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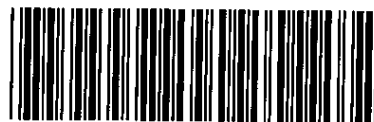
Guidant Global-Europe Limited

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Delivering on our Promise

Annual Report and Accounts 2021

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STRATEGIC REPORT

The Company

Impellam is a leading Global Talent Acquisition and Managed Workforce Solutions provider

STRATEGIC REPORT

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Alternative Performance Measures

Align with the symbols as defined in the Alternative Performance Measures section of the Annual Report on page 129

Our Managed Services businesses are enabled by talent-focused Specialist Staffing brands with deep heritages, vertical sector expertise and loyal candidate networks. Clients across the world trust us to deliver Managed Services and Specialist Staffing in the UK, North America, Asia Pacific and Europe.

Working with them are 2,900 Impellam people, bringing a wealth of expertise through our 13 market-leading brands across 70 locations. Every year, we connect carefully chosen candidates with good work at all levels. They include technology and digital specialists, scientists, clinical experts, engineers, nurses, doctors, lawyers, teachers, receptionists, drivers, chefs, administrators, warehouse and call centre operatives.

Underpinning everything we do is our Virtuoso strategy which recognises it is our people who make the difference. Virtuosos make and deliver on promises, and grow with their customers through sector, service or international expansion which ensures there is never a need for a customer or candidate to leave Impellam. Impellam is the largest Global Talent Acquisition and Managed Workforce Solutions provider in the UK, and 8th in the world.

OUR VISION

To be the world's most trusted staffing company – trusted by our people, our customers and our investors in equal measure.

OUR MISSION

To provide fulfilment and a sense of purpose for our people, and help our customers build better businesses in a changing world.

For more information visit
www.impellam.com

13th Avenue, 2020, Edinburgh, EH16 5JF

Progress and performance

Headlines

Impellam delivered on its promise for the year with a strong return to growth coupled with conversion improvement and further strategic progress. Group revenue was up 13.1% (14.7%*) on the prior year at £2.3bn (2020: £2.0bn) and 1.8%* up on 2019. Adjusted operating profit^a up 61.0% (70.5%*) to £29.3m (2020: £18.2m)

OPERATIONAL

- 1 Our new, regional organisation model, supported by our four key operating segments – STEM, Global Managed Services ('GMS'), Regional Specialist Staffing ('RSS') and Healthcare – enabled us to innovate and respond quickly to rapidly changing customer needs and candidate availability whilst enjoying the economic benefits of increased demand.
- 2 Strong operational gearing in the UK region following strategic delayering initiatives, with conversion of gross profit to adjusted operating profit reaching 14.2% (2019: 10%).
- 3 Year one of our Customer Office exceeded our expectations, delivering 100% account retention and a 21% increase in Life Time Value ('LTV')².
- 4 Our key strategic investments were in people and technology with both investment cases underpinning our core principle that virtuosity makes the difference. The core systems road map moved into the delivery phase with on premises servers moved to the cloud and a staged delivery of new systems and upgrades continuing through 2022.
- 5 In North America, following a strategic review of the scale and limited geographic footprint of Corestaff, our light industrial business, and a subsequent expression of interest resulted in its post year-end divestment of Corestaff to swipejobs Inc, a US private digital staffing company, for a cash consideration of approximately £14m (\$19m).

FINANCIAL

- 1 Gross profit increase of 17.1% (19.5%*), with H2 2021 up 6.5%* on H2 2019.
- 2 Strong rebound in the UK and NA with gross profit growth on the prior year of 22.6%* and 16.7%* respectively. In APAC – which experienced prolonged lockdowns in 2021, gross profit increased by 4.9%*
- 3 The GMS and the STEM portfolios, representing over 60% of the Group's gross profit, were up 14.8%* and 29.0%* respectively on 2020 and up 4.8%* and 8.0%* on 2019 gross profit.
- 4 Strong rebound in RSS with gross profit up 26.9%* year on year, though still 12.1%* below 2019 levels.
- 5 Investment in headcount to support growth with 440 net joiners during 2021, although headcount remains 77 below the 2019 year end position. Gross profit per FTE (productivity) was 12.8% above 2019 levels.
- 6 Adjusted operating profit^a growth of 61.0% to £29.3m (2020: £18.2m).
- 7 Net debt^b increased by £5.2m to £31.5m (2020: £26.3m) following £38.9m of deferred UK VAT and US federal taxes repayment, with the final VAT repayment made in Q1 2022. Pre-IFRS 16 net debt^b of £15.0m (2020: £4.1m) with covenant leverage ratio less than 1x throughout 2021.
- 8 Following strong operational cash generation of 167.6%, excluding deferred tax repayments, banking facilities replaced at £182.5m, representing a £57.5m reduction on the previous facility. Net debt before IFRS 16^a has reduced by £57.3m since 2019.

GROUP REVENUE_£m
£2,262.4m

GROUP GROSS PROFIT_£m
£267.0m

GROUP ADJUSTED OPERATING PROFIT^a_£m
£29.3m

GROUP OPERATING PROFIT_£m
£19.5m

GROUP NET DEBT (BEFORE IFRS 16)^a_£m
£(15.0)m

GROUP NET CASH GENERATED FROM OPERATIONS_£m
£10.2m

For more information
Glossary: page_122

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

2 Life Time Value (LTV) is defined as average margin per client x average length of contract

STRATEGIC REPORT

At a glance

Our operating segments

We organise our portfolio of Global Managed Services and Specialist Staffing businesses regionally and by specialist operating segments.

GLOBAL MANAGED SERVICES

We take care of the whole staffing process, so that our customers can focus on building better businesses. We do this by providing robust multidisciplinary and blended talent solutions to enterprise-level organisations, including partial and complete outsourcing.

Our Global Managed Services brands are Guidant Global, Comensura and Flexy.

KEY METRICS

Revenue_£m

Gross profit_£m

**NORTH
AMERICA****£456.3m**2020: £401.5m
2019: £413.8m**£76.5m**2020: £70.5m
2019: £73.9m**UK &
EUROPE****£1,741.4m**2020: £1,539.5m
2019: £1,767.5m**£172.5m**2020: £140.7m
2019: £179.6m**APAC****£64.7m**2020: £59.9m
2019: £73.5m**£18.0m**2020: £16.9m
2019: £20.6m

REGIONAL SPECIALIST STAFFING

Our Regional Specialist Staffing ('RSS') businesses in the UK leverage our deep heritage, sector expertise and extensive network of specialist candidates, to provide expert recruitment services and fulfilled, engaged workers for our customers.

Our dedicated teams build better businesses by providing people for permanent, temporary, contract and fixed-price work; from the supply of warehouse workers to secretaries, call centre operatives, lawyers, drivers, teachers, chefs, HR and marketing professionals.

Our RSS brands are Blue Arrow, Tate, Career Teachers and Chadwick Nott.

STEM

Our portfolio of global STEM brands brings together a wealth of specialist recruitment expertise under one umbrella. Our STEM brands work collaboratively to provide specialist contract and permanent recruitment services and statement of work across the STEM sectors. By attracting the very best of STEM talent, our businesses combine the unique and complementary skill sets of scientists, clinicians, engineers, IT and digital specialists to collaborate, innovate and co-create a better future for us all, by solving some of the world's toughest problems.

Our STEM brands are Carbon60, SRC and Lorien in the UK & Europe and Bartech, SRC and Lorien in North America.

HEALTHCARE

Medacs Global Group ('MCG') is a leading international healthcare workforce solutions provider operating under a variety of brands, including Medacs Healthcare, Global Medics, and Litmus Workforce Solutions. MCG provides healthcare staffing, managed services, staff bank, occupational health, insourcing, social care and home care services.

Within its healthcare brands, MCG delivers locum, temporary and permanent doctors, nurses, allied health professionals and care workers. It is the largest provider of locum doctors to the NHS in the UK and to the HSE in Ireland and is the largest supplier of specialist healthcare managed services outside of the US. With operations across the UK, Ireland, the Middle East, India, Australia and New Zealand, MCG enables customers to deliver outstanding care globally.

STRATEGIC REPORT

At a glance continued

Awards

Here are just some of the awards we have been recognised for...

Chairman's statement

A strong return to growth

Despite disruption to our businesses across the world from on-going Covid-19 restrictions, we have delivered an outstanding performance in 2021, with a strong return to growth and robust recovery in our adjusted operating profits¹. This is testament to our resilient, collaborative business model and commitment of our Virtuosos.

The year 2021 began with a return to lockdown in the UK and our experience in 2020 enabled us to respond quickly, moving to remote working once again. From this challenging start to the year, demand increased rapidly across all our regions as restrictions have eased, customer confidence has returned and candidate shortages have intensified. Revenue is now ahead of 2019 and we are seeing the benefits of the decisive moves we made to reshape our business in 2020 delivering results.

We have continued to transform our business, strengthening our key brands, simplifying our organisational structure and investing in our technology and our people to enable them to perform to their upmost potential. Our move to a regional reporting structure is part of this process, underpinned by our four key operating segments aligned to our primary business activities.

We have focused on keeping our people safe and supported. Their resilience and tenacity in the face of an uncertain environment has been exemplary and on behalf of the Board I would like to thank them all for their dedication and hard work.

Our Board agenda has broadened in response to the growing interest in ESG – we have a well-defined culture encapsulated in our Virtuoso model and strong sense of purpose that we intend to build on as we begin our sustainability journey.

Whilst we learn to live with Covid-19, our customers and candidates expect us to help them navigate the new world of work. We will continue to invest in our people and our technology to ensure we can deliver innovative solutions for our customers and attract high-quality candidates in a tightening labour market and whilst facing an uncertain political landscape.

Lord Ashcroft KCMG PC
Chairman

**“WE HAVE
DELIVERED AN
OUTSTANDING
PERFORMANCE
IN 2021.”**

STRATEGIC REPORT

CEO review

Delivering on our Promise

OVERVIEW

We made enormous strides as a Group in 2021.

The promise we made to our customers, our people and our investors during the pandemic was that we would accelerate our strategy and emerge as a fighting fit Virtuoso organisation.

Our strategic and financial results for 2021 demonstrate that we delivered on that promise. We entered 2021 in our new formation: an agile Virtuoso operating model with fewer layers, enabling us to innovate and respond quickly to rapidly changing customer needs and candidate availability whilst enjoying the economic benefits of a lean cost base.

Early in the year we were able to demonstrate our new organisational agility and the Q1 lockdown in the UK gave us the opportunity to put it to the test. We relied on the flexibility and resilience of our people as they juggled competing responsibilities. We collaborated with our customers to help them navigate the issues they faced while we supported our communities by finding them good work, supporting many to transfer their skills to buoyant sectors. When the schools closed in January 2021, we immediately seconded our talented education recruiters to support the national effort in our healthcare and scientific businesses who were busy fulfilling demands for Covid-19 testing and then vaccination programmes. This is one example of our Virtuoso agility which continued through the year as we responded to the higher-than-expected bounce back in demand across all our markets and territories.

With the wind in our sails, we focused hard on adapting quickly to a swift and unprecedented change in market dynamics, whilst preserving the efficiency and conversion gains made during our transformation programme in 2020. Whilst the challenges of the pandemic and resultant lockdowns across our major territories continued, we soon saw the upside opportunity from the major pressure on employers globally due to the 'great resignation', high attrition and a booming post-Covid-19 jobs market. In particular, we saw an immediate impact on demand for tech, digital and analytical skills following rapid global digitisation and, of course, for our scientists and healthcare professionals for testing and vaccination work.

Julia Robertson
Group Chief Executive Officer

OUR STRATEGIC AND FINANCIAL RESULTS FOR 2021 DEMONSTRATE THAT WE HAVE DELIVERED ON OUR PROMISE.

- We entered 2021 in our new formation: an agile Virtuoso operating model with fewer layers
- We focused hard on adapting quickly to a swift and unprecedented change in market dynamics, whilst preserving the efficiency and conversion gains made during our transformation programme in 2020
- Our key strategic investments in 2021 were in people and technology
- We invested in UK leadership to create a compelling STEM offering and drive better collaboration

GLOBAL

UK AND
EUROPENORTH
AMERICAASIA
PACIFIC

OPERATING SEGMENTS

MANAGED
SERVICES

STEM

REGIONAL
SPECIALIST
STAFFING

HEALTHCARE

STRATEGIC REPORT

CEO review continued

KEY STRATEGIC MOVES AND DEVELOPING OUR HIGH GROWTH MARKETS

Our key strategic investments in 2021 were in people and technology, with both investment cases underpinning our core principle that Virtuosity is our strategic advantage.

OUR PEOPLE MAKE THE DIFFERENCE

We were pleased to welcome 440 (net increase) new purposeful colleagues into our Group during the year who are all now engaged in providing good work for people and people for good work. Our investments in people focused on expanding our teams in our high-growth markets with a 45% headcount increase for STEM businesses in the UK and a 24% increase in North America. Our Global Managed Services ('GMS') portfolio also invested in headcount but this was offset by the efficiencies achieved through the collaboration of our Managed Services brands and the formation of our Centre of Excellence. The structural efficiencies made in 2020 were maintained and improved in our shared services team where headcount remained 16% below 2019 and in our Regional Specialist Staffing ('RSS') portfolio where headcount remained 15% below 2019. Despite the overall increase in our headcount, we increased our productivity by 18.7%.

Our focus on our people has never been stronger, starting first and foremost with their health and wellbeing, swiftly followed by a redoubling of our efforts to make sure every single person was engaged with our purpose and able to work effectively in a blended model from home, our offices and our client sites.

We ramped up support for our people while planning for a post-pandemic world, continuing recruitment activity and investing in the workforce of the future. During the year, we invested in our talented people services team making significant leadership appointments in the areas of culture, equity, diversity and inclusion ('ED&I'), talent acquisition and development, and reward and recognition whilst further refining our Virtuoso model to make it accessible and meaningful for all 2,900 Impellam people.

In recognition of our colleagues' hard work amidst the challenges presented by the pandemic and an unprecedented increase in demand from customers, we gave our people two extra days off to focus on their wellbeing. We were also careful to pause and recognise our successes whilst encouraging collaboration and innovation along the way, with townhalls, awards conferences, socials - both in person when we could and virtual when we could not - which were designed to lift morale and reinvigorate our culture after lengthy lockdowns.

We continued to listen closely to the Virtuoso Alliance, our shadow board. The role of the Virtuoso Alliance is to widen and deepen the leadership team's understanding of the changing world of work and the challenges and opportunities faced by our customers and candidates on the front line. They tell it how it is.

This year, more than ever, it was critical to understand what colleagues were experiencing day to day and how it impacted them so that we could provide support as and where needed. Across two cohorts, 27 Virtuosos contributed significantly to the development of our people strategy, our approach to blended working, wellbeing and morale, automation, shifting candidate market dynamics and learning and development planning.

Our Virtuoso culture encourages our people to bring their authentic selves to work and our goal is to provide them with *challenging and fulfilling work, supportive colleagues and a career without limits.*

TECHNOLOGY FREES UP OUR VIRTUOSOS

Our investments in innovation, digital and core systems have touched most brands, teams and colleagues across the world. We are 100% focused on freeing up our Virtuosos to add value to our customers and candidates, whilst also delivering an enhanced digital experience. We have a strategic target to be 65% digital* by the end of 2022 and we made solid progress towards this during 2021.

As the global pandemic continues to disrupt the world of work, accelerating our investment in technology remains key.

The 'Digital Core' is a substantive rolling replacement for all our sales, operational and finance systems. This supports our ambitious growth plans for Impellam North America in addition to supporting organic growth in other geographies. We completed the first phase of this programme during 2021, with initial deployment to business users in Q4 to be followed by a roll-out programme leading to completion by the end of 2022. We also moved many of our existing systems to the cloud and exited a large on-premises data centre, saving property and technology costs.

"AS THE GLOBAL PANDEMIC CONTINUES TO DISRUPT THE WORLD OF WORK, ACCELERATING OUR INVESTMENT IN TECHNOLOGY REMAINS KEY."

* Digital - Data and Digital Technology supported by monetisable data, automated process, cloud-based systems and flexible, mobile channels

As these new systems come on stream, we plan to add a range of additional modern, plug-in digital components to meet the needs of individual regions, brands, markets, categories and clients.

These additional systems will be rapidly deployed, on a cloud subscription basis, and in a combination that adds competitive advantage to the individual business units. Our existing integration platform will give us the flexibility to change as better and newer plug-in products become available. Examples of investments in plug-in digital components include enhanced candidate attraction and database searching, recruitment task automation and a range of analytics and intelligence tools.

Our investment in technology will enable our people to work more efficiently using self-service solutions and data analytics, supported by digital process automation and integration tools.

Collectively, these new system combinations will allow Impellam to operate in the nascent Platform Recruitment Market for high-volume demand and supply matching and will enhance deal volume and profit per colleague.

Innovation and entrepreneurship are core behaviours of Virtuosity. Origin, our innovation hub, works closely with the Virtuoso Alliance. IT, the Customer Office and across regions through a virtual innovation community and actively monitors emerging technologies. In 2021, we invested in our ideation tool and DIY guides to crowd-source ideas from across the business. Our Virtuoso model ensures we are close to our customers and innovate continuously. Our clients trust our people to provide access to the latest tools, insights and trends to support fast, effective and informed workforce decision-making. For example, our innovation network helped to create a full end-to-end turnkey solution that included a chatbot and video interviews to speed up an ambitious hiring campaign. As the need for digital solutions grows, our portfolio of proprietary digital solutions and our global network of digital partners provides our customers and candidates with access to a wide array of stand alone or fully integrated services to support them throughout their journey.

Our offering now spans zero touch transactional services through proprietary and hybrid proprietary digital staffing platforms through to payroll solutions as well as stand-alone, third party solutions. For example, Flexy, acquired in 2019, uses leading technology to streamline the temporary recruitment process for companies looking for flexible labour and individuals looking for flexible work. Flexy is now embedded with customers in both APAC and the UK & Europe.

FACING VOLATILE MARKETS IN PARTNERSHIP WITH OUR CUSTOMERS

In support of our strategic goal that there should never be a reason for a customer to leave Impellam, we continued to optimise our organisation design to make sure that our customers have access to the very best of Impellam's collective expertise.

This led to the creation of the Customer Office and the GMS Centre of Excellence. Together, these teams leverage our organisational Virtuosity, customer insight and combined capability to ensure customer delight, growth and retention.

Our Customer Office is led by a newly appointed Chief Customer Officer. This strategic function is designed to drive customer engagement with the right experts at the right time, enabling our brands to deliver in the short, medium and long term, deliver advisory, innovative consultancy, best practice and benchmarking and ensure a long-term strategy is in place for each customer. Like all organisations, our customers are embracing change as they adapt to a volatile and extremely challenging talent market. They are turning to trusted partners like Impellam to help drive innovation and offer unique perspectives on how to build better businesses. The Customer Office plays a key role in understanding our customers' needs and tailoring our services for them. In the first year of operation, the Customer Office exceeded expectations, delivering 100% account retention and a 211% increase in Life Time Value ('LTV').

Collaboration remained a key theme and, together with the creation of our Customer Office, the introduction of our GMS Centre of Excellence has played a vital role in reducing duplication of effort and ensuring that our customers access the best that Impellam has to offer. This dedicated expert global function provides services to our Managed Services and STEM customers and expertise to our brands, including access to technology, data management, reporting and implementation expertise, sharing managed services best practice. In short, our Centre of Excellence has enabled us to deliver a higher quality, more consistent service globally whilst improving our operational efficiency.

STRATEGIC REPORT

CEO review continued

DRIVING SUSTAINABLE GROWTH

Our new organisation design underpinned a strong strategic focus on our key growth markets, geographically and segmentally. We exited 2021 with over 70% of our revenue in our digitally enabled GMS and STEM segments and are excited by the growth opportunities we have seen and continue to see in these markets in each of our territories. We will continue to make strategic investments to support further growth in these markets.

We saw strong performance from our CMS operating segment, with robust growth in both revenue and gross profit reflecting the positive results from increasing collaboration across the portfolio. With 20 new customer wins, a 96% renewal rate and over seven years average tenure, the portfolio made significant progress. In the last 12 months alone, GMS has expanded the scope of services delivered to 20% of our clients.

The implementation of our new Customer Office helped us expand our service offering and support Group-fill opportunities, alongside access to our CMS Global Centre of Excellence.

Both the life sciences and technology sectors have played pivotal roles amid the Covid-19 pandemic. Digitisation and transformation have taken a significant leap at both an organisation and industry level. To cope with the crisis, companies have had to stand up digital, tech-enabled solutions to meet new demand more quickly than thought possible before the pandemic. With the introduction of this 'new-normal', digitisation is also broadening the horizon of new possibilities in the life sciences sector. Redefined workplace environments; the shift in health care delivery; and innovative collaborations between traditional companies and entrepreneurial start-ups are a few examples that are leading to this unprecedented change supported by technological advancements.

As a result of pharmaceutical innovations saving the world and with technology transformation widespread, customer demand increased exponentially through the pandemic. In response, Impellam created a focused STEM portfolio with investments in specialist STEM leadership in both the UK and North America yielding positive results in its first full year of operation. The collaboration across our brands has been critical in winning and fulfilling some of our largest healthcare contracts to date, where we have been proud to play our part in the fight against Covid-19 in the US, UK & Europe. With significant global capability in this high-growth, future-facing market, revenues grew by 6.7% (8.6%*) to £759.6m, and gross profit reached £31.8m, up 25.7% (29.0%*) year on year.

Both our RSS and Healthcare businesses bounced back after facing tough market conditions in 2020, with significant increases in Covid-19 related demand and despite ongoing candidate shortages, and challenges created by border closures in our APAC region.

We are particularly proud of the increased collaboration between our healthcare businesses and our staffing and managed services businesses which delivered outstanding services and people to hospitals, testing laboratories and vaccination centres across all our territories, playing their part in the fight against Covid-19, whilst also delivering to our customers as demand increased.

FINANCIAL REVIEW

Revenue grew 13.1% (14.7%*) to £2.3bn in 2021 and has now recovered to a pre-pandemic (2019) level. Gross profit grew by 17.1% (19.5%*) over 2020, only 0.8%* behind 2019.

With significant increases in customer demand, we made investments in headcount and our People Strategy and continued enhancing our technology through our Digital Core IT Systems Programme whilst delivering a strong adjusted operating profit¹ performance of £29.3m, up 61.0% (70.5%*) on 2020 and just 2.0%* behind 2019.

Our strong focus on cash ensured we managed our cash and net debt² position very effectively and reduced Days Sales Outstanding ('DSO') by 1.7 days. Net debt² increased by £5.2m to £31.5m as we repaid £38.9m of the £48.0m cash support received from both the UK and US governments in 2020 with the remaining balance due to be repaid in 2022. The ongoing strong cash position has allowed us to reduce our revolving credit facility by £57.5m whilst continuing to invest in our key priorities of people and technology.

96%

Global Managed Services customer renewal rate.

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

GLOBAL MANAGED SERVICES

With increasing talent shortages globally, organisations are focused on comprehensive talent management, innovative ways to engage staff with a focus on hiring teams rather than individuals, all of which is driving demand for GMS across the world. As businesses consider contingent or extended workforces as the next frontier of innovation, managed service providers that can advise on and deliver agile and flexible workforce strategies are in demand.

GMS delivered a strong performance in each of our regions in 2021, with revenues of £838.7m and gross profit at £79.2m up 12.5% (14.1%*) and 10.9% (14.8%*) respectively on 2020.

Our digitally enabled service offering secured 20 new customers in the year representing £700m annualised Spend Under Management ('SUM'). Importantly, this strong new business performance is coupled with the retention of 96% of our client base thereby increasing our resilience and underpinning our revenue for this year.

Ongoing investment in our technology is driving up productivity and freeing up our Virtuosos to focus on our clients and candidates. This includes the complete overhaul of our approach to the deployment and management of our proprietary Vendor Management System ('VMS') which has enabled us to deliver against an ambitious development roadmap while improving efficiency. The role of advanced analytics to generate market insights around talent supply and demand for different skills and roles across multiple disciplines and locations has never been more important to our clients. To deliver analytics seamlessly, an uninterrupted data flow across multiple tools via automated linkages is provided.

The investment in our people – in particular, our partnership with the Open Data Institute – has been essential to ensure our people are equipped with the knowledge and expertise to improve the experience of our customers using technology. Our digitally enabled service allows us to better support our clients as they focus on employer branding, recruitment marketing and direct sourcing in a competitive marketplace, where equity, diversity and inclusion ('ED&I') is increasingly important to building a diverse workforce.

Revenue_£m

+12.5%
£838.7m

Gross profit_£m

+10.9%
£79.2m

For more information
Glossary: page_122

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

STRATEGIC REPORT

CEO review continued

UK & EUROPE (65% OF GROSS PROFIT)

Our businesses in the UK & Europe saw an unexpectedly rapid bounce back from their Covid-19-driven revenue dip in 2020 and our dedicated teams were delighted to have a surplus of roles to offer our talented candidates. As the year progressed it became clear that we needed to become increasingly resourceful to help our customers manage their requirements and engage the right people to meet their growing needs.

Talent shortages across most sectors were exacerbated in the UK due to Brexit and Off Payroll Working. Driver availability hit the headlines resulting in fuel shortages at petrol stations and empty supermarket shelves. A scarcity of nurses, residential care workers and IT specialists drove an increase in demand and pay rates for our candidates, and in response we rapidly up-skilled our people to deal with these fast-changing market dynamics.

The UK & Europe segment recovered strongly across all our markets with overall gross profit growth of 22.6% (22.6%*) which resulted in an excellent adjusted operating profit¹ performance, up 202.5% (223.3%*) on 2020. During Q4 2019, through 2020 and continuing into 2021, we focused on right sizing our cost base and this, together with record-breaking productivity, led to the region ending the year 45.8%* ahead of 2019 adjusted operating profit² even though gross profit was 4.1%* lower.

Our GMS businesses in the UK increased gross profits by 8.7%*, with growth coming mainly from Comensura and support for Covid-19-related work. A number of our Guidant customers, particularly in the manufacturing and aviation sector, experienced reduced demand due to the pandemic, and we expect to see those volumes rise as confidence returns. The new contracts secured in 2020 and 2021 will reap significant financial benefits in 2022.

Our STEM portfolio in the UK delivered impressive gross profit growth of 43.4%* spread across all brands and vertical markets, with our life science brand (SRC) also delivering increased gross profit on 2019. The 2021 growth has been achieved through a mixture of improved trading conditions in the UK after the 2020 lockdowns, increased demand for tech, digital and analytical skills at scale, collaboration and cross selling across the portfolio and new contract wins in our STEM brands. In addition, market leader SRC has been very active providing scientists and clinical staff to support Covid-19-related requirements for both government and private companies.

The recovery in our RSS brands in the UK was particularly strong as Covid-19 restrictions eased and pent-up demand led to a gross profit increase of 26.3%* compared to 2020. Despite this, the lockdowns in Q1 2021 continued to impact hospitality and catering (Blue Arrow), and also led to school closures, impacting our education business (Career Teachers) where gross profit remained lower than 2019.

Across our RSS portfolio, permanent recruitment fees were 90% up on 2020 as market confidence returned, with positive impact in office (Tate) and legal (Chadwick Nott). However, in aggregate, the portfolio still lagged 2019 gross profit by 17.4%*.

Our Healthcare business in the UK (MCG) made good progress in 2021 but with less pronounced growth against 2020 with financial performance continuing to be affected by the pandemic. The virus had a significant impact on availability of front-line staff and resulted in the cancellation of elective surgery and other non-urgent medical procedures. During the year we are proud that MCG was heavily involved in the management of testing and vaccination services as part of the national effort against Covid-19 and, as a consequence, facilitated good work for people in our life sciences (SRC) and general staffing (Blue Arrow) businesses who report gross profit separately. Gross profit in Healthcare UK and Ireland was up 8.0%* on 2020 and 2.7%* up on 2019.

NORTH AMERICA (29% OF GROSS PROFIT)

In North America, our investments in STEM and GMS paid dividends with strong momentum building for CMS and new STEM leadership appointed to drive accelerated growth.

The region delivered strong gross profit growth of 8.5% (16.7%*) on 2020 and was also 11.6%* higher than 2019.

This was driven by strong gross profit growth in GMS of 17.3%* reflecting a good level of new business secured across a broad range of market sectors and positive results from increased collaboration across the portfolio.

STEM gross profit was steady at 8.7%*, with a substantial increase of 21.8%* in our IT business, Lorient, offset by declines in life sciences and engineering.

Our light industrial business, Corestaff, benefited from fewer restrictions and an increase in demand, and grew gross profit by 38.3%. A particular feature of this growth was the supply of workers into Covid-19-related activities with our managed services customers. Following a strategic review which considered the scale and limited geographic footprint of Corestaff in North America, and a subsequent expression of interest, we decided that our customers and people would benefit from enhanced geographic reach for their light industrial staffing requirements. As a result, in early 2022, Impellam sold the business and assets of Corestaff to swipecore Inc., a US private digital staffing company for a cash consideration of approximately £14m (\$19m). The proceeds of the sale will pay down net debt to fund additional investment to further accelerate the Group's strategy. This transaction will enable the leadership team in North America to focus our STEM and GMS portfolios and accelerate our investments in Virtuosity, technology and digital and innovation.

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

APAC (6% OF GROSS PROFIT)

In Asia Pacific (APAC), border closures and extended lockdowns were more severe in 2021 than in 2020 and continued to frustrate performance in our healthcare business despite some encouraging financial and operational improvements in sequential quarters towards the end of the year. Despite this, overall gross profit was up 6.5% (4.9%*) in 2021 with more resilient trading in GMS mitigating the decline in Healthcare.

Our GMS business achieved gross profit growth of 19.4%* on 2020 and a 7.2%* increase on 2019, whilst the Healthcare business gross profit declined by 9.8%*, due to the cross-border lockdowns.

We continued to build resilience in our managed services business in APAC when we established our first foothold in the private sector, securing one of our largest global Managed Services Programmes ('MSP') with a global mining organisation. Led by our APAC region this will provide over 1,000 heads globally, across multiple functions from blue collar skills to mining specialists.

In Australia, Global Medics focused on transformation to equip the business with the resources and tools to thrive in the next evolution of the Australian medical recruitment market.

In 2020, we launched our digital platform Flexy into the Australian market to support our managed services business. Flexy now has 31 local councils connected directly to good quality candidates in a digital marketplace, supplemented by a digital payroll service that has already been extended into four MSP clients in the region. In its first full year of trading, Flexy delivered £0.4m of gross profit.

LOOKING FORWARD

The global pandemic has upended the world of work and created huge societal change. Our vision and mission have never been more important as we continue to focus on Virtuosity as our strategic advantage to further transform our proposition and portfolio. We believe we are well placed for further success in 2022 and beyond, although we are mindful of the potential global economic impact of the current conflict in Ukraine.

A Bold Promise

OUR STRATEGIC OBJECTIVE

Virtuosity makes the difference and will drive market-beating value creation

OUR STRATEGIC ADVANTAGE

We believe we retain customers, people and investors for longer than our competitors because we're trusted to do what we say we are going to do. We work collaboratively across our diverse portfolio with a shared vision, mission, style and language we call 'The Virtuoso Way'. This enables us to deliver differentiated, integrated solutions to our customers and to find good work for our people.

OUR STRATEGIC SCOPE

Customers

We work with customers who value engaged, fulfilled and purposeful people, and who allow us to take our share of the economic value we create as we help them build a better business.

Offering

We are a leading Global Talent Acquisition and Managed Workforce Solutions provider enabled by talent-focused Specialist Staffing brands with deep heritages, vertical sector expertise and loyal candidate networks.

Geography

We offer multiple brands and services across North America, the UK & Europe and APAC. To further support our mission, and to find exciting opportunities for our people, we also invest in, and operate with, specific clients in other regions

Integration

We have a unique, differentiated and collaborative model. This integrates Managed Services and Specialist Staffing into a full workforce solutions management platform for our customers' permanent, contingent and Statement of Work ('SOW') spend. Our work is important, and we get it done.

For more info marc@virtuosity.com
www.impellam.com

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

STRATEGIC REPORT

Our integrated, collaborative business model

OUR MISSION

TO PROVIDE FULFILMENT
AND A SENSE OF PURPOSE
FOR OUR PEOPLE AND HELP
OUR CUSTOMERS BUILD
BETTER BUSINESSES IN A
CHANGING WORLD.

OUR VISION

TO BE THE WORLD'S MOST
TRUSTED STAFFING COMPANY –
TRUSTED BY OUR PEOPLE, OUR
CUSTOMERS AND OUR INVESTORS
IN EQUAL MEASURE.

OUR KEY DIFFERENTIATORS

OUR CULTURE OF VIRTUOSITY

Virtuosity is a mindset that means Impellam people see opportunities where others do not. Virtuosos look ahead to see how customers' and candidates' needs are changing and are always ready to adapt and innovate. Everyone at Impellam contributes to our culture of Virtuosity by making a difference and doing the common uncommonly well. At the heart of our integrated, collaborative business model is a virtuous circle of making and keeping promises, engendering trust and loyalty. By keeping our promises, we retain our clients, candidates and our people for longer and reap the benefits of that longevity.

THE BEAUTIFUL BASICS

We make sure that 'the Beautiful Basics' are in place and deeply embedded in all of our businesses across our collaborative portfolio. 'Beautiful Basics' are caring for the smaller details, as well as the bigger ones. They are the difference Impellam people make through our day-to-day actions to deliver on our promises.

TAKING THE HIGH ROAD

We focus on partnering with organisations that value engaged, fulfilled people and we call this the 'high road' which serves to drive clear market segmentation and a compelling price point.

ENTREPRENEURIAL VIRTUOSO LEADERS

All our businesses work in 'The Virtuoso Way' which embeds a consistent, collaborative Group-wide culture, based on trusted behaviours, delivered by entrepreneurial Virtuoso leaders who can drive our competitive advantage and deliver on our promises to all our stakeholders.

TO DELIVER EXCEPTIONAL SERVICE TO OUR CUSTOMERS THROUGH:

OUR REGIONS

NORTH
AMERICA

APAC

UK &
EUROPE

OUR OPERATING SEGMENTS

DIGITAL PLATFORMS

REGIONAL
SPECIALIST
STAFFING

GLOBAL
MANAGED
SERVICES

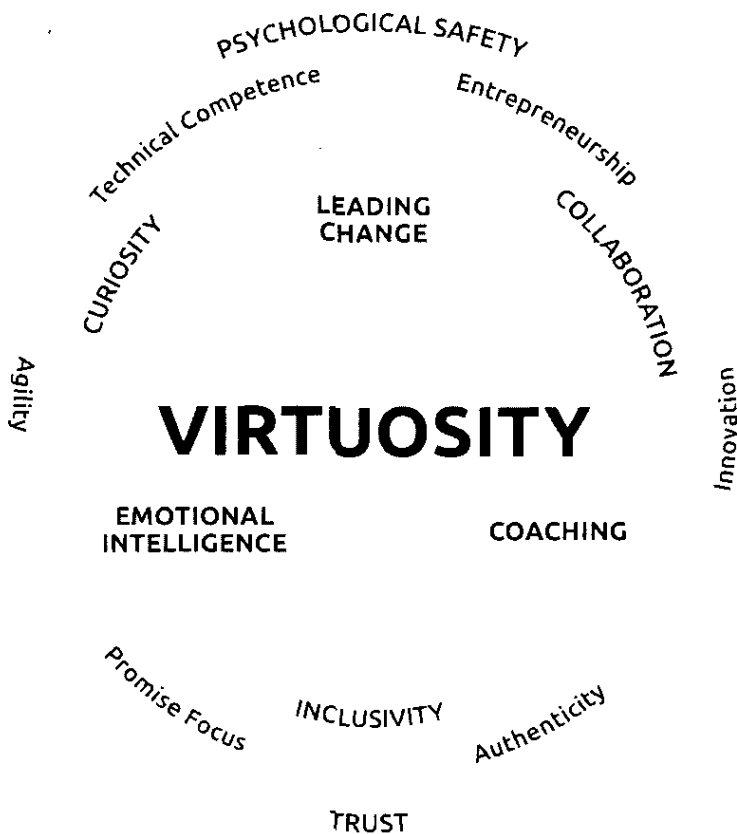
COLLABORATION

HEALTHCARE

STEM

DIGITAL PLATFORMS

OUR CULTURE: OUR VIRTUOSO MODEL



TO CREATE VALUE FOR OUR STAKEHOLDERS

CLIENTS

We tune in to our customers and work closely with them to find people for good work to help them build better businesses. We retain them, continuing to listen and partner with them to extend the scope and tenure of our services, and in doing so, open up more opportunities for organic growth.

CANDIDATES

From the outset, we listen to our candidates and find them good work that fulfils them and matches their aptitudes, skills and aspirations. We reward our candidates fairly, retain them by treating them well, and by finding them work that interests and develops them. In turn, this encourages them to refer more people and good work to us.

COLLEAGUES

We employ people who care about our mission and our craft, and we develop them, so they have the right skills and experience to do the job by being Virtuosos in their field. We free up our Virtuosos and give them more influence so they in turn develop a culture of Virtuosity across the Company. Ultimately, we trust them to make the right decisions, collaborate and deliver on their promises.

INVESTORS

We take care to create relationships with investors and we build on the trust we create by delivering sustainable earnings.

SUPPLIERS

We build strong partnerships of mutual trust with our suppliers, many of whom are also our clients. Our long-term relationships with our suppliers enable us to fulfil more jobs for our clients and by building an engaged recruitment supply chain which is passionate about finding the right candidates with the right skills, we can reduce the cost of recruitment, reduce the time to hire, provide timely market insight and drive innovation.

For more information, visit
www.impellam.com

STRATEGIC REPORT

Key performance indicators

We monitor our performance against our strategic priorities by using key performance indicators ('KPIs'). Our KPIs include a set of financial and non-financial measures and are discussed further in the CEO and CFO reviews.

Financial KPIs

GROUP REVENUE _£m £2,262.4m	GROUP GROSS PROFIT _£m £267.0m	GROUP ADJUSTED OPERATING PROFIT^A _£m £29.3m	GROUP OPERATING PROFIT _£m £19.5m
MEASUREMENT EXPLAINED Revenue generated from sales of contract workers, permanent placement fees and other income generated from provision of staffing services.	MEASUREMENT EXPLAINED Revenue less cost of sales, predominately the sum of contract gross profit and fees for the placement of permanent candidates, less any directly attributable adjustments or rebates.	MEASUREMENT EXPLAINED Underlying profitability of the Group before interest and taxes with adjustments for impairments and amortisations of acquired intangibles and impairment of right-of-use leased assets.	MEASUREMENT EXPLAINED Profitability of the Group before tax and finance costs.
RATIONALE Indicates the volume of business generated in the year.	RATIONALE Indicates the profitability of revenue before operating costs.	RATIONALE Demonstrates the profitability of the Group and how efficient it is at managing its controllable cost base.	RATIONALE Demonstrates the profitability of the Group.
CONVERSION RATIO – ADJUSTED OPERATING PROFIT^A % 11.0%	GROUP NET DEBT^A (PRE-IFRS 16) _£m £(15.0)m	GROUP NET CASH GENERATED FROM OPERATIONS _£m £10.2m	ADJUSTED EARNINGS PER SHARE _PENCE 35.3p
MEASUREMENT EXPLAINED Adjusted operating profit ^A expressed as a percentage of gross profit.	MEASUREMENT EXPLAINED Total Group debt excluding lease liabilities, less any cash and cash equivalents, after capitalised financing costs.	MEASUREMENT EXPLAINED The amount of cash generated from operating activities and after tax paid.	MEASUREMENT EXPLAINED The amount of adjusted operating profit ^A per one share in the Group ^B calculated as the adjusted operating profit ^A attributable to the Group's shareholders, divided by the average number of shares in issue throughout the year.
RATIONALE Indicates the efficiency of fee earners in generating gross profit and the Group's ability to control central costs.	RATIONALE Net debt ^A is a key element of the Group's capital structure.	RATIONALE Demonstrates how efficient the Group is in converting operating activities to cash and therefore the ability to manage its capital.	RATIONALE A strong indication as to the underlying profitability of a company for its shareholders.

Operational KPIs

**INTERNATIONAL
MIX %****38.1%****MEASUREMENT EXPLAINED**

Total gross profit from business operations outside of the UK, expressed as a percentage of Group gross profit.

RATIONALE

Geographic diversification spreads risk and reduces reliance on any one economy.

**GROSS PROFIT
MIX %****29.7%****MEASUREMENT EXPLAINED**

Total gross profit generated from our Global Managed Services businesses expressed as a percentage of Group gross profit.

RATIONALE

Gross profit from Global Managed Services provides visibility of income and generates long-term relationships with our clients and aligns to our strategic priorities.

**CLIENT RETENTION –
TOP 50 CLIENTS %****100%****MEASUREMENT EXPLAINED**

The percentage of the top 50 clients in 2020 who we continued to supply in 2021 and have not been exited during the year.

RATIONALE

Client retention links to improved profitability and efficiencies in service delivery alongside improved quality of service.

**GROUP ADJUSTED
EBITDA^A – £m****£37.0m****MEASUREMENT EXPLAINED**

Operating profit of the Group before interest, tax, depreciation and amortisation and excludes IFRS 16 adjustments, separately disclosed items and share-based payments.

RATIONALE

The Group continues to measure EBITDA which is used for banking covenants and internal performance measures. It is also used externally for valuation purposes.

**GROUP FILL
%****16%****MEASUREMENT EXPLAINED**

The percentage of Spend Under Management supplied from our Group brands into our Global Managed Services programmes.

RATIONALE

Enables our Specialist Staffing brands to support the Managed Services programmes and generate gross profit with an existing client.

**AVERAGE GROSS
PROFIT PER FTE
£'000****£98.7****MEASUREMENT EXPLAINED**

Total gross profit divided by the average number of full-time equivalents in the Group.

RATIONALE

Indicator of staff productivity and efficiency, with growth demonstrating improved efficiency or a higher percentage of fee earners at full capacity.

**GROSS PROFIT PER £
STAFF COST****£1.53****MEASUREMENT EXPLAINED**

Total gross profit divided by the annual staff costs.

RATIONALE

Indicator of staff productivity and reflecting the operational efficiency of the business as a whole.

**CONVERSION RATIO –
ADJUSTED EBITDA^A
%****13.9%****MEASUREMENT EXPLAINED**

Adjusted EBITDA^A expressed as a percentage of gross profit.

RATIONALE

Indicates the efficiency of fee earners in generating gross profit and the Group's ability to control direct costs.

STRATEGIC REPORT

Performance reviews

North America

North America accounts for 29% of our gross profit and is primarily focused on our Global Managed Services ('GMS') and STEM operating segments through the Guidant Global brand for GMS and the SRG, Lorien and Bartech Staffing brands for STEM.

OVERVIEW

The region delivered a strong growth in revenue and gross profit during the year, making good progress against its ambitious three-year plan. We have focused on diversifying our client portfolio to increase our resilience and invested in building the foundations for expansion. Targeting our STEM business on specific sectors, supported by specialist teams is already yielding results and we have benefited from the significant recovery in the permanent recruitment and managed services markets. The robust performance of our GMS segment in North America reflected nine new customer wins and over US\$500m annual SUM in 2021 as customers sought full talent management solutions in the face of significant talent shortages across most sectors. As a result of a strategic review, and to enable increased focus on GMS and STEM, Corestaff, our light industrial business, was sold to swipejobs Inc, a US private digital staffing platform in early 2022.

FINANCIAL PERFORMANCE

A robust revenue increase of 13.6% (20.4%*) to £456.3m followed a stable year (2020: £401.5m), demonstrating positive underlying growth, rather than purely a Covid-19 bounce back. Gross profit rose by 8.5% (16.7%*) to £76.5m (2020: £70.5m). This was driven by strong performance by our GMS segment with a 17.3%* rise, reflecting the good level of new business secured and positive results from increasing collaboration across the portfolio. Growth in STEM gross profit was steady at 8.7%* with a substantial increase of 21.8%* in our IT business. Lorien, offset by declines in life sciences and engineering.

Adjusted operating profit[†] was £10.1m (2020: £13.4m) due to the impact of investment in people and infrastructure to support ambitious growth plans. Headcount increased by 136 in response to this expansion of the business in the region.

Reported adjusted operating profit[†] for the North America region in 2021 was impacted by £1.9m increase in provisions for historical legal cases and £1m of provision against pre-2021 receivables. The reported results are also impacted by the strengthening of £ Sterling against the US\$ through 2021. Excluding these items, and on a constant exchange rate basis, operating profit is higher when compared to both 2020 and 2019.

North America	2021 £m	2020 £m	% change (LFL)
Revenue	456.3	401.5	20.4%
Gross profit	76.5	70.5	16.7%
Admin expenses	(66.4)	(57.1)	24.8%
Adjusted operating profit [†]	10.1	13.4	(16.4)%
Gross profit %	16.8%	17.6%	
Adjusted operating profit [†] conversion ratio %	13.2%	19.0%	
Permanent fees %	3.9%	2.2%	

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

“INVESTMENT IN SYSTEMS AND TECHNOLOGY SPECIFICALLY TO SUPPORT OUR REGIONAL BUSINESS WILL HELP FREE UP OUR VIRTUOSOS AND IMPROVE CANDIDATE EXPERIENCE.”

► **£456.3m**

Revenue for North America in 2021.

MARKET DYNAMICS

The candidate shortfall in the US continues to be a major challenge for our clients and our recruiting operations. Candidate sourcing, attraction and engagement remains a top priority. The STEM sector expanded at an unprecedented rate making market insight and specialist knowledge essential to competitive advantage.

SUPPORTING OUR VIRTUOSO CULTURE

Investment in systems and technology specifically to support our regional business will help free up our Virtuosos and improve candidate experience. The appointment of a Group Head of Culture and Fulfilment based in the US has already accelerated the pace of our ED&I initiatives. Our Unity Council has been relaunched, supported by new business resource groups to develop our policies and raise awareness.

PORTFOLIO REVIEW GMS

The robust performance of our GMS segment in North America reflected a good level of new business secured across a broad range of market sectors and positive results from increasing collaboration across the portfolio. Our new Customer Office provided both our key strategic clients and Virtuosos with insight and expertise, helping us expand our service offering. Alongside access to our GMS Global Centre of Excellence which provides functional experts across all our brands, we are now providing a broader perspective to help develop our clients and greater career opportunities for our people.

As demand recovered, the significant programme signed at the end of 2020 with Travelport has now bedded in and is delivering strong growth, while demonstrating the benefits of collaboration between Group brands placing IT specialists from Lorien alongside the outsourced recruitment services contract won by Cuidant. Revenue from a new customer, a leading environmental services company, is already ahead of expectations for the initial scope.

Ongoing Covid-19-related requirements saw us continuing to provide track and trace and health check services in both Federal and State Governments, where our ability to respond quickly to rapid surges in demand was key.

STRATEGIC REPORT

Performance reviews continued

STEM

This was a transitional year as we diversified and refocused our portfolio by building on our existing specialisms and moving into new vertical markets to broaden our expertise. Lorien benefited significantly from early investment in 2021 and was able to take advantage of strong post-Covid-19 trading conditions. Over the course of 2021, Lorien doubled headcount and expanded their Specialist Markets team to address the buoyant mobile development and Salesforce (a world-leading CRM solution) segments in the technology space and the renewable energy and electric vehicle segments in the engineering market, driven by demand from the US automotive powerhouse. The Lorien leadership team has also been expanded strengthening the expertise and knowledge needed to underpin our rapid growth. Investing in these sectors included hiring new teams to work virtually in key strategic growth locations: Denver, San Diego and Austin, ensuring we remain close to candidates and clients.

The notable increase in gross profit generated by Lorien reflected the focus on more complex recruitment solutions as demand for STEM skills continued to outstrip supply and the well-documented candidate shortage has resulted in increased appetite from customers to outsource their STEM resource needs to specialist staffing providers. The demand for more complex STEM recruitment solutions underpinned by the creation of a new Solutions Division resulted in three new tech-focused Recruitment Process Outsourcing ("RPO") contracts; the first of these with Epsilon as a single source supplier for this leading US marketing organisation. As a result of this investment strategy, Lorien delivered strong results, growing gross profit by 21.8% year over year with gross profit from direct hire solutions also up over 200% on prior year.

The overall performance within our STEM portfolio was mixed, delivering a gross profit growth of 7.5%. Collaboration across the STEM portfolio of brands was particularly strong, leveraging existing customer relationships across the portfolio to deliver over \$1m (£0.7m) of additional gross profit in the year. Collaboration between the STEM brands and our GMS business, Guidant Global, also continued to gain pace, with specialist IT, Life Sciences and Engineering staffing provision into Group Managed Service customers up 43% year-on-year.

Growth within our Life Sciences business was below expectations given the strong performance of this sector. SRG was restructured during 2021 to reduce over-reliance on the CRA vertical (which was impacted due to Covid-19 restrictions reducing in-person clinical trials). The team was expanded to support the diversification of the SRG business into the Quality, Regulatory and Compliance ("QRC") segment of the life sciences market, to extend its reach from its established base in clinical research and move from supporting short-term clinical trials to longer-term projects. This renewed focus, combined with a change in leadership, is already delivering early and significant improvements.

Our Engineering business, Bartech, was slower to recover from the impact of Covid-19 within our core Automotive customer base. Customer activity improved significantly in the second half of the year, but headcount challenges in an extremely competitive market did not allow us to grow the team quickly enough to capitalise upon this rebound. In continuation of our diversification strategy, we expanded into the renewable energy and electric vehicle segments in the engineering sector, driven by demand from existing customers.

LOOKING FORWARD

The underlying infrastructure we need to drive forward our expansion plans is now in place with experienced hires on board in strategic leadership roles and specialist teams fully staffed to support the robust demand we see across the market. Whilst the new Covid-19 variant had some impact on candidate availability early in 2022, customer demand remains high, and we are seeing a drop in absences due to Covid-19, so we anticipate continued growth throughout the year. In response to increasing demand for STEM candidates, we will invest in building diverse STEM candidate communities to address the talent shortages in these markets. Equally, significant customer demand for innovative GMS solutions will continue through 2022 and we will reap the benefits of wins in 2021.

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

UK & Europe

Our largest region, UK & Europe, accounts for 65% of our gross profit generated by all four of our operating segments – Guidant Global, Comensura and Flexy in GMS, Lorient, Carbon60 and SRG in STEM, Blue Arrow, Tate, Career Teachers and Chadwick Nott in Regional Specialist Staffing ('RSS') and Medacs Global Group in Healthcare.

OVERVIEW

With a strong bounce back in client demand along with high levels of Covid-19-related business, revenue and adjusted operating profits¹ in the region delivered an impressive recovery. We saw growth in all brands, significant new business wins and were very proud of our contribution to the national testing programme and to the delivery of the vaccination programme in many UK counties. The UK lockdown in Q1 impacted our education and catering businesses but with restrictions lifting throughout the year, demand gradually returned over the second half. Transportation of goods remained buoyant and we responded well to the growing opportunities in the healthcare sector.

FINANCIAL PERFORMANCE

Revenue rose 13.1% (13.6%*) to £1,741.4m (2020: £1,539.5m) reflecting higher volumes in both temporary and permanent recruitment and contributing to a substantial increase in gross profit of 22.6% (22.6%*) to £172.5m (2020: £140.7m). Combined with productivity increases driving higher gross profit per FTE, this delivered a significant recovery in adjusted operating profit² to £24.5m (2020: £8.1m), well ahead of 2019 levels. Headcount was increased by 15% with 145 FTEs recruited to meet the rise in demand across both national and local clients.

UK & Europe	2021 £m	2020 £m	% change LF1*
Revenue	1,741.4	1,539.5	13.6%
Gross profit	172.5	140.7	22.6%
Admin expenses	(148.0)	(132.6)	10.1%
Adjusted operating profit ²	24.5	8.1	223.3%
Gross profit %	9.9%	9.1%	
Adjusted operating profit ² conversion ratio %	14.2%	5.8%	
Permanent fees %	16.4%	11.6%	

► **£1,741.4m**

Revenue for UK & Europe in 2021.

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

STRATEGIC REPORT**Performance reviews continued****MARKET DYNAMICS**

As markets emerged from Covid-19 restrictions, we saw a significant rebound in demand for both permanent and temporary staff across all our brands. This reflected major pressures on employers facing 'the great resignation' as employee turnover rose in a booming post-Covid-19 jobs market. This led to a shortage of candidates with supply outstripping demand in several sectors. Many candidates in the hospitality sector changed careers during lockdown periods with Brexit and driver shortages impacting the logistics sector. In the IT sector, the introduction of Off Payroll Working changed the taxation requirements for contractors, leading many to leave the freelance market, where talent is already in short supply. Nursing continues to suffer a substantial shortfall in candidates with over 110,000 vacancies across the healthcare market. As a result, pay rates are rising and clients are increasing incentives to attract candidates, focusing on developing distinctive employee brands, their ED&I strategies and their approach to climate change.

SUPPORTING OUR VIRTUOSO CULTURE

We continued to invest in enabling our Virtuosos, focusing on their wellbeing, personal development and ways of working. Career paths were introduced to provide our people with advice and guidance on the skills and experience required to progress their careers.

We offered blended working to retain the benefits of working from home and bring back the collaboration that we enjoy working together in the office. Tate, in particular moved to a more virtual way of working broadening their geographic coverage from a smaller number of offices building on their existing service delivery hub model.

“AS MARKETS EMERGED FROM COVID-19 RESTRICTIONS, WE SAW A SIGNIFICANT REBOUND IN DEMAND FOR BOTH PERMANENT AND TEMPORARY STAFF ACROSS ALL OUR BRANDS.”

PORTFOLIO REVIEW

GMS

Our managed services business delivered an 8.7%* increase in gross profit, benefiting from the upselling opportunities created by the breadth of customers across the Impellam portfolio in the UK and winning new contracts with existing clients of other brands. For example, extensive collaboration with our STEM businesses delivered new contract wins: Blue Arrow introduced Guidant Global to Capita and Comensura and Guidant Global worked in partnership to deliver a large-scale intake and screening programme for The British Council and secured the management of Bristol Council's Statement of Work ("SOW") requirement which will reap benefits in 2022.

In the UK & Europe, 2021 was a pivotal year for our SOW c.net module and offering. We now have circa 120 projects managed through 20 customers globally. Comensura celebrated its 20th anniversary by breaking all revenue and retention records, with our teams retaining 26 customers and protecting over £3m in gross profit.

The strong recovery of revenue in Ireland was driven by an innovative turnkey solution for a start-up business, providing people, property and technology, underpinned by several new contracts.

STEM

To take advantage of the attractive potential for STEM in the UK & Europe, we brought our scientific, technology and engineering brands - SRG, Lorien and Carbon60 together under single leadership to deliver STEM talent at scale. Combining our market-leading scientific, technology and engineering brands into one operating segment (STEM Portfolio) has yielded strong results in its first full year of operations. It was pleasing to see record revenue and gross profit growth in our STEM brands with cross-sell and collaboration with the Group driving £55.8m in gross profit.

This focus has already yielded fruit with significant wins such as our engineering experience leading to a technical MSP with Tilbury Douglas, a leading UK building, engineering and infrastructure company, and Lorien's financial services pedigree securing a new contract with one of the UK's largest long-term savings and retirement businesses. Lorien also secured seven specialist MSP wins and 78 new customers across their Specialist Markets team. A focus on RPO solutions, as customers turned their minds to permanent hiring, resulted in Lorien winning Apsco RPO of The Year, the Client Services award at the Tiaras and the RPO In-house Recruitment Team at the In-house Recruitment Awards.

SRG's market-leading scientific division supported many private and public sector organisations with the rapid recruitment of PCR scientists, recruiting over 1,200 scientists to support Covid-19 testing in less than 12 months and undertaking all the compliance and regulatory requirements. The demand for SOW contracts continues to grow, particularly for SRG's laboratory services division (Synergy) who partnered with Cignpost, a diagnostic testing company to mobilise 350 scientists.

In order to respond with speed and agility to large shifts in customer demand, we invested in developing our people and building on our specialist sector capability by setting up a Training Academy to upskill our recruiters with the specific skills and knowledge they need to serve high-growth, specialist markets.

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

STRATEGIC REPORT

Performance reviews continued

RSS

Our portfolio evolved further as we focused on creating stronger brands and a more streamlined organisation. We strengthened our Education business, bringing Celsius under the Career Teachers brand, with integrated vetting and compliance functions and a new updated CRM system. A significant new contract with the Harris Federation saw Career Teachers become one of three lead suppliers to 50 schools in the South East, securing a three year contract. In addition, we secured a managed service contract with the University of Southampton for all contingent staffing.

Covid-19 staffing for our public sector clients was a key focus for Blue Arrow in 2021, with strong growth across our ScotGov and CCS frameworks for supporting 84 government and NHS organisations across England, Scotland and Wales. Supply of staff to our seven UK University clients was also a key focus throughout 2021, where we saw a 15% increase in revenues through our Higher Education frameworks for catering, administration and facilities support staff.

We moved into Phase two of the Blue Arrow transformation programme, with a focus on creating efficiencies by operating physical and virtual offices and centralising support for key accounts through the Customer Success Hub. Set up in 2020, this initiative enhanced our delivery to key national accounts, reducing duplication across branches and enabling our Virtuosos to concentrate on their local markets and higher margin clients. In Phase two we moved more clients into the hub, adding to the 20 industrial and warehousing clients transferred in 2020. New customers included Hovis and Tesco where the provision of pre-Christmas resources has already extended into warehousing and distribution in some regions.

Rising demand for the services provided under our Tate brand including our new marketing, HR and finance staffing, meant that adjusted operating profit more than doubled year on year as a result.

HEALTHCARE

Our ability to collaborate across our brands enabled us to fulfil requirements at pace as we supported the national testing and vaccination programme. This enabled MGC to provide over 2,000 staff to fulfil our exclusive managed service contract awarded by the Department of Health and Social Care in December 2020 to support the national Covid-19 testing programme. We also supported the NHS via the vaccination programme for Buckinghamshire, Oxfordshire and Berkshire health authorities, where we have delivered three million vaccinations to date.

Our clinical expertise is underpinning the provision of an innovative insourcing service for University Hospital Leicester, where we are supplying an end-to-end service, delivered on the hospital premises, to help the NHS reduce its long waiting lists for elective procedures. A second similar contract has already been signed and is now live and this insourcing service offering will be a key driver of growth for 2022 for MGC.

Doctors on Call was merged into our Global Medics UK business, simplifying our operating structure. We are already the biggest supplier of locum doctors to the NHS and HSE and with demand for healthcare professionals outstripping supply in the UK our international placements division recruited over 1,100 overseas nurses in 2021 and have a pipeline in place to deliver more in 2022. We also added significant Staff Bank/MSP contracts to our portfolio at Cardiff & Vale, Central London Community Healthcare, Bristol & Weston and Cheshire & Wirral.

LOOKING FORWARD

Whilst we anticipate Covid-19-related revenue will reduce going forward, the extension of our major vaccination programme combined with the shortage of healthcare professionals, particularly the huge number of nursing vacancies, and the return of the catering market, will continue to drive demand in the UK. We expect our STEM and GMS businesses to go from strength to strength as we respond to talent scarcity across these disciplines and benefit from customer wins and expansion through 2022. Collaboration across our brands has yielded positive results this year and we see this as key to building our customer base in the year ahead.

Asia Pacific

The Asia Pacific region currently generates 6% of Impellam's global gross profit, largely from the Healthcare market in Australia and New Zealand through Medacs Global Group ('MGG') and the Guidant Global, Comensura and Flexy brands ('GMS').

OVERVIEW

Covid-19 continued to have a material impact on our staffing businesses across APAC due to frequent and prolonged lockdowns in states and territories across Australia and in New Zealand. Border restrictions limited candidate availability as doctors were unable to travel either inbound from overseas or internally as domestic borders closed. Demand from healthcare providers across Australia returned strongly in Q4 2021, once lockdown restrictions lifted in New South Wales and Victoria. Public sector revenue also began to recover. One of Impellam's largest global MSP contracts was signed with a global mining organisation, creating an important foothold in the private sector alongside two additional new managed services wins.

FINANCIAL PERFORMANCE

The region recorded a solid performance with revenue of £64.7m and gross profit of £18.0m both ahead of the previous year, with the decline in healthcare revenues mitigated by more resilient trading in managed services including the provision of Covid-19 tracers and vaccine administrators. This contributed to an 22.2% (19.9%*) increase in adjusted operating profit¹ to £2.2m. Positive trading for the first 12 months of the Flexy digital marketplace, the recovery of healthcare demand and initial revenues from the new private sector contracts bode well for a return to growth in the new financial year.

APAC	2021 £m	2020 £m	% change LF ¹
Revenue	64.7	59.9	5.9%
Gross profit	18.0	16.9	4.9%
Admin expenses	(15.8)	(15.1)	1.9%
Adjusted operating profit ¹	2.2	1.8	19.9%
Gross profit %	27.8%	28.2%	
Adjusted operating profit ¹ conversion ratio %	12.2%	10.7%	
Permanent fees %	8.2%	9.0%	

► **£64.7m**

Revenue for APAC in 2021.

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

STRATEGIC REPORT

Performance reviews continued

MARKET DYNAMICS

Border controls and falling net migration into Australia have led to a fall in worker population, creating candidate shortages that are being exacerbated as customer demand recovers. This is putting pressure on client budgets requiring new ways of working enabled via technology and greater appetite for digitalisation.

Candidates are now demanding more and some of our customers are increasing supplier margin to attract suppliers to work with them. The talent crunch is most pronounced in the medical profession with demand outstripping supply.

SUPPORTING OUR VIRTUOSO CULTURE

Investment in technology is key to freeing up our Virtuosos to spend more time on client relationships. Our proprietary systems such as c.net and Evo provide enhanced digital platforms to enable this. We continue to focus on training and development, introducing feedback and coaching sessions for our ComerSura teams and performance enhancement training for our Global Medics team leaders.

**“ONE OF IMPELLAM’S
LARGEST GLOBAL
MSP CONTRACTS
WAS SIGNED WITH
A GLOBAL MINING
ORGANISATION,
CREATING AN
IMPORTANT
FOOTHOLD IN THE
PRIVATE SECTOR
ALONGSIDE TWO
ADDITIONAL NEW
MANAGED SERVICES
WINS.”**

PORTFOLIO REVIEW

GMS

By diversifying into the private sector, we have started to expand our portfolio which in turn will increase our resilience going forward. This was spearheaded by the substantial global MSP contract with a mining organisation to provide 1 000 staff across all functions internationally, with a further managed services new business win with a large Australian chemical company.

This builds on our traditional, well-established public sector business where we have retained and developed our clients, for example, retaining 100% of our customer base at Comensura, including adding a returning client lost in 2020. In November 2021, we went live with the expanded New South Wales ('NSW') Communities and Justice Cluster which saw our revenue from this existing customer double to cover the supply of 950 staff and an extension of our services to include our first SOW contract.

Significant contract extensions include a four-year managed services contract with the Australian Capital Territory ('ACT') Government which now has the scope to expand into a SOW agreement during the extension period and a similar four-year extension with icare for NSW, the largest public sector insurer in Australia, which has now come under the umbrella of our NSW framework agreement.

Extending our digital platform included the successful launch of Flexy in 2020. In its first full year of trading in 2021, it closed the year with 3* local councils connected directly to good quality candidates in a digital marketplace, supplemented by a digital payroll service that has already been extended into four MSP clients in the region and the UK.

HEALTHCARE

In Australia, Global Medics is focused on transformation to equip the business with the resources and tools to prepare for future developments in the Australian medical recruitment market. During the year we brought together Medacs Nursing and Medacs Allied Health to create Medacs Australia. This has provided MGC with greater synergies and removed barriers to providing our customers with access to the skills and talents they need to deliver critical services.

Our most recent signing, Gidgee Healing - an Aboriginal Medical Service in Queensland - provides an opportunity for us to work with the local indigenous community for the first time. Collaboration between our Global Medics and Medacs Healthcare brands will supply doctors, nurses, and healthcare professionals for remote communities in North West Queensland.

LOOKING FORWARD

We anticipate a return to growth in our healthcare businesses as New Zealand opens up after a prolonged period of lockdown and Australian travel restrictions diminish. The strong drive to automate and deliver efficiency will increase demand for contingent labour in the public sector and we expect our revenue in NSW to increase. The private contracts secured in 2021 H2 will provide a springboard into expanding our presence in this sector, building a more resilient business in the region.

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

STRATEGIC REPORT

Chief Financial Officer's review

A strong financial recovery

INTRODUCTION

Revenue for the year was up 13.1% (14.7%*) and gross profit increased by 17.1% (19.5%*), reflecting the improved economic conditions that followed the impact of the Covid-19 pandemic in 2020 and the rising demand for temporary and permanent staff across our regions and segments in 2021. The recovery has been strong and improved throughout 2021, with gross profit in the second half of 2021 6.5%* above the same period in 2019, and the final quarter of 2021 11.3%* above the final quarter of 2019.

To support the growth, we invested in customer-facing staff adding 282 to our headcount in the second half of 2021. Despite this, headcount at the end of 2021 remained 77 lower than at the end of 2019. Our staff productivity (gross profit divided by FTE heads) was higher than in previous years and this, together with cost reductions in other areas, including travel, property and facilities, meant that adjusted operating profit¹ increased by 61.0% to £29.3m (2020: £18.2m). On a constant exchange rate basis the adjusted operating profit² was 2.0% below 2019. With no required intangible asset impairment charges this year, the Group recorded an operating profit of £19.5m (2020: loss £15.0m) which also exceeded the £13.9m reported in 2019.

The difference between adjusted operating profit³ and operating profit is reconciled on page 120 and relates to the amortisation of acquired intangibles.

GOVERNMENT SUPPORT

The Group received £0.4m of rates relief in the final quarter of 2020/21 and continued to administer the Job Retention Scheme ('JRS') for a small number of temporary staff we provide to clients. The net effect of these programmes on our gross profit and cost of sales was not material as these programmes were used to compensate the temporary staff affected. It allowed us to maintain these temporary colleagues on our payroll without charging these to clients and preventing the ending of their contracts.

Tim Briant
Chief Financial Officer

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

From a cash flow perspective, the Group repaid £33.1m of the VAT payments deferred from 2020, leaving £3.3m to be repaid in the first quarter of 2022. In the US, the first instalment of \$8m (£5.8m) of federal tax deferred under the CARES initiative was repaid, with the second instalment due in December 2022.

FOREIGN EXCHANGE

Currency movements against Sterling adversely impacted our reported performance, largely due to the strengthening of Sterling against the US Dollar. Over the course of the year to December 2021, the total impact of exchange movements on gross profit and adjusted operating profit² were £4.9m adverse and £1.3m adverse, respectively. Fluctuations in the rates of the Group's key operating currencies versus Sterling continue to represent a sensitivity for the reported performance of our business. By way of illustration, each 1% cent movement in annual exchange rates of the US Dollar impacts gross profit by £0.6m per annum and adjusted operating profit² by £0.1m per annum. The rate of exchange between the US Dollar and Sterling over the year ended 31 December 2021 averaged US\$1.3757 (2020: US\$1.2840) and closed at US\$1.3536 (2020: US\$1.3494). As the Group expands further in overseas territories the impact of changes in exchange rates will be greater.

CAPITAL INVESTMENT

Capital expenditure on tangible and intangible fixed assets in the period was £5.8m (2020: £3.5m), as we recommenced investment in our core systems to further digitalise the business, following a freeze on non-essential capital expenditure in 2020. In 2021 our core systems project involved moving away from on-premises servers to the cloud, which also allowed us to exit an on-premises back up site. In addition, we began our digital programmes to deliver new front office, bill and pay systems, as well as global finance and HR systems, scheduled for full implementation in 2022. We also continued investment in our proprietary vendor management systems ('VMS') and the development of our digital platform, Flexy which was deployed in Australia. The net repayment of finance leases amounted to £7.2m (2020: £8.3m).

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

NET CASH GENERATED FROM OPERATING ACTIVITIES

£10.2m
(2020: £94.5m)

* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

NET DEBT BEFORE IFRS 16^A

£15.0m
(2020: £4.1m)

For more information:
Glossary: page_122

STRATEGIC REPORT

Chief Financial Officer's review continued

INTEREST AND DEBT

Net cash generated from operations during the period was £10.2m (2020: £94.5m). In 2020, cash generated from operations benefited from £48.0m of deferred tax payments and £38.9m of these were repaid in 2021. Excluding the impact of these tax deferrals, cash generated from operations was £49.1m (2020: £46.5m). Excluding deferred taxes, the conversion of adjusted operating profit¹ to net cash generated is 167.6% (2020: 256%). Cash generation from operations was further supported by an improvement in Days Sales Outstanding ('DSO') which stood at 35.4 days (2020: 37.1 days) at the end of 2021.

Finance expenses were lower than the prior year at £4.3m (2020: £5.7m). Lease interest was lower at £0.6m (2020: £0.8m) and interest cost on financing facilities fell to £3.5m (2020: £4.6m) as a result of reduced borrowings through the year. At the balance sheet date net debt², excluding the adjustments for IFRS 16, was £15.0m compared to £4.1m in 2020, an increase of £10.9m. From the end of 2019, net debt² has reduced by £57.3m (a £49.7m reduction when excluding the remaining deferred tax repayments). Including IFRS 16 adjustments net debt² was £31.5m (2020: £26.3m). In addition to the positive operating cash generation reducing the underlying net debt², we have continued to actively manage our property portfolio with a net reduction in our lease liability of £7.2m from 2020. The net cash flow from operations was primarily utilised as follows:

- Investment in fixed assets and software development: £5.8m
- Net lease repayment: £7.2m
- Share buybacks: £1.9m
- Net interest paid on borrowings and leases: £3.9m.

The Group's operations are financed by retained earnings and bank borrowings. With the benefits of the strong operational cash flow the Group replaced the existing £240m global revolving credit facility ('RCF') with a new facility agreement in December 2021. This £182.5m RCF has an accordion element of an additional £40m which is available for three years with options to extend for a further two years. The new facility also includes the appropriate replacements required following the end of LIBOR. This provides the Group with the flexibility to fund its working capital as well as future potential acquisitions. Rates of interest for the RCF are based on SOFRA/SONIA plus a margin calculated on the net debt² to adjusted EBITDA² leverage. The RCF also includes a letter of credit facility which amounted to £3.0m (2020: £3.2m) at the end of 2021.

The Group takes advantage of a number of nonrecourse supplier finance arrangements organised by clients of the Group to allow for the acceleration of payment of the Group's receivables. At the end of 2021, these amounted to £8.2m received for invoices not yet due for payment (2020: £6.3m).

These agreements accrue interest at between 0.65% and 1.75% over SONIA applied to the number of days the drawdown takes place before the due date. During 2021, the Group paid less than £0.1m in other interest (2020: less than £0.1m).

A significant priority for the Group remains the focus on the conversion of operating profit into sustained positive cash flow by controlling working capital. The Group measures three covenants as required by the facility – interest cover, adjusted leverage ratio (defined as net debt² less loan notes and restricted cash to adjusted EBITDA²) and debtor cover. All covenants were met during the year. Borrowing levels are controlled by the Group Finance department, which manages treasury risk in accordance with policies set by the Board.

The Group's financial liabilities are denominated primarily in Sterling. Exposure to currency risk at a transactional level is generally minimal, with most transactions being carried out in local currency.

TAXATION

The tax charge in the period of £7.1m (2020: £1.0m) represents an effective tax rate of 45.8% (2020: -4.9%) and arises on the Group's activities in the UK and overseas. The higher effective tax rate is driven by non-deductible expenses and remeasuring and recognising deferred tax in the UK at 25%. Finance Act 2021 increases the UK corporation tax rate from 19% to 25% effective 1 April 2023 for companies with profits in excess of £0.25m. Under IAS 12, deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

The Group's contribution to the UK Treasury in the period amounted to £331.9m (2020: £212.3m) and consisted of VAT, income tax, national insurance and corporation tax. Of this amount, employer's national insurance, apprenticeship levy, irrecoverable VAT and corporation tax totalling £37.7m (2020: £24.5m) was a cost to the business.

EARNINGS PER SHARE

Continuing basic earnings per share increased to 18.3p (2020: Loss (46.2)p) as underlying profit after tax from continuing operations increased by £29.7m.

The weighted average number of shares in 2021 was 45.5m, 0.7m lower than 2020 due to the ongoing share buyback programme. Continuing adjusted earnings per share increased to 35.3p (2020: 18.2p) and reflects the underlying performance of the business, excluding impairment and amortisation of acquired intangibles and their respective taxation impact.

CAPITAL MANAGEMENT

The Group's capital base (note 27) is primarily used to finance its working capital requirement, the key component of which is trade receivables. Trade receivables in the staffing and support services sectors are managed according to a range of DSO targets. Terms of trade are monitored, and the approval of extended payment terms requires senior finance involvement. In some of the Group's Managed Services businesses, the amounts payable to third party suppliers are not due until shortly after the receipt of the client receivable. As noted above, the Group has committed facilities that ensure there is sufficient liquidity to meet ongoing business requirements. The primary objectives of the Group's capital management are to ensure that it maintains a good credit rating in order to support its business, maximise shareholder value and to safeguard the Group's ability to continue as a going concern.

GOING CONCERN

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In coming to their conclusion, the Directors have considered the Group's profit and cash flow plans for the coming period. The amount of borrowing required to fund the Group's activities is determined based on these projections, together with expected returns to shareholders and planned capital expenditure. This is then compared to the bank lending facilities currently committed and expected to be available to the Group.

Also considered is the projection of compliance with the financial covenants implied by these plans. In addition, these figures are tested for sensitivity to possible changes to the economic environments in which the Group operates. The Group has no operations in Ukraine or surrounding regions and therefore there is no direct impact on the Group's trading. However, any indirect impact, such as a worsening in economic conditions, would represent such a sensitivity.

The impact on Group liquidity and covenants of each of these sensitivities is then evaluated together with the likelihood of each of these occurring either individually or in combination. On a regular basis, and at least quarterly, the Board reviews updated projections of future borrowing requirements, facility usage and resulting headroom, together with projected covenant compliance: these are based upon the latest actual results and borrowing position supplemented by regularly updated profit forecasts. Based on the above, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

DIVIDENDS AND SHARE BUYBACK

In January 2021, the Board announced a reduced share buyback programme, to purchase Ordinary Shares in the Company up to an aggregate market value of £0.5m per calendar month until the next AGM which was held in June 2021. Under this programme 466,753 shares were purchased at a total value of £1.3m.

An updated programme was approved at the AGM authorising the Board to purchase up to a maximum of 4,560,363 shares, representing 10% of the issued Ordinary share capital of the Company (as at 17 May 2021) until the earliest of the 2022 AGM or 30 June 2022. Under this programme, 141,849 shares were purchased during the period at a total value of £0.6m. No dividend has been paid or is proposed for the year (2020: £nil).

INSURANCE

The Group maintains a comprehensive insurance programme with several reputable third party underwriters. Insurance is brokered at a Group level. The Group's insurance policies are reviewed and updated annually to ensure that there is adequate cover for insurable risks and that the terms of those policies are optimised.

OUTLOOK

2021 has seen a significant recovery in trading in our regions and segments from the sharp declines experienced in 2020. We maintained our focus on cost management whilst making investments in revenue-generating headcount to drive further growth in 2022. Operational cash flow was strong with further improvements in DSO which enabled an underlying reduction in borrowings and facility levels. This provides a strong liquidity position for 2022. The strategic disposal of Corestaff in February 2022 and the cash received will further bolster this position. Trading as we exited 2021 was above pre-pandemic levels and this has continued in the first few months of 2022. Investments in our core systems and the subsequent deployment will also enable our teams to deliver further productivity gains.

We started 2022 positively, whilst being mindful of possible economic headwinds, government fiscal easing, tax increases, inflationary pressure, potential interest rises, as well as acute talent shortages, these have now been overshadowed by the events in Ukraine and the resulting political and economic instability. Though we do not trade within the affected region, the global economic impacts and knock-on effect to our markets at this time is uncertain.

STRATEGIC REPORT

Principal risks

We recognise that effective risk management is fundamental to delivery of the Group's strategic objectives. Each business segment considers strategic, operational and financial risks on a regular basis, evaluates existing controls and identifies further actions required to mitigate risks. Risks that are considered significant at Group level are set out below.

THREAT	MITIGATION	STATUS
STRATEGIC RISKS		
ECONOMIC ENVIRONMENT		
<p>Global and regional economic conditions can be affected by numerous factors including political change or unrest, pandemic disease and weather events.</p> <p>There continues to be economic uncertainty in most nations due to the Covid-19 pandemic and Ukrainian conflict which is clearly a significant risk to our ability to maintain and grow gross profit, either through reduced requirements for temporary staff, by discouraging clients to hire permanent staff or by encouraging clients to adopt lower cost delivery options.</p> <p>As a result of the pandemic and the conflict in Ukraine, we are now seeing rising inflation and interest rates which will cause more uncertainty for clients and candidates.</p>	<p>Geographical diversity and the Group's mixed portfolio of Managed Services and Specialist Staffing businesses mitigate the potential impacts of economic changes in specific regions. Risk is further mitigated by the diversity of sectors in which the Group's clients operate and close management of operating costs across all brands and functions.</p> <p>The diversity and mixed portfolio of the Group has also supported resilient performance during the Covid-19 pandemic. Some of our clients and sectors have been able to operate relatively unaffected whilst others had to close during lockdown periods.</p> <p>Wage inflation will be incorporated into our billing rates, pricing strategy and governance where it is not already included in the contract.</p> <p>We have completed our refinancing to December 2024. This provides a level of fixed interest rate costs over this period.</p>	H
POLITICAL ENVIRONMENT		
<p>During the pandemic regional governments applied varying financial stimuli. Countries are now reducing these through fiscal easing and tax rises (for example, the NI increase in the UK from April 2022).</p> <p>There is also increased political uncertainty in Eastern Europe, particularly with the current conflict in Ukraine which could have wider consequences for Western Europe.</p> <p>In the public sector ongoing financial constraints may limit growth and/or create pressure on margins on existing business.</p>	<p>Management continues to monitor the situation and client contracts allow all state-related pay increases to be charged on.</p> <p>The Group continues to monitor political-related exposures and developments and communicate with clients, employed staff and candidates where applicable. The Group has no operations in Ukraine or surrounding regions so there is no direct impact on our trading at this time.</p> <p>Though there may be contraction in some public spending, areas such as Health are expected to increase. Our diverse portfolio allows us to pivot our services to support public sector demands.</p>	M
ATTRACTING AND RETAINING TALENT		
<p>Any constraints on the Group's ability to attract and retain key talent in an increasingly competitive market could result in loss or weakening of client relationships, lack of appropriate leadership and/or erosion of the Group's talent base, impacting achievement of financial and other objectives.</p> <p>Wage inflation is increasing for both colleagues and candidates and we must ensure the business operates in line with market expectations.</p> <p>Planned business transformation initiatives will create a need for new skill sets in the Group in the medium term. Factors such as Brexit and changes to UK immigration rules may impact on the availability of talent more generally. In addition, the impact of Covid-19 on travel has restricted the movement of overseas workers creating shortages in some markets.</p>	<p>In 2021, to support investment in our people, we developed an ambitious three-year People Strategy. Significant leadership appointments were made in the areas of culture, equity, diversity and inclusion ('ED&I'), talent acquisition and development and reward and recognition.</p> <p>The Group's high-retention business model ensures that brands and central functions are focused on talent management and development, performance review and succession planning.</p> <p>Leadership development programmes are in place and the Group's culture of Virtuosity encourages talent development and progression.</p> <p>The Group's ED&I policy is outlined on page 39.</p>	M

Risk trend

H: High risk

M: Medium risk

L: Low risk

Increased compared to 2020

Stable compared to 2020

Decreased compared to 2020

THREAT	MITIGATION	STATUS
<p>CUSTOMER CONCENTRATION</p> <p>General decline in a particular industry sector, loss of a key customer or a significant reduction in business volume on a key account could result in reduced revenue and/or increased pressure on gross profit. The Covid-19 pandemic has created significant economic uncertainty for our clients.</p>	<p>Management review market conditions and sales and account management pipelines on an ongoing basis. Top customer reporting includes analysis by sector and geography, highlighting any emerging exposures.</p> <p>Management also hold regular meetings with key customers to discuss sales pipelines, current service performance and opportunities to add new service lines or extend existing services. All clients are vetted and credit checked prior to trading, and we hold credit insurance across the Group.</p>	H
<p>DELIVERY OF STRATEGIC PROJECTS</p> <p>The Group is committed to investing in a range of strategic transformation projects that will drive revenue growth and/or improve operational efficiency. Failure to operate a rigorous control and oversight of such projects may result in returns on such investment being lower than expected.</p>	<p>Strategic projects, each owned by a senior leader directly accountable to the Group CEO, are managed using a promise management platform (Mosaic).</p> <p>A Group PMO oversees and governs our key strategic projects. An assurance programme reports to the Audit Committee to ensure delivery of our IT Roadmap.</p>	M
<p>DISRUPTIVE TECHNOLOGY</p> <p>Use of digital technologies in the recruitment market is expanding rapidly and disrupting traditional people-based processes. This trend is expected to accelerate as new technologies are developed and enable new ways of working.</p> <p>The relevance of relationships between candidates, clients and recruitment agencies is declining and any failure by the Group to adapt its business model appropriately could lead to competitive disadvantage.</p>	<p>The Group actively monitors and assesses emerging technologies through both iT and Origin, our innovation hub. The Origin team works closely with the Virtuoso Alliance, iT and across regions. Origin runs pilots and experiments and partners with new service providers.</p> <p>Now under single global leadership, Digital & Innovation brings together our customer-facing technology solutions under one compelling proposition. We continue to invest in proprietary technology and third party partnerships.</p> <p>The Group began implementing the strategic IT Roadmap during 2021, with key deliverables due in 2022. The 'Digital Core' is a substantive rolling replacement for all of our sales, operational and finance systems.</p> <p>We completed the first phase of this programme during 2021 with initial deployment to business users in Q4, to be followed by a roll-out programme leading to substantial completion by the end of 2022. We also moved many of our existing systems to the cloud and exited a large on-premises data centre saving property and technology costs.</p>	M

STRATEGIC REPORT

Principal risks continued

THREAT	MITIGATION	STATUS
OPERATIONAL RISKS		
<p>TECHNOLOGY SYSTEMS</p> <p>The Group is reliant on many different technology systems that may have limited useful life in a fast-changing business environment. The legacy nature of some systems may also hinder optimisation of end-to-end business processes.</p> <p>Systems may also be vulnerable to factors beyond the Group's control, e.g. power failures or internet connectivity outages.</p>	<p>The Group has a stable systems infrastructure and an ongoing IT investment programme. Core systems are replicated across two geographically separate data centres and regular monitoring of systems performance is undertaken.</p> <p>In 2021 the Group also introduced an IT Governance process.</p>	H
<p>CYBER AND INFORMATION SECURITY</p> <p>The risk of external cyber-attacks continues to increase. A successful attack could result in loss of sensitive data, business disruption and/or damage to the Group's reputation.</p> <p>The ongoing political situation in Eastern Europe has increased this risk to NATO member countries.</p>	<p>A programme to enhance security of the Group's systems against cyber-attack has been implemented. Ongoing monitoring is in place and regular exercises are undertaken. A cyber-security upgrade is under way and Cyber Essentials Plus certification was achieved in 2021. The Group is already ISO 27001 and Cyber Essentials accredited.</p> <p>GDPR was implemented across the relevant parts of the Group in 2018 and annual training courses have to be completed by all staff to ensure compliance with GDPR and cyber policies.</p>	H
<p>BUSINESS CONTINUITY</p> <p>A major disruptive event, such as a fire, severe weather or the current Covid-19 pandemic affecting one or more of the Group's operating locations, could lead to loss of business and/or adverse impacts on staff and assets.</p> <p>The current focus on Covid-19 means attention is diverted from other potential business critical risks.</p>	<p>Comprehensive systems and operational business continuity plans are in place and tested on a regular basis. These are updated at least annually.</p> <p>Following the Covid-19 pandemic, the Group has had two years of working in a hybrid remote environment which has demonstrated the resilience of the business and ability to implement its business continuity plans.</p>	M
<p>SERVICE AND CONTRACTUAL COMPLEXITY</p> <p>In certain markets, the Group's clients are becoming increasingly sophisticated in their procurement and buying activity.</p> <p>Competitive tendering activity and commercial contracts are becoming increasingly complex with longer lead times in decision making. This necessitates constant development of the Group's service offer, the sophistication of our selling activities and the management of tendering processes.</p> <p>Complexity and changing client requirements also present challenges around measuring and monitoring service delivery and compliance with contract SLAs.</p>	<p>The Group has a standardised contract review process in place involving operational, commercial and legal oversight.</p> <p>The Group also continues to invest in specialist resource to support business development, implementation and service delivery activities.</p>	H

Risk trend

H: High risk

M: Medium risk

L: Low risk

Increased compared to 2020

Stable compared to 2020

Decreased compared to 2020

THREAT	MITIGATION	STATUS
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REGULATORY, COMPLIANCE AND FINANCIAL RISKS**REGULATORY ENVIRONMENT**

Regulatory changes can lead to increased costs and workload, particularly where they relate to candidates' rights, eligibility to work or corporate reporting, e.g. payment practices, diversity.

The extension of Off Payroll Working regulations to the private sector in the UK in April 2021 has caused some short-term disruption as both clients and contractors adapted.

Expansion into new geographies in support of clients' needs brings exposure to unfamiliar regulatory environments.

Legal, Finance and Compliance functions at both Group and brand levels monitor risks and compliance, taking appropriate action where necessary.

Appropriate policies and codes of conduct are in place across the Group and regular training is provided to colleagues.

Process and system changes required to ensure effective management of Off Payroll Working changes have been identified and are being implemented.

External professional advice is sought where insufficient knowledge exists within the Group.

M

CASH AND LIQUIDITY MANAGEMENT

Poor cash and liquidity management may result in strain on the Group's credit facilities and/or operational cash flow issues.

The Covid-19 pandemic has created significant economic uncertainty for our clients which could impact their ability to settle outstanding liabilities.

The Group has a central Treasury Function in place with regular forecasting, reporting and review procedures.

The Group also maintains a revolving credit facility with a syndicate of banks to provide additional flexibility in its funding arrangements. This was renewed at the end of 2021.

A Group Credit Policy sets out the policies and procedures that must be implemented across the Group to mitigate credit risk.

M

FINANCIAL CONTROL

A failure of financial control could lead to a material loss to the business.

The Group operates several shared services arrangements where transaction processing and management accounting are independent of operations.

A clearly defined schedule of delegated authority limits for various types of decisions and transactions is in place and appropriate segregation of duties is maintained in all finance processes.

Key business processes are subject to periodic internal audit review with clearly defined action plans established to address any control weaknesses.

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STRATEGIC REPORT

Stakeholder engagement and our S172 statement

INTRODUCTION

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision-making. We believe we have a history of collaborative, informative stakeholder engagement, making decisions based on long-term success, and we maintain governance structures and processes that support good decision-making.

This section articulates how the Directors have acted to promote the success of the Group for the benefit of its stakeholders. In meeting this responsibility, the Directors have had regard, amongst other matters, to:

- the likely consequences of any decisions in the long term;
- the interests of the Group's colleagues;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and environment;
- the Group's reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

STAKEHOLDER ENGAGEMENT

Impellam's stakeholders are clients, candidates, colleagues, suppliers, investors and lenders and the Board recognises the need to regularly engage with its stakeholders as it makes decisions. We develop and encourage long-term relationships with our stakeholders based upon Impellam's vision 'to be the world's most trusted staffing company – trusted by our people, our clients and our investors in equal measure'.

As part of this vision, our stakeholders' interests are at the forefront when the Board of Directors set the strategic priorities of the Group. The strategic priorities: Enabling our Virtuosos; Transforming our Portfolio; and Improving Resilience - include consideration of the key stakeholder groups and how we engage with them.

In addition to regular stakeholder engagement, as the Board of Directors, our intention is to take into account our operational impacts on the community and environment, and our wider societal responsibilities, in particular, how we impact the regions we serve. We support our communities by finding them good work, supporting local corporate social responsibility initiatives and ensuring our impact on the environment is minimal, as demonstrated by our ISO 14001 accreditation.

PRINCIPAL DECISIONS IN 2021

The Board considered the interests of, and the impact on, all stakeholders when making a number of key decisions during the year, as demonstrated by the following examples.

REGIONAL COVID-19 LOCKDOWNS

During 2021, regional lockdowns continued in the UK (Q1) and APAC and we maintained operational capacity throughout these periods of remote working before reopening our offices safely.

Stakeholder considerations:

Colleagues

We continued the processes implemented across the Group in 2020 to ensure our colleagues had the equipment and infrastructure required to work from home or in our offices.

We committed to supporting our colleagues where they need access to an office environment to work from, or the ability to interact in person with colleagues safely. As local guidance was released regarding opening of offices, we reviewed this in detail and assessed each office against these requirements and undertook the necessary steps to make them 'Covid-19 safe'. We then prioritised which offices could reopen and identified the colleagues who could use them.

Whenever the local guidance changed, immediate action was taken to ensure we were operating within the updated rules. We offered continued support to our colleagues who continued to work remotely.

Suppliers

Our property team worked with our landlords where necessary to ensure each property was Covid-19 safe prior to reopening.

Clients, candidates, investors and lenders

By keeping our people safe in their working environment, we continue to meet client requirements, support our candidates and deliver effective business results throughout the pandemic.

Outcome

Our offices have opened safely where possible, enabling suitable working environments for those who cannot work remotely. We continue to review our property requirements and are actively reducing the number of properties in our portfolio.

BLENDED WORKING

Following the regional lockdowns due to Covid-19, the Group reviewed its policy on work locations and the positive impact of working from home.

Stakeholder considerations:

Colleagues

There have undoubtedly been operational, financial and environmental benefits from enabling our workforce to work remotely during the pandemic. However, our people also thrive on face-to-face interaction, building collaboration and rapport. In addition, some individuals have struggled from a wellbeing perspective throughout this time.

We undertook a number of colleague surveys to understand how people were coping as well as equipment and infrastructure requirements. This helped to understand how we could support our colleagues and develop longer-term plans in the interests of our colleagues, customers and candidates.

Clients and candidates

We have ensured that by allowing blended working we continue to meet our clients' and candidates' requirements.

Investors and lenders

By ensuring our colleagues have the right blend, we have increased productivity and reviewed our property requirements, delivering both cost savings and gross profit growth. This will drive increased shareholder value and enable us to continue to meet our cash flow targets and manage our lender requirements accordingly.

Outcome

We have offered all colleagues the opportunity to adopt blended working, allowing them the flexibility of working from home, at clients' sites and in our offices.

CORE SYSTEMS

Following the decision in 2020 to accelerate the transformation work, the Board agreed to invest in IT core systems. This investment will update systems across the Group in both front and back-office applications.

Stakeholder considerations:

Colleagues

The main driver to improve the core systems is to free up our Virtuosos so they can spend more time with clients and candidates and deliver the Virtuoso operating model.

Clients, candidates and suppliers

The investment in core systems will ensure the Group is easier and quicker to deal with, generating efficiencies across the supply chain, candidate journey and ensuring our clients never have a reason to leave.

Investors and lenders

The investment in core systems will improve our digital infrastructure, enhance our security and improve our efficiency.

Outcome

The IT Core Systems project was launched in 2021 across the Group. Key go live dates start in Q1 2022, with a new pay/bill system for the UK STEM brands and the global finance system in APAC.

SALE OF CORESTAFF

On the 24 January 2022 we announced the sale of Corestaff our US-based Light Industrial brand to swipejobs Inc., a US private digital staffing business.

Stakeholder considerations:

Colleagues

By combining market-leading technology with the deep heritage and staffing know-how of the Corestaff teams, the transaction allows Corestaff to expand its service offering and reach in a highly competitive market.

Clients, candidates and suppliers

The transaction will give enhanced geographic reach to our clients, candidates and suppliers and continue to deliver effective services and results.

Investors and lenders

The proceeds of the sale will be used to pay down net debt to fund additional investments, therefore returning value to our shareholders and managing our lender requirements.

Outcome

Due to the scale and limited geographic footprint of Corestaff in North America, we consider our colleagues and clients will benefit from enhanced geographic reach for their light industrial staffing requirements coupled with an accelerated digital transformation brought about by the sale.

STRATEGIC REPORT

Stakeholder engagement and our S172 statement continued

STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT	HOW WE ENGAGE
Clients	We work with our clients to find people for good work to help them build better businesses. We retain them, continuing to understand their evolving requirements.	We review client satisfaction and our performance either quarterly, biannually or annually. This is supported by feedback via face-to-face meetings, Net Promoter Scores and surveys.
Colleagues	Our colleagues are fundamental to the delivery of our vision, mission, strategic and financial promises to our stakeholders.	Our mechanisms for engaging with colleagues include: a shadow board, the Virtuoso Alliance colleague councils across the Group, surveys, Net Promoter Scores and Best Companies surveys, and our communication and collaboration platform, Workplace, town hall meetings and our global newsletter, Strategy in Action.
Candidates	Our mission as a business is to 'provide a sense of purpose and fulfilment for our people to help our customers build better businesses in a changing world' which includes the candidates we provide to our customers.	We engage with our candidates through face-to-face and virtual meetings and by using Net Promoter Scores, real-time feedback and surveys, via our websites and apps that digitise the job-seeking process.
Suppliers	We depend on a myriad of partners to meet our needs - whether they are supplying stationery or sourcing workers for our programmes. We place the highest expectations on our supply chain and, in turn, we treat them as real partners.	All suppliers are expected to abide by our Supplier Code of Conduct. In 2020, we introduced audits of key suppliers not only to measure their progress against the Code of Conduct but also to give them coaching and guidance, where necessary, in achieving the standards we expect.
Investors and lenders	Access to capital through the capital markets and our lenders is important to the long-term success of our business.	<p>The Board has regular meetings with our institutional investors and lenders to explain the Company's strategy, progress and plans, and to share how we are addressing market challenges. Due to Covid-19, these meetings have continued through online forums rather than in person.</p> <p>The Annual General Meeting is open to all investors.</p> <p>Shareholders can view relevant information about Impellam in the Investors section of impellam.com.</p>

Responsible business report

Responsible Business

Our commitment to sustainability underlines our responsibility to build long-term value for all our stakeholders, supported by sound policies, good governance and positive actions.

PEOPLE AND CULTURE

Colleague engagement and communications

All 2,900 Impellam people across the world are connected by Workplace, an internal communication and collaboration network. Workplace combines the structure of a traditional intranet with the capabilities of Enterprise-wide Social Networking software: a place to organise and disseminate information securely, and also a place for our people to connect, communicate and collaborate. The Group CEO holds quarterly town hall meetings across the Group and connects with all 2,900 people on a regular basis through Workplace, using video and written updates, wellbeing check-ins, a monthly newsletter, live Q&A sessions, and other multimedia to provide strategic information and financial updates. Covid-19 has changed the way we work, and as a consequence we have increased the frequency and media we use to communicate with colleagues. Our managers hold regular 1:1 meetings with their people, team meetings, and wider business area conferences and Town hall meetings to facilitate sharing of information, consultation and two-way communication, supported by tools like OpenBlend.

The Virtuoso Alliance (our shadow Board) operates alongside the Leadership Team to provide opinions, ideas, insight and observations on the world in which we operate. Its purpose is to make sure the Group CEO and the Leadership Team remain connected to our colleagues and in turn our customers and candidates. The Impellam communications model and associated technology means we can connect with our colleagues quickly, wherever they are. The platform and communication strategy facilitates faster knowledge-sharing, communication and collaboration. This dynamic approach to communications is key to our strategy and culture of enabling our Virtuosos to achieve our vision of becoming the world's most trusted staffing company.

Covid-19 and our people

Our response to Covid-19 in 2020 provided a robust and flexible way of working which continued through 2021. We adopted a blended working model which enabled our people to work in the office, at home and on our client sites as and when needed. We were careful to gather feedback throughout the year to ensure our people were supported. We've continued to invest in mental health and wellbeing support by making available the Calm app, and in recognition of our colleagues' hard work amidst the challenges presented by the pandemic and an unprecedented increase in demand from customers we gave our people two extra days off.

Equity, Diversity and Inclusion ('ED&I')

We actively encourage diversity in the workplace and have a wide and varied colleague base, with a variety of social and ethnic groups represented at all levels of the business. We believe that breaking down the barriers that have traditionally restricted access to the labour market will encourage job opportunities for all. Our global Impellam Group ED&I team includes representation from our key regions: North America, Australia and New Zealand, and the UK & Europe. Under the direction and leadership of the Group CEO and newly appointed Head of Culture and Fulfilment, it brings together leadership and governance balanced with Group-wide, regional and brand-specific actions. Our strategy is based on data, qualitative intelligence from a global survey along with participation from regional committees, and aims to make Impellam a more diverse and inclusive business wherever we operate.

Our progress received several accolades in 2021. For the second year running, Everest Peak Matrix recognised Guidant Global and Lorient for Diversity and Inclusion in the 2021 TALINT International Awards. ED&I is firmly on our agenda: Guidant's award-winning Influence programme is helping clients with their ED&I strategies and to drive positive change.

STRATEGIC REPORT

Responsible business report continued

Training

We provide our people with a multifaceted and agile development pathway to enable high performance and increase retention of our people and customers alike. We focus on freeing our people from old habits, unlocking their potential and enabling them to thrive through change. We reinvigorated our Mental Health and Wellbeing network with mental health first aiders supporting our people globally, along with campaigns running through Workplace every week to signpost advice, helplines and the contact details of trained colleagues who are well placed to help and listen. Our people also had access to Gladis, our online training platform as well as live virtual and physical sessions.

Our culture of Virtuosity

At the heart of our integrated, collaborative business model is a virtuous circle of making and keeping promises, engendering trust and loyalty. By keeping our promises, we retain clients, candidates, colleagues and investors for longer, and reap the benefits of that longevity. Our culture of Virtuosity is created by passionate people who are committed and driven to find better ways to deliver the right solutions. We make sure that 'the beautiful basics' are in place and deeply embedded in all of our businesses, all of the time.

Modern slavery

As part of the Group's mission to find people fulfilling work, we strongly oppose modern slavery in all its forms and will try to prevent it by any means that we can. We expect anyone who has any suspicions of modern slavery in our business or our supply chain to raise their concerns without delay. In line with the Modern Slavery Act 2015, we annually review internal and external measures to ensure we are doing what we can to prevent slavery and human trafficking in our businesses and in our supply chains. Our policy is available on our website at www.impellam.com.

Health and safety

We are committed to meeting all the requirements of relevant health and safety legislation. Formal policies are in place throughout the Group and they are reviewed regularly and updated to reflect changes in legislation and best practice. The Group requires all colleagues to comply with these.

Anti-bribery

We have a commitment to carrying out business fairly, honestly and openly. We also have zero tolerance towards bribery. Our Bribery Policy is in place to provide relevant guidance and information to all our people in compliance with the law relating to bribery and corruption, in particular the Bribery Act 2010. We are determined to maintain our reputation as a business that will not tolerate fraudulent or corrupt dealings – whether they are attempted against us from outside, from within our own workforce, or towards our clients or suppliers.

Community

Impellam people work extensively with their local communities. This includes supporting national and local charities through volunteer work and raising funds.

ENVIRONMENT

Although we are a service-based organisation with no manufacturing facilities and limited transportation requirements, we are still committed to following environmental best practices in the day-to-day conduct of our business. This includes the use of sustainable and/or recyclable materials when available. A regular review of the potential impacts on the various businesses is undertaken and parts of the Group have achieved accreditation to ISO 14001 in relation to their environment management systems.

2021 energy and carbon reporting.

This year we have calculated our environmental impact across Scope 1, 2 and 3 (selected categories) emission sources for the UK only. Our emissions are presented on a location basis (using the UK grid emissions intensity), and our emissions are 969,995 kgCO₂e (2020: 1,082,778 kgCO₂e), which is an average impact of 582 kgCO₂e per £m revenue (2020: 715 kgCO₂e per £m revenue). We have calculated the emission intensity metrics on a revenue basis, which we will monitor to track performance in our subsequent environmental disclosures. The methodology used to calculate the Greenhouse Gas ('GHG') emissions is in accordance with the UK Government CHC Conversion Factors for Company Reporting (2021).

Energy and carbon action

Our focus in the past year has been to both rationalise our property footprint and to extend and encourage working behaviours which were accelerated at the start of the pandemic in 2020.

Our overall property footprint continues to decrease as leases expire: where the need for a physical location remains, we have looked to shared spaces which can be used across the business, relocate to more modern and energy-efficient sites and utilise flexible working spaces where it is more practicable to do so.

Our strategy of increasing resilience by investing in technology has enabled us to embed new ways of working within the business which has seen our Scope 1 travel emissions reduce by 35%, despite an easing of travel restrictions from the previous year. Similar or greater reductions are also seen in our other non-reportable Scope 3 emissions.

Whilst not directly effecting the Scope 2 reporting, the UK businesses completed their switch to purchasing 100% renewable electricity generated only through wind, solar and hydro for all of its UK operations

Work will continue in certifying our carbon neutral strategy to PAS2060 to achieve our objective of achieving carbon neutrality for our entire UK business by the end of 2022.

► 969,569kg CO₂e

Our 2021 emissions which is an average impact of 582 kgCO₂e per £m revenue.

► 35%

Reduction in Scope 1 travel emissions.

In tandem, the business will also commence the development and delivery of a formal Carbon Net Zero strategy. In support of both initiatives, we shall be launching a new Electric Vehicle Salary Sacrifice Scheme in early 2022, available to all UK employees, which by utilising government incentives and achieving economies of scale through Group purchasing will provide access to electric vehicles at a much-reduced cost for all colleagues. The additional benefit of this scheme will be to accelerate the reduction of both Scope 1 and Scope 3 vehicle emissions over the coming years. We shall continue to refine our property portfolio in line with our existing strategy and in conjunction with our developing hybrid working initiatives, as well as launching a formal engagement project with all UK colleagues on our environmental plans and actively seek their contributions as to how we achieve our objectives.

Task Force on Climate-related Financial Disclosures ('TCFD')

TCFD reporting is important to effective ESG and climate risk management. It will also help us to meet the growing stakeholder demand to understand how climate change could affect Impellam, as well as the effects our operations have on the climate. In 2021 we have taken initial steps on the roadmap to TCFD reporting and this activity will be continued throughout 2022. The Group will continue to monitor the significance of climate-related risks (including existing and emerging regulatory requirements), implement mitigating activities, and disclose in line with materiality to the Group. At present, these risks are not considered to have a material impact for the Group.

Emissions and energy usage

	Emission Source	2021	2020
Scope 1 (kgCO ₂ e)	Natural gas Company and leased vehicles Heating oil	99,656 236,261 0	154,496 306,146 5,516
Total Scope 1 (kgCO₂e)		335,917	466,158
Scope 2 (kgCO ₂ e)	Electricity	576,976	557,263
Scope 3 (kgCO ₂ e)	Colleague cars	55,102	59,357
Total kgCO₂e		969,569	1,082,778
Total energy usage (kWh)		4,631,709	4,904,605
Normaliser	KgCO ₂ e per £m revenue	582	715

This Strategic Report from pages 1 to 41 was approved by the Board on 5 April 2022 and signed on its behalf by:

Rebecca Watson
Company Secretary
 800 The Boulevard,
 Capability Green,
 Luton,
 Bedfordshire
 LU1 3BA

CORPORATE GOVERNANCE

The primary responsibility of the Chair is to lead the Board effectively and this includes overseeing the adoption, delivery and communication of the Company's corporate governance model.

CORPORATE GOVERNANCE

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Governance report

Corporate governance

The Chair ensures that the Board as a whole plays a full and constructive part in the development and determination of the Company's strategy and overall commercial objectives.

The Board has overall responsibility for corporate governance within the Group and this is underpinned by a framework aligned to the requirements of the business. The full Board retains certain matters for its own review and decision-making while other responsibilities are delegated to sub-committees of the Board, namely the Audit Committee and the Remuneration Committee.

As a company whose shares are traded on the AIM market of the London Stock Exchange, the Company complies with the Quoted Companies Alliance ('QCA') Corporate Governance Code ('the Code') and its Statement of Compliance with the same can be found on the Company website www.investors.impeilam.com/corporate-governance/.

AUDIT COMMITTEE

- Oversees the Group's internal risk and controls strategy, including whistleblowing arrangements
- Reviews the Annual Report and interim financial statements prior to submission to the full Board.
- Reviews reports from the external auditor.
- Reviews the Group's risk register.
- Approves financial policies
- Sets and reviews the activities of internal audit

Audit Committee
page_50

BOARD OF DIRECTORS

- Monitors and reviews the strategy and its development, the financial and operational performance of the Company and risk management
- Monitors and reviews internal and external factors that affect the Company.
- Sets standards, values and policies.
- Ensures the Company is meeting its objectives and has the correct resources in place
- Approves financial policies.
- Reports to shareholders.
- Oversees internal controls.
- Responsible for corporate governance.

REMUNERATION COMMITTEE

Sets, reviews and recommends to the Board remuneration for Directors and other senior executives, and sets overall remuneration strategy and policy for the Group.

Remuneration Committee
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STRATEGY AND DEVELOPMENT TEAM (VUCA)

- Devises the Group strategy and financial plan for approval by the Board.
- Approves the strategic and financial plans of the sub-brands and divisions and monitors the implementation and delivery of those plans
- VUCA (Volatile, Uncertain, Complexity, Ambiguity) focuses on Impellam's overriding strategic and financial promises for the mid-long term and the challenges and opportunities the team sees to achieve the promises

SENIOR LEADERSHIP TEAM (WAR ROOM)

- Responsible for the day-to-day management of the Group and its operations.
- Implementation of the strategy and financial plan.

VIRTUOSO TEAM (THE VIRTUOSO ALLIANCE)

- Provides advice, guidance and a fresh perspective to the Group CEO, our Executive Team and Board on our strategic priorities and their impact on the business, our customers, the industry and the wider world of work.

INVESTMENT COMMITTEE

- Reviews and monitors strategic investments and makes investment decisions

CORPORATE GOVERNANCE

Board of Directors

LORD ASHCROFT KCMG PC

Non-Executive Chairman

Appointed: December 2014

Lord Ashcroft is an international businessman, philanthropist, author and pollster. His many, varied business interests include significant investments and participation in both public and private companies in the UK, US and the Caribbean. He was appointed Non-Executive Chairman of the Company in December 2014. In 2012, he was appointed a member of the Privy Council and was made the Prime Minister's Special Representative for Veterans' Transition, working with all departments to ensure military personnel receive the support they need when making the transition to civilian life. He stepped down from this role in 2018. Lord Ashcroft supports a wide range of charities, including those dealing with crime prevention and education. He is the founder and Chairman of Trustees of both Crimestoppers and the Ashcroft Technology Academy, a former Patron of the Forces in Mind Trust Research Centre, Vice Patron of the Intelligence Corps Museum and a Trustee of the Cleveland Clinic in the US. He resigned from the House of Lords in 2015 to concentrate on other areas of his work. He is a former Trustee and President of the West India Committee, a former Trustee of Imperial War Museums and former Chancellor of Anglia Ruskin University (which awarded him an Honorary Doctorate in 1999). In 2016, Lord Ashcroft was made Knight Grand Cross of the Most Sacred Order of the Holy Trinity (Ethiopia) and a Fellow of the Royal Canadian Geographical Society. In 2017, he was made a Senior Fellow of the International Strategic Studies Association and in the same year he became an Honorary Belize Rotarian. In 2021, he was promoted to Grand Collor of the Most Sacred Order of the Holy Trinity (Ethiopia). He has written 25 books, mainly on politics and bravery, and is widely respected for his political polling.

JULIA ROBERTSON

Group Chief Executive Officer

Appointed: April 2013

Julia Robertson was appointed as Group Chief Executive Officer in April 2013 having previously been responsible for the Group's UK operations between 2008 and 2013. Julia's career in recruitment spans some four decades, always driven by the burning belief that there has to be a 'better way'. This belief has guided her through her entire career which has included founding her own recruitment business in 1986 which was sold to the Group alongside Tate in 2000, and also serving as Chief Executive of the Institute of Employment Consultants (now known as the REC), the professional body for the UK recruitment industry.

TIM BRIANT

Chief Financial Officer

Appointed: February 2020

Tim Briant joined the Group on 1 October 2019 and was appointed to the Board on 3 February 2020 as the Group Chief Financial Officer. Tim is a Chartered Accountant and has over ten years' experience working within the recruitment sector within listed and private equity backed global recruitment companies. Tim spent over ten years at Adecco in a number of finance roles with his last there being the CFO of Adecco UK and Ireland. Prior to this Tim worked for Spring Group plc, a listed recruitment company, where he was Group Financial Controller and Company Secretary and played a key role in its acquisition by Adecco. Prior to this Tim worked at KPMG in audit and transaction services. Tim has a strong background in mergers and acquisitions and business integrations having been involved in the disposal and subsequent integration of Spring Group plc to Adecco and the acquisition and integration of Penna plc by Adecco.

MIKE ETTLING

Independent Non-Executive Director

Appointed: September 2013

Mike Ettling was appointed a Non-Executive Director of the Company in September 2013. With strong sector and non-executive experience, Mike was President of SAP-Success factors globally. He has had an extensive executive career in global technology businesses including at NGA HR, Unisys, Synstar and EDS and was formerly a Non-Executive Director of Backoffice Associates LLC, a US PE-backed data business, and also formerly a Non-Executive Director of Telkom SOX Ltd, a South African IT and telecommunications business. Mike is currently CEO of Unit4, a world leader in enterprise applications for services and people organisations. He is also a Non-Executive Director of NCC Group PLC, a London listed cyber security business.

Key to Committee membership

Audit Committee	Chair of Audit Committee
Remuneration Committee	Chair of Remuneration Committee

ANGELA ENTWISTLE**Non-Executive Director**

Appointed: September 2012

Angela Entwistle was appointed a Non-Executive Director of the Company in September 2012. Angela is a Corporate Communications Specialist working with companies in the private sector including Deacon Street Partners Limited and Conservative Home Limited. She is a Non-Executive Director of Carlisle Support Services, one of the leading suppliers of value-added solutions across the public and private sectors in the UK and Ireland, a Non-Executive Director of Merit Group plc, a data and intelligence business, and a Non-Executive Director of Biteback Publishing Limited, Britain's leading publisher of political and current affairs titles. Angela was Corporate Communications Director of ADT Limited, an international business services company and the world's leader in electronic security solutions, from 1986 to 1997. Angela is significantly involved in a number of charities, including acting as Trustee of both Crimestoppers, the only UK charity dedicated to solving crimes, and Prospect Education (Technology) Trust Limited, the umbrella charity of the Ashcroft Technology Academy. Angela is not considered to be independent due to her links with the major shareholder.

MICHAEL LAURIE**Independent Non-Executive Director**

Appointed: July 2014

Michael Laurie was appointed a Non-Executive Director of the Company in July 2014. He is also Non-Executive Chairman of SLUSD Limited, a property development company that promotes sustainable architecture. Michael was an army officer for 34 years. He held the role of Major General at the Ministry of Defence until 2003, when he became the CEO of the Crimestoppers Trust, retiring from that position in 2013.

BARONESS TINA STOWELL OF BEESTON MBE PC**Independent Non-Executive Director**

Appointed: October 2017

Tina Stowell has held a number of senior positions in media and government throughout her career. Since 2011, she has been a member of the House of Lords and was Leader of the House from 2014 to 2016. Before entering the House of Lords, she worked at the BBC between 2001 and 2010 and was Head of Corporate Affairs. She is a Non-Executive Director of ABTA and was Chairman of the Charity Commission for England and Wales until February 2021.

REBECCA WATSON**Group Company Secretary and****General Counsel and Portfolio CEO**

Appointed: May 2008

Rebecca Watson was appointed as Group Company Secretary and General Counsel of the Company in May 2008. She spent the previous five years as Company Secretary and General Counsel for The Corporate Services Group Plc, having joined the Group in 1998 as Company Solicitor. In addition, in July 2018 she was appointed Portfolio CEO responsible for the Regional Specialist Staffing brands within the Group. Prior to this, she was in a private practice, acting for a range of corporate clients. She has been a qualified solicitor since 1993.

CORPORATE GOVERNANCE

Corporate governance statement continued

QCA Code Compliance

QCA PRINCIPLE	EXPLANATION	FURTHER READING
Deliver growth		
1	Establish a strategy and business model which promote long-term value for shareholders.	By providing staffing solutions and support to both clients and candidates across a wide spectrum of markets, we provide good work for our candidates and people for our clients.
		For more information page_14
2	Seek to understand and meet shareholder needs and expectations.	The CEO and CFO communicate regularly with shareholders, investors and analysts. The Full Board is available at the Annual General Meeting ("AGM") to communicate with shareholders.
		For more information https://investors.impellam.com/corporate-governance/
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success.	In addition to our shareholders, our clients, candidates, contractors, suppliers and colleagues are our most important stakeholders. We engage with these communities via regular communications in our day-to-day activities, and via formal feedback requests.
		For more information page_38
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation.	Ultimate responsibility for risk management rests with the Board, but day-to-day management of risks is delivered through the way we do business and our culture.
		For more information pages_32 to 35
Maintain a dynamic management framework		
5	Maintain the Board as a well-functioning, balanced team led by the Chair.	The Board has two established Committees for Audit and Remuneration. The composition and experience of the Board is reviewed regularly.
		For more information pages_50 to 53

QCA PRINCIPLE		EXPLANATION	FURTHER READING
6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	The Board is satisfied that its current composition includes an appropriate balance of skills, experience and capabilities.	For more information pages_44 and 45
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.	The Board regularly considers the effectiveness and relevance of its contributions, any learning and development needs and the level of scrutiny of the Senior Management Team.	For more information page_48 and 49
8	Promote a corporate culture that is based on ethical values and behaviours.	Our internal social network (Workplace) sets out our corporate values and behaviours, which are reinforced via training and performance management.	For more information page_55
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.	The Board is responsible for the Group's overall strategic direction and management, and for the establishment and maintenance of a framework of delegated authorities and controls to ensure the efficient and effective management of the Group's operations.	For more information page_43
Build trust			
10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	The investors section of our website includes our results, presentations and communications to shareholders. We release the results of general meetings through a regulatory news service and also on the Regulatory News section of our website.	For more information https://investors.impellam.com/

CORPORATE GOVERNANCE

Corporate governance statement continued

The Board of Directors currently comprises the Non-Executive Chairman, two Executive Directors and four other Non-Executive Directors. The Board is responsible for overseeing the management of the Group's strategy and its businesses, reviewing trading performance, ensuring adequate funding, maintaining a system of internal controls and risk assessment, ensuring good corporate governance and reporting to shareholders. The Board meets when required and at least eight times per annum, either in person or virtually.

The annual minimum time commitment is nine days for the Non-Executive Directors based on eight Board meetings per annum and the ACM. They are also required to spend appropriate preparation time ahead of each meeting. The Executive Directors are full-time colleagues.

During the period ended 31 December 2021, the Board met on eight occasions. Relevant high-quality information, consisting of detailed reports and presentations, is circulated to the Directors in advance of meetings by the Company Secretary. The number of scheduled Board meetings and Committee meetings attended as a member by each Director during the period are set out below:

	Board	Audit Committee	Remuneration Committee
Lord Ashcroft	8 (8)	n/a	n/a
Julia Robertson	8 (8)	n/a	n/a
Tim Briant	8 (8)	3 (3)	n/a
Angela Entwistle	8 (8)	n/a	1 (1)
Mike Ettling	7 (8)	3 (3)	n/a
Michael Laurie	8 (8)	3 (3)	1 (1)
Baroness Stowell	8 (8)	n/a	n/a

Figures in brackets indicate the maximum number of meetings the individual could attend in the period.

The Non-Executive Chairman and Angela Entwistle are not considered to be independent due to their links with the Company's major shareholder. All the other Non-Executive Directors are considered to be independent.

The role of the Chairman is to lead the Board and ensure its effective operation. In chairing the Board, the Chairman is responsible for setting the agenda, style and tone of the Board discussions and ensuring that all Directors receive clear, accurate and timely information. The Chairman is responsible for ensuring effective communications with shareholders.

On appointment, the Directors receive relevant information about the Group: the role of the Board and the matters reserved for its decision-making; membership of the principal Board Committees and the powers delegated to those Committees; the Group's corporate governance policies and procedures and the latest financial information. Throughout their period in office, the Directors are regularly updated on the Group's business and the environment in which it operates.

All Directors receive regular and timely information on the Group's operational and financial performance and any legal or governance requirements of the Group and those which affect them as Directors.

The Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer and are able to take professional advice in the furtherance of their duties at the Company's expense, where required. The Board is satisfied that, between the Directors, it has an executive and appropriate balance of skills and experience, including in the areas of HR, technology, finance, communications, media and government.

The Board seeks advice from external sources on matters as they arise in the business, including legal and accounting advice. There is an appropriate gender balance with the Board consisting of four male and three female members.

The biographies of all Directors appear on the Company investor website: www.investors.impellam.com. The Company Secretary acts as the secretary to the Board and its Committees, provides legal and governance support to the Board as a whole and Directors individually, and ensures the Group complies with all relevant legal, regulatory and governance requirements. The Chairman assesses the individual contribution of each of the members of the Board to ensure a well-balanced and committed team.

The Board has carried out an annual assessment of its performance to ensure its members collectively function in an efficient and productive manner.

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision-making. Within our Section 172 report we set out how the Directors have addressed key decisions that are consistent with the Company's objectives, strategy and the overall culture. We believe we have a history of collaborative, informative stakeholder engagement and decision-making based on long-term success, and we maintain governance structures and processes that support good decision-making. This Section 172 report articulates how the Directors have acted to promote the success of the Group for the benefit of its stakeholders. In meeting this responsibility, the Directors have had regard, amongst other matters, to:

- the likely consequences of any decisions in the long term;
- the interests of the Group's colleagues;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and environment;
- the Group's reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

Results of the AGM appear on the Company investor website: www.investors.impellam.com with between 99.67% and 100% of votes cast being for the resolutions.

BOARD TENURE AS AT MARCH 2022

Lord Ashcroft KCMC PC	7 years, 3 months
Julia Robertson	8 years, 11 months
Tim Briant	2 years, 1 month
Angela Entwistle	9 years, 6 months
Mike Ettling	8 years, 6 months
Michael Laurie	7 years, 8 months
Baroness Tina Stowell	4 years, 5 months
Rebecca Watson	13 years, 10 months

RE-ELECTION OF DIRECTORS AT THE 2022 AGM

In accordance with the Company's Articles of Association and the principles of the Code, all Directors of the Company will offer themselves for re-election by shareholders at the 2022 AGM. The Board is satisfied that each Director is qualified for re-election by the quality of their skills, experience and commitment to the Board.

THE BOARD AND ITS COMMITTEES

Board evaluation

The performance of the Board, its Committees and individual Directors were reviewed at the Board meetings in April 2021. The Board recognises the importance of the evaluation to help the Board continuously improve its and the Company's performance and to address any areas where necessary. In its evaluation the Board considers a number of areas including the balance of the membership, its effectiveness as a team, strategy and purpose and stakeholder engagement. Objectives going forward are agreed and a review of succession planning undertaken. The roles of the Chairman and Chief Executive are separate, with a clear division of responsibilities between them. This separation of roles enhances the independent oversight of executive management by the Board and more closely aligns the Board with shareholders. It also means that no one individual within the Company has unfettered powers of decision-making.

CORPORATE GOVERNANCE

Corporate governance statement continued

Audit Committee

The Board has an Audit Committee whose responsibilities include oversight of the Group's internal risk and controls strategy, including establishing whistleblowing arrangements, reviewing interim and Annual Reports and financial statements prior to their submission to the full Board and reviewing reports from the external auditor and internal audit. The Audit Committee makes whatever recommendations to the Board it deems appropriate, on any area within its remit, including where action or improvement is needed.

COMMITTEE MEMBERS

Mike Ettling (Chair)
Michael Laurie

MEETINGS ATTENDED

Mike Ettling	3/3
Michael Laurie	3/3

MEETINGS

The Committee operates under written Terms of Reference, and during the period ended 31 December 2021 it met on three occasions. The Audit Committee invites the Chief Financial Officer to all of its meetings and senior representatives of the external auditor are routinely invited to Committee meetings, although it reserves the right to request any of these individuals to withdraw from the meeting. The Audit Committee comprises two Non-Executive Directors: Mike Ettling (Chair) and Michael Laurie.

FINANCIAL AND BUSINESS REPORTING

During the year, the Audit Committee has reviewed the 2020 and 2021 financial statements, the 2021 interim statement (unaudited) and carried out a going concern review. Reviews of the financial statements included the accounting policies, significant financial reporting issues and key judgements and estimates underpinning the financial statements. For the areas discussed, the Committee was satisfied with the assumptions made and the accounting treatments adopted.

Risk management and internal control

Risk management is the responsibility of the Board. Further details about the process followed and principal risks and uncertainties that could affect business operations can be found in the Strategic Report on pages 1 to 45. The Audit Committee keeps under review the adequacy and effectiveness of the Company's internal controls and risk management systems. A summary of the internal controls for Group companies is presented to the Audit Committee, including updates on the resolution of any control weaknesses identified. The internal controls are reviewed by the Group Finance function.

Every year the Audit Committee reviews the Group's risk framework reports, to be presented to and discussed by the Board. The Group's whistleblowing policy contains arrangements for the Company Secretary to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters.

The Group has a mandatory Code of Conduct, which sets out the minimum expected behaviours for all colleagues.

External audit

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The Terms of Reference assign responsibility to the Audit Committee for overseeing the relationship with the external auditor. During 2021, the Audit Committee managed the relationship with the external auditor, reviewed and monitored their independence and objectivity and the effectiveness of the audit process. The Group's policy on non-audit related services prescribes the types of engagements for which the external auditor can be used and those engagements which are prohibited. For engagement for services which are non-recurring in nature, prior approval must be sought from the Audit Committee. Note 4 to the consolidated financial statements includes disclosure of the auditor's remuneration for the year.

Financial Reporting Council

During the year the Financial Reporting Council ('FRC') conducted a review of the 2020 Annual Report and Accounts. The review can be found here <https://www.frc.org.uk/accountants/corporate-reporting-review/crr-reviews-of-corporate-reporting/company-names-published-in-march-2022> and did not give rise to any substantive questions. The review recommended a number of enhanced disclosures in relation to non-recourse financing agreements, impairment testing periods and lease terms to be included within the 2021 Annual Report and Accounts which we have duly adopted.

Assessment of the Audit Committee

The Board conducted an assessment of the Audit Committee's performance at the April 2021 meeting. The Chair of the Audit Committee will be available at the 2022 Annual General Meeting to answer any questions about the work of the Audit Committee.

CORPORATE GOVERNANCE

Corporate governance statement continued

Remuneration Committee

The Board has a Remuneration Committee that is responsible for making recommendations to the Board on Directors' remuneration. It also reviews recommendations from the Group Chief Executive Officer on other senior executives' remuneration including performance-related remuneration. The Committee operates under written Terms of Reference, and during the period ended 31 December 2021 it met on one occasion. The Remuneration Committee comprises two Non-Executive Directors: Angela Entwistle (Chair) and Michael Laurie.

COMMITTEE MEMBERS

Angela Entwistle (Chair)
Michael Laurie

MEETINGS ATTENDED

Angela Entwistle	1/1
Michael Laurie	1/1

REMUNERATION PRACTICES

The Remuneration Committee recommends and monitors the level and structure of remuneration for senior management as well as monitoring remuneration trends across the Group, and periodically reviews the ongoing appropriateness and relevance of the remuneration policy; no review was conducted during the year.

Assessment of the Remuneration Committee

The Board conducted an assessment of the performance of the Remuneration Committee at the April 2021 meeting. The Chair of the Remuneration Committee will be available at the 2022 Annual General Meeting to answer any questions about the work of the Remuneration Committee.

Remuneration policy for the Executive Directors

Remuneration packages are designed to attract, retain, motivate and reward Executive Directors, whilst aligning rewards with the business objectives and performance of the Group and the interests of shareholders.

Link between business objectives and remuneration policy

It is the Group's policy for performance-related pay of Executive Directors to be linked to key performance indicators of the Group. The Group's key objectives include developing sustainable growth in earnings and profits through a combination of organic growth, investments and increase in share price. The key performance measures chosen in 2021 to link executive remuneration to the achievement of these objectives were profits and a cash-related target.

Directors' contracts and letters of appointment

It is the Group's policy that Executive Directors should have contracts with indefinite terms providing for a maximum of 12 months' notice by the employing Group company or the individual. In the event of termination, the Executive Directors' contracts provide for compensation up to a maximum of the basic remuneration package for the notice period.

The details of the Executive Directors' contracts are summarised as follows:

The Effective date of contract and Notice period for Julia Robertson were 5 April 2013 with 12 months' notice from either party. The Effective date of contract and Notice period for Tim Briant were 1 October 2019 with six months' notice from either party. Non-Executive Directors serve under letters of appointment, which either party can terminate on three months' written notice. The Non-Executive Directors have no right to compensation on the termination of their appointments.

Annual fees of Directors

The basic annual salary of each Executive Director and senior management is reviewed annually by the Remuneration Committee. The remuneration for the Non-Executive Directors is determined by the Board within the limits set by the Articles and is based on information on fees paid in similar companies and the skills and expected time commitment of the individual concerned. The fees are reviewed each year as part of the annual budgeting process. The Non-Executive Directors receive additional remuneration for chairing Committees. Aggregate Directors' remuneration is set out in note 5.

Annual bonus

The Remuneration Committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid to the Executive Directors. Based on the Remuneration Committee's assessment of the performance against those targets, it was determined that there was £1.0m bonus payment for delivery of the financial targets, of which £0.4m is deferred and made in three equal payments over three years.

Shareholding guidelines

There are no requirements for Executive Directors or senior executives to hold shares in the Company. Details of the shareholdings of Directors who served during the year are set out on page 55.

INTERNAL CONTROL

The Board has responsibility for the Group's overall system of internal controls and for reviewing their effectiveness. They recognise that the system is designed to manage and mitigate, rather than eliminate, the risk of failure to achieve business objectives. It can provide only reasonable and not absolute assurance against material financial misstatement or loss. The Board has established an organisational structure with clear Terms of Reference that must be adhered to by all subsidiaries. There is a programme of regular review by the Board and executive management, which provides assurance that the control environment is operating as intended. A key element of this review is strategic business planning and subsequent performance monitoring. Each business has defined financial performance plans that are agreed by the Board at the beginning of each financial period to meet Company objectives. These plans contain measurable performance targets, which are continuously monitored to identify shortfalls, so that corrective actions can be taken. In addition, the Company and its subsidiaries maintain risk registers that are updated regularly. The Group risk register is reviewed by the Audit Committee whilst reviewing generally the effectiveness of the Company's internal control system. The Group Financial Controller is also responsible for reporting to the Audit Committee on internal audit, utilising internal and external expertise. The Group operates in 'The Virtuoso Way', which embeds a consistent Company-wide culture, based on trusted behaviours, delivered by entrepreneurial Virtuoso leaders, who can drive competitive advantage and deliver on the Group's commitments. The Board is committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies. Key examples of such standards and policies include the 'Code of Business Conduct'. The Company 'Code of Business Conduct' demonstrates its commitment to maintaining the high levels of ethical standards and behaviours, wherever it operates in the world.

DIALOGUE WITH SHAREHOLDERS

The Company remains committed to listening to and communicating openly with its shareholders to ensure that its vision, mission, strategy, business model and performance are clearly understood. The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting ('AGM') and one-to-one meetings with large existing or potential new shareholders. The Non-Executive Directors will attend the AGM and are available to answer any questions relevant to the Committees they chair. The Board receives regular updates on the views of shareholders through briefings and reports from the Group Chief Executive Officer, Chief Financial Officer and Company Secretary. Corporate information, including all Company announcements, is available to shareholders, investors and the public on the Company's website www.investors.impellam.com.

CORPORATE GOVERNANCE**Directors' report**

The Directors present their Annual Report on the affairs of the Group and the Company, together with the audited consolidated financial statements and auditor's reports, for the period ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Group comprise the provision of staffing solutions, human capital management and outsourced people-related services in the UK, Ireland, North America, mainland Europe, Australia and New Zealand. The principal activity of the Company is that of a holding company that provides strategic planning and management services to its portfolio of subsidiaries.

RESULTS AND DIVIDENDS

The audited consolidated financial statements for the period ended 31 December 2021 are set out on pages 68 to 119. The Group profit for the period was £8.3m (year ended 1 January 2021: £21.4m loss). In January 2021 the Board announced a reduced share buyback programme, where it will purchase Ordinary shares in the Company up to an aggregate market value of £0.5m per calendar month until the next AGM to be held in June 2021. It was approved at the AGM to commence an updated programme whereby the Board can purchase up to a maximum of 4,560,363 shares, being 10% of the issued Ordinary share capital of the Company (as at 17 May 2021) until the earliest of the 2022 AGM or 30 June 2022.

FUTURE DEVELOPMENTS

The Group's future developments are outlined within the Strategic Report. Key areas are covered within the Strategic review, Strategic priorities and Looking forward sections of the Chief Executive Officer's review and within the Outlook section of the Chief Financial Officer's review.

CAPITAL STRUCTURE

The Company 'Impellam Group plc' has no limit to its authorised share capital. At 31 December 2021, there were 45,311,269 (2020: 45,919,871) allotted, fully paid shares of 1p in issue.

POST BALANCE SHEET EVENTS

Between the end of the year and 22 March 2022, a further 75,830 Ordinary shares of 1p each have been repurchased in the market for total consideration of £0.4m and have been cancelled.

On 24 January 2022 the Group announced that it has entered into an agreement to sell the business and assets of Corestaff, its US-based Light Industrial brand, to swipejobs Inc., a US private digital staffing company, for cash consideration of approximately £14m (\$19m).

The transaction was completed on 7 February 2022. Following completion of the Disposal, the Group used the proceeds of sale to pay down net debt to fund additional investment to further accelerate the Group's strategy.

POLITICAL DONATIONS

The Group has made no political donations during the current or prior years.

MAJOR SHAREHOLDINGS

As at 23 February 2022, the Company had been notified of the following disclosable interests representing 3% or more of the issued Ordinary share capital of the Company:

Lombard Trust	56.88%
Kempen Capital Management	8.31%
Hendrik M. Van Heijst	8.13%
Lord Ashcroft	5.02%
Schroder Investment Management Limited	4.02%
InsingerGillissen Bankiers	3.52%

DIRECTORS

The Directors who held office during the period and up to the date of signing these financial statements were:

Executive Directors

Julia Robertson	Group Chief Executive Officer	Appointed April 2013
Tim Briant	Chief Financial Officer	Appointed February 2020

Non-Executive Directors

Lord Ashcroft KCMG PC	Non-Executive Chairman	Appointed December 2014
Angela Entwistle	Non-Executive Director	Appointed September 2012
Mike Ettling	Independent Non-Executive Director	Appointed September 2013
Michael Laurie	Independent Non-Executive Director	Appointed July 2014
Baroness Tina Stowell	Independent Non-Executive Director	Appointed October 2017

To read all of our Directors' biographies, see pages 44 and 45.

DIRECTORS' SHAREHOLDINGS

As at 23 February 2022 the following Directors held shares in the Company:

	Number of shares held
Lord Ashcroft (Non-Executive Chairman)	2,273,755
Julia Robertson (Group Chief Executive Officer)	153,910
Angela Entwistle (Non-Executive Director)	13,800
Mike Ettling (Non-Executive Director)	10,860

CONTROL

The Group has identified Lord Ashcroft as the ultimate controlling party as he has influence over more than 50%, but less than 75%, of both the shares and voting rights of Impellam Group plc and together with being Chairman of Impellam Group plc has significant influence over the Group.

FINANCIAL RISK MANAGEMENT

The Group's objectives and policies relating to financial risk management are fully explained in note 27 on pages 107 to 109.

PRINCIPAL RISKS

The Board's assessment of the principal risks and uncertainties, the Group's policy and its mitigations are detailed on pages 32 to 35.

ENGAGEMENT WITH COLLEAGUES AND OTHER STAKEHOLDERS

The Directors have given much focus as to how they engage and build relationships with colleagues, suppliers, customers and other stakeholders; and how these stakeholders' interests are considered when making significant decisions. The Group's engagement with colleagues and other stakeholders is explained in the Stakeholder engagement and Responsible business sections of the Strategic Report, on pages 36 to 41.

We actively encourage diversity in the workplace and have a wide and varied colleague base with a variety of social and ethnic groups represented at all levels of the business. We believe that breaking down the barriers that have traditionally restricted access to the labour market will encourage job opportunities for all. We see it as our responsibility both to understand and to address the root causes of gender pay gaps. We are pleased that Impellam is leading by example by appointing and promoting women into senior roles. We are one of only a small number of AIM listed companies to be led by a woman, and in addition, 43% of our Board members and 50% of our Senior Leadership Team are women. With this in mind, we work hard to help our clients and suppliers achieve their diversity objectives.

The Group is committed to providing all our colleagues with a work environment free of discrimination related to sex, race, colour, orientation, religion, age, ethnicity, national origin, disability or any other inappropriate basis. Applications for employment by people with disabilities are considered, like all others, bearing in mind the aptitudes of the candidate concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that appropriate adjustments are made. It is our policy that the training, career development and promotion of people with disabilities should, as far as possible, be the same as for all other colleagues.

CORPORATE GOVERNANCE

Directors' report continued

STRATEGIC REPORT

Information in respect of the Group's approach to Colleague Engagement & Communications (including in respect of Modern Slavery), Health & Safety, Anti-Bribery, Community and Environment are not shown within the Directors' report because they are presented within the Responsible business section of the Strategic Report on pages 39 and 40.

ANNUAL GENERAL MEETING

The Notice of AGM, to be held at 3.00pm on Wednesday 29 June 2022 at the Impellam offices, 9 Devonshire Square, London EC2M 4HP, is contained in a separate circular to shareholders. It is being mailed or otherwise provided to shareholders, after the publication of the Annual Report. The Notice of Meeting sets out the resolutions to be proposed at the AGM and gives details of the voting record date and proxy appointment deadline for that meeting. The meeting may be held virtually if Covid-19 restrictions are in place.

DIRECTORS' INDEMNITY PROVISIONS

During the year and to the date of these accounts, the Company had in force an indemnity provision in favour of one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each Director in office at the date the Directors' report is approved and in accordance with Section 418 of the Companies Act 2006:

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

REAPPOINTMENT OF AUDITOR

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of BDO LLP as auditor of the Company is expected to be proposed at the Annual General Meeting being held on 29 June 2022.

DIRECTORS' REPORT

This report was approved by the Board on 5 April 2022 and is signed on its behalf by:

RJ Watson
Company Secretary

800 The Boulevard
Capability Green
Luton
Bedfordshire
LU1 3BA

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK adopted International accounting standards and the Company 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 Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM. 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 they have been prepared in accordance with UK adopted international accounting standards 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 requirements of 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.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

FINANCIAL STATEMENTS

Financial statements

FINANCIAL STATEMENTS

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For more information visit
www.impellam.com/corporate-governance/

Independent auditor's report to the members of Impellam Group plc

OPINION ON THE FINANCIAL STATEMENTS

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 2021 and of the Group's profit for the 52-week period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Impellam Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 52-week period ended 31 December 2021 which comprise:

	Composition	Financial reporting framework
Group	<ul style="list-style-type: none"> • Consolidated Income Statement • Consolidated Statement of Comprehensive Income • Consolidated Balance Sheet • Consolidated Statement of Changes in Equity • Consolidated Cash Flow Statement • Notes to the consolidated financial statements • Alternative performance measures 	<ul style="list-style-type: none"> • Applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006
Parent Company	<ul style="list-style-type: none"> • Company Balance Sheet • Company Statement of Changes in Equity • Notes to the Company financial statements 	<ul style="list-style-type: none"> • Applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 <i>Reduced Disclosure Framework</i> (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 remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

Conclusion & key observations	<ul style="list-style-type: none"> • In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. • Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue
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FINANCIAL STATEMENTS

Independent auditor's report to the members of Impellam Group plc continued

Approach	<p>Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:</p> <ul style="list-style-type: none"> • Reviewing and challenging, through enquiry and consideration of historical performance, key assumptions applied by the Directors in preparation of cash flow forecasts, including growth assumptions and movements in headcount and base costs, and the Group's ability to meet working capital requirements over the going concern period. • Reviewing the Directors' stress tested forecasts, including the impact of the 'downside' scenarios on covenant and cash 'headroom' and consideration of the likelihood of occurrence and feasible actions to increase headroom. • Review of the Group's new financing agreement effective 17 December 2021 and its key terms and covenants. Considering the adequacy of the disclosure requirements against the associated accounting standards. <p>Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.</p>		
Coverage	<p>73% (2020: 67%) of Group absolute* adjusted operating profit 69% (2020: 83%) of Group absolute* profit before tax 79% (2020: 82%) of Group revenue 85% (2020: 86%) of Group gross assets</p> <p>* Absolute refers to the cumulative value of figures regardless of whether it is a positive or negative value</p>		
Key audit matters	Key audit matter	2021	2020
	Risk of fraud or cut-off error in revenue recognition on temporary contractor revenue and complex accounting on managed service contracts	✓	✓
	Compliance with laws and regulations	✓	✓
	Goodwill, brand intangibles and Parent Company investment recoverability	x	✓
	New accounting treatments as a result of Covid-19	x	✓
	<p>Goodwill, brand intangibles and Parent Company investment recoverability is not considered to be a key audit matter as the risk of impairment of goodwill or investments in subsidiaries is significantly reduced following a return to profitable growth.</p> <p>New accounting treatments as a result of Covid-19 is no longer considered to be a key audit matter due to the reduced utilisation of Government Covid-19 relief schemes from the prior period and enhanced knowledge for the accounting for these schemes.</p>		
Materiality	<p>Group financial statements as a whole £1.45m (2020: £1.10m) based on 5.0% of adjusted operating profit (2020: 3.5% of the average of adjusted operating profit for last three periods). A three-period average was used in the prior period due to the impact of the Covid-19 pandemic.</p>		

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We designed an audit strategy to ensure we have obtained the required audit assurance for each component for the purposes of our Group audit opinion (ISA 600 (UK)). Components were scoped in to address aggregation risk and to ensure sufficient coverage was obtained of Group balances on which to base our audit opinion. The coverage of our audit procedures is summarised graphically below and then detailed in the following table.

1 These are areas which have been subject to a full scope audit

Significant components	<ul style="list-style-type: none"> • We focused our Group audit scope primarily on the audit work at seven significant components, which were subject to full scope audit procedures. • These significant components contribute 73% (2020: 67%) of the Group Absolute Adjusted Operating Profit, 69% (2020: 83%) of the Group Absolute Profit before Tax, 69% (2020: 82%) of the Group Revenue and 85% (2020: 86%) of Group Gross Assets. • Three of the full scope audits of significant components were performed by component auditors, under the direction and supervision of the Senior Statutory Auditor, who issued detailed instructions, reviewed component audit files and attended local audit close meetings. All significant components were audited by BDO LLP (BDO UK), other than one component, which was audited by BDO in the US (BDO US).
Specified audit procedures	<ul style="list-style-type: none"> • Specified audit procedures were performed to address the risk of material misstatement arising from key balances in non-significant components, with testing performed on all material balances within these components. • All testing was performed by BDO UK, other than for the components in Australia and New Zealand, which were performed by BDO Australia Limited. All testing was under the direction and supervision of the Senior Statutory Auditor via detailed instructions and via review of selected working papers on significant risk areas. • This specific scope testing was performed on components that contribute 21% (2020: 11%) of the Group Absolute Adjusted Operating Profit, 26% (2020: 3%) of the Group Absolute Profit before Tax, 17% (2020: 9%) of the Group Revenue and 13% (2020: 9%) of Group Gross Assets
Remaining components	<ul style="list-style-type: none"> • All other components were scoped in for analytical review procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information. These were performed by the teams in BDO LLP (BDO UK), BDO US and BDO Australia. • Specified audit procedures were performed on any material balances from these components.
Parent Company and consolidation	<ul style="list-style-type: none"> • The Parent Company is located in the UK and was audited by the Group audit team (BDO UK). The Parent Company is treated as a significant component for the Group. • The Group audit team have performed testing of the consolidation and related consolidation adjustments posted in preparation of the Group financial statements.

FINANCIAL STATEMENTS

Independent auditor's report to the members of Impellam Group plc continued

Our involvement with component auditors

For the work performed by component auditors on significant components, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors on significant components included the following:

We assessed the competence and independence of the component auditors. Direction and supervision over their work performed was also provided by the Group audit team. We attended the component entities' planning and completion meetings. The component auditors also transferred documentation of their work performed which was reviewed by the Group audit team in order to gain comfort over the audit of the significant components, specified audit procedures on specific scope entities, and reviews over the remaining insignificant components.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Description	How we addressed the key audit matter in the audit
<p>Risk of fraud or cut-off error in revenue recognition on temporary contractor revenue and complex accounting on Managed Service Contracts</p> <p>The accounting policy and related disclosures are shown in notes 2, 3 and 15.</p> <p>This can involve complex and subjective judgements in determining temporary revenue recognised around period end and the application of IFRS 15 to complex contracts.</p>	<ul style="list-style-type: none"> Under ISA 240 (UK), there is a presumed risk that revenue may be misstated due to improper recognition, whether from fraud or error. Given that revenue is a key performance indicator for the Group, the risk of improper revenue recognition is elevated. The risk of fraudulent revenue recognition arises from revenue in relation to temporary contractors. Management applies judgements and estimates concerning the completeness, accuracy and cut-off of revenue around period end; therefore a risk of material misstatement exists either through error or in order to meet financial targets or performance related bonuses. The risk of erroneous revenue recognition arises from complex accounting on rebates related to managed service contracts. Accounting and potential understatement of these rebate agreements could result in a material error within the revenue stated for the period. This results in the cut-off of temporary revenue and complex accounting on Managed Service Contracts being assessed as a significant risk of material misstatement and a key audit matter. 	<p>Temporary contractor revenue</p> <ul style="list-style-type: none"> To address the risk around existence and cut-off of revenue, on a sample basis, revenue around the period end was tested against underlying supporting documentation, such as engagement letters, timecards, payments to temporary workers and monies received from the clients. Cut-off was further addressed by reviewing timecards submitted after period end and ascertaining the period they relate to. The completeness of revenue was tested by sampling timecards and tracing them to the revenue and accrued income and ensuring they have been recognised in the correct period. A sample of credit notes raised in January 2022 that relate to FY21 were reviewed in order to assess the validity of the sales invoices raised in the financial period. <p>Complex accounting on Managed Service Contracts</p> <ul style="list-style-type: none"> The period end rebate liabilities were tested by assessing estimates against the contacts and/or correspondences. The year-end rebate liability was further analysed against the prior period's rebate liability in order to understand key movements in rebates and form an expectation on the liability position at the period end. A sample of rebates were recalculated using the terms of the supplier contracts and/or correspondences and volume of placements obtained from the information held on the audited entity's system. <p>Key observations</p> <p>We did not identify any indications that temporary or managed service revenue were materially misstated. The judgements and estimates applied were therefore consistent with our expectations</p>

Key audit matter	Description	How we addressed the key audit matter in the audit
<p>Compliance with laws and regulations</p> <p>The accounting policy and related disclosures are shown in note 2 and 20.</p> <p>In accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', provision is made for claims for potential and actual non-compliance with laws and regulations where there is a present obligation as a result of a past event that gives rise to a probable payment and when the quantum of the payment can be reliably estimated.</p>	<ul style="list-style-type: none"> The Group is subject to both local and international legal and regulatory requirements that vary between the different industries and jurisdictions that the Group operates. The Group has an in-house legal team who assist management in the determination of its financial obligations The Group holds a number of balances in relation to its ongoing obligations to comply with the regulatory and legal environment – varying levels of judgement are required to estimate the impact of these on the financial statements. The key areas of compliance relate to workers' rights, such as PAYE underpayment, national minimum wage, Fair Labour Standards Act (USA) and holiday pay. Provisions have been made for the expected cost of settling these matters, these are inherently judgemental. Any non-compliance may result in fines, unrecorded liabilities and reputational damage to the Group. The compliance with laws and regulations has been assessed as a significant risk of material misstatements and related disclosures and a key audit matter. 	<ul style="list-style-type: none"> We held meetings with the Group's legal counsel to understand areas of non-compliance with laws or regulation and the progress of any significant ongoing legal areas. We circulated legal confirmations to key external counsel to gain external confirmation of any potential claims or areas of non-compliance. The outcome of prior period claims has been evaluated against the current period provisions to gain assurance over the historical reliability and completeness of the liability. We specifically assessed by brand, the Group's policies and practices in relation to holiday pay, in the context of relevant legal requirements. We reviewed the basis and appropriateness of holiday pay accruals and level of pay-out by sampling contractors and employees to underlying contracts and system generated reports. We assessed the Group's control environment around national minimum wage compliance and made enquires to determine areas of potential exposure, inspecting and assessing associated correspondence. We evaluated and challenged management's experts competence and exposure assessment. <p>Key observations</p> <p>We did not identify, either from external or internal sources, any material compliance issues not already included in the provisions.</p> <p>Based on the work performed, we did not identify any inappropriate judgements or estimates made by management, all provisions fell within our range of potential outcomes.</p> <p>We did not identify any disclosure deficiencies in relation to notes 2 and 20 that describes the degree of inherent uncertainty in the assumptions and estimates used in assessing the value of associated non-compliance provisions.</p>

FINANCIAL STATEMENTS

Independent auditor's report to the members of Impellam Group plc continued

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

GROUP MATERIALITY

	2021	2020
Materiality	£1.45m	£1.10m
Basis	5.0% of Adjusted Operating Profit	3.5% of Adjusted Operating Profit
Rationale	<p>Adjusted Operating Profit is considered the most appropriate benchmark based on market practice and investor expectations. Adjusted operating profit is derived by adding back interest expense and income, impairments, and amortisation of brand values and client relationships from profit before tax.</p> <p>Our materiality benchmark (Adjusted Operating Profit) has remained the same from the prior 52-week period, although in the prior period we used an average of the last three periods to normalise profits for the impact on Covid-19.</p> <p>Our materiality percentage threshold has been increased from 3.5% in 2020 to 5% in 2021. We increased the percentage in the current period, following a change in benchmark from three period average profits in the prior period. We used auditor judgement to ensure the chosen percentage derived an appropriate materiality level in the context of the current period profits and trading activities.</p>	
Performance Materiality	£1,015k	£715k
Measure	70% of Materiality	65% of Materiality
Application	<p>The application of materiality at the individual account or balance level is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.</p> <p>The increase from 65% in 2020 to 70% in the current period is due to our improving knowledge of the Group, being our third period of audit, and improvement in the Group's financial reporting and control environment over that time. These factors reduce the inherent risk of small uncorrected or undetected errors becoming material in aggregate.</p>	

2. ²See page 1 for definition

PARENT COMPANY MATERIALITY

	2021	2020
Materiality	£1.38m	£1.04m
Basis	Net assets	
Rationale	Net assets is considered the most appropriate benchmark as the Parent Company does not trade, and is focused on a share buyback programme that relies on sufficient reserves to achieve this. This has been capped at 95% of Group materiality stated above.	
Performance Materiality	£964k	£676k
Measure	70% of Materiality	65% of Materiality
Application	<p>The application of materiality at the individual account or balance level is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.</p> <p>The increase from 65% in 2020 to 70% in the current period is due to the factors noted in our Group materiality rationale above.</p>	

Component materiality

We set materiality for each component of the Group based on a percentage of between 11.7% and 95.0% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Significant component materiality ranged from £170k to £1.38m. In the audit of each significant component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £58k (2020: £22k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts 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.

FINANCIAL STATEMENTS

Independent auditor's report to the members of Impellam Group plc continued

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial period 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. <p>In the light of the knowledge and understanding of the Group and Parent 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.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the Parent Company financial statements are not in agreement with the accounting records and returns; or certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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:

We obtained an understanding of the legal and regulatory frameworks that are applicable to Impellam Group plc. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (IFRS, UK CAAP and the Companies Act 2006), labour regulations and tax laws in key territories which the Group operates.

- We understood how the Group is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, legal correspondence or confirmations (where relevant) and specific audit testing within significant component and full scope entities.

- We obtained an understanding of the significant laws and regulations which the Group is affected by and understood how the Group is complying with the laws and regulations. This was corroborated against our review of board minutes, confirmations from legal counsel and audit procedures on provisions and compliance with laws and regulations.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was a susceptibility of fraud. Our considerations included enquiries with component management and component auditors.
- We also considered potential fraud drivers: including financial or other pressures, opportunity, and personal or corporate motivations. We considered the policies and controls that the Group 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 higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals, testing compliance with laws and regulations and key areas of estimation uncertainty or judgement, for example: recoverability of trade debtors, valuation of accrued income at period-end, revenue recognition on temporary contractor revenue and complex contract accounting on managed service contracts as set out in the key audit matters section.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and the component auditors, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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: 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Cardiff (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK
5 April 2022

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

FINANCIAL STATEMENTS

Consolidated income statement

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

	Notes	31 December 2021 £m	31 December 2020 £m
Revenue	3	2,262.4	2,000.9
Cost of sales		(1,995.4)	(1,772.8)
Gross profit		267.0	228.1
Administrative expenses		(244.2)	(239.5)
Impairment losses from receivables	15	(3.3)	(3.6)
Operating profit/(loss)	3 & 4	19.5	(15.0)
Operating profit before impairments, amortisation of brand value and customer relationships	3	29.3	18.2
Amortisation of brand value and customer relationships	13	(9.8)	(11.0)
Impairment of goodwill	12	–	(16.6)
Impairment of other intangible assets	13	–	(5.6)
Operating profit/(loss)	3 & 4	19.5	(15.0)
Finance income	6	0.2	0.3
Finance expense	7	(4.3)	(5.7)
Profit/(loss) before tax		15.4	(20.4)
Tax charge	8	(7.1)	(1.0)
Profit/(loss) for the period		8.3	(21.4)
Profit/(loss) for the period attributable to:			
Equity holders of the Parent Company		8.2	(21.4)
Non-controlling interest	24	0.1	–
		8.3	(21.4)
Earnings per share	9		
Attributable to equity holders of the Parent Company:			
– basic		18.3p	(46.2)p
– diluted		18.3p	(46.2)p

Consolidated statement of comprehensive income

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

		31 December 2021	31 December 2020
	Notes	£m	£m
Profit/(loss) for the period		8.3	(21.4)
Other comprehensive income:			
<i>Items that may be subsequently reclassified into income:</i>			
Foreign currency translation differences – foreign operations	23	(1.4)	(2.0)
Reduction in non-controlling interests	24	(0.3)	–
Total comprehensive income for the period, net of tax		6.6	(23.4)
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company		6.6	(23.4)
Non-controlling interest	24	–	–
		6.6	(23.4)

FINANCIAL STATEMENTS

Consolidated balance sheet

AS AT 31 DECEMBER 2021

	Notes	31 December 2021 £m	31 January 2021 £m
Non-current assets			
Property, plant and equipment	10	4.2	5.1
Right-of-use assets	11	15.9	21.3
Goodwill	12	128.9	129.1
Other intangible assets	13	85.3	96.2
Financial assets	14	1.7	1.6
Deferred tax assets	21	8.3	10.3
Trade and other receivables	15	0.9	3.3
		245.2	266.9
Current assets			
Trade and other receivables	15	605.5	563.9
Tax receivable		0.9	2.8
Cash and cash equivalents	16	90.9	117.9
		697.3	684.6
Total assets		942.5	951.5
Current liabilities			
Short-term borrowings	18	0.1	0.1
Lease liabilities	11	5.1	9.2
Trade and other payables	17	568.7	558.0
Tax payable		0.7	0.5
Provisions	20	8.3	7.2
		582.9	575.0
Net current assets		114.4	109.6
Non-current liabilities			
Long-term borrowings	19	101.9	119.0
Lease liabilities	11	11.4	17.3
Provisions	20	3.8	3.3
Deferred tax liabilities	21	18.7	18.1
		135.8	157.7
Total liabilities		718.7	732.7
Net assets		223.8	218.8
Equity			
Issued share capital	22	0.5	0.5
Share premium account	22	30.1	30.1
		30.6	30.6
Other reserves	23	116.9	118.3
Retained earnings		76.2	70.2
Total equity attributable to equity holders of the Parent Company		223.7	219.1
Non-controlling interest	24	0.1	(0.3)
Total equity		223.8	218.8

The consolidated financial statements of Impeilam Group plc (registered number: 06511961) on pages 68 to 112 were approved by the Board on 5 April 2022.

Tim Briant
Chief Financial Officer

Consolidated statement of changes in equity

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

	Total share apital and share premium, note 23, £m	Other reserves, note 23, £m	Retained earnings, £m	Total equity attributable to equity owners of the parent, £m	Non controlling interest, note 24, £m	Total equity, £m
4 January 2020	30.6	120.3	95.9	246.8	(0.3)	246.5
Loss for the period	–	–	(21.4)	(21.4)	–	(21.4)
Other comprehensive income (note 23)	–	(2.0)	–	(2.0)	–	(2.0)
Total comprehensive income in period	–	(2.0)	(21.4)	(23.4)	–	(23.4)
<i>Transactions with owners, recorded directly in equity</i>						
Purchase and cancellation of own shares (note 24)	–	–	(4.3)	(4.3)	–	(4.3)
1 January 2021	30.6	118.3	70.2	219.1	(0.3)	218.8
2 January 2021	30.6	118.3	70.2	219.1	(0.3)	218.8
Profit for the period	–	–	8.2	8.2	0.1	8.3
Other comprehensive income from reducing the NCI component (note 24)	–	–	(0.3)	(0.3)	0.3	–
Other comprehensive income from foreign currency translation (note 23)	–	(1.4)	–	(1.4)	–	(1.4)
Total comprehensive income in period	–	(1.4)	7.9	6.5	0.4	6.9
<i>Transactions with owners, recorded directly in equity</i>						
Purchase and cancellation of own shares (note 22)	–	–	(1.9)	(1.9)	–	(1.9)
31 December 2021	30.6	116.9	76.2	223.7	0.1	223.8

FINANCIAL STATEMENTS

Consolidated cash flow statement

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

	Notes	31 December 2021 £m	31 January 2021 £m
Cash flows from operating activities			
Profit/(loss) before tax		15.4	(20.4)
Adjustments for:			
Depreciation of property, plant and equipment	10	2.4	2.8
Amortisation of right-of-use assets	11	7.0	9.5
Amortisation of other intangible assets	13	15.1	17.6
Impairment of goodwill	12	–	16.6
Impairment of other intangible assets	13	–	5.6
Profit on disposal of property, plant and equipment	4	(0.2)	(0.2)
Finance income	6	(0.2)	(0.3)
Finance expense	7	4.3	5.7
		43.8	36.9
(Increase)/decrease in trade and other receivables		(46.0)	8.1
Increase in trade and other payables		12.1	50.8
Increase in provisions	20	2.0	1.4
Cash from operations		11.9	97.2
Tax paid		(1.7)	(2.7)
Net cash from operating activities		10.2	94.5
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(1.5)	(1.2)
Purchase of intangible assets	13	(4.3)	(2.3)
Receipt from lease debtors	26	1.7	3.2
Increase in other financial assets	14	–	(0.1)
Interest received	6	0.2	0.3
Net cash from investing activities		(3.9)	(0.1)
Cash flows from financing activities			
Drawdown of short-term borrowings	26	292.0	167.1
Repayment of short-term borrowings	26	(308.7)	(213.4)
Increase/(decrease) in overdraft	26	1.0	(36.1)
Purchase and cancellation of own shares	22	(1.9)	(4.3)
Interest paid on lease liabilities		(0.6)	(0.8)
Interest paid on borrowings		(3.5)	(4.6)
Repayment of lease liabilities	26	(8.9)	(11.5)
Net cash from financing activities		(30.6)	(103.6)
Net decrease in cash and cash equivalents		(24.3)	(9.2)
Opening cash and cash equivalents		117.9	132.3
Effect of foreign exchange rate movements	26	(2.7)	(5.2)
Closing cash and cash equivalents	16	90.9	117.9

Notes to the consolidated financial statements

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

The financial statements of Impellam Group plc and all of its subsidiaries ('the Group') for the 52 weeks ended 31 December 2021 were authorised for issue by the Board of Directors on 5 April 2022 and the balance sheet was signed on behalf of the Board by Tim Briant.

The Group provides staffing solutions, human capital management and outsourced people-related services from offices located in the UK, Ireland, North America, mainland Europe, Australia and New Zealand.

Impellam Group plc ('the Company') is a public limited company incorporated and registered in England and Wales and domiciled in the UK under the Companies Act 2006 with a listing on the London Stock Exchange, trading on AIM.

Its registered office is located at:

800 The Boulevard
Capability Green
Luton
Bedfordshire LU1 3BA
United Kingdom

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and going concern

The consolidated financial statements have been prepared on a going concern basis in accordance with UK adopted international accounting standards. In coming to their conclusion the Directors have considered the Group's profit and cash flow plans for the coming period, together with outline projections for 2023 and 2024. The Group had a net debt position of £15.0m (excluding IFRS 16 lease liabilities) and has a further £73.5m available to drawdown on the Group's revolving credit facility (see note 27). The amount of borrowing required to fund the Group's activities is determined based on these projections, together with expected returns to shareholders and planned capital expenditure. Also considered is the projection of compliance with the financial covenants implied by these plans. In addition, these figures are tested for sensitivity to possible changes to the economic environments in which the Group operates. The Group has no operations in Ukraine or surrounding regions and therefore there is no direct impact on the Group's trading, however, any indirect impact such as a worsening in economic conditions, would represent such a sensitivity. The impact on Group liquidity and covenants of each of these sensitivities is then considered together with the likelihood of each of these occurring either individually or in combination. Given this analysis, the Directors have determined that there are no likely downside scenarios which would cause the Group a concern.

Following the September 2021 assessment by the IFRS interpretations Committee of 'Cash received via Electronic transfer as settlement for financial assets', the Group has reassessed its policy for the treatment of BACs. BACs receipts are now recognised on a settlement rather than remittance basis. The prior period comparatives have not been restated for this change as the impact on both trade receivables and cash was not material to the prior period. Further, the change has had no impact on profit recognised in either period, and the change has had no significant impact on key performance indicators or on covenant compliance.

The financial statements have been prepared on the historical cost basis except where otherwise identified and as modified for the revaluation of certain financial assets at fair value through the income statement. The principal accounting policies adopted are set out below. The financial statements are presented in Pound Sterling and all values are rounded to the nearest £0.1 million (£0.1m) except where otherwise indicated. Foreign operations are included in accordance with note 2(C) below.

Any references to 2021 in these statements refer to the 52-week financial period ended 31 December 2021. Any references to 2020 in these statements refer to the 52-week financial period ended 1 January 2021.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2021. The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company. Each company, including the parent, uses locally applicable generally accepted accounting practice ('GAAP') for the preparation of their individual financial statements. Adjustments are made to bring these into line with the IFRS policies adopted by the Group, as required. Subsidiaries are consolidated from the date on which the Group obtains control using the acquisition method and cease to be consolidated from the date on which the Group ceases its control. Accounting policies have been applied consistently.

FINANCIAL STATEMENTS**Notes to the consolidated financial statements continued**

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**Basis of consolidation continued**

A component of the Group's business is classified as a discontinued operation if the operations and cash flows of the component can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group and if the component either has been or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as a discontinued operation the consolidated income statement and consolidated cash flow statement are restated and presented as if the operation has been classified as such from the start of the comparative year

A) Changes in accounting policies and disclosures***New standards, amendments and interpretations effective in financial year 2021***

- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The above amendment has not materially impacted the Group's results. The Group adopted Covid-19-related Rent Concessions – Amendments to IFRS 16 in the prior period.

Standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and interpretations to existing standards have been published that are mandatory for the Group's future accounting and effective for the Group as follows, which are all effective for periods starting on or after 31 December 2021 or later periods:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16 Leases
- Definition of Accounting Estimates - Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The above standards and interpretations are not expected to materially impact the Group's results.

B) Significant accounting judgements and estimates

In applying the Group's accounting policies, the following judgements and estimates have been made that may have a significant effect on the amounts recognised in the financial statements in the current or future years:

i) Judgements***Agent versus principal***

The Group assesses whether it is acting as agent or principal depending on whether the client has a direct relationship with the Group, whether the Group has the primary responsibility for providing the services and whether the Group contracts directly with either the worker placed or any other recruitment agency. Account is also made of the degree of latitude the Group has in establishing the charging rates with all parties.

Where the Group provides a Managed Service, in which it acts as agent for the client (which is mainly Managed Services contracts), the amount of revenue recognised is limited to the management fee receivable for that service after making provision for any losses foreseen, volume rebates and amounts payable under gain-share arrangements rather than the full amount invoiced. Trade receivables and payables related to these sales are recorded at full invoice value.

Lease end dates

IFRS 16 Leases requires a lessee to determine whether it is reasonably certain: to exercise an option to extend the term of the lease; to exercise an option to purchase the underlying asset at the end of the lease; or not to exercise an option to terminate the lease early. The Group makes this assessment to derive an expected lease term, which may not be the same as the contractual term of the lease. This has led to a level of judgement over the leases in our portfolio on the expected lease termination date. Depending on the circumstances of the individual lease, the Group has taken either the break date (for those circumstances where the Group is reasonably certain to exercise the break), the actual lease end date or an estimate of how long the Group will stay in a property for those leases which have been held over at the end of the year.

Ageing of borrowing

The Group has signed up to a revolving credit facility which is committed until at least December 2024 (note 27). Borrowings made under this facility are over a set period, which is usually less than a year, but are available to be renewed as and when they fall due. The Group assesses if any element of this borrowing would be due in less than one year based upon optimal cash holding positions and planned repayments of the debt, in total, over the coming 12 months.

Deferred tax asset recoverability

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Software

Capitalised software costs are amortised from when the relevant software is ready and available for use. This requires judgement over when software has exited the testing phase and is normally determined by how many of the planned users have been migrated to the new platform. All costs relating to the 'research' phase of the software development cycle, together with costs not separately identifiable and attributable to particular program development, are expensed directly to administrative expenses in the income statement in the period in which they are incurred. Some software can be treated as "Software as a service" and so expensed as the service is provided rather than capitalised on spend and amortised over the useful economic life. The Group assesses the treatment of such software on a case-by-case basis with reference to facts including whether the right to transfer the software to another platform or to control the method of operation is within the control of the Group.

Post year end disposal of Corestaff

The Directors have disposed of Corestaff to swipejobs Inc, a US private digital staffing company and consider this to be a post balance sheet event. Under IFRS 5, there are certain criteria that are required to be met to allow a subsidiary to be considered to be Held for Sale. The Directors have considered the criteria in IFRS 5 and have noted that whilst some of these had been met at the year end, the sale of Corestaff was not determined to be highly probable until after the period end date. As such, the Directors have considered that the transaction did not meet the criteria of Held for Sale in the financial period.

ii) Estimates*Impairment of goodwill and other intangible assets*

The Group determines whether goodwill and other intangible assets are permanently impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount of the cash-generating unit to which the assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details of the carrying value and impairment review, including sensitivities, are given in notes 12 and 13.

Legal provision

The Group measures and recognises provisions related to pending litigation or other outstanding claims subject to negotiated settlement, mediation and arbitration. A significant level of estimation is required to quantify the possible ranges of financial settlement. Due to the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision (see note 20).

Lease interest rates

The Group has estimated the interest rates implicit in the lease when calculating the lease liability and related right-of-use asset under IFRS 16 Leases. Unless stipulated clearly when taking on the liability, the Group uses an incremental borrowing rate calculation to determine the relevant rate. Consideration is taken over the term of the lease, the credit risk of the acquirer and any specific risks relating to the assets acquired by an individual lease.

C) Currencies and foreign currency translation

The functional and presentational currency of the Company and its UK subsidiaries is Pound Sterling. Foreign operations are located mainly in North America, Europe, Australia and New Zealand, which use their local currencies as their functional currencies.

FINANCIAL STATEMENTS**Notes to the consolidated financial statements continued**

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**C) Currencies and foreign currency translation continued**

On consolidation, at the reporting date, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at rates ruling on the balance sheet date. Income and expense items are translated at average exchange rates monthly during the reporting period, as this is considered a reasonable approximation to actual translated rates.

The exchange differences arising from this retranslation are recognised in the Consolidated Statement of Other Comprehensive Income and accumulated to a foreign currency translation reserve in equity.

Transactions in foreign currencies are initially recorded in the functional currency using the rate of exchange ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, therefore forming part of the net investment in the foreign operation, and the tax charges and credits attributable to the exchange differences on these balances, are dealt with in the statement of comprehensive income and accumulated to a foreign currency translation reserve in equity.

D) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Freehold property:	over 50 years
Short leasehold property improvements:	over the term of the lease
Furniture, fixtures and fittings:	between three and ten years or to the end of the lease, whichever is shorter at the start of the asset's life
Computer equipment:	between two and five years

The residual value and estimated useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the item) is included in the income statement in the period the item is derecognised.

E) Goodwill

Goodwill acquired in a business combination represents the excess of the consideration paid (at the date of exchange) over the fair value of the identifiable assets, liabilities and contingent liabilities acquired on the date of acquisition.

Acquisition-related costs are expensed to the income statement as incurred.

Goodwill is recognised as an asset in the consolidated balance sheet of the Group and is recorded at cost less any accumulated impairment losses. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment charge is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (business segments) that is expected to benefit from the combination. Each group of cash-generating units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

F) Other intangible assets

Other intangible assets represent the carrying value of brands and client relationships, identified on business combinations, and of computer software and licences. Carrying value is equal to cost less accumulated amortisation and impairment or, in the case of assets acquired through business combinations, fair value at date of acquisition less accumulated amortisation and impairment.

Brand values

Brands are defined as having finite useful lives and the costs are amortised on a straight-line basis over the estimated useful lives of each of the assets (ranging between three and twenty years). The expense is taken to the income statement through the 'depreciation and amortisation' line within administrative expenses.

Client relationships

Client relationships are defined as having finite useful lives and the costs are amortised on a straight-line basis over the estimated useful lives of each of the assets (ten years). The expense is taken to the income statement through the 'depreciation and amortisation' line within administrative expenses.

Software

Externally acquired computer software and licences are capitalised at the costs incurred to acquire and bring into use the specific software. Internally generated computer software programs are capitalised to the extent that costs can be separately identified and attributed to particular software programs measured reliably, and where the asset developed can be shown to generate future economic benefits and the Group intends to and has the technical ability and sufficient resources to complete development. Computer software and licences are defined as having finite useful lives and the costs are amortised on a straight-line basis over the estimated useful lives of each of the assets, considered to be between three and five years. The expense is taken to the income statement through the 'depreciation and amortisation' line within administrative expenses.

Some software can be treated as "Software as a service" and so expensed as the service is provided rather than capitalised on spend and amortised over the useful economic life. The Group assesses the treatment of such software on a case-by-case basis with reference to facts including whether the right to transfer the software to another platform or to control the method of operation is within the control of the Group.

All costs relating to the 'research' phase of the software development cycle, together with costs not separately identifiable and attributable to particular program development, are expensed directly to administrative expenses in the income statement in the period in which they are incurred.

Impairment

All intangible assets are also reviewed for impairment whenever there is an indication that the carrying amount may be impaired, or where the asset is not yet available for use. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

G) Implementation costs

Costs directly attributable to the implementation of a contract and which can be separately identified and measured reliably are capitalised when income from that contract is virtually certain and where they relate directly to the specific contract and are directly incremental to the implementation. These costs are included within trade and other receivables on the balance sheet so long as the estimated future cash flows from the contract are not less than the capitalised amount. These capitalised costs are amortised over the life of the contract on a straight-line basis. If the contract becomes loss-making, any unamortised costs are written off immediately.

H) Financial assets

Financial assets are classified as 'financial assets at fair value through the income statement', 'financial assets at fair value through other comprehensive income', or as 'financial assets at amortised cost' as appropriate. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial period end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through the income statement, directly attributable transaction costs.

FINANCIAL STATEMENTS**Notes to the consolidated financial statements continued**

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**H) Financial assets continued****Investments**

The Group's investments are classified as held at fair value through the income statement. They are further classified as non-current unless management expects to dispose of the investment within 12 months of the balance sheet date.

These investments relate to the deferred compensation plan detailed in note 2(P) below, where the employee's entitlement is limited to the market value of the fund. On this basis, the use of fair value through the income statement is permitted because it eliminates a measurement inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on a different basis. Subsequent to initial recognition these investments are held at fair value; the fair values are based upon bid prices ruling at the balance sheet date. Fair value adjustments are recognised through the income statement.

I) Other non-current financial assets

Other non-current financial assets represent security deposits with non-financial institutions that have no fixed date of repayment and that are not expected to be repaid within the next 12 months. On initial recognition these assets are held at cost and subsequently at amortised cost.

Impairment

The Group assesses at each balance sheet date whether a financial asset is impaired by reference to any known evidence indicating that the Group may not be able to collect all amounts due in full.

J) Trade and other receivables

Trade receivables, which have various terms, are non-interest-bearing and are recognised and carried at fair value and subsequently measured at amortised cost, being the original invoice amount less an allowance for uncollectible amounts, credit notes and expected credit losses.

Supplier Finance Arrangements (SFA) are utilised by the Group. These arrangements, organised by clients of the Group, are non-recourse and irrevocable as the trade receivable has been sold to the relevant bank providing the SFA. The designated trade receivable is duly derecognised in accordance with IFRS 9, with the associated cash payment debited to the Group's cash position. The utilisation charge for drawing down on the SFA is included in interest costs and is recognised from the drawdown date to the contractual payment term of the relevant trade receivable subject to the arrangement. Any other trade receivables related to those clients, which have not been utilised for the SFA, remain within trade receivables and will be paid when due under the client payment terms. The cashflows arising from the derecognition of trade receivables under the SFA arrangements are treated as 'movements in trade and other receivables' and therefore form part of 'cash from operations'.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss provision is based on the Group's expectation of future credit losses over the current receivables balance. These expectations are based upon known issues affecting specific debtors as well as general forward-looking information on factors affecting the Group's customers as a whole, as well as an awareness of the economic conditions in the countries where the Group operates. These risk factors are considered both on initial recognition of the receivable and as part of the ongoing assessment. If there has been a significant increase in the credit risk since the initial recognition then an increased loss provision is recognised.

Trade and other receivables also include contract assets which primarily arise either as costs incurred when implementing a new contract or where services have been provided but the amount incurred and margin earned has yet to be invoiced to the client due to timing of the completion of the performance obligation and are considered contract assets for disclosures required under IFRS 15 revenue from contracts with customers.

K) Cash and cash equivalents

Cash and short-term deposits in the consolidated balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above. BACs and similar electronic cash transfers are recognised on a settlement basis. Bank overdrafts are used as a form of short term financing arrangement for the Group and are shown within trade and other payables on the consolidated balance sheet and disclosed as a financing activity on the consolidated statements of cash flows.

L) Trade and other payables

Trade and other payables are classified as financial liabilities and measured at amortised cost which approximates to the fair value. The balances are not interest-bearing.

M) Taxes***Current tax***

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised on an undiscounted basis for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax liabilities are not recognised on unremitted earnings from subsidiaries where the Group can control the timing of the reversal and the temporary difference is not expected to reverse in the foreseeable future.

Sales taxes

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods or services or assets is not recoverable from the taxation authority in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

N) Provisions

Provisions, such as those over property or ongoing legal cases, are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense in the income statement.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements continued

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**N) Provisions continued**

As part of the normal course of business the Group is exposed to various claims. Provisions are made for amounts that satisfy the recognition criteria in IAS 37 and accordingly are not recognised when the likelihood of any claim being settled and the associated settlement amount cannot be estimated.

O) Financial liabilities

Financial liabilities are classified on initial recognition as either 'financial liabilities at fair value through the income statement' or 'at amortised cost'. All Group borrowings have initially been recognised as 'at amortised cost' and measured at fair value of the consideration received less directly attributable issue costs.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initially recognised amount and the maturity amount. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

P) Employee benefits***Short-term benefits – bonus arrangements***

The Group operates a number of annual bonus arrangements for Directors and employees. The cost of these arrangements is recognised in the income statement when the entity has an obligation to make such payments as a result of the achievement of Board-approved performance targets and when a reliable estimate of this obligation can be made.

Defined contribution pension obligations

The Group provides pension arrangements for its UK-based Directors and employees through defined contribution schemes administered by third party providers. The Group has no further payment obligations once the contributions have been made. Contribution costs are expensed to the income statement as they become due.

Other post-employment obligations

In the US, the Group operates a deferred compensation plan for certain key employees. The plan allows the employee to defer receipt of a portion of their emoluments together with, in some cases, a contribution from the Group. The deferred amounts plus the Group contribution are paid into an external trust fund. Employees' entitlement is limited to the market value of the fund; therefore, both the investment and the liability to the employee are marked to market on an annual basis, with movements passing through the administrative expenses line (salaries and wages) in the income statement.

Q) Leases

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 an expected full term of 12 months or less.

Lease liabilities are measured at the present value of the unpaid contractual payments over the recognised 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 Group's incremental borrowing rate on commencement of the lease is used.

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 Group if it is reasonably certain to exercise that option; and any penalties payable for terminating the lease if the term of the lease has been estimated on the basis of the 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 and initial direct costs incurred. 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 this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at a revised discount rate that is implicit in the lease for the remainder of the lease term. The carrying value of lease liabilities is similarly revised if any variable element of future lease payments dependent on a rate or index is revised. 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 lease term.

When the Group 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 similar to 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 renegotiation 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 or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure the 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.

Right-of-use assets are reviewed regularly to ensure that the useful economic life of the asset is still appropriate based on the usage of the asset. Where the asset has reduced in value the Group considers the situation on an asset-by-asset basis and either treats the reduction as an acceleration of depreciation or as an impairment under IAS 36 Impairment of Assets. An acceleration of depreciation occurs in those cases where there is no opportunity or intention to utilise the asset before the end of the lease. An impairment is recognised in those few cases where the current value-in-use of the asset is significantly less than the carrying amount and there is no intention or opportunity known of that mitigates this impairment.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease.

Where the Group acts as a lessor by sub-letting specific leases, each such lease is classed either as a finance lease, if the sub-let transfers substantially all the risks and rewards of the underlying asset to the lessee, or an operating lease, if not. The Group endeavours to ensure that any sub-lease covers the full remaining term of the lease.

Where the Group recognises an asset from a finance lease, such asset replaces the right-of-use asset arising from the head lease and is recorded as a receivable called net investment in the lease. Subsequent to initial measurement, the net investment in the lease increases as a result of interest charged at a constant rate on the balance outstanding and is reduced for lease payments made. These assets are reviewed for recoverability using the simplified arrangements under the expected credit loss model creating a lifetime expected credit loss provision.

Where the Group recognises an operating lease, lease payments received are treated as income on a straight-line basis.

R) Revenue

Revenue derived from temporary staffing services is recognised and accrued by reference to hours worked (representing the service provided) in accordance with submitted authorised timesheets and pre-agreed charge rates (which include an element of salary and related costs) which are together used to determine the transaction price. This applies both when there is a direct supply as well as when there is supply of a managed service to the client, as the timing of performance obligations and the raising of invoices can vary. Timesheets are submitted mainly on a weekly basis, with a limited number being submitted either daily or monthly, so any variable aspect of contract assets is limited due to the financial period finishing at the end of a week.

The Group assesses whether it is acting as agent or principal depending on whether the client has a direct relationship with the Group, whether the Group has the primary responsibility for providing the services and whether the Group has control of or holds the inventory risk over the worker placed.

Where the Group acts as a principal in the supply, revenue is recognised as the gross amount due net of applicable sales taxes, rebates and discounts and after eliminating sales made within the Group. Where the Group provides a service in which it acts as agent for the client, the amount of revenue recognised is limited to the management fee receivable for that service after making provision for any losses foreseen, volume rebates and any other amounts payable rather than the full amount invoiced. Trade receivables and payables related to these sales are recorded at full invoice value. The Group does conduct business on both a principal and an agent basis and each new contract is reviewed to identify the most appropriate basis. Most segments within the Group act as principals as they have the primary relationship with the worker placed and can control when and where they are placed. The examples of the agent-basis relationship are all found in the Global Managed Services segment. These contracts have secondary relationships with the

FINANCIAL STATEMENTS**Notes to the consolidated financial statements continued**

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**R) Revenue continued**

workers placed and act more as intermediaries for providing services regarding administering and processing rather than sourcing the individual workers. The contractual obligations around both the billing of clients and payments to suppliers in these cases also highlight the lack of control over the specific service provided and so reinforces the recognition of revenue on an agent basis.

Revenue derived from permanent placements is recognised and accrued when the employment of the individual commences with provision made for potential refunds which can be payable if the placement is terminated within a set period ranging from 14 to 100 days. Revenue recognised from a permanent placement uses a transaction price typically based on a percentage of the candidate's remuneration package and is recognised when the candidate commences work with the client, which is the only performance obligation and point at which control was transferred involved in the supply.

For revenue derived from both temporary staffing and permanent placements, payment is due following the completion of the performance obligations and an agreed period of credit dependent on the agreed contract with the client. Other revenue, including fees received for one-off services which are not dependent on hours worked or placed workers, is recognised when all parties agree the relevant performance obligations have been performed. Interest income receivable on deposits with financial institutions is recognised on an accrued basis. Contract liabilities are recognised when an invoice has been raised in advance of the service provision discussed above.

S) Borrowing costs

Borrowing costs are recognised as an expense when incurred unless they are qualifying assets under IAS 23 Borrowing costs when they are capitalised.

T) Equity instruments

The Ordinary shares issued by the Company are classified as equity. They are recorded as the proceeds received net of direct issue costs.

Where any Group company purchases the Company's equity instrument (treasury shares), the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's equity shareholders, until the shares are cancelled or reissued. Upon cancellation, a reserve equal to the nominal value of the shares is transferred from retained earnings into a capital redemption reserve.

U) Retained earnings

Retained earnings represents all other net gains and losses and transactions with owners which are not recognised elsewhere.

V) Dividend distribution policy

Dividend distributions to the Company's shareholders are recognised as an expense in the Group financial statements in the period in which the dividends are paid or approved by the Company's shareholders.

W) 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 the grant will be complied with and that the grant will be received.

3. SEGMENT INFORMATION

The Group is reporting under IFRS 8 Operating Segments which requires that the Group firstly:

- identifies its 'Chief Operating Decision Maker' ('CODM'), which has currently been assessed as the Group Chief Executive Officer who, along with the 'Leadership Team', reviews the Group's internal reporting in order to assess performance and allocate resources; and secondly
- by reference to the information supplied to the CODM, identify its operating segments and, from these, identify its reportable segments.

The CODM discusses performance with management of the following reportable segments on a revenue and gross profit basis only:

- Global Managed Services
- STEM
- Regional Specialist Staffing
- Healthcare

There is a change in segmental analysis from the prior year as Global Talent Acquisition and Managed Workforce Solutions changed its name to Global Managed Services, and Global Specialist Staffing was removed in favour of STEM to better reflect the management structures. The new STEM sector includes most of what was in Global Specialist Staffing, an element of Regional Specialist Staffing as well as some other elements transferring to and from the other segments. The prior year segmental reporting has been restated to incorporate these changes.

The CODM does not review balance sheet reports in detail by segment, only in total for the Group. As such, no information relating to assets and liabilities on a segmental basis has been presented.

	Revenue £m	Gross profit £m
31 December 2021		
Global Managed Services	838.7	79.2
STEM	759.6	81.8
Regional Specialist Staffing	430.7	62.3
Healthcare	295.3	43.7
Inter-segment revenues	(61.9)	–
Operating segments	2,262.4	267.0

Restated	Revenue £m	Gross profit £m
1 January 2021		
Global Managed Services	745.8	71.4
STEM	712.2	65.1
Regional Specialist Staffing	356.4	49.8
Healthcare	231.3	41.8
Inter-segment revenues	(44.8)	–
Operating segments	2,000.9	228.1

The CODM also discusses performance with management of the following geographic segments plus an allocation of shared costs and corporate costs:

- UK & Europe
- North America
- Asia Pacific

	Revenue £m	Gross profit £m	Adjusted operating profit £m
31 December 2021			
UK & Europe	1,741.4	172.5	24.5
North America	456.3	76.5	10.1
Asia Pacific	64.7	18.0	2.2
Operating segments	2,262.4	267.0	36.8

	Revenue £m	Gross profit £m	Adjusted operating profit £m
1 January 2021			
UK & Europe	1,539.5	140.7	8.1
North America	401.5	70.5	13.4
Asia Pacific	59.9	16.9	1.8
Operating segments	2,000.9	228.1	23.3

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3. SEGMENT INFORMATION CONTINUED

Reconciliation of segment adjusted operating profit to profit from continuing operations is as follows:

	31 December 2021 £m	January 2021 £m
Segment adjusted operating profit	36.8	23.3
Corporate costs	(7.5)	(5.1)
Adjusted operating profit	29.3	18.2
Amortisation of brand value and customer relationships (note 13)	(9.8)	(11.0)
Impairment of goodwill (note 12)	-	(16.6)
Impairment of intangible assets (note 13)	-	(5.6)
Operating profit/(loss) from continuing operations	19.5	(15.0)
Finance income (note 6)	0.2	0.3
Finance expense (note 7)	(4.3)	(5.7)
Tax charge (note 8)	(7.1)	(1.0)
Profit/(loss) for the year	8.3	(21.4)

Where the Group places workers between operational segments, the relevant segments each record the gross revenue for placing the worker on an arm's-length basis. An adjustment has been made to remove the impact of inter-segment revenues from the Group results.

The Group has adopted adjusted operating profit as its Alternative Performance Measure to include depreciation and amortisation of assets but excluding amortisation of acquired intangibles.

Adjusted operating profit is not defined by IFRS and therefore may not be directly comparable with other companies' alternative profit measures. It is not intended to be a substitute, or superior to, IFRS measurements of profit.

IFRS 15 requires entities to disaggregate revenue recognised from contracts with customers into relevant categories that depict how the nature, amount and cash flows are affected by economic factors. As a result, we consider the following information to be relevant:

31 December 2021	Global Managed Services £m	STEM £m	Regional Specialist Staffing £m	Healthcare £m	Inter-segment revenues £m	Total £m
Primary geographic markets						
UK & Europe	650.9	572.9	332.7	246.8	(61.9)	1,741.4
North America	171.6	186.7	98.0	-	-	456.3
Australasia	16.2	-	-	48.5	-	64.7
Total	838.7	759.6	430.7	295.3	(61.9)	2,262.4
Major service lines						
Temporary placements	828.5	728.4	421.6	286.4	(61.9)	2,203.0
Permanent placements	3.4	20.3	9.1	8.0	-	40.8
Other	6.8	10.9	-	0.9	-	18.6
Total	838.7	759.6	430.7	295.3	(61.9)	2,262.4
Timing of revenue recognition						
Service transferred at a point in time	838.7	759.6	430.7	295.3	(61.9)	2,262.4
Total	838.7	759.6	430.7	295.3	(61.9)	2,262.4

Restated 1 January 2021	Global Managed Services £m	STEM £m	Regional Specialist Staffing £m	Headcare £m	Inter-segment revenues £m	Total £m
Primary geographic markets						
UK & Europe	597.2	524.7	284.6	177.8	(44.8)	1,539.5
North America	142.2	187.5	71.8	–	–	401.5
Australasia	6.4	–	–	53.5	–	59.9
Total	745.8	712.2	356.4	231.3	(44.8)	2,000.9
Major service lines						
Temporary placements	738.2	697.5	350.6	224.8	(44.8)	1,966.3
Permanent placements	2.7	9.1	4.9	6.0	–	22.7
Other	4.9	5.6	0.9	0.5	–	11.9
Total	745.8	712.2	356.4	231.3	(44.8)	2,000.9
Timing of revenue recognition						
Service transferred at a point in time	745.8	712.2	356.4	231.3	(44.8)	2,000.9
Total	745.8	712.2	356.4	231.3	(44.8)	2,000.9

The revenue information above is based on location of the Group entity directly involved in the supply.

4. OPERATING PROFIT/(LOSS)

a) Operating profit/(loss) has been arrived at after charging:

	31 December 2021 £m	1 January 2021 £m
Depreciation of property, plant and equipment (note 10)	2.4	2.8
Amortisation of right-of-use assets (note 11)	7.0	9.5
Amortisation of intangible assets (note 13)	15.1	17.6
Impairment of goodwill (note 12)	–	16.6
Impairment of intangible assets (note 13)	–	5.6
Profit on disposal of fixed assets	(0.2)	(0.2)
Minimum lease payments recognised as an operating lease expense (note 11)	0.7	0.3
Charge for bad and doubtful trade receivables (note 15)	3.3	3.6

Operating profit is stated net of £0.5m (2020: £7.4m) income received from governments globally in respect of various support schemes following the Covid-19 pandemic.

b) Auditor's remuneration

	31 December 2021 £m	1 January 2021 £m
Fees payable to the Auditor for the audit of the Group's annual financial statements	0.3	0.3
Fees payable to the Group's Auditor and their associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	0.9	0.8
Total	1.2	1.1

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5. EMPLOYMENT COSTS

a) Employees (including Directors) whose costs are included in administrative expenses

Costs of employment

	31 December 2021 £m	31 December 2020 £m
Wages, salaries and bonuses	157.5	134.3
Social security costs	14.4	12.2
Expenses related to defined contribution plan	2.9	3.4
Total	174.8	149.9

Monthly average number of employees

	31 December 2021 Number	31 December 2020 Number
UK & Europe	1,894	2,012
North America	623	556
Asia Pacific	179	167
Corporate staff (including Directors)	11	8
Total	2,707	2,743

The table above includes a monthly average of zero staff who were placed on furlough during the period (2020: 262 staff). The year end number of staff was 2,900 (2020: 2,500).

b) Employees whose costs are included in cost of sales

In addition to the above, the Group employs some of the staff who are supplied to clients and whose costs are part of the Group's cost of sales.

Costs of employment

	31 December 2021 £m	31 December 2020 £m
Wages, salaries and bonuses	620.3	557.4
Social security costs	48.8	40.1
Expenses related to defined contribution plan	3.0	2.3
Total	672.1	599.8

The costs above are net of government grants in respect to job support schemes that have been administered for staff supplied to clients.

Monthly average number of employees

	31 December 2021 Number	31 December 2020 Number
UK & Europe	15,070	12,717
North America	6,694	5,474
Asia Pacific	559	353
Total	22,323	18,544

c) Information on Directors' remuneration

The total emoluments for all Directors during the period were:

	31 December 2021 £m	31 December 2020 £m
Emoluments (including benefits)	2,053	1,102
Contribution to defined contribution pension plans	92	91
Total	2,145	1,193

Total emoluments:

	Salary and benefits £000	Pension contributions £000	Total fixed costs £000	Bonus £000	Deferred bonus £000	Total variable £000	Total emoluments £000
31 December 2021							
Lord M Ashcroft	50	–	50	–	–	–	50
J Robertson	477	68	545	345	233	578	1,123
T Briant	314	24	338	270	195	465	803
AE Entwistle	40	–	40	–	–	–	40
ME Ettling	49	–	49	–	–	–	49
M Laurie	40	–	40	–	–	–	40
Baroness T Stowell	40	–	40	–	–	–	40
Total	1,010	92	1,102	615	428	1,043	2,145
31 January 2021							
Lord M Ashcroft	46	–	46	–	–	–	46
J Robertson	454	68	522	90	–	90	612
T Briant	275	23	298	55	28	83	384
AE Entwistle	38	–	38	–	–	–	38
ME Ettling	40	–	40	–	–	–	40
M Laurie	38	–	38	–	–	–	38
Baroness T Stowell	38	–	38	–	–	–	38
Total	929	91	1,020	145	28	173	1,193

All pension payments relate to defined contribution schemes.

The total emoluments for J Robertson and T Briant include benefits, both non-cash and cash, to the value of £95,000 (2020: £95,000) and £37,000 (2020: £36,000) respectively. The £40,000 (2020: £38,000) paid for the services of AE Entwistle as a Non-Executive Director is paid to Deacon Street Partners Limited. The £49,000 (2020: £40,000) paid for the services of ME Ettling as a Non-Executive Director is paid directly to ME Ettling. No Director has been in receipt of either a loan from the Group or a long-term incentive plan in the current or prior periods.

6. TOTAL FINANCE INCOME

	31 December 2021 £m	31 January 2021 £m
Bank interest receivable	0.1	0.2
Interest on lease debtors	0.1	0.1
Total finance income	0.2	0.3

7. TOTAL FINANCE EXPENSE

	31 December 2021 £m	31 January 2021 £m
Revolving credit facilities	3.4	4.4
Lease interest payable	0.6	0.8
Unwind discount on provisions	0.2	0.3
Other interest expense	0.1	0.2
Total finance expense	4.3	5.7

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8. TAXATION

a) Tax charge in the income statement

	31 December 2021 £m	31 January 2021 £m
Current income tax		
UK corporation tax on results for the period	2.8	0.8
Adjustments in respect of previous periods	(0.5)	(0.9)
	2.3	(0.1)
Foreign tax in the period	1.6	2.1
Adjustments in respect of previous periods	-	(0.8)
Total current income tax	3.9	1.2
Deferred tax charge/(credit)	3.2	(0.2)
Total tax charge in the income statement	7.1	1.0

The deferred tax credit comprises the following:

	31 December 2021 £m	31 January 2021 £m
Utilisation of tax losses brought forward	2.0	5.4
Recognition of assets not previously recognised	(0.9)	-
Origination and reversal of other temporary differences	(1.5)	(7.6)
Change in tax rate used for deferred tax carried forward	3.1	1.6
Adjustment in respect of previous periods	0.5	0.4
Total deferred tax charge/(credit) (note 21)	3.2	(0.2)

b) Reconciliation of the total tax charge

The standard rate of Corporation Tax in the UK is 19%. Accordingly, the Group's result from this period is taxed at an effective rate of 19.0% (2020: 19.0%). The tax charge for the period is £7.1m (2020: £1.0m) for the Group. A tax reconciliation explaining differences from the expected statutory rate is summarised below:

	31 December 2021 %	31 January 2021 %
Tax charge at UK standard rate	19.0	19.0
Differences in tax rates in other countries	0.9	(1.2)
(Income)/expenses not taxable/allowable in determining taxable profits	9.6	(22.8)
Losses in period carried forward but not recognised as assets	0.9	1.2
Utilisation of losses not previously recognised (note 21)	(4.8)	-
Change in tax rate used for deferred tax carried forward	20.2	(7.7)
Adjustments to deferred tax in respect of previous periods	3.5	(1.8)
Adjustments in respect of previous periods	(3.5)	8.4
Effective total tax rate	45.8	(4.9)

Income not taxable in determining taxable profits is comprised of various adjustments in respect of items not treated as taxable under local tax rules (such as non-deductible interest and capital costs in administrative expenses), plus expenses previously added back as non-deductible being treated as allowed for tax.

Adjustments in respect of previous periods (current and deferred) arise as a result of a reduction in non-tax-deductible expenses and estimated timing differences in the prior year filed tax returns. See note 21 for an explanation of deferred tax balances.

Factors affecting tax charges in future periods

The Finance Act 2021 was substantively enacted on 24 May 2021 and included the increase to the UK corporation tax rate from 19% to 25% effective from 1 April 2023. As such, UK deferred tax balances that are forecast to unwind after 1 April 2023 have been re-measured and recognised at 25%. The most significant impact has been to the deferred tax liability carried on intangible assets. Based on the current net book value of intangible assets and the related expected future amortisation charge to 1 April 2023, the deferred tax liability has increased by approximately £2.5m.

9. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to the owners of the Company by the weighted average number of Ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated on the same basis but after adjusting the denominator for the effects of dilutive options. The only dilutive effect relates to 19,841 shares owned by The Corporate Services Group Ltd Employee Share Trust which hold the shares remaining after various historic option plans lapsed. Excluding these shares, the weighted average number of shares in 2021 is 45,538,963 (2020: 46,208,380) and the fully diluted average number of shares is 45,558,804 (2020: 46,228,221). The calculations of both basic and diluted earnings per share ('EPS') are based upon the following consolidated income statement data:

	31 December 2021 £m	1 January 2021 £m
Profit/(loss) for the period	8.3	(21.4)
Impairment of goodwill	–	16.6
Impairment of other intangible assets (net of tax)	–	4.5
Acquired intangibles amortisation (net of tax)	7.7	8.6
Total adjusted profit for the period	16.0	8.3

EPS – basic calculation

	31 December 2021 Pence	1 January 2021 Pence
Total unadjusted basic earnings per share	18.3	(46.2)
Impairment of goodwill	–	36.0
Impairment of other intangible assets (net of tax)	–	9.8
Customer relationship and brand amortisation (net of tax)	17.0	18.6
Adjusted basic earnings per share¹	35.3	18.2

¹ Additional earnings per share calculations have been presented in order to provide information on the underlying performance of the Group before impairment of goodwill and intangible assets and the amortisation of customer relationships and brands.

EPS – diluted calculation

	31 December 2021 Pence	1 January 2021 Pence
Total unadjusted diluted earnings per share	18.3	(46.2)
Impairment of goodwill	–	36.0
Impairment of other intangible assets (net of tax)	–	9.8
Customer relationship and brand amortisation (net of tax)	16.9	18.6
Adjusted diluted earnings per share¹	35.2	18.2

¹ Additional earnings per share calculations have been presented in order to provide information on the underlying performance of the Group before impairment of goodwill and intangible assets and the amortisation of customer relationships and brands.

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10. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £m	Short leasehold property £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
Net carrying value – 4 January 2020	0.2	1.3	3.4	1.7	6.6
Cost – 4 January 2020	0.2	2.8	7.9	6.5	17.4
Additions	–	0.2	0.6	0.4	1.2
Disposals	–	(0.1)	(1.0)	(1.6)	(2.7)
Foreign exchange	–	0.1	–	0.1	0.2
Cost – 1 January 2021	0.2	3.0	7.5	5.4	16.1
Accumulated depreciation – 4 January 2020	–	1.5	4.5	4.8	10.8
Charge for the period	–	0.4	1.3	1.1	2.8
Disposals	–	(0.1)	(1.0)	(1.6)	(2.7)
Foreign exchange	–	0.1	–	–	0.1
Accumulated depreciation – 1 January 2021	–	1.9	4.8	4.3	11.0
Net carrying value – 1 January 2021	0.2	1.1	2.7	1.1	5.1
Cost – 2 January 2021	0.2	3.0	7.5	5.4	16.1
Additions	–	0.2	0.1	1.2	1.5
Disposals	–	–	(0.9)	(1.7)	(2.6)
Foreign exchange	–	–	–	0.1	0.1
Cost – 31 December 2021	0.2	3.2	6.7	5.0	15.1
Accumulated depreciation – 2 January 2021	–	1.9	4.8	4.3	11.0
Charge for the period	–	0.5	1.1	0.8	2.4
Disposals	–	–	(0.9)	(1.7)	(2.6)
Foreign exchange	–	–	–	0.1	0.1
Accumulated depreciation – 31 December 2021	–	2.4	5.0	3.5	10.9
Net carrying value – 31 December 2021	0.2	0.8	1.7	1.5	4.2

Included in computer equipment are assets with net carrying value of £0.1m (2020: £0.2m) held under a finance lease. Depreciation of £0.1m (2020: £0.1m) was charged on these assets.

11. LEASES

During the period, the Group accounted for 125 leased properties (2020: 149) under IFRS 16 across the jurisdictions in which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation or at a fixed rate and in others to be reset periodically to market rental rates, whilst in others the periodic rent is fixed over the lease term. Some leases have provisions for early termination (see lease end dates judgements 2(B)(i)). The Group also leased 99 vehicles (2020: 125), all of which have a fixed lease fee over the term. The weighted average incremental borrowing rate used to calculate the lease liability was 2.96% (2020: 2.80%).

Of the 125 property leases accounted for under IFRS 16 during the period, 12% recognised future uplifts in rent (2020: 10%). Should the lease payments on these increase by 5% there could be a resulting increase in the right-of-use asset of £0.2m.

During the period, three leases which were sub-let in their entirety were assigned to the occupying tenant. As a result, there was an equal and opposite reduction in both the lease receivable and the lease liability positions of the Group. The last property the Group sub-let reached the termination date during the period and consequentially the Group has no lease receivable at the end of the period.

Right-of-use assets

	Land and buildings €m	Vehicles €m	Total €m
Net carrying value – 3 January 2020	26.6	1.0	27.6
Cost – 4 January 2020	34.9	1.4	36.3
Additions	5.0	–	5.0
Disposals	(4.6)	(0.2)	(4.8)
Foreign exchange	–	–	–
Cost – 1 January 2021	35.3	1.2	36.5
Accumulated depreciation – 4 January 2020	8.3	0.4	8.7
Charge for the period	8.9	0.6	9.5
Disposals	(2.8)	(0.2)	(3.0)
Foreign exchange	–	–	–
Accumulated depreciation – 1 January 2021	14.4	0.8	15.2
Net carrying value – 1 January 2021	20.9	0.4	21.3
Cost – 2 January 2021	35.3	1.2	36.5
Additions	0.5	–	0.5
Remeasurement	1.5	–	1.5
Disposals	(4.0)	(0.5)	(4.5)
Foreign exchange	(0.2)	(0.1)	(0.3)
Cost – 31 December 2021	33.1	0.6	33.7
Accumulated depreciation – 2 January 2021	14.4	0.8	15.2
Charge for the period	6.7	0.3	7.0
Disposals	(3.8)	(0.5)	(4.3)
Foreign exchange	(0.1)	–	(0.1)
Accumulated depreciation – 31 December 2021	17.2	0.6	17.8
Net carrying value – 31 December 2021	15.9	–	15.9

Lease receivables

	Land and buildings €m	Vehicles €m	Total €m
Net carrying value – 3 January 2020	7.3	–	7.3
Additions	1.4	–	1.4
Interest	0.1	–	0.1
Receipts	(3.2)	–	(3.2)
Disposals	(1.4)	–	(1.4)
Foreign exchange	0.1	–	0.1
Net carrying value – 1 January 2021	4.3	–	4.3
Additions	–	–	–
Interest	0.1	–	0.1
Receipts	(1.7)	–	(1.7)
Disposals	(2.5)	–	(2.5)
Foreign exchange	(0.2)	–	(0.2)
Net carrying value – 31 December 2021	–	–	–

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11. LEASES CONTINUED

	31 December 2021 £m	January 2021 £m
Due in year 1	–	2.5
Due in year 2	–	1.3
Due in year 3	–	0.7
Undiscounted lease payments	–	4.5
Unearned finance income	–	(0.2)
Total lease receivables (note 15)	–	4.3

	31 December 2021 £m	January 2021 £m
Current	–	2.4
Non-current	–	1.9
Total lease receivables (note 15)	–	4.3

Lease liabilities

	Land and buildings £m	Vehicles £m	Trucks £m
Net carrying value – 3 January 2020	32.8	1.0	33.8
Additions	6.1	–	6.1
Interest	0.8	–	0.8
Payments	(10.8)	(0.7)	(11.5)
Disposals	(3.0)	–	(3.0)
Foreign exchange	0.3	–	0.3
Net carrying value – 1 January 2021	26.2	0.3	26.5
Additions	0.4	–	0.4
Remeasurement	1.3	–	1.3
Interest	0.6	–	0.6
Payments	(9.0)	(0.2)	(9.2)
Disposals	(2.7)	–	(2.7)
Foreign exchange	(0.4)	–	(0.4)
Net carrying value – 31 December 2021	16.4	0.1	16.5

	31 December 2021 £m	January 2021 £m
Current	5.1	9.2
Non-current	11.4	17.3
Total lease liabilities (notes 27 and 28)	16.5	26.5

	31 December 2021 £m	January 2021 £m
Due in year 1	5.5	9.9
Due in year 2 to 5	9.2	14.0
Due after year 5	3.0	4.5
Undiscounted lease payments	17.7	28.4
Unearned finance income	(1.2)	(1.9)
Total lease payables (notes 27 and 28)	16.5	26.5

Included in operating lease expenditure for 2021 are expenses relating to leases which have not been recognised under IFRS 16. The value of expense recognised for low-value leases for the period is £0.7m (2020: £0.3m) and for short-term leases is £0.1m (2020: £nil).

12. GOODWILL

	Cost £m	Impairment £m	Net carrying value £m
Opening balance at 3 January 2020	158.2	(10.2)	148.0
Impairment in the period	—	(16.6)	(16.6)
Foreign exchange and other movements	(2.3)	—	(2.3)
Closing balance at 1 January 2021	155.9	(26.8)	129.1
Foreign exchange and other movements	(0.2)	—	(0.2)
Closing balance at 31 December 2021	155.7	(26.8)	128.9

Goodwill acquired through business combinations has been allocated for impairment testing purposes to nine principal cash-generating unit ('CGU') groups as follows:

- Education
- Engineering
- Healthcare
- Information technology
- Online platform
- Science and clinical
- UK General staffing
- US Staffing
- Vendor procurement

Foreign exchange and other movements to goodwill arises from the retranslation of goodwill balances held in foreign currencies relating to the acquisition of Bartech Holdings Corporation, in the US Staffing CGU.

No impairments were recognised over goodwill in the current period (2020: £16.6m across the Information technology, Engineering and Online platform CGUs). There was also no impairment against other intangible assets (2020: £5.6m against the brand value of the Education CGU).

The carrying amount of goodwill and other indefinite assets allocated to cash-generating units at the period end is:

	31 December 2021 £m	January 2021 £m
Healthcare	7.9	7.9
Information technology	11.4	11.4
Science and clinical	8.5	8.5
UK General staffing	28.6	28.6
US Staffing	72.5	72.7
Total	128.9	129.1

Any CGU not shown above has no goodwill in the current or prior period. The Group tests this and other assets (note 13) for impairment on an annual basis, and otherwise when changes in events or situations indicate that the carrying value may not be recoverable. If such a test indicates that the carrying amount is too high, a recoverable amount is established for the asset, which is the higher of the fair value less costs to sell and the value in use.

The recoverable amount for each of the above CGUs has been determined based upon a value-in-use calculation. Value-in-use is established by discounting anticipated future cash flows attributable to each CGU that goodwill has been allocated to. Pre-tax cash flow projections are based on financial budgets approved by the Board covering the next financial period and high level management forecasts for the following four years with a perpetuity factor applied to the last forecast year.

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12. GOODWILL CONTINUED

Key assumptions

The key assumptions are based upon a combination of market data tempered by our own historical experience. The calculation of value-in-use is most sensitive to the following assumptions:

- Gross profit – this takes the average gross profit achieved in the two years preceding the start of the five plan years and adjusts, as appropriate, for anticipated changes to business mix and market conditions over the five plan years and range from 3.5% to 100.0% depending on the CGU;
- Discount rate – this reflects the Directors' estimate of an appropriate market rate of return taking into account the relevant risk factors: this has been adjusted to reflect current and expected future economic conditions as well as to account for geographic influences (see table below for rates);
- Growth rate used to extrapolate beyond the plan year and terminal values are based upon the long-term average growth rate of the UK and US economies and range from 1.0% to 9.0% depending on how long it is anticipated the CCU will take to recover from the impacts of Covid-19. Management recognises that the staffing and support services market growth rates fluctuate both above and below this rate; and
- Terminal value growth rate – the cash flow projections include growth rates that are not expected to exceed the long-term growth rates of the UK and US economies, currently 2.0% (2020: 2.0%).

Sensitivity to changes in assumptions

The impairment calculation is sensitive to changes in the above assumptions. Sensitivity analyses were performed over each subsidiary CGU to model the effects of adverse changes in the forecasts and growth assumptions. The table below shows how the results of the impairment tests for each significant CGU (being those subject to impairment, having limited excess of recoverable amount over carrying amount, or representing a substantial amount of the total goodwill) would be impacted (with all other variables being equal) by an increase in discount rate of 0.5% or a decrease of 0.5% in the long-term growth rate. The impact of all of the scenarios together has also been considered and is disclosed in the final column.

	Excess of recoverable amount over carrying value £m	Pre-tax discount rate	0.5% increase in discount rate £m	Long-term growth rates decrease by 0.5% £m	Combined sensitivity £m	Increase in impairment using combined sensitivity £m
Education	1.6	13.9	(0.2)	(1.2)	(1.3)	–
Healthcare	9.2	13.9	(1.5)	(7.4)	(8.4)	–
Information technology	24.4	13.9	(3.9)	(6.9)	(10.2)	–
Science and clinical	15.8	13.9	(2.5)	(3.7)	(5.5)	–
UK General staffing	13.1	13.9	(6.2)	(11.9)	(17.1)	(4.0)
US Staffing	75.1	16.5	(4.2)	(14.8)	(20.6)	–

The post-tax discount rate used for management's best estimates in 2021 was between 11.3% and 12.0%. Management continues to monitor closely the performance of all CCUs and considers the impact of any changes to the key assumptions.

In conclusion, management believes that, other than shown above, there is no reasonable possible change in the underlying assumptions that would result in a further significant impairment charge in the consolidated income statement.

13. OTHER INTANGIBLE ASSETS

	Software £m	Brand values £m	Client relationships £m	Total £m
Net carrying value – 3 January 2020	17.4	77.8	22.6	117.8
Cost – 4 January 2020	34.7	84.6	54.7	174.0
Additions	2.3	–	–	2.3
Disposals	(1.3)	–	–	(1.3)
Impairment	–	(5.6)	–	(5.6)
Foreign exchange	(0.2)	(0.5)	(0.5)	(1.2)
Cost – 1 January 2021	35.5	78.5	54.2	168.2
Accumulated amortisation – 4 January 2020	17.3	6.8	32.1	56.2
Charge for the period	6.6	6.1	4.9	17.6
Disposals	(1.3)	–	–	(1.3)
Foreign exchange	–	(0.2)	(0.3)	(0.5)
Accumulated amortisation – 1 January 2021	22.6	12.7	36.7	72.0
Net carrying value – 1 January 2021	12.9	65.8	17.5	96.2
Cost – 2 January 2021	35.5	78.5	54.2	168.2
Additions	4.3	–	–	4.3
Disposals	(3.6)	–	–	(3.6)
Foreign exchange	(0.1)	–	–	(0.1)
Cost – 31 December 2021	36.1	78.5	54.2	168.8
Accumulated amortisation – 2 January 2021	22.6	12.7	36.7	72.0
Charge for the period	5.3	5.9	3.9	15.1
Disposals	(3.6)	–	–	(3.6)
Foreign exchange	(0.1)	0.1	–	–
Accumulated amortisation – 31 December 2021	24.2	18.7	40.6	83.5
Net carrying value – 31 December 2021	11.9	59.8	13.6	85.3

Included in software additions for the 52 weeks ended 31 December 2021 are internally generated software development costs of £0.6m (2020: £0.7m) which have been capitalised at cost. These costs have been assessed as having a finite life of between three and five years (2020: three and five years) and are amortised, from the date the software is available for use, on a straight-line basis over this period.

Client relationships have resulted from business combinations and have been assessed as having a finite life of ten years. They are amortised, from the date of acquisition, on a straight-line basis over this period. Brand values have resulted from business combinations and have been assessed as having a finite life of between three and 20 years depending on the prominence of the brand. They are amortised on a straight-line basis over this period.

A summary of the amounts in brand values and client relationships, together with the remaining amortisation period is below:

	Brand values £m	Remaining amortisation period years	Client relationships £m	Remaining amortisation period years
Education	1.2	3.5	–	–
Healthcare	19.6	16.9	3.1	3.6
Information technology	11.0	16.9	4.5	2.8
UK General staffing	8.8	16.9	–	–
US Staffing	13.5	16.9	6.0	4.0
Vendor procurement	5.7	16.9	–	–

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FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

13. OTHER INTANGIBLE ASSETS CONTINUED

These assets are all reviewed for impairment when there are changes in events or situations that indicate the carrying value may not be recoverable. Details of the sensitivities over such impairment reviews are included in note 12. No impairment was recognised in the current period (2020: £5.6m against the Education brand value).

14. FINANCIAL ASSETS

	31 December 2021 £m	31 December 2020 £m
Financial assets – non-current		
Marketable investments designated at market value through the income statement	1.5	1.2
Other financial assets (loans and receivables) – non-current		
Deposits with non-financial institutions	0.2	0.4
Total	1.7	1.6

Financial assets include:

- The marketable investments at market value through the income statement represent investments held in trust on behalf of certain US employees (see note 2(P)). The plan allows certain key employees to defer receipt of a portion of their compensation. These deferred compensation liabilities are funded by making contributions into a trust. The employees' entitlements are limited to the market value of the fund. Investments in the trust comprise shares in US mutual funds. At 31 December 2021 these investments have been adjusted to the market value of £1.5m (2020: £1.2m). This movement is matched by an equivalent movement in other payables as disclosed in note 17; and
- Deposits with non-financial institutions represent amounts held by suppliers, clients and landlords as security for provision of facilities and services.

Information on fair values and credit risks is given in notes 27 and 28.

15. TRADE AND OTHER RECEIVABLES

Current assets

	31 December 2021 £m	31 December 2020 £m
Trade receivables (note 2(J))	539.2	496.5
Other receivables	3.6	5.1
Lease debtor (note 11)	–	2.4
Prepayments	5.0	5.5
Contract assets	57.7	54.4
Total	605.5	563.9

- Trade receivables also include gross receivables of £268.5m (2020: £274.7m) under master-vendor agency arrangements in the UK and US where the Group only recognises the management fee element of the receivable as revenue – note 2(R);
- Contract assets comprise accrued income and costs incurred in the implementation of new contracts; and
- The above trade and other receivables fall into the 'loans and receivables' category of the Group's financial assets.

Non-current assets

	31 December 2021 £m	31 December 2020 £m
Contract assets	0.9	1.4
Lease debtor (note 11)	–	1.9
Total	0.9	3.3

Information on fair values and credit risks is given in notes 27 and 28.

Contract balances

	Contract assets	
	31 December 2021 £m	January 2021 £m
At the beginning of the period	55.8	52.2
Net amounts recognised as revenue in the period	1.9	3.6
At the end of the period	57.7	55.8

Contract assets are included within 'trade and other receivables' on the face of the statement of financial position. Contract assets comprise accrued income and costs incurred in the implementation of new contracts (note 2(J)).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss provision is based on the Group's expectation of future credit losses over the current receivables balance based on an analysis of the aging and sector of the receivable. These expectations are based upon known issues affecting specific debtors as well as a combination of historic and general forward-looking information on factors affecting the Group's customers as a whole as well as an awareness of the economic conditions in the countries where the Group operates. These risk factors are considered both on initial recognition of the receivable and as part of the ongoing assessment.

The lifetime expected loss provision for trade receivables is as follows:

	Current £m	<60 days past due £m	60–120 days past due £m	>120 days past due £m	Total £m
1 January 2021					
Expected loss rate (%)	0.3%	4.5%	7.3%	6.3%	1.0%
Gross carrying amount	428.5	51.0	6.1	16.1	501.7
Loss provision	1.4	2.3	0.4	1.1	5.2
	Current £m	<60 days past due £m	60–120 days past due £m	>120 days past due £m	Total £m
31 December 2021					
Expected loss rate (%)	0.4%	1.9%	6.3%	54.2%	1.2%
Gross carrying amount	449.6	84.1	6.4	5.9	546.0
Loss provision	1.6	1.6	0.4	3.2	6.8

All non-current receivables are due within three years of the end of the period.

Movements in the provision for impairment of trade receivables were as follows:

	31 December 2021 £m	1 January 2021 £m
Balance at beginning of period	5.2	2.2
Charged/(released) for the period	3.3	3.6
Utilised for the period	(1.7)	(0.5)
Foreign exchange	–	(0.1)
Balance at end of period	6.8	5.2

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15. TRADE AND OTHER RECEIVABLES CONTINUED

The creation and release of provisions for impaired trade receivables have been included in 'administrative expenses' in the income statement. Amounts are generally written off to the provision account where there is no expectation of recovery.

Included in the Group's receivables are the following balances denominated in foreign currency:

	31 December 2021 £m	31 January 2021 £m
Trade receivables (note 2(J))	313.7	312.9
Other receivables	2.6	3.9
Lease debtors	–	4.1
Prepayments	2.5	2.3
Accrued income	12.5	15.8
Total	331.3	339.0

16. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following:

	31 December 2021 £m	31 January 2021 £m
Cash	90.9	117.9

Included within cash is £8.5m (2020: £2.5m) of cash which is restricted for use on specific clients.

Information on fair values, credit risks and interest rates is given in notes 27 and 28.

17. TRADE AND OTHER PAYABLES

Current liabilities

	31 December 2021 £m	31 January 2021 £m
Bank overdraft	3.9	2.9
Trade payables	376.7	375.2
Other tax and social security costs	63.9	86.5
Accruals	77.3	54.7
Contract liabilities	0.5	0.6
Other payables	46.4	38.1
Total	568.7	558.0

Trade payables include £332.5m (2020: £341.0m) of amounts payable under master-vendor arrangements in the UK and US, which are related to certain of the trade receivables – note 15. Arrangements are such that the payable amount is not due by the Group until a few days after receipt of the receivable.

Other tax and social security costs include £9.1m (2020: £48.0m) of taxes deferred under government schemes across various jurisdictions.

Included in other payables and accruals are:

- £1.4m (2020: £1.2m) in respect of liabilities accruing to certain US employees in respect of a deferred compensation plan. These amounts are payable to members of the plan on retirement (note 14);
- £6.6m (2020: £3.5m) for contributions due to be made to defined contribution pension schemes on behalf of certain employees of the Group;
- £3.6m (2020: £4.2m) for customer unclaimed payments; and
- Remaining amounts within other payables are largely payroll-related creditors.

17. TRADE AND OTHER PAYABLES CONTINUED

Terms and conditions of the above financial liabilities:

- e. Trade payables are non-interest-bearing and are normally settled within one month from the end of the month of invoice;
- f. Other tax and social security costs are non-interest-bearing and are normally settled within one to three months; and
- g. Other payables and accruals are non-interest-bearing and have an average term of three months.

Information on fair values and credit risks is given in notes 27 and 28.

18. SHORT-TERM BORROWINGS

	31 December 2021 £m	31 December 2020 £m
Financial liabilities measured at amortised cost:		
Revolving credit borrowings – secured	–	–
Hire purchase – secured	0.1	0.1
Total	0.1	0.1

Information on fair values, risks and terms are given in notes 26, 27 and 28.

19. LONG-TERM BORROWINGS

	31 December 2021 £m	31 December 2020 £m
Financial liabilities measured at amortised cost:		
Revolving credit borrowings – secured	101.9	118.9
Hire purchase – secured	–	0.1
Total	101.9	119.0

Information on fair values, risks and terms are given in notes 26, 27 and 28.

20. PROVISIONS

	Property £m	Workers compensation £m	Legal & contingent £m	Total £m
Current – 1 January 2021	1.4	0.2	5.6	7.2
Non-current – 1 January 2021	3.3	–	–	3.3
At 1 January 2021	4.7	0.2	5.6	10.5
Additions in the period	0.3	–	2.4	2.7
Remeasurement in the period	0.1	–	–	0.1
Utilised during the period	(0.9)	–	(0.5)	(1.4)
Unwind of discount	0.2	–	–	0.2
Foreign exchange	(0.1)	–	0.1	–
At 31 December 2021	4.3	0.2	7.6	12.1
Current – 31 December 2021	1.1	0.2	7.0	8.3
Non-current – 31 December 2021	3.2	–	0.6	3.8
Total	4.3	0.2	7.6	12.1

Property

Property provisions relate to the full expected cost of dilapidations and have been discounted to a present value using the relevant lease interest rate.

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20. PROVISIONS CONTINUED

Workers' compensation

The US operations maintain, or maintained, insurance policies with significant excesses, below which claims are borne by the operations. Provision is made for estimated costs of claims or losses arising from past events.

The level of provision made is based upon independent actuarial estimates. These estimates take into account the ultimate cost, less amounts paid to date, in respect of accidents occurring between the inception of the policy and the end of the current period, the period covered by these self-insurance arrangements. An allowance is made for claims incurred but not reported in line with standard actuarial practice.

Claims are expected to be settled within one year.

Legal & contractual

The Group holds a provision for expected legal and contractual costs that are probable to cause an outflow of resources over an extended period. Management exercises judgements to determine the amount of this provision on a case-by-case basis. Provision is made for known issues based on past experience of similar items and other known factors. Each provision is considered separately, and the amount provided reflects the best estimate of the most likely amount, being the single most likely amount in a range of possible outcomes. Owing to the inherent uncertainty within many legal proceedings, the amount and timings of such outflow could differ significantly from the amount and ageing provided.

With reference to the prejudicial exemption in IAS 37, the Group will not disclose any further information about the assumptions for the provision, including any details about current and the expected number of lawsuits and settled claims. The disclosure of such information is believed to be detrimental to the Group in connection with the ongoing confidential negotiations and could inflict financial losses on the Group and its shareholders.

Contingent liabilities

The Group is aware of a contingent liability in relation to late filing penalties within the US which may become due. To date no penalties have been raised for any company in the US due to this issue and all relevant documents have been filed. This has not been accounted for as a provision as there are significant uncertainties over the financial impact as well as the likelihood and timing of any potential outflow.

21. DEFERRED TAXATION

	31 December 2021 £m	31 December 2020 £m
Non-current deferred tax assets:		
Total deferred tax asset – UK	1.9	1.9
Total deferred tax asset – overseas	6.4	8.4
Total deferred tax asset	8.3	10.3
	31 December 2021 £m	31 December 2020 £m
Deferred tax liabilities:		
Non-current deferred tax liabilities	18.7	18.1
Total deferred tax liabilities	18.7	18.1

Deferred tax liabilities primarily relate to fair value adjustments on acquisitions.

	Property plant and equipment £m	Intangible assets £m	Provisions £m	Tax value of loss carry-forwards £m	Total deferred taxation £m
At 4 January 2020	1.4	(20.0)	3.1	7.6	(7.9)
Recognised in income	0.1	2.1	3.4	(5.4)	0.2
Foreign exchange	–	(0.2)	(0.2)	0.3	(0.1)
At 1 January 2021	1.5	(18.1)	6.3	2.5	(7.8)
Deferred tax assets – 1 January 2021	1.5	–	6.3	2.5	10.3
Deferred tax liabilities – 1 January 2021	–	(18.1)	–	–	(18.1)
	1.5	(18.1)	6.3	2.5	(7.8)
At 2 January 2021	1.5	(18.1)	6.3	2.5	(7.8)
Recognised in income	(0.3)	(0.7)	(0.6)	(1.6)	(3.2)
Foreign exchange	–	0.1	–	0.5	0.6
At 31 December 2021	1.2	(18.7)	5.7	1.4	(10.4)
Deferred tax assets – 31 December 2021	1.2	–	5.7	1.4	8.3
Deferred tax liabilities – 31 December 2021	–	(18.7)	–	–	(18.7)
	1.2	(18.7)	5.7	1.4	(10.4)

The Group has gross deductible temporary differences relating to provisions and deferred capital allowances of £29.8m (2020: £33.0m). Deferred tax assets of £8.4m (2020: £7.8m) have been recognised in respect of these temporary differences, leaving £7.2m (2020: £4.1m) as unrecognised differences. They have no expiry date.

The Group has gross tax losses that arose in the UK of £32.8m (2020: £33.5m) and tax losses that arose outside the UK (mostly in the US) of £9.0m (2020: £13.5m) that are available for offset against future taxable profits of the right type arising in the companies in which the losses arose. The reduction in tax losses in the US at the end of the current period compared to the previous period is due to the utilisation of these losses against taxable profits in the current period. There is no expiry date on the UK losses, but the US losses expire between 2028 and 2033. The Group has performed sensitivity analysis on the utilisation of US losses looking at forecasts of profitability and these show that the tax losses will be fully utilised by the end of 2022, well in advance of their expiry. All losses are subject to legislation restricting the right to offset them. Deferred tax assets of £1.4m (2020: £2.5m) have been recognised as they relate to companies that are trading profitably or can expect to have taxable profits in the foreseeable future. Deferred tax assets have not been recognised in respect of UK losses of £32.6m (2020: £33.5m) and outside the UK of £2.7m (2020: £1.8m) as they may not be used to offset taxable profits elsewhere in the Group and they have either arisen in subsidiaries where future use is uncertain, or are capital losses for which there is limited scope for future offset.

22. ISSUED SHARE CAPITAL

	Number of issued shares m	Issued share capital £m	Share premium account £m	Total share capital £m
4 January 2020	47.3	0.5	30.1	30.6
Shares repurchased	(1.4)	–	–	–
1 January 2021	45.9	0.5	30.1	30.6
2 January 2021	45.9	0.5	30.1	30.6
Shares repurchased	(0.6)	–	–	–
31 December 2021	45.3	0.5	30.1	30.6

Transactions with shareholders

In 2021, 608,602 Ordinary shares of 1p each (2020: 1,413,789), representing 1.3% (2020: 3.0%) of the opening number of issued shares, were repurchased in the market for consideration of £1.9m (2020: £4.3m), and cancelled.

On 25 June 2021 the shareholders approved a new share purchase plan allowing the Company to purchase up to 4,560,363 Ordinary shares up to the earlier of the date of the Company's next Annual General Meeting or 30 June 2022.

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22. ISSUED SHARE CAPITAL CONTINUED**Impellam Group plc**

The Company has no limit to its authorised share capital. The above number represents the number of allotted, fully paid shares of 1p in issue.

23. OTHER RESERVES

	Merger reserve £m	Other reserve £m	Foreign currency translation reserve £m	Total other reserves £m
4 January 2020	19.0	92.2	9.1	120.3
Currency translation differences	—	—	(2.0)	(2.0)
1 January 2021	19.0	92.2	7.1	118.3
2 January 2021	19.0	92.2	7.1	118.3
Currency translation differences	—	—	(1.4)	(1.4)
31 December 2021	19.0	92.2	5.7	116.9

Merger reserve

The merger reserve arises under Section 612 of the Companies Act 2006 as a result of the acquisition of Bartech Holding Corporation and Lorient Limited using the issue of shares as part consideration. The excess of fair value over nominal value of shares is transferred to a merger reserve rather than share premium. This reserve is not distributable.

Other reserve

The other reserve comprises £92.2m contributed surplus arising on a historical demerger transaction (2020: £92.2m). It also contains £41,000 contributed surplus arising on a historical demerger transaction and a special reserve arising from the capital reduction in December 2012 (2020: £41,000); and £47,000 capital redemption reserve arising from the purchase and cancellation of treasury shares (2020: £47,000). This reserve is not distributable.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

24. NON-CONTROLLING INTEREST

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interest ('NCI'), before any intra-Group eliminations.

	Individual immaterial subsidiaries £m	Total £m
31 December 2021		
Net assets attributable to NCI	0.1	0.1
Profit allocated to NCI	0.1	0.1
Other comprehensive income allocated to NCI	—	—
Other comprehensive income from reducing the NCI component	0.3	0.3
1 January 2021		
Net assets attributable to NCI	(0.3)	(0.3)
Loss allocated to NCI	—	—
Other comprehensive income allocated to NCI	—	—

The individually immaterial subsidiaries include the share of results for Barpellam Inc and Bartech Belgium NV (2020: Barpellam Inc, Bartech Belgium NV and Younifi Limited) which are not wholly owned by the Group (note 25). During the year the Group purchased the minority interest of Younifi Limited for a nominal value.

25. RELATED PARTY DISCLOSURES

The consolidated financial statements include those of the holding company, Impellam Group plc, and all of its subsidiaries. All subsidiaries have the same period end as the Group and are wholly owned at the period end unless otherwise specified.

800 The Boulevard
Capability Green
Luton
LU1 3BA
United Kingdom

- Blue Arrow Financial Services Limited*
- Blue Arrow Holdings Limited
- Blue Arrow Limited
- BMS Limited
- Carbon60 Limited
- Career Teachers 2006 Limited (formerly Career Teachers Limited)
- Career Teachers Limited (formerly Celsius Group Limited)
- Carlisle Cleaning Services Holdings Limited*
- Carlisle Events Services Limited*
- Carlisle Group Limited
- Carlisle Nominees Limited*
- Carlisle Staffing plc
- Carlisle Staffing Services Holdings Limited
- Carlisle Staffing Services Limited
- Chadwick Nott (Holdings) Limited
- Chrysalis Community Care Group Limited
- Comensura Limited*
- Doctors On Call Limited
- Flexy Corporation Limited
- Global Group (UK) Limited
- Global Medics Limited
- Guidant Global-Europe Limited
- Impellam Holdings Limited
- Impellam UK Limited
- Laybridge Limited*
- Litmus Workforce Solutions Limited
- Lorian Limited
- Lorian Resourcing Limited
- Medacs Global Group Limited
- Medacs Healthcare Australasia Group Limited
- Medacs Healthcare plc
- OneTrue Limited
- PRN Recruitment Limited
- Science Recruitment Group Limited
- Younifi Limited

Level 2
14 Martin Place
Sydney
NSW 2000
Australia

- Allied Employment Group Pty Limited²
- Carbon60 Pty Limited²
- Comensura Pty Limited²
- Flexy Services Pty Limited²
- Global Medics Pty Limited²
- Litmus Workforce Solutions Pty Ltd²
- Medacs Healthcare (Pty) Limited
- Medacs Healthcare Australia Pty Limited²

Straatsburgdok-Noordkaai 3
2030 Antwerp, Belgium

- Bartech Belgium NV² (73% owned)

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FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

25. RELATED PARTY DISCLOSURES CONTINUED

PO Box 71, Road Town Tortola VC11 10 British Virgin Islands	- Sabertooth Services Limited
250 Howe Street 20th Floor Vancouver BC V6C 3R8 Canada	- Bartech Technical Services of Canada Limited - Canada Corporate Employment Resources ULC - Global & Medical Recruitment Consultancy Inc. - Guidant Group Canada ULC
Anna-Schneider-Steig 22 50678 Cologne, Germany	- Guidant Global Germany GmbH
Beethovenplatz 2 80336 Munich, Germany	- Impellam GmbH
57/63 Line Wall Road, Gibraltar	- Kenard Investments Limited
Block 9, Blackrock Business Park Blackrock Co. Dublin, A94 E4X2 Ireland	- Carlisle Security (Holdings) Limited* - Carlisle Security Limited* - Carlisle Staffing Services Ireland Limited* - Irish Recruitment Consultants Limited* - Litmus Workforce Solutions Ireland Limited - Medacs Global Group Limited
Via Filippo Turati 29 20121 Milan, Italy	- Guidant Global Italy SRL
Rio Tiber 40 102 Col Cuauhtemoc 06500 Cuauhtemoc, Distrito Federal, Mexico	- Bartech Mexico S. de RL de CV
98 Alicia Street Colony Guadalupe Tepeyac. Mexico City CP07840, Mexico	- Guidant Global Mexico S.A. de C.V.
Level 6, 3 Ferncroft Street Graft, Auckland 1010 New Zealand	- Global Medics NZ Limited - Healthlink New Zealand Group Limited - Medacs Healthcare Limited
Oriental Center, Suite p1 254 Muñoz Uñoz Rivera Avenue San Juan PR 00918 Puerto Rico	- Guidant Global Puerto Rico Inc.
133 New Bridge Road #10-05, Chinatown Point Singapore 059413	- Guidant Global SC Pte Ltd - Latitudes Group International Management Pte Limited
Martin-Disteli-Strasse 9 4600 Olten, Switzerland	- Carbon60 AG - Guidant Global Switzerland AG
2711 Centerville Road Suite 400 Wilmington Delaware 19808 USA	- Barpellam Inc (49% owned) - CER Canada Holding Inc. - Impellam NA Support Services Inc (formerly Corestaff Support Services Inc.) - Corporate Employment Resources Inc. - Corporate Services Group Holdings Inc. - Guidant Global Canada Holding Inc. - Guidant Global Holding Corporation - Guidant Global Inc. - Guidant Group Inc.
17199 N Laurel Park Drive Suite 224 Livonia Michigan 48152 USA	- Bartech Mexico Holding LLC - Bartech Technical Services LLC

Companies marked with a * above are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 480 of the Act relating to dormant companies.

All subsidiaries are indirect holdings of the Company other than Impellam Holdings Ltd, Impellam UK Ltd and the Medacs Global Group Ltd which has its registered office in the UK.

Shares for all companies are classed as Ordinary and a nominal value of £1 per share except as disclosed below:

- (a) 'A' Ordinary shares of £1
- (b) Ordinary shares of A\$1
- (c) Common stock with no par value
- (d) Ordinary shares of 1000 CHF
- (e) Ordinary shares of €1.27
- (f) Ordinary shares of NZ\$1
- (g) Ordinary shares of S\$1
- (h) Ordinary shares of €1

The Group owns 49% of the issued stock of Barpellam Inc but exercises control of the company in accordance with the definitions of power and exposure to variability in returns required under IFRS 10 Consolidated Financial Statements.

The subsidiary undertakings listed below are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this Company has guaranteed the subsidiary company under Section 479C of the Act:

	Registered number	Class of shares held	31 December 2021	Ownership % January 2021
Career Teachers 2006 Limited	05749194	Ordinary	100%	100%
Flexy Corporation Limited	09524785	Ordinary	100%	100%
Guidant Global-Europe Limited	07130856	Ordinary	100%	100%
Medacs Healthcare Australasia Group Limited	0312099*	Ordinary	100%	100%
OneTrue Limited	01189888	Ordinary	100%	100%

Compensation of key management personnel of the Group

The Directors have considered the levels of responsibility delegated to senior management of the Group and have concluded that, in addition to the Directors themselves, disclosure should include the Senior Leadership Team which comprises the Portfolio CEO and Group General Counsel and Company Secretary, the Chief Executives of STEM, Global Managed Services, Impellam North America and Impellam APAC as well as the Chief Technology Officer, the Group Director of Corporate Development and the Group Director of Investment & Innovation. The total number of positions included in the disclosure is 15 (2020: 17). The Directors receive dividends in proportion to their shareholdings held during the current and prior periods.

	31 December 2021 £m	January 2021 £m
Short-term employment benefits	6.8	4.3
Post-employment benefits	0.2	0.2
Total	7.0	4.5

Lord Ashcroft has an interest in Puma International Holdings Limited. The Group paid Puma International Holdings Limited £425,000 (2020: £nil) for the provision of consultancy services. Nothing was owed to or by Puma International Holdings Limited at the start or end of the period. Angela Entwistle is also a Director of a company called Deacon Street Partners Limited. The Group pays Deacon Street Partners Limited for its provision of Angela Entwistle's services as a Non-Executive Director – £40,000 (2020: £38,000). The Group owed £4,000 to Deacon Street Partners Limited at the end of the period (2020: £4,000). Also, a company within the Impellam Group provides a payroll bureau service to Deacon Street Partners Limited for which no charge is made as the arm's-length cost of such service is negligible.

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Notes to the consolidated financial statements continued

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

25. RELATED PARTY DISCLOSURES CONTINUED

In 2016, a company within the Group advanced a loan of \$1,300,000 to David Barfield, a Director of various Group companies. This loan was due for repayment on or before 25 January 2021 and \$nil was outstanding at the period end (2020: \$725,000). Interest accrues at a rate of 1.81% per annum and during the period \$nil (2020: \$14,000) interest had been accrued. David Barfield is also a significant shareholder in Bartech Acquisition Corporation LLC. At the end of the period, the amount owed to or by the Group was \$nil (2020: \$nil). Bartech Acquisition Corporation LLC is a shareholder in TechCentral LLC and the Group provides accounting and programme management services at an arm's length rate to TechCentral LLC. During the period, the Group charged TechCentral \$116,000 (2020: \$175,000) for these services. At the end of the period, TechCentral LLC owed the Group \$116,000 (2020: \$155,000).

During the period the Group entered into the following transactions with related parties who are not 100% owned by the Group.

	Sale of services to related parties £m	Purchase of services from related parties £m	Amounts owed to related parties £m	Amounts owed by related parties £m
31 December 2021				
Barpellam Inc	–	37.5	30.0	2.5
Bartech Belgium NV	–	0.1	0.9	–
Total	–	37.6	30.9	2.5
	Sale of services to related parties £m	Purchase of services from related parties £m	Amounts owed to related parties £m	Amounts owed by related parties £m
1 January 2021				
Barpellam Inc	–	36.5	26.1	18.8
Bartech Belgium NV	–	0.2	–	0.2
Younifi Limited	0.1	–	–	4.2
Total	0.1	36.7	26.1	23.2

Sales to related parties relate to expenditure transferred at cost to encourage the expansion of the related party. As these companies are controlled by the Group, no allowance has been made for bad and doubtful debts. Transactions with Younifi Limited cover the period when there was a minority owner.

26. NET DEBT

	1 January 2021 £m	Cash flow £m	Interest charged £m	Interest paid £m	Drawdown £m	Foreign exchange £m	31 December 2021 £m
Cash and short-term deposits (note 16)	117.9	(24.3)	(0.2)	0.2	–	(2.7)	90.9
Bank overdraft (note 17)	(2.9)	(1.0)	–	–	–	–	(3.9)
Revolving credit (notes 18 and 19)	(118.9)	16.7	(3.4)	3.4	–	0.3	(101.9)
Hire purchase (notes 18 and 19)	(0.2)	0.1	–	–	–	–	(0.1)
Lease liabilities (note 11)	(26.5)	8.8	(0.6)	0.4	1.0	0.4	(16.5)
Lease debtors (note 11)	4.3	(1.7)	0.1	(0.1)	(2.5)	(0.1)	–
Net debt	(26.3)	(1.4)	(4.1)	3.9	(1.5)	(2.1)	(31.5)
	1 January 2020 £m	Cash flow £m	Interest charged £m	Interest paid £m	Drawdown £m	Foreign exchange £m	1 January 2021 £m
Cash and short-term deposits (note 16)	132.3	(9.2)	–	–	–	(5.2)	117.9
Bank overdraft (note 17)	(39.0)	36.1	–	–	–	–	(2.9)
Revolving credit (notes 18 and 19)	(165.3)	46.2	(4.4)	4.4	–	0.2	(118.9)
Hire purchase (notes 18 and 19)	(0.3)	0.1	–	–	–	–	(0.2)
Lease liabilities (note 11)	(33.8)	11.5	(0.8)	0.8	(3.9)	(0.3)	(26.5)
Lease debtors (note 11)	7.3	(3.2)	0.1	(0.1)	–	0.2	4.3
Net debt	(98.8)	81.5	(5.1)	5.1	(3.9)	(5.1)	(26.3)

The Group takes advantage of a number of non-recourse financing agreements organised by clients of the Group to allow for the acceleration of payment of the Group's receivables (see note 2(J)). At the end of 2021, these amounted to £8.2m (2020: £6.3m). These agreements accrue interest at between 0.65% and 1.75% over SONIA and interest of £0.1m was charged during the period (2020: £0.1m) and is included in other interest in note 7.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise bank overdrafts, revolving credit facilities, leases and trade payables. Overdrafts and revolving credit facilities are used to satisfy short-term cash flow requirements. The main purpose of these financial liabilities is to raise finance for the Group's trading operations. The Group also has various financial assets such as investments, trade receivables, cash and short-term deposits which arise directly from trading operations.

The main risks arising from the Group's financial instruments are set out below. The Board reviews and agrees policies for managing each of these risks and these are summarised below.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments such as derivatives shall be undertaken. The Group's policy with regard to interest rate and foreign exchange contracts is to only hedge specific risks with a determinable date that arise from operations or financing.

Interest rate risk

None of the Group's borrowings are at a fixed rate of interest. All borrowings are subject to changes in market interest rates primarily the revolving credit facility, which is subject to floating rates. The floating rate borrowings are not exposed to changes in fair value; however, the Group is exposed to interest rate risk as costs increase if market rates rise or cash flow opportunity as costs decrease if market rates fall.

The Group also earns interest on credit bank balances at a floating rate of interest. The Group's policy is to manage its interest rate cost by the use of variable rate debts while rates are low.

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably (based upon market expectations for the next 12 months) possible change to interest rates, with all other variables held constant, of the Group's profit before tax (through the impact of floating rate borrowings).

	Increase/ decrease in basis points	Effect on profit before tax £m	Effect on equity £m
31 December 2021			
Pound Sterling	+75	(0.9)	(0.7)
	-25	0.3	0.2
US Dollar	+75	(0.1)	(0.1)
	-25	-	-
1 January 2021			
Pound Sterling	+50	(0.6)	(0.5)
	-25	0.3	0.2
US Dollar	+50	(0.1)	(0.1)
	-25	0.1	0.1

Liquidity risk

The Group's funding strategy is to maintain funding flexibility through the use of cash, deposits, revolving credit facilities, overdrafts, supplier financing arrangements and leasing contracts. The Group aims to ensure that it has committed borrowing facilities in place in excess of its peak forecast borrowings for at least the next 12 months. Short-term flexibility is achieved by the use of deposits and revolving credit facilities and supplier financing arrangements.

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FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

The Group renewed its revolving credit facilities on 17 December 2021 for a further three years with an option to extend for a further two years; £182.5m was available for drawdown (2020: £240m) which includes an overdraft facility of £5m. The amount utilised at 31 December 2021 was £103.8m (2020: £114.9m). This facility includes an accordion element of an additional £40m which could be added to the facility. There are no restrictions to the free transfer of funds between fully owned subsidiaries. The facilities cover all territories the Group operates in. The revolving credit facility includes financial covenants linked to the Group's debtor cover, leverage cover and interest cover using adjusted EBITDA (before separately disclosed items and share-based payment) – note 3. At 31 December 2021, and throughout the period, the Group was in compliance with its financial covenants and expects to continue to be so.

The Group takes advantage of a number of non-recourse financing agreements organised by clients of the Group to allow for the acceleration of payment of the Group's receivables (see note 2(J)). At the end of 2021, these amounted to £8.2m (2020: £6.3m). These agreements accrue interest at between 0.65% and 1.75% over SONIA and interest of £0.1m was charged during the period (2020: £0.1m) and is included in other interest in note 7.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2021 and 1 January 2021 based on contractual undiscounted payments.

	On demand £m	Less than 3 months £m	3–12 months £m	1–5 years £m	5 years or more £m	Total £m
31 December 2021						
Revolving credit facilities (notes 18 and 19)	–	–	–	101.9	–	101.9
Trade and other payables (note 17)	3.9	490.6	10.3	–	–	504.8
Finance lease liabilities (notes 18 and 19)	–	0.1	–	–	–	0.1
Lease liabilities (note 11)	–	1.4	4.1	9.2	3.0	17.7
Total	3.9	492.1	14.4	111.1	3.0	624.5
1 January 2021						
Revolving credit facilities (notes 18 and 19)	–	–	–	118.9	–	118.9
Trade and other payables (note 17)	2.9	446.5	22.1	–	–	471.5
Finance lease liabilities (notes 18 and 19)	–	–	0.1	0.1	–	0.2
Lease liabilities (note 11) – restated	–	2.5	7.4	14.0	4.5	28.4
Total	2.9	449.0	29.6	133.0	4.5	619.0

The lease liabilities have been restated for the prior year as the original disclosure was the contractual discounted value of £26.5m.

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the Group provides services on deferred terms (note 15).

Group policies are aimed at minimising such losses. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is kept to a minimum. The maximum exposure is the carrying amount as disclosed in note 15. The Group has a credit risk policy that covers all clients except public sector, local government and pay when paid contracts. There is a £500,000 aggregate first loss and maximum policy liability of £44.5m. This policy was renewed in February 2022 for three years.

With respect to credit risk from other financial assets of the Group, which comprise cash and cash equivalents and investments, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these assets. These risks are primarily minimised by restricting deposits and investments to those available from well-established reputable financial institutions.

At 31 December 2021, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	31 December 2021 £m	1 January 2021 £m
UK	275.0	228.4
North America	290.5	295.0
Europe	20.5	20.0
Australasia	20.4	23.8
Total	606.4	567.2

Foreign currency risk

The Group has a significant investment in its operations in North America with some smaller interests in Europe and Australasia. The Group's consolidated balance sheet can be affected significantly by the movements in the US Dollar exchange rate; however, movements in the exchange rates for Euro, Australian Dollar, Canadian Dollar, Swiss Franc, New Zealand Dollar or other currencies have only a marginal impact on the Group's results and balance sheet.

The Group does not hedge against the impact of exchange rate movements on the translation of foreign currency denominated profits. Transactional currency exposures across the Group are minimal.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates:

	Percentage change in rate	Effect on profit before tax £m	Effect on equity £m
31 December 2021			
US Dollars	+10	0.7	–
	-10	(0.9)	–
1 January 2021			
US Dollars	+10	0.8	0.3
	-10	(1.0)	(0.4)

Price risk

The Group has investments in marketable securities and as such is exposed to price risk. These securities are held in trust on behalf of certain US employees and the underlying risk is borne by those employees. The Group's liability is limited to the market value of the securities (note 14).

Capital management

Capital consists of the total equity attributable to the equity holders of the Parent Company.

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, to ensure that it maintains a good credit rating in order to support its business and maximise shareholder value. No changes were made to the objectives, policies or processes during either period.

The Group considers capital less any net cash as components of funding. It monitors funding by reference to its ability to borrow and to satisfy debt covenants. The principal measure is the EBITDA ratio, which is calculated by dividing the funding of the Group by the Group's adjusted earnings before interest, tax, adjusted depreciation and amortisation.

The revolving credit facility included a financial covenant linked to the Group's leverage, interest cover and debtor cover. At 31 December 2021, and throughout the period, the Group was in compliance with these financial covenants whilst this facility was in place.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements continued

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

28. FINANCIAL INSTRUMENTS

Set out below is a comparison by category of the carrying amounts and fair values of all the Group's financial instruments that are carried in the consolidated balance sheet.

	31 December 2021		1 January 2021	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Financial assets				
Investments (note 14)	1.5	1.5	1.2	1.2
Other financial assets (non-current) (note 14)	0.2	0.2	0.4	0.4
Other debtors	–	–	0.5	0.5
Cash and cash equivalents (note 16)	90.9	90.9	117.9	117.9
Financial liabilities				
Bank overdraft (note 17)	3.9	3.9	2.9	2.9
Short-term borrowings (note 18)	0.1	0.1	0.1	0.1
Long-term borrowings (note 19)	101.9	101.9	119.0	119.0

The carrying value of trade receivables less impairment and trade payables are assumed to approximate fair value and are excluded from the above table.

Fair value estimation hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the fair value hierarchy of assets measured at fair value:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
31 December 2021				
Investments (note 14)	1.5	–	–	1.5
Other debtors	–	–	–	–
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
1 January 2021				
Investments (note 14)	1.2	–	–	1.2
Other debtors	0.5	–	–	0.5

Level 1

Market values, based on published prices, have been used to determine the fair value of the marketable investments included in other financial assets.

Fair value for short-term borrowings are equal to book value as they are repayable on demand and are subject to churn over a period of less than three months.

28. FINANCIAL INSTRUMENTS CONTINUED**Interest rate risk**

At 31 December 2021 and 1 January 2021, none of the Group's borrowings are at fixed rates of interest. The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk.

	Within 1 year £m	1-3 years £m	Total £m
31 December 2021			
Floating rate			
Cash and short-term deposits (note 16)	90.9	–	90.9
Bank overdrafts (note 17)	(3.9)	–	(3.9)
Revolving credit facilities (notes 18 and 19)	–	(101.9)	(101.9)
Hire purchase (notes 18 and 19)	(0.1)	–	(0.1)
	Within 1 year £m	1-3 years £m	Total £m
1 January 2021			
Floating rate			
Cash and short-term deposits (note 16)	117.9	–	117.9
Bank overdrafts (note 17)	(2.9)	–	(2.9)
Revolving credit facilities (notes 18 and 19)	–	(118.9)	(118.9)
Hire purchase (notes 18 and 19)	(0.1)	(0.1)	(0.2)

The effective interest rate on bank balances and other short-term deposits was less than 0.5% (2020: less than 0.5%). US deposit interest rates were less than 0.5% (2020: less than 0.5%).

Bank overdrafts and revolving credit borrowings are secured by a guarantee and debenture with a fixed charge over certain assets of the Company and the subsidiary undertakings concerned plus a floating charge over all other assets of the Company and those subsidiary undertakings, supported by a cross-guarantee given by the Company and the various subsidiary undertakings. Borrowings under these facilities incurred interest (including margin) between 1.90% and 2.70% over SONIA rate (2020: between 1.35% and 2.30% over LIBOR rate). All interest is charged monthly in arrears (note 27).

Collateral pledged

The self-insured workers' compensation liability described in note 20 is covered by insurers on the basis that collateral is provided sufficient to cover all potential claims. This collateral takes two forms:

- £3.0m – \$4.0m (2020: £3.2m – \$4.4m) in the form of letters of credit drawn upon the revolving credit facility in the US; and
- £0.2m – \$0.2m (2020: £0.4m – \$0.5m) in the form of cash deposits, shown on the balance sheet as non-current other financial assets (note 14).

The Group has also issued various indemnities totalling £2.1m relating to rent guarantees, mainly in Australia. These expire in 2022.

29. POST BALANCE SHEET EVENTS – SHARE PURCHASE AND CANCELLATION

Between the end of the year and 22 March 2022, a further 75,830 Ordinary shares of 1p each have been repurchased in the market for total consideration of £0.4m and have been cancelled.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements continued

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

30. POST BALANCE SHEET EVENTS – DISPOSAL OF CORESTAFF

On 24 January 2022 the Group announced that it has entered into an agreement to sell the business and assets of Corestaff, its US-based Light Industrial brand, to swipejobs Inc., a US private digital staffing company, for cash consideration of approximately £14m (\$19 m).

In the year ended 31 December 2021, Corestaff reported in the Group's Regional Specialist Staffing portfolio, generated revenue of £98m and gross profit of £12.8m and had an operating profit of £1.2m. Net assets at 31 December 2021 were approximately £6.9m.

The details of the sale were completed and agreed after the year end and the transaction was completed on 7 February 2022. Following completion of the Disposal, the Group used the proceeds of sale to pay down net debt to fund additional investment to further accelerate the Group's strategy.

31. CONTROL

The Group has identified Lord Ashcroft as the ultimate controlling party as he has influence over more than 50%, but less than 75%, of both the shares and voting rights of Impellam Group plc and together with being Chairman of Impellam Group plc has significant influence over the Group

Company balance sheet

AS AT 31 DECEMBER 2021*

	Notes	31 December 2021 £m	Restated January 2021 £m
Non-current assets			
Investments	3	150.1	150.1
Other receivables	4	242.2	233.8
		392.3	383.9
Current assets			
Other receivables	4	13.8	16.3
Cash at bank and in hand		0.6	1.2
		14.4	17.5
Other payables: amounts falling due within one period	5	(211.1)	(178.2)
Net current liabilities		(196.7)	(160.7)
Total assets less current liabilities		195.6	223.2
Other payables: amounts falling due in more than one period	6	(101.9)	(118.9)
Net assets		93.7	104.3
Capital and reserves			
Called-up share capital	8	0.5	0.5
Share premium account	8	30.1	30.1
Merger reserve	9	19.0	19.0
Other reserves	9	—	—
Retained profit	9	44.1	54.7
Total shareholders' funds	10	93.7	104.3

The accompanying notes are an integral part of this balance sheet.

The loss dealt with in the financial statements of the Company for the 52 weeks ended 31 December 2021 was £8.7m (2020: £9.9m). Dividends totalling £nil (2020: £nil) were declared and paid during the period. As allowed by Section 408 of the Companies Act 2006, no separate profit and loss account is presented for the Parent Company.

The Financial statements on pages 113 to 119 were approved by the Board on 5 April 2022 and are signed on its behalf by:

Tim Briant
Chief Financial Officer

Registered number: 06511961

FINANCIAL STATEMENTS

Statement of changes in equity

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

	Share capital and premium (note 3) £m	Other reserves (note 9) £m	Retained profit £m	Total reserves £m
4 January 2020	30.6	19.0	68.9	118.5
Loss for the period	–	–	(9.9)	(9.9)
Purchase and cancellation of own shares (note 8)	–	–	(4.3)	(4.3)
1 January 2021	30.6	19.0	54.7	104.3
2 January 2021	30.6	19.0	54.7	104.3
Loss for the period	–	–	(8.7)	(8.7)
Purchase and cancellation of own shares (note 8)	–	–	(1.9)	(1.9)
31 December 2021	30.6	19.0	44.1	93.7

The Company has considered the profits available for distribution to shareholders. At 31 December 2021, the Company had retained earnings of £44.1m which were all available for distribution.

The Group also has retained profits in its subsidiary companies which are expected to flow up to the Company in due course to further supplement its distributable reserves position.

Notes to the Company balance sheet

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Basis of accounting

Impellam Group plc ('the Company') is a company incorporated and registered in England and Wales and domiciled in the UK.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK adopted international accounting standards and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes.
- Disclosures in respect of transactions with wholly owned subsidiaries.
- Disclosures in respect of capital management.
- *The effects of new but not yet effective IFRSs.*
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Impellam Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of Assets in respect of the impairment of investments.
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

A separate profit and loss account dealing with the results of the Company only has not been presented as permitted under Section 408 of the Companies Act.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

Accounting policies have been applied consistently.

B) Investments

Shares in subsidiary companies are held as fixed assets and are stated at cost less provision for impairment. Impairment reviews are conducted when changes in events or situations indicate that the carrying value may not be recoverable. More details of the impairment methodologies are given in note 12 of the consolidated accounts.

C) Other receivables

Other receivables include amounts owed by Group companies which are assessed for impairment based upon the current *financial position and expected future performance of the subsidiary to which they relate*. The transactions with Group companies are interest-free demand loans. The Company assesses the expected recoverability period of receivables and, if they are not expected to be realised within the following twelve months, are assessed as non-current.

The Company applies the IFRS 9 general approach to measuring expected credit losses. This approach requires an assessment at the initiation of the loan as to the risk of default, and a further assessment when the credit risk profile of the loans change. IFRS 9 applies a three-stage model that is applied when calculating the expected credit losses:

- Stage 1 is defined as having no Significant Increase in Credit Risk ('SICR') – a 12-month expected credit loss is recognised at this point.
- Stage 2 is defined as having a SICR – a lifetime expected credit loss is recognised at this point.
- Stage 3 is defined as being credit impaired – a lifetime expected credit loss is recognised at this point.

There is no impact in relation to interest as the amounts owed by Group companies are interest free and repayable on demand.

FINANCIAL STATEMENTS

Notes to the Company balance sheet continued

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

C) Other receivables continued

The Company defines the following:

- Definition of a default – A loan is considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient assets to repay the loan on demand.
- SICR assessment – the risk that the borrower will default on a demand loan depends on whether the subsidiary has sufficient cash or other assets to repay the loan immediately (meaning that the risk of default is very low and the loan is in Stage 1); or does not have sufficient cash or other assets to repay the loan immediately (meaning that the risk of default is higher, and the loan could be in stage 2 or stage 3).
- The Company performs this assessment qualitatively by reference to the borrower's immediate cash flow and asset position.
- Credit-impaired indicators – A loan is considered to be credit impaired if it meets the definition of a defaulted loan

D) Deferred taxation

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised on an undiscounted basis for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

E) Employee benefits

Short-term benefits – bonus arrangements

The Company operates a number of annual bonus arrangements for Directors and employees. The cost of these arrangements is recognised in the income statement when the entity has an obligation to make such payments as a result of the achievement of performance targets and when a reliable estimate of this obligation can be made.

Pension obligations

The Company provides pension arrangements for its UK-based Directors and employees through defined contribution schemes. Contribution costs are expensed to the income statement as they become due.

2. OPERATING COSTS

- The amount payable to the auditor in respect of the audit of the Company is £20,000 (2020: £20,000) all of which is payable to BDO LLP.
- Details of emoluments for Directors can be found in note 5 of the consolidated financial statements
- Monthly average staff numbers (including Directors) for the Company during 2021 was 31, eight Directors/Company Secretary, nine managers and 13 administrators (2020: 28, eight Directors/Company Secretary, nine managers and 11 administrators).
- The total amount of employee costs charged to the Company's income statement in the period is £7.9m (2020: £4.5m).

3. INVESTMENTS

	Subsidiary undertakings £m
Cost – 2 January 2021	150.1
Cost – 31 December 2021	150.1
Impairment provision – 2 January 2021	-
Charge for the period	-
Disposals	-
Accumulated amortisation – 31 December 2021	-
Net carrying value – 31 December 2021	150.1
Net carrying value – 1 January 2021	150.1

Details of the principal subsidiary undertakings are given in note 25 of the consolidated financial statements. All of these companies are unlisted.

Subsidiary undertakings

The carrying values of investments were tested against discounted future cash flows during the period using a discount rate of between 13.9% to 16.5% (2020: between 14.0% to 18.0%), which include a country risk premium. The forecasts were based on pre-tax cash flows derived from approved budgets for the 2022 financial period (2020: 2021 financial period).

4. OTHER RECEIVABLES

	31 December 2021 £m	Restated 31 January 2021 £m
Current receivables		
Amounts owed by subsidiary undertakings	4.7	4.9
Other receivables	9.0	10.9
Prepayments	0.1	0.5
Total	13.8	16.3
	31 December 2021 £m	31 January 2021 £m
Non-current receivables		
Amounts owed by subsidiary undertakings	242.2	233.8
Total	242.2	233.8

Amounts owed by subsidiary undertakings are unsecured, repayable on demand and are not interest-bearing. These have been reviewed for any expected credit loss and a charge of £0.1m (2020: £0.4m) has been recorded in the period, bringing the cumulative charge to £1.8m (2020: £1.7m). Amounts owed by subsidiary undertakings have been restated to show the portion that is not expected to be realised in the following twelve months as a non-current receivable. The value of the prior year receivables which have been classified to non-current is £233.8m. The impact of this on the 2020 opening balance is that £239.0m of receivable balance of £246.2m was restated as non-current.

FINANCIAL STATEMENTS

Notes to the Company balance sheet continued

FOR THE 52 WEEKS ENDED 31 DECEMBER 2021

5. OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE PERIOD

	31 December 2021 £m	1 January 2021 £m
Bank overdraft	3.9	2.9
Amounts owed to subsidiary undertakings	198.4	171.6
Contract liabilities	1.5	1.3
Accruals and other payables	7.3	2.4
Total	211.1	178.2

Amounts owed to subsidiary undertakings are unsecured, repayable on demand and are not interest-bearing. Contract liabilities relate to amounts recharged to subsidiary undertakings for which the service has not been completed.

6. OTHER PAYABLES: AMOUNTS FALLING DUE IN MORE THAN ONE PERIOD

	31 December 2021 £m	1 January 2021 £m
Revolving credit facilities	101.9	118.9

Details of security given over these liabilities are described in notes 27 and 28 to the consolidated accounts.

7. DEFERRED TAXATION

	31 December 2021 £m	1 January 2021 £m
Opening balance	–	–
Charged to profit and loss account in the period	–	–
Deferred tax asset	–	–

The total recognised and unrecognised deferred tax is as follows:

	Recognised 31 December 2021 £m	Unrecognised 31 December 2021 £m	Recognised 1 January 2021 £m	Unrecognised 1 January 2021 £m
Assets	–	–	–	–
Losses	–	0.1	–	0.2
Other short-term timing differences	–	–	–	–
Total	–	0.1	–	0.2

8. ISSUED SHARE CAPITAL

	Number of issued shares millions	Issued share capital £m	Share premium account £m	Total share capital £m
3 January 2020	47.3	0.5	30.1	30.6
Purchase and cancellation of own shares	(1.4)	–	–	–
1 January 2021	45.9	0.5	30.1	30.6
Purchase and cancellation of own shares	(0.6)	–	–	–
Total – 31 December 2021	45.3	0.5	30.1	30.6

Impellam Group plc

The Company has no limit to its authorised share capital. The above number represents the number of allotted, fully paid shares of 1p in issue.

Transactions with shareholders

In 2021, 608,602 Ordinary shares of 1p each (2020: 1,413,789), representing 1.3% (2020: 3.0%) of the opening number of issued shares, were repurchased in the market for consideration of £1.9m (2020: £4.3m), and cancelled.

On 25 June 2021 the shareholders approved a new share purchase plan allowing the Company to purchase up to 4,560,363 Ordinary shares up to the earlier of the date of the Company's next Annual General Meeting or 30 June 2022.

9. RESERVES

	Merger reserve £m	Retained profit £m	Total reserves £m
1 January 2021	19.0	54.7	73.7
Loss for the period	–	(8.7)	(8.7)
Purchase and cancellation of own shares	–	(1.9)	(1.9)
31 December 2021	19.0	44.1	63.1

Merger reserve

The merger reserve arises under Section 612 of the Companies Act 2006 as a result of the acquisition of Bartech Holding Corporation and Lorien Limited using the issue of shares as part consideration. The excess of fair value over the nominal value of shares is transferred to a merger reserve rather than a share premium. This reserve is not distributable.

Other reserves

Other reserves comprise the following:

- £41,000 contributed surplus arising on a historical demerger transaction and a special reserve arising from the capital reduction in December 2012 (2020: £41,000); and
- £53,000 capital redemption reserve arising from the purchase and cancellation of treasury shares (2020: £47,000)

These reserves are non-distributable. All other reserves are distributable.

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2021 £m	1 January 2021 £m
Loss for the financial period	(8.7)	(9.9)
Purchase and cancellation of own shares	(1.9)	(4.3)
Opening shareholders' funds	104.3	118.5
Closing shareholders' funds	93.7	104.3

11. RELATED PARTY TRANSACTIONS

The Board is not aware of any related party transactions other than those disclosed in note 25 to the consolidated financial statements.

12. POST BALANCE SHEET EVENTS – SHARE PURCHASE AND CANCELLATION

Between the end of the year and 22 March 2022, a further 75,830 Ordinary shares of 1p each have been repurchased in the market for total consideration of £0.4m and have been cancelled.

FINANCIAL STATEMENTS

Alternative Performance Measures

ALTERNATIVE PERFORMANCE MEASURES

Certain discussions and analyses set out in this Annual Report and Accounts include measures which are not defined by generally accepted accounting principles such as IFRS.

We believe this information, along with comparable IFRS measurements, is useful to investors because it provides a basis for measuring our operating performance on a comparable basis. Our management uses these financial measures, along with the most directly comparable IFRS financial measures, in evaluating our operating performance and value creation. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Non-IFRS financial measures as reported by us may not be comparable with similarly titled amounts reported by other companies.

ADJUSTED OPERATING PROFIT

Definition: The Group calculates adjusted operating profit as operating profit before amortisation of acquired intangibles and impairment.

Closest equivalent IFRS measure: Operating profit

Rationale for adjustment: The Directors believe that adjusted operating profit is the most appropriate approach for ascertaining the underlying trading performance and trends as it reflects the measures used internally by senior management for all discussions of performance, including Directors' remuneration, and also reflects the starting profit measure used when calculating the Group's banking covenants. All discussions within the Group on segmental and individual brand performance refer to adjusted operating profit.

Following the adoption of IFRS 16 in 2019 the Group has moved from adjusted EBITDA to adjusted operating profit as its alternative performance measure, to include depreciation and amortisation of assets but excluding amortisation of acquired intangibles.

Reconciliation of adjusted operating profit to operating profit/(loss):

	2021 £m	2020 £m
Segmental adjusted operating profit	36.8	23.3
Corporate costs	(7.5)	(5.1)
Adjusted operating profit	29.3	18.2
Amortisation of brand value and customer relationships	(9.8)	(11.0)
Impairment of intangible assets	–	(22.2)
Operating profit/(loss)	19.5	(15.0)

The amortisation of acquired intangibles (brand value and customer relationships) charge due to its size and nature is disclosed separately to give a comparable view of the year-on-year trading financial performance.

The impairment charge due to its size is disclosed separately to give a more comparable view of the year-on-year underlying financial performance.

ADJUSTED EBITDA

Definition: The Group calculates adjusted EBITDA as operating profit before interest, tax, depreciation and amortisation.

Closest equivalent IFRS measure: Operating profit.

Rationale for adjustment: The Group continues to measure EBITDA which is used for banking covenants and internal performance measures. It is also used externally for valuation purposes.

Reconciliation of adjusted operating profit to operating profit/(loss):

	2021 £m	2020 £m
Adjusted EBITDA	37.0	27.6
Amortisation of software	(5.3)	(6.6)
Depreciation	(2.4)	(2.8)
Adjusted operating profit	29.3	18.2
Amortisation of brand value and customer relationships	(9.8)	(11.0)
Impairment of goodwill and intangible assets	–	(22.2)
Operating profit/(loss)	19.5	(15.0)

SPEND UNDER MANAGEMENT ('SUM')

Definition: Total amount of client expenditure which our managed services brands managed on behalf of their clients. This equates to revenue earned where Impellam acts as principal plus gross billings to customers where Impellam acts as agent.

Closest equivalent IFRS measure: Group revenue.

Rationale for adjustment: The Group uses this measure as it reflects the total value of the client spend to the Group, not just the revenue generated.

CONTINUING ADJUSTED EARNINGS PER SHARE ('EPS')

Definition: Continuing adjusted profit divided by the weighted average number of Ordinary shares outstanding during the year.

Closest equivalent IFRS measure: Continuing basic earnings per share.

Rationale for adjustment: The Group uses this measure alongside the basic EPS calculation as it reflects the underlying trading performance of the business.

Reconciliation of adjusted EPS to basic EPS:

	2021 £m	2020 £m
Continuing profit/(loss) for the period	8.3	(21.4)
Impairment of goodwill	–	16.6
Impairment of other intangibles (net of tax)	–	4.5
Customer relationship and brand value amortisation (net of tax)	7.7	8.6
Continuing adjusted profit	16.0	8.3
Weighted average number of shares	45,538,963	46,208,380
Unadjusted continuing EPS	18.3	(46.2)
Adjusted continuing EPS	35.3	18.2

NET DEBT EXCLUDING IFRS 16 'LEASES'

Definition: the Group calculates net debt as the total of cash and short-term deposits, revolving credit and hire purchase

Following the adoption of IFRS 16 the calculation also includes lease liabilities and debtors.

Rationale for adjustment: the Group has used this measure to maintain alignment to the covenant reporting during 2020.

Reconciliation of net debt excluding IFRS 16 to net debt:

	2021 £m	2020 £m
Cash and short-term deposits	90.9	117.9
Bank overdraft	(3.9)	(2.9)
Revolving credit	(101.9)	(118.9)
Hire purchase	(0.1)	(0.2)
Net debt excluding IFRS 16	(15.0)	(4.1)
Lease liabilities	(16.5)	(26.5)
Lease debtors	–	4.3
Net debt	(31.5)	(26.3)

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Glossary

Adjusted EBITDA	EBITDA before separately disclosed items and impairment of goodwill
Adjusted EBITDA Conversion Ratio	Adjusted EBITDA divided by NFI/gross profit
Adjusted Operating Profit	Operating profit before amortisation of, and impairment in, acquired intangibles
Beautiful Basics	Every brand in Impellam makes a simple promise to its customers and candidates and then backs that promise up with whatever activities are needed to fulfil, sustain and deliver the brand promise. We call these promises the Beautiful Basics.
Business Process Outsourcing ('BPO')	Solutions which help businesses address back office needs strategically and increase operational efficiency
Cash Conversion	Net cash from operating activities divided by operating profit
Constant Exchange Rates	Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate
Contingent Labour	Temporary and contract workers
Cross-sell	All Impellam people are encouraged to refer new business leads to one another. This happens when a consultant identifies an opportunity that is outside the scope of the brand specialism and it will be referred to a brand within the Group which is aligned to the requirement
CRM	Customer relationship management
Days Sales Outstanding ('DSO')	Total trade receivables divided by average daily invoiced sales
EBITDA	Earnings before interest, tax, depreciation and amortisation
Facilities Management	Providing cleaning, security, events and retail facilities support services
GDPR	General data protection regulation which came into force on 5 May 2018
Group Fill	The percentage of Spend Under Management supplied from our Group brands into our managed services programmes
High Road	Impellam provides good work for people and people for good work. We focus on partnering with organisations that value engaged, fulfilled people which serves to drive clear market segmentation and a compelling price point
Hybrid Vendor	Assignments are filled by a combination of suppliers that we manage for the client and are filled directly by the Managed Services provider (including Group supply)
IFRS	International Financial Reporting Standards
Ignite	CRM (customer relationship management), our recruiter operating system
Independent Contractor Solutions	Helping to reduce the risk and cost of worker misclassification
Managed Services	These businesses optimise the productivity of people by designing, implementing, coordinating and reporting on the whole staffing process. They provide multi-disciplinary workforce solutions, including all forms of partial and complete outsourcing
Managed Services Programme ('MSP')	The outsourcing of contingent labour
Master Vendor	The majority of assignments are filled by the Managed Services provider (including Group supply) and second-tier agencies are used when the Managed Services provider is unable to supply
Net Debt	Total debt of the Group less cash in hand
Net Fee Income ('NFI')	Equivalent to gross profit
Neutral Vendor	Assignments are filled by suppliers that we manage for the client, where the Managed Services provider does not form part of the supply chain

Non-UK	All countries Impellam operates in outside of the UK. This is the US, Australasia and Europe (excluding the UK)
Origin	Our innovation hub that acquires, invests in and partners with disruptive start-ups in our markets as well as backing our Virtuosos' ideas
Payroll Services	Provide access to a fully compliant framework for managing and paying contingent staff
Productivity	Gross profit divided by Full Time Equivalent ('FTE') heads
Recruitment Process Outsourcing ('RPO')	Where a client outsources the management of the recruitment function (in whole or part) to a third party expert
ShiftWise	Technology solution for the NHS to build our Managed Services capability
Specialist Staffing	Dedicated brands which provide expert recruitment services and skilled workers for permanent, temporary, contract and fixed-price work
Spend Under Management ('SUM')	Total amount of client expenditure which our Managed Services brands managed on behalf of their clients. This equates to revenue earned where Impellam acts as principal plus gross billings to customers where Impellam acts as agent
Statement of Work ('SOW')	Solutions for spend in complex categories of service which include supplier management, requisition facilitation, contract writing, negotiations and invoicing and settlement support services
Value Chain	Different parts of our business share the belief that meaningful work really matters to individuals, communities, societies and economies so they can work together to create value that is greater than the sum of the parts
Vendor Management System ('VMS')	VMS technology enables the full procure-to-pay process, while providing robust reporting and analytics
Vertical Specialist Managed Services	Our brands which have specialist focus and expertise delivering sector or function staffing solutions
Virtuosity	Virtuosity is the art of seeing possibilities where others see none. It is a mindset that enables our people to adapt with agility to changing market conditions
Virtuoso	People who see possibilities and can tune in to the needs of our customers and candidates
Virtuous Circle	A virtuous circle is at the core of our high-retention model. It provides the continuous loop of making and keeping promises, which engenders trust and ultimately builds loyalty
Virtuoso Way	Our consistent, collaborative Group-wide culture, based on trusted behaviours, delivered by entrepreneurial leaders. At the heart of building trust is the everyday practice in which people make promises to each other to bring about a future that benefits all

FINANCIAL STATEMENTS

Company information

Our Managed Services businesses are enabled by talent-focused Specialist Staffing brands with deep heritages, vertical sector expertise and loyal candidate networks. Clients across the world trust us to deliver Managed Services and Specialist Staffing in the UK, North America, Asia Pacific and Europe.

Working with them are 2,900 Impellam people, bringing a wealth of expertise through our 13 market-leading brands across 70 locations. Every year, we connect carefully chosen candidates with good work at all levels. They include technology and digital specialists, scientists, clinical experts, engineers, nurses, doctors, lawyers, teachers, receptionists, drivers, chefs, administrators, warehouse and call centre operatives.

Underpinning everything we do is our Virtuoso strategy which recognises it is our people who make the difference. Virtuosos make and deliver on promises, and grow with their customers through sector, service or international expansion which ensures there is never a need for a customer or candidate to leave Impellam. Impellam is the largest Global Talent Acquisition and Managed Workforce Solutions provider in the UK, and 8th¹ in the world.

For more information about Impellam Group, please visit: www.impellam.com

Nominated adviser and broker

Canaccord Genuity Limited
88 Wood Street
London
EC2V 7QR

Principal solicitors

Ailen & Overy LLP
One Bishops Square
London E1 6AD

Registrars

Link Group
10th Floor, Central Square
29 Wellington Street
Leeds LS1 4DL

Principal bankers

Barclays Bank plc
1 Churchill Place
London E14 5HP

Independent auditor

BDO LLP
55 Baker Street
London W1U 7EU

Registered address

Impellam Group plc
800 The Boulevard
Capability Green
Luton
Bedfordshire LU1 3BA

Registered number


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IMPELLAM GROUP PLC

800 The Boulevard

Capability Creen

Luton

Bedfordshire LU1 3BA

Registered number: 0651 1961

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