exposed to foreign exchange risk. The risk is managed through:

- Continual review of our international Group strategy of serving markets locally;
- Competitively reviewing foreign exchange rates; and
- The use of forward exchange contracts where considered appropriate.

The Group is not overly reliant on any one or number of key clients or consultants.

The recruitment industry is governed by an increasing level of compliance which varies from country to country requiring licenses and various solutions for providing interim contractors. The Group manages this by adhering to strict internal controls and continuous legal guidance from external professionals.

### **Key performance indicators**

The Group's key performance indicators are gross profit / net fee income ("NFI"), operating profit and EBITDA. To assess performance against these key performance indicators the directors provide below a summary of results for the year ended 31 October 2022, as extracted from the Statement of Comprehensive Income reported on page 16 of these financial statements.

# Phaidon International (UK) Limited

## Strategic Report For the year ended 31 October 2022

### Key performance indicators (continued)

	FY 2022	FY 2021	
	£'000's	£'000's	Change %
<b>Gross profit/NFI</b>	<b>45,148</b>	<b>28,894</b>	56%
<b>Reported Operating profit</b>	<b>12,781</b>	<b>4,950</b>	158%
Depreciation & Amortisation	1,546	1,524	
Exchange differences	(1,424)	(158)	
Adoption of IFRS 15 & 16	(1,843)	703	
Dividend recapitalisation costs	-	981	
Other adjustments	-	-	
<b>Adjusted EBITDA</b>	<b>11,060</b>	<b>8,000</b>	19%
Staff numbers (average)	390	290	34%

### Outlook

There are high levels of inflation, rising interest rates and challenging political dynamics globally. This combined with the easing of Covid-19 restrictions, particularly in China, means there is a degree of public health, economic and political uncertainty that The Board, alongside the global management team, will continue to monitor carefully.

#### *Easing of Covid-19 travel restrictions*

There is concern, particularly in Europe and Asia, with Covid-19 restrictions in China easing, that there may be increased Covid-19 cases.

Since the initial outbreak of Covid-19 three years ago and emerging new strains of the virus, Phaidon's employees have adjusted to various working from home and socially distanced work place arrangements as restrictions on movement and socially distancing have been applied to differing degrees across our geographies. This historical experience and increased office space in the Group will be beneficial if Phaidon has similar restrictions placed on its workforce in the future.

#### *High Inflation, rising interest rates and a likely recession*

The reported inflation in the UK in February 2023 was 10.4% with interest rates in the UK being 4%.

Economists are still predicting modest interest rate increases to further reduce inflation that may result in a possible recession in 2023.

Whilst inflation will increase Phaidon's cost base in terms of staff and other variable operating expense costs and interest rate costs. This is likely to be offset by a combination of:

- Continued demand and supply imbalances in the general job market;
- Increased NFI generated from placements, as the fee is a percentage of salary; and
- An interest rate cap of \$150m entered in Q4 2022.

# Phaidon International (UK) Limited

## Strategic Report For the year ended 31 October 2022 (continued)

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### Outlook (continued)

Phaidon has demonstrated an ability to operate effectively in these circumstances as evidenced by:

- strong financial results in the last three years ended 31 October 2022;
- the NFI in the quarter ended 31 January 2023 being £10.3m (14%) ahead of the same period last year;
- securing significant investment from a consortium of investors, led by Further Global, to support the future growth of the business; and
- cash reserves and unused bank facilities for the Group totalled \$30m at 31 October 2022

The Board believes its track record in the last three years together with its focus on the following will put Phaidon in a strong position to be able to withstand these future uncertainties:

- strong end markets;
- geographic spread;
- business critical roles; and
- strong culture.

Phaidon is in a strong position to be able to withstand these future uncertainties. The Board are confident that we have the resources to continue to support our staff, clients and candidates through this period.

We will continue to follow the advice and guidance from governments and health authorities and our plans will adapt as changes occur.

### Section 172 statement - Stakeholder Engagement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. In particular, section 172(1) states that regard should be had to the long-term consequences of decisions, the interests of the company's employees, the need to foster the company's business relationships with suppliers, customers and others, the impact of the company's operations on the community and the environment, and the desirability of the company maintaining a reputation for high standards of business conduct.

The following describes how the directors have had regard to the matters set out in section 172 (1) of the Companies Act 2006. This section of the strategic report and the pages to which it refers comprises the Company's section 172(1) statement together with the statements as how the directors have engaged with employees and had regard to their interests and how the directors have had regard to the Company's business relationships with customers, suppliers and other external stakeholders.

During the period, the Board reviewed and assessed who they considered to be the Company's key stakeholder groups. These are identified below together with the reasons why each stakeholder group is considered key.

**Employees:** We are a people centric business, delivering professional search in a first-class way. This can only be achieved by having a highly engaged workforce.

**Clients and candidates:** The success of Phaidon depends on offering first class services to our customers.

**Suppliers:** Our business needs responsible business suppliers with expertise in areas outside of our core discipline of sourcing talent for our clients.

**Communities & Government:** Having a positive impact on society, sits firmly in the DNA of our culture.

**Owners (investors):** Providing returns to owners ensures our future sustainability.

# Phaidon International (UK) Limited

## Strategic Report For the year ended 31 October 2022 (continued)

### Section 172 statement - Stakeholder Engagement (continued)

Our Stakeholders	Our commitment	Mechanisms of Engagement & Feedback
 <b>Employees</b>	To provide a supportive, inclusive culture where they experience career opportunities for development and a long rewarding career	<p>CEO &amp; CFO attendance at regional conferences with Q&amp;A sessions</p> <p>Senior leadership visits to local offices and company events</p> <p>Access to an Employee Assistance Programme helpline</p> <p>The creation in 2022 of a "You Matter Fund" to support employees and their families in a situation of hardship.</p> <p>HR Clinics – drop-in sessions for employees and managers</p>
 <b>Clients &amp; candidates</b>	Find Talent to help clients drive their businesses and support candidates to drive forward their careers	<p>Customer satisfaction surveys</p> <p>Attendance at industry events</p> <p>Thought leadership pieces distributed by brands</p> <p>Provide career advice at leading educational institutions to post graduate students</p>
 <b>Suppliers</b>	Level of strong relationships based on fair terms	<p>Updates on key supplier relationships through corporate services functions.</p> <p>Review of modern slavery policy and anti-bribery and corruption arrangements</p>
 <b>Communities &amp; Government</b>	Make a positive impact	<p>Regular updates to the Board on regulatory engagement.</p> <p>Annual consideration of tax strategy</p> <p>Review of CSR activity</p>
 <b>Owners (investors)</b>	Provision of investment growth and confidence that their investment is under sound stewardship	<p>Identification by the CEO and CFO of suitable investors to support Phaidon's next stage of growth.</p> <p>Widen employee share ownership through a combination of issuing new shares directly to employees and the creation of Phaidon Units Programme (PUPs) to facilitate further wealth inclusion in our key stakeholder groups - Employees.</p> <p>Quarterly board meetings and monthly finance calls with representatives of the institutional shareholders, who are majority shareholders in the business</p>

# Phaidon International (UK) Limited

## Strategic Report For the year ended 31 October 2022 (continued)

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### Review of stakeholder engagement



#### Employees

Board members dedicated time in the year to progress the culture framework and ensure the employee voice was heard. This included regularly visits to regions and offices by the CEO, CFO and regional MD's and updating the employee value proposition at the half year.

The employee forum continues to be active to drive CSR, diversity and inclusion and well-being initiatives with a quarterly focus. Throughout 2022, this has continued through the recognition and promotion of notable days such as International Women's Day, Mental Health Awareness, Men's health, Pride and Black History month, internal training sessions for employees and collaboration with clients on ED&I events.

As a global business we prioritize creating a diverse workforce to enable the leaders of tomorrow to succeed. Our program, focused on the women in Phaidon, aims to help develop, guide and enable our female talent to have a successful career. Our Future Female leader program utilizes internal and external coaches and mentors, digital, classroom and virtual training, as well as networking and round table events.

With a determined focus on employee wellbeing, the following key initiatives have either continued from prior years or have been implemented this year.

- Our global employee assistance programme remains in place for the support of employees and their immediate family. This is a confidential service and has proven really beneficial when support for employees has been critical with state and government services having lengthy waiting times;
- Continuation of enhanced parental leave and pay and life insurance introduced last year;
- Piloted in late 2022, mental health skills training for managers; and
- HR in 2022 launched the "You Matter Fund", lending its name from one of our values which underpins all that we do. The fund is allocated finance to provide short term support on a discretionary basis to those employees who find themselves in a time of hardship and have no recourse to other means of financial assistance.



# Phaidon International (UK) Limited

## Strategic Report For the year ended 31 October 2022 (continued)

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### Review of stakeholder engagement (continued)

The above has been endorsed by employees as evidenced by Phaidon's strong glass door rating of 4.2 at the end of the financial year which is ahead of the average of both the professional service and staffing industries.



#### Clients and Candidates

The CEO and regional MD's discuss feedback from clients and candidates through surveys and feedback from the Phaidon preferred partnership programme which is focused on understanding the needs of key client accounts. This engagement has helped prioritise investments in marketing, training and the development of technology.

Regional MD's and brand leaders provide up to date knowledge on market trends at a geographical, brand and sub vertical level to ensure the Board can identify and exploit new markets.



#### Suppliers

Relationships with key suppliers are discussed at the Board. The CFO on behalf of the Board directly reviews the bi-monthly payment runs ensuring suppliers are paid without undue delay and provides an update to the Board on working capital management.



#### Communities and Government

The Board strongly supports CSR and fundraising activity which is carried out across all our regions. Our involvement in our local communities around the world focuses on two main areas: corporate partnerships and philanthropic activities. In terms of corporate partnerships, we seek associations which align with our own values and which help advance diversity in the workplace. Below are some examples of initiatives across our regions in the last 12 months.

##### USA

We partner with groups such as the Financial Women's Association (FWA), Girls in Tech, Out in Tech and more to encourage thought leadership, sponsor events, and create opportunities for the community.

To advance diversity internally, we have hosted a number of employee events this year around Black History Month, International Women's Day and Pride, which were led by our Employee forum.

We have long-standing relationships with the Susan G. Komen Foundation and Alzheimer's Foundation.

##### Europe

Phaidon in the UK has a partnership with The Brokerage, a charity working with students, usually from disadvantaged backgrounds with no or limited access to resources and opportunities in the corporate world. Our employees volunteer their time through running skills workshops, sharing tips on working in the city and general career advice.

To advance diversity internally, we have hosted a number of employee events led by our Employee Forum, including workshops with ENEI (Employers Network for Equality and Inclusion) on challenging bias.

# Phaidon International (UK) Limited

## Strategic Report For the year ended 31 October 2022 (continued)

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### Review of stakeholder engagement (continued)

#### Asia

Phaidon have a partnership with Halogen, an educational charity focused on youth leadership and entrepreneurship development. Our employees help students gain the necessary life and work skills through mentoring, skills training workshops and "Dragons Den", "Apprentice" type presentations, all facilitated by our employees.

Phaidon have a partnership with Impact Hong Kong, a charity working with underserved communities in Hong Kong.

#### Carbon reduction and offsetting

Phaidon have retained a carbon offsetting consultancy business who will support our carbon offsetting initiatives by partnering us with global projects providing solutions to climate change.

As a result of offsetting projects which are verified carbon standard, the Group achieved carbon neutrality for the third successive financial year.



#### Owners

In August 2022, the Board secured new investment led by Further Global to:

- Assist in the future growth in the business;
- Reward shareholders who either supported the management buyout in April 2018 or invested in subsequent periods.

As part of the transaction, the Board issued shares to both existing and new employee shareholders, whilst our former private equity partner, Quilvest LLP and Mr McRae, the non-executive chairman, fully exited the business.

Wider share ownership is an important priority for the Board to both support the culture of the business and provide wealth inclusion opportunities for our employees. This is a view endorsed by Ownership Works (<https://ownershipworks.org>), a recently established non-profit organization in the US that partners with companies and investors to provide all employees with the opportunity to build wealth at work.

The Board and Further Global looked to achieve this by setting aside, at the time of the investment, a significant percentage of the ordinary share capital in the Company for the benefit of all employees that have greater than two years service under a Phaidon units programme ("PUP"). This was formally implemented in January 2023 and has led to over 450 staff having equity in the Group. Each year, the Board expects more employees to be awarded units based on a combination of merit and tenure.

Representatives of the funds that owned significant stakes in the business throughout the year attended all Board meetings and participated in all key decisions.

The above S172 is available on the Group's Website. [www.phaidoninternational.com](http://www.phaidoninternational.com)

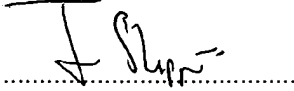
# Phaidon International (UK) Limited

Strategic Report  
For the year ended 31 October 2022 (continued)

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## Approval

Approved by the Board on 29 March 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J Slipper', is written over a horizontal dotted line.

**J Slipper**  
Director

# Phaidon International (UK) Ltd

## Directors' Report For the Year Ended 31 October 2022

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The directors present their report together with the audited financial statements for the year ended 31 October 2022.

### Principal activities

The principal activities of the Company are the provision of high quality permanent and contract specialist staffing services.

### Matters covered in the Strategic Report

A review of the business, future developments and its principal risks and uncertainties are set out in the strategic report on page 1 of these financial statements.

### Results and dividends

The profit for the year, after taxation, amounted to £10,093,423 (2021 - £3,907,775).

Dividends totalling £Nil (2021 - £10,860,908) were proposed and settled during the year.

### Directors

The directors who served during the year were:

K Behan  
S Yendell  
J Slipper  
H Gray

### Financial risks

The Company is exposed through its operations to credit risk, fair value or cash flow interest rate risk, foreign exchange risk and liquidity risk.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

# Phaidon International (UK) Ltd

## Directors' Report (continued) For the Year Ended 31 October 2022

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### Employment of disabled persons

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind.

Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it. This is achieved through our bespoke "Agile Training" programme.

The Company's HR procedures require full and fair consideration to be given to applications made by disabled persons and to the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Company, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Company. Retraining of employees who become disabled whilst employed by the Company is offered where appropriate.

In addition, as a member of the Employers Network for Equality and Inclusion (ENEI), senior members of the HR department attend regular seminars and training, whilst senior managers in the organisation undergo an annual external certified equality and diversity training course.

### Employee involvement

The Company maintains an HR intranet site that provides employees with information on matters of concern to them as employees together with confidential access to senior HR specialists.

A global employee forum has been established to drive CSR, diversity and inclusion and well-being initiatives.

Further details on employee engagement are found in the strategic report on page 5.

### Engagement with suppliers, customers and others

The Company continues to develop relationships with business partners. Further details are provided on pages 5, 6 and 7 of the strategic report.

### Disclosure of information to auditor

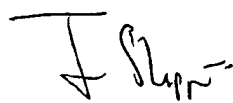
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

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

This report was approved by the board on 29 March 2023 and signed on its behalf.



**J Slipper**  
Director

# **Phaidon International (UK) Ltd**

## **Directors' Responsibilities Statement For the Year Ended 31 October 2022**

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The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these 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 applicable UK Accounting Standards have 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.

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.

# Phaidon International (UK) Ltd

## Independent Auditor's Report to the Members of Phaidon International (UK) Ltd

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### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Phaidon International (UK) Limited ("the Company") for the year ended 31 October 2022 which comprise the statement of comprehensive income, the statement of financial position and the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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.

### Conclusions relating to going concern

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

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

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

# **Phaidon International (UK) Ltd**

## **Independent Auditor's Report to the Members of Phaidon International (UK) Ltd (continued)**

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### **Other information**

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

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.

### **Other Companies Act 2006 reporting**

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

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of Directors**

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

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



# Phaidon International (UK) Ltd

## Independent Auditor's Report to the Members of Phaidon International (UK) Ltd (continued)

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### 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.

Extent to which the audit was 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:

The objectives of our audit, in respect to fraud, are to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to Phaidon International (UK) Limited. We determined the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (Financial Reporting Standards 101 and the Companies Act 2006), labour regulations and tax regulations in key territories in which the Company operates.
- We considered provisions of other laws and regulations that do not have direct effect on the financial statements but compliance with which may be fundamental to the Company's abilities to operate. These include compliance with VAT regulations, Money Laundering Regulations 2007 and Proceeds of Crime Act, and the Data Protection Act.
- We understood how the company is complying with those legal and regulatory frameworks by making enquiring of management. We corroborated our enquiries through review of board minutes and any correspondence with the regulators.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there are was a susceptibility of fraud. We also considered potential fraud drivers; including financial or other pressures, opportunity and personal or corporate motivations. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.
- Where the risk was considered to be significant, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journal entities and key areas of estimation uncertainty or judgement, these included; Impairment of goodwill, determination of useful life of intangibles, plant and equipment, revenue recognition, assumptions of IFRS16, provision for expected credit losses and completeness of accruals and provisions.

# Phaidon International (UK) Ltd

## Independent Auditor's Report to the Members of Phaidon International (UK) Ltd (continued)

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### Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

### 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.

DocuSigned by:

*Tim Neathercoat*

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**Tim Neathercoat** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date: 30 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Phaidon International (UK) Ltd

## Statement of Comprehensive Income For the Year Ended 31 October 2022

	Note	2022 £	2021 £
Turnover	4	72,796,539	47,291,342
Cost of sales		(27,648,673)	(18,397,414)
<b>Gross profit</b>		<b>45,147,866</b>	<b>28,893,928</b>
Administrative expenses		(31,150,647)	(24,413,474)
Fair value movements	18	(1,216,474)	461,052
<b>Operating profit</b>	5	<b>12,780,745</b>	<b>4,941,506</b>
Interest receivable and similar income	8	23,954	22,613
Interest payable and similar expenses	9	(330,097)	(355,667)
<b>Profit before tax</b>		<b>12,474,602</b>	<b>4,608,452</b>
Tax on profit	10	(2,381,179)	(700,677)
<b>Profit and total comprehensive income for the financial year</b>		<b>10,093,423</b>	<b>3,907,775</b>

There was no other comprehensive income for 2022 (2021 - £Nil).

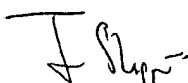
The notes on pages 19 to 41 form part of these financial statements.

**Phaidon International (UK) Ltd**  
Registered number: 05134675

**Statement of Financial Position**  
**As at 31 October 2022**

	Note	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Intangible assets	12		2,567,846		3,012,721
Tangible assets	13		2,997,327		2,947,448
			<u>5,565,173</u>		<u>5,960,169</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	14	30,730,194		13,960,181	
Cash at bank and in hand		4,516,590		2,295,122	
		<u>35,246,784</u>		<u>16,255,303</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(22,374,650)		(13,614,913)	
<b>Net current assets</b>			<u>12,872,134</u>		<u>2,640,390</u>
<b>Total assets less current liabilities</b>			<u>18,437,307</u>		<u>8,600,559</u>
Creditors: amounts falling due after more than one year	16		(2,551,994)		(2,808,669)
			<u>15,885,313</u>		<u>5,791,890</u>
<b>Provisions for liabilities</b>					
Other provisions	20		(306,000)		(306,000)
<b>Net assets</b>			<u><u>15,579,313</u></u>		<u><u>5,485,890</u></u>
<b>Capital and reserves</b>					
Called up share capital	21		51,000		51,000
Profit and loss account	22		15,528,313		5,434,890
<b>Total equity</b>			<u><u>15,579,313</u></u>		<u><u>5,485,890</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 March 2023.



**J Slipper**  
Director

The notes on pages 19 to 41 form part of these financial statements.

# Phaidon International (UK) Ltd

## Statement of Changes in Equity For the Year Ended 31 October 2022

	Called up share capital £	Profit and loss account £	Total equity £
At 1 November 2021	51,000	5,434,890	5,485,890
<b>Comprehensive income for the year</b>			
Profit for the year	-	10,093,423	10,093,423
<b>Total comprehensive income for the year</b>	-	10,093,423	10,093,423
<b>At 31 October 2022</b>	<b>51,000</b>	<b>15,528,313</b>	<b>15,579,313</b>

## Statement of Changes in Equity For the Year Ended 31 October 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 November 2020	51,000	12,388,023	12,439,023
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,907,775	3,907,775
<b>Total comprehensive income for the year</b>	-	3,907,775	3,907,775
Dividends: Equity capital	-	(10,860,908)	(10,860,908)
<b>Total transactions with owners</b>	-	(10,860,908)	(10,860,908)
<b>At 31 October 2021</b>	<b>51,000</b>	<b>5,434,890</b>	<b>5,485,890</b>

The notes on pages 19 to 41 form part of these financial statements.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 1. General information

Phaidon International (UK) Ltd is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given in the Company Information page of these financial statements and the nature of the Company's operations and its principal activities are set out in the directors' report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements have been prepared on a historical cost basis except for forward currency contracts held at fair value. The presentational currency is sterling and figures are presented in round pounds.

The principal accounting policies adopted are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a going concern basis, the Directors have assessed the long-term prospects of the Company as part of the Phaidon Group ("the Group"/"Phaidon"), based upon business plans and cash flow projections for the period to October 2024, taking into account an number of external factors such as easing of Covid-19 restrictions, particularly in China, high levels of inflation, rising interest rates and global political dynamics.

#### *Easing of Covid-19 travel restrictions*

There is concern, particularly in Europe and Asia, with Covid-19 restrictions in China easing, that there may be increased Covid-19 cases.

Since the initial outbreak of Covid-19 three years ago and emerging new strains of the virus, Phaidon's employees have adjusted to various working from home and socially distanced work place arrangements as restrictions on movement and socially distancing have been applied to differing degrees across our geographies. This historical experience and increased office space in the Group will be beneficial if Phaidon has similar restrictions placed on its workforce in the future.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 2. Accounting policies (continued)

#### 2.1 Basis of preparation of financial statements (continued)

##### *High Inflation, rising interest rates and a likely recession*

The reported inflation in the UK in February 2023 was 10.4% with interest rates in the UK being 4%.

Economists are still predicting modest interest rate increases to further reduce inflation that may result in a possible recession in 2023.

Whilst inflation will increase Phaidon's cost base in terms of staff and other variable operating expense costs and interest rate costs. This is likely to be offset by a combination of:

- Continued demand and supply imbalances in the general job market;
- Increased NFI generated from placements, as the fee is a percentage of salary; and
- An interest rate cap of \$150m entered in Q4 2022.

Phaidon has demonstrated an ability to operate effectively in these circumstances as evidenced by:

- strong financial results in the last three years ended 31 October 2022;
- the NFI in the quarter ended 31 January 2023 being £10.3m (14%) ahead of the same period last year;
- securing significant investment from a consortium of investors, led by Further Global, to support the future growth of the business; and
- cash reserves and unused bank facilities for the Group totalled \$30m at 31 October 2022.

The Board believes it's track record in the last three years together with its focus on the following will put Phaidon in a strong position to be able to withstand these future uncertainties:

- strong end markets;
- geographic spread;
- business critical roles; and
- strong culture.

Phaidon is in a strong position to be able to withstand these future uncertainties. The Board are confident that we have the resources to continue to support our staff, clients and candidates through this period.

We will continue to follow the advice and guidance from governments and health authorities and our plans will adapt as changes occur.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 2. Accounting policies (continued)

#### 2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

In preparing these financial statements the Company has taken advantage of certain disclosure exemptions conferred by FRS 101. These financial statements do not include:

- Additional comparative information as per IAS 1 Presentation of Financial Statements paragraph 38 in respect of:
  - Including a reconciliation of the number of shares outstanding at the start and end of the prior period; and
  - Reconciliations of the carrying amounts of property, plant and equipment, intangibles assets and investment property at the start and the end of the prior period.
- A Statement of Cash Flows;
- A statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead);
- Disclosure of the effect of future accounting standards not yet adopted;
- Additional comparative information for narrative disclosures and information, beyond IFRS requirements;
- Disclosures in relation to the objectives, policies and process for managing capital;
- The remuneration of key management personnel;
- Related party transactions with two or more wholly owned members of the Group;
- Certain disclosures required under IFRS 15 Revenue from Contracts with Customers; and
- The maturity analysis of lease liabilities, as required by paragraph 58 of IFRS 16 Leases, has not been disclosed separately as details of indebtedness required by Companies Act has been presented separately for lease liabilities in note 16.

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of Plato UK Topco Limited. These financial statements do not include certain disclosures in respect of:

- Financial Instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures; and
- Fair value measurements – details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS 13 Fair Value Measurement.

#### 2.3 New standards, interpretations and amendments effective for accounting periods beginning on or after 1 January 2021

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 October 2022 which have had a material impact on the Company.



# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 2. Accounting policies (continued)

#### 2.4 Revenue

The Company is in the business of providing recruitment services. IFRS 15 requires revenue to be recognised once value has been received by the customer and when the performance obligations have been satisfied. IFRS 15 prohibits the recognition of upfront fees such as retainers and these should be recognised in line with permanent placements.

##### *Performance obligations and timing of revenue recognition*

Revenue recognised from permanent placements is typically based on a percentage of the candidate's remuneration package. This income is recognised and billed when the candidate commences employment. The revenue recognition remains appropriate as the Company's performance obligation has been performed once the candidate is placed.

Revenue from temporary placements represent amounts billed for the services of temporary staff, including the cost of these staff, and is recognised when the service has been provided. The Company's only performance obligation has been satisfied and revenue is recognised when the service has been provided and is billed in arrears.

Invoices are raised with credit terms of between 30 to 60 days typically.

##### *Determining the transaction price*

The majority of the Company's revenue is derived from fixed price contracts linked to candidates' salaries. Contracts provide customers with a limited right of return. Historical experience enables the Company to estimate reliably the value of services that will be returned and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue. In such cases the revenue will be deferred and recorded in the statement of financial position.

##### *Allocating amounts to performance obligations*

There is a fixed price for each placement, therefore, there is no judgement involved in allocating the price to the only performance obligation.

##### *Practical Exemptions*

The Company has taken advantage of the practical exemptions relating to financing components and incremental cost as both have time frames of less than one year.

#### 2.5 Intangible assets

Intangible assets with finite economic lives are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is charged from the date the asset is in use and is included within administrative expenses in the statement of comprehensive income.

The estimated useful lives range as follows:

Software and licenses	-	3 years straight line
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# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 2. Accounting policies (continued)

#### 2.6 Goodwill

Goodwill represents the excess of the cost of a business combination over the Company's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Under the transitional arrangements of IFRS 1, the net book value of goodwill as at 31 October 2014 of £2,336,058 has been carried as deemed cost.

Goodwill is not amortised in accordance with IFRS 3 Business Combinations. This accounting policy is a departure from the Companies Act 2006 for the purpose of giving a true and fair view. Had goodwill been amortised over its useful economic life, previously considered to be 5 years, it would have been fully amortised by the year ended 31 October 2018.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the statement of comprehensive income.

#### 2.7 Impairment of non-financial assets (excluding deferred tax assets)

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable, or annually for goodwill. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows - its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in the statement of comprehensive income, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised (except for goodwill) is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply. Any impairment of goodwill is not reversed.

#### 2.8 Tangible fixed assets

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Leasehold improvements	-	7 years straight line
Office equipment	-	3 years straight line
Fixtures and fittings	-	3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 2. Accounting policies (continued)

#### 2.9 Financial instruments

##### Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

##### *Fair value through profit or loss*

The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

##### *Amortised cost*

These assets arise principally from the provision of services to customers (e.g trade debtors), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade debtors is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade debtors. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Company elects to renegotiate the terms of trade debtors due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The Company's financial assets measured at amortised cost comprise trade and other debtors and cash and cash equivalents in the statement of financial position. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within 'Creditors: amounts falling due within one year' on the statement of financial position.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 2. Accounting policies (continued)

#### 2.9 Financial instruments (continued)

##### Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss. The Company's accounting policy for each category is as follows:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade creditors and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

#### 2.10 Dividend payable

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when settled. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### 2.11 Foreign currency translation

Transactions entered into by Company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the statement of comprehensive income.

#### 2.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 2. Accounting policies (continued)

#### 2.13 Leased assets

##### *Identifying Leases*

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Company obtains substantially all the economic benefits from use of the asset; and
- (c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

##### *Lease Measurement*

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's Incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 2. Accounting policies (continued)

#### 2.13 Leased assets (continued)

##### *Lease Measurement (continued)*

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations - see note 20).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in the statement of comprehensive income.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 2. Accounting policies (continued)

#### 2.13 Leased assets (continued)

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in the statement of comprehensive income. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

The company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 November 2019), without restatement of comparative figures. The company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 is applied only to contracts entered into or changed on or after 1 November 2019. On adoption of IFRS 16, lease liabilities were measured at the present value of the remaining payments, discounted using the company's incremental borrowing rate as at 1 November 2019, of 7.28%, as permitted by practical expedient C10(a).

#### 2.14 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in other creditors as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 2. Accounting policies (continued)

#### 2.15 Dilapidation provision

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

If a lease contract requires the lessee to remove any assets it has installed in the leased property the removal obligation arises immediately upon installation. A liability is recognised for the present value of the future cost of removal of the assets at the date they are installed. This amount is included as part of the cost of the asset and depreciated accordingly.

#### 2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the statement of financial position date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined based on rates expected to apply at the date of reversal, using tax rates and laws that have been enacted or substantively enacted by the reporting date.



# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in accordance with FRS 101 requires the Company's directors to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements are summarised as follows:

- *Impairment of goodwill (see note 12)*

The Company is required to test, on an annual basis, whether goodwill has suffered any impairment and other assets where there has been an indication of impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the selection of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary and result in the impairment of intangibles and the amount charged to the statement of comprehensive income.

- *Useful lives of intangible assets and property, plant and equipment (see notes 12 and 13)*

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on managements estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of comprehensive income in specific years.

- *Amounts owed by group undertakings (see note 14)*

Determine whether there are any indicators that the amounts due from group undertakings are not recoverable. Where it is assessed that balances exceed the recoverable amount, the asset is written down accordingly.

- *Dilapidation provision (see note 20)*

The Company has provided for dilapidations on its London leasehold property based on £15 per square foot. The amount payable per square foot is an estimate based upon market rates for office fit out costs in London. Actual costs may vary and result in a charge to the statement of comprehensive income.

- *Incremental borrowing rate used to measure lease liabilities (see note 16)*

Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (note 16) and the corresponding right-of-use assets (note 13).

To determine the incremental borrowing rate the Company uses recent third-party financing as a starting point, and adjusts this for conditions specific to the lease such as its term and security.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 4. Turnover

Turnover arises from the provision of services and can be analysed by country of destination as follows:

	2022 £	2021 £
<b>Geographical market</b>		
United Kingdom	12,273,896	6,057,270
USA	17,988,965	11,262,830
Europe	41,795,745	29,372,217
Asia Pacific	287,572	233,830
Middle East	116,736	114,017
Rest of the world	333,625	251,178
	<u>72,796,539</u>	<u>47,291,342</u>

### 5. Operating profit

The operating profit is stated after (crediting)/charging:

	2022 £	2021 £
Staff costs (see note 6)	32,613,015	23,870,574
Depreciation of tangible fixed assets	284,209	401,704
Depreciation of right-of-use assets*	754,969	588,724
Amortisation of intangible assets	507,208	533,502
Auditor's remuneration	35,773	32,521
Fair value adjustment on forward contracts	1,216,474	(461,052)
Exchange differences	(2,640,423)	301,342
Low value lease expense	51,539	55,904
	<u>51,539</u>	<u>55,904</u>

\* Depreciation charges on the Company's right-of-use assets are recognised within administrative expenses.

Fees paid to the Company's auditor, BDO LLP, for services other than the statutory audit for the Company are not disclosed in Phaidon International (UK) Ltd's accounts since the consolidated accounts of Plato UK Topco Limited are required to disclose non-audit fees on a consolidated basis.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 6. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	28,252,796	21,187,343
Social security costs	3,586,019	2,305,292
Cost of defined contribution scheme	774,200	377,939
	<u>32,613,015</u>	<u>23,870,574</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Back office staff (including directors)	104	83
Consultants	286	208
	<u>390</u>	<u>291</u>

### 7. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	821,886	718,667
Company contributions to defined contribution pension schemes	18,400	10,392
	<u>840,286</u>	<u>729,059</u>

During the year retirement benefits were accruing to 3 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £400,000 (2021 - £270,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,200 (2021 - £5,518).

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 8. Interest receivable and similar income

	2022 £	2021 £
Interest receivable from group companies	23,892	22,613
Other interest receivable	62	-
	<u>23,954</u>	<u>22,613</u>

### 9. Interest payable and similar charges

	2022 £	2021 £
Bank interest payable	61,611	74,828
Interest on lease liabilities	268,486	280,839
	<u>330,097</u>	<u>355,667</u>

### 10. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	2,400,236	813,498
Adjustments in respect of previous periods	(11,206)	2,049
<b>Total current tax</b>	<u>2,389,030</u>	<u>815,547</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(18,282)	(104,357)
Adjustment in respect of previous periods	10,431	(10,513)
<b>Total deferred tax</b>	<u>(7,851)</u>	<u>(114,870)</u>
<b>Taxation on profit on ordinary activities</b>	<u>2,381,179</u>	<u>700,677</u>

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 10. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>12,474,602</u>	<u>4,608,452</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	2,370,174	875,606
<b>Effects of:</b>		
Non-deductible expenses	16,168	11,933
Adjustment in respect of prior years	(775)	(8,464)
Group relief	-	(109,012)
Rate differential	(4,388)	(69,386)
<b>Total tax charge for the year</b>	<u><b>2,381,179</b></u>	<u><b>700,677</b></u>

#### Factors that may affect future tax charges

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023.

### 11. Dividends

	2022 £	2021 £
Interim dividend of £Nil (2021 - £2.130) per ordinary share	<u>-</u>	<u>10,860,908</u>

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 12. Intangible assets

	Goodwill £	Software and licenses £	Total £
<b>Cost</b>			
At 1 November 2021	2,336,058	1,935,431	4,271,489
Additions	-	62,333	62,333
At 31 October 2022	2,336,058	1,997,764	4,333,822
<b>Amortisation</b>			
At 1 November 2021	-	1,258,768	1,258,768
Charge for the year	-	507,208	507,208
At 31 October 2022	-	1,765,976	1,765,976
<b>Net book value</b>			
At 31 October 2022	2,336,058	231,788	2,567,846
At 31 October 2021	2,336,058	676,663	3,012,721

The goodwill is subject to annual impairment review based on a value in use calculation whereby the discounted cash flow projections of the CGU are reviewed against the relevant goodwill carrying amount. Cash flow projections are based on budgeted information.

Discount rates of 28.40% are applied and growth in the short term projected to be 3% annually with profits remaining stable.

Under the transitional arrangements of IFRS 1, the net book value of £2,336,058 as at 31 October 2014 was carried forward as deemed cost.

Included within software and licenses is the cost of a new Client Relationship Manager system. The net book value at 31 October 2022 is £82,318 (2021 - £511,217). The estimated useful life of the system is three years from the go live date of December 2019 from which point amortisation has been charged.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 13. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Right-of- use asset £	Total £
<b>Cost</b>					
At 1 November 2021	342,947	525,223	1,126,805	3,645,190	5,640,165
Additions	41,847	107,752	204,963	734,495	1,089,057
At 31 October 2022	<u>384,794</u>	<u>632,975</u>	<u>1,331,768</u>	<u>4,379,685</u>	<u>6,729,222</u>
<b>Depreciation</b>					
At 1 November 2021	148,421	460,804	897,369	1,186,123	2,692,717
Charge for the year	50,897	53,239	180,073	754,969	1,039,178
At 31 October 2022	<u>199,318</u>	<u>514,043</u>	<u>1,077,442</u>	<u>1,941,092</u>	<u>3,731,895</u>
<b>Net book value</b>					
At 31 October 2022	<u>185,476</u>	<u>118,932</u>	<u>254,326</u>	<u>2,438,593</u>	<u>2,997,327</u>
At 31 October 2021	<u>194,526</u>	<u>64,419</u>	<u>229,436</u>	<u>2,459,067</u>	<u>2,947,448</u>

Right-of-use assets relate solely to land and buildings.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 14. Debtors

	2022 £	2021 £
Trade debtors	12,369,015	8,296,691
Amounts owed by group undertakings - trading balances	11,964,114	2,842,921
Amounts owed by group undertakings - loans and borrowings	-	553,389
Other debtors	4,356,517	368,729
Prepayments and accrued income	1,743,590	1,302,330
Deferred taxation (see note 19)	296,958	289,107
Financial instruments - forward foreign exchange contracts	-	307,014
	<b>30,730,194</b>	<b>13,960,181</b>

Other debtors include rental deposits totaling £80,162 (2021 - £65,162) which are due after more than one year.

Amounts owed by group undertakings - loans and borrowings, represent a loan due from Phaidon International (Hong Kong) Limited that was repayable on demand. The balance accrued interest of 4.25% per annum as a result of the legal framework in Hong Kong. The balance was fully repaid during the year.

All intercompany trading balances are provided interest free and are repayable on demand.

### 15. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	4,620,428	3,377,888
Amounts owed to group undertakings	3,450,138	333,194
Corporation tax	1,883,284	541,891
Taxation and social security	948,755	676,858
Lease liabilities	1,038,089	764,456
Other creditors	1,658,452	748,842
Accruals and deferred income	7,866,044	7,171,784
Financial instruments - forward foreign exchange contracts	909,460	-
	<b>22,374,650</b>	<b>13,614,913</b>

Amounts owed to group undertakings are provided interest free and are repayable on demand.



# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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

	2022 £	2021 £
Lease liabilities	<u>2,551,994</u>	<u>2,808,669</u>

Included within creditors are the following amounts:

	Lease liabilities 2022 £	Lease liabilities 2021 £
Due within 1 year	1,038,089	764,456
Between 1-2 years	1,135,754	821,661
Between 2-5 years	1,416,240	1,987,008
Over 5 years	-	-
	<u>3,590,083</u>	<u>3,573,125</u>

### 17. Leases

#### In the capacity as lessee

The Company leases three floors of 21 Lombard Street, London, a building in the jurisdiction the Company operates in. The periodic rent is fixed over the lease term that runs to December 2025.

The total cash outflow for leases during the year was £992,072 (2021 - £992,072).

The aggregate undiscounted commitments for short-term and low value leases not recognised in the statement of financial position at year end is £108,938 (2021 - £Nil).

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 18. Financial instruments

At the year end the Company held forward foreign currency exchange contracts that are classified as fair value through profit and loss. At 31 October 2022 the forward foreign exchange contracts were categorised as follows:

	2022 £	2021 £
<b>Financial assets</b>		
Derivative financial instruments measured at fair value through profit or loss - Forward foreign exchange contracts	-	307,014
<b>Financial liabilities</b>		
Derivative financial instruments measured at fair value through profit or loss - Forward foreign exchange contracts	(909,460)	-
Profit for the year has been arrived at after charging/(crediting):		
	2022 £	2021 £
Financial instruments designated as fair value through profit and loss	1,216,474	(461,052)

### 19. Deferred taxation

	2022 £	2021 £
At beginning of year	289,107	174,237
Charged to profit or loss	7,851	114,870
<b>At end of year</b>	<b>296,958</b>	<b>289,107</b>
The deferred tax asset is made up as follows:		
	2022 £	2021 £
Temporary trading differences	120,720	107,520
Fixed assets	176,238	181,587
	<b>296,958</b>	<b>289,107</b>

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 20. Provisions

	Dilapidation provision £
At 1 November 2021	306,000
At 31 October 2022	<u>306,000</u>

The dilapidation provision represents the present value of the future cost to the Company of returning the leasehold property to its original condition at the end of the lease term in 2025.

The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

### 21. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
5,100,000 ordinary shares of £0.01 each	<u>51,000</u>	<u>51,000</u>

All shares rank pari passu for dividend rights and provide the holder with one vote.

### 22. Reserves

The Company's capital and reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends settled and other adjustments.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 23. Charge over assets

The Company entered into debentures on 4 April 2018 and 15 April 2021, containing fixed and floating charges over its assets, to secure the loan facilities of Plato US Bidco LLC. At 31 October 2021 the amount outstanding under this facility was \$72,816,565. The debentures were satisfied at the year end.

There were debentures, registered on 14 August 2018 and 15 April 2021, in favour of Wells Fargo Capital Finance (UK) Limited, as security over the invoice discounting facilities utilised by the group. At 31 October 2021 the facility was in credit. The debentures were satisfied at the year end.

Subsequent to the year end, the Company entered into debentures on 15 November 2022 containing fixed and floating charges over its assets, to secure the loan facilities of Olympus US Bidco LLC. At 31 October 2022 the amount outstanding under this facility was \$259,315,136.

### 24. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £755,800 (2021 - £377,939).

At the year end there were contributions payable to the fund of £176,878 (2021 - £124,080) included in other creditors.

### 25. Immediate and ultimate parent company

The immediate parent company is Plato UK Bidco Limited, a company incorporated and registered in the UK. At 31 October 2022, the Company's ultimate parent company was Olympus FG Holdco, L.P. registered in the Cayman Islands.

Prior to 22 August 2022, the ultimate controlling party was QS PDI, by virtue of its position as general partner of the fund QS PDI S.C.A SICAR. QS PDI and QS PDI S.C.A SICAR are incorporated in Luxembourg.

The largest and smallest group of undertakings for which consolidated accounts are drawn up and in which the Company is included is the Group headed by Olympus UK Midco Limited. Copies of the Group financial statements are available from Companies House, Cardiff, CF14 3UZ. The registered office of Olympus UK Midco Limited is 21 Lombard Street, London, EC3V 9AH.