

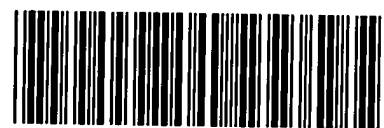
Company Registration No. 975677

Hays Specialist Recruitment Limited

Annual Report and Financial Statements

For the 52 weeks ended 28 June 2024

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Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

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Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

Officers and professional advisers

Directors

D Evans (Resigned 28 August 2024)
R Ford (Appointed 28 August 2024)
J Hilton
J Musgrave
S Winfield (Resigned 21 October 2024)

Secretary

Hays Nominees Limited

Registered Office

4th Floor
20 Triton Street
London
NW1 3BF

Independent Auditors

PricewaterhouseCoopers LLP ("PwC"),
Chartered Accountants and Statutory Auditors,
1 Embankment Place,
London, WC2N 6RH

Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

Strategic Report

The Directors present their strategic report for Hays Specialist Recruitment Limited (the "Company") for the 52 weeks ended 28 June 2024.

Principal activities

The Company's principal activity is the operation of qualified, professional and skilled recruitment.

The Company is domiciled in the United Kingdom.

Business Review

Business performance was subdued during the 52 week period ending 28 June 2024, with gross profit decreasing -15.6% year-on-year to £202.2m predominately driven by lower placement volumes. Whilst admin expenses reduced -3.6% compared to the previous financial period, principally due to a significant reduction in headcount year-on-year offsetting wage inflation, the business made a loss before tax of £3.9m for the current financial period (2023: profit before tax of £21.6m).

Results

The operating loss for the period amounted to £8.3 million (53 weeks ended 30 June 2023: operating profit of £21.2 million). However, in the period ended 28 June 2024, the Company incurred exceptional costs of £17.8 million, therefore the operating profit before exceptional items was £9.5 million (53 weeks ended 30 June 2023: operating profit of £21.2 million with nil exceptional items).

The loss before taxation for the period amounted to £3.9 million (53 weeks ended 30 June 2023: profit before taxation of £21.6 million).

The loss for the financial period amounted to £7.3 million (53 weeks ended 30 June 2023: profit of £18.0 million).

The Company had net assets of £84.8 million (2023: £132.1 million).

Future developments

The business experienced a challenging first half of the new financial year, noting the performance of our permanent recruitment business continues to be subdued whilst our temp business is proving more resilient. However, the directors expect the general level of activity to pick up in the second half of the year as economic conditions start to improve, thereby increasing client and candidate confidence. Together with significant actions taken to restructure our operations to build a more resilient and profitable business, the directors remain satisfied with the future prospects of the Company.

Key performance indicators

The key performance indicators for the Company that warrant disclosure are:

Net Fee Growth – Net fee growth is defined as the growth in gross profit. The period-on-period growth of the Company's net fees provides a measure of business development and growth. In the 52 week period ended 28 June 2024 net fees decreased by 15.6% (53 weeks ended 30 June 2023: 2.9% increase).

Conversion Rate – The conversion rate is operating profit stated as a percentage of gross profit and measures how effective the Company is at controlling the costs associated with its normal operations and at managing the levels of investment in future growth. In the 52 week period to 28 June 2024 the conversion rate of 4.1% decreased in comparison to the conversion rate of 8.9% in the prior 53 week period.

Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

Strategic Report (continued)

Principal risks and uncertainties

Macroeconomic / cyclical business exposure / inflation.

The performance of the Company is closely linked to the underlying growth of the United Kingdom economy.

The economic outlook in the UK has deteriorated somewhat in recent months, with high levels of inflation and increased interest rates. As a result, business confidence could be negatively impacted as they consider permanent and temporary hiring decisions, and candidate confidence may also reduce along with their propensity to change jobs. Increased inflation could also lead to significant cost pressures on our business.

Competitive environment

In the United Kingdom the markets for the provision of permanent and temporary recruitment are highly competitive and fragmented. In these more developed markets, competitor risks manifests itself in increased competition for clients and candidates, and in pricing pressures.

Commercial relationships

The Company benefits from close commercial relationships with key clients in both the public and private sectors. Within the private sector the Company is not reliant on any one client. The public sector accounts for 33% of the Company's total gross profit (53 weeks ended 30 June 2023: 30%). The public sector market that the Company operates in includes a large number of national and local government organisations.

Technology systems

The Company is increasingly reliant on a number of technology systems to deliver its services to clients. These systems are housed in various data centres and the business has capacity to cope with a data centre loss through the establishment of disaster recovery sites that are based in separate locations to the ongoing operations. The business is also reliant upon third-party providers for support services. These relationships are monitored through service reviews and periodic audits to ensure business-critical processes are safeguarded.

Regulatory environment

In common with many other sectors, the specialist recruitment industry is now governed by an increased level of compliance within the United Kingdom and as a result our clients require a more complex level of compliance in their contractual arrangements. The Company is committed to meeting all of its regulatory responsibilities and the legal and compliance teams within the Hays Group keep the business informed as to changes in legislation that may impact the Company, and provide training and compliance programmes in key areas.

Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

Strategic Report (continued)

Section 172 (1) Statement and Statements on engagement with employees, suppliers, customers and others

S172 of the Companies Act requires Directors to take into consideration the interests of stakeholders in their decision making. The following describes how the directors have had regard to the matters set out in section 172 (1) of the Companies Act 2006. This section of the strategic report and the pages to which it refers, comprises the Company's section 172 (1) statement.

As a wholly owned subsidiary of Hays Specialist Recruitment (Holdings) Limited, and with Hays plc as the Company's ultimate parent, the Directors ensure that decisions are beneficial to all the Company's stakeholders as well as having regard to the long-term sustainable success of the Company as a whole. The Board members receive reports throughout the year which include papers relating to business and financial performance, as well as highlighting any emerging matters and concerns.

The Company is a commercial organisation and aims to provide the best possible service to its clients and pursue the best possible economic return for shareholders. However, in making economic decisions, the Company has regard to the impact of those decisions on other stakeholders, including society and the wider environment.

Employees - Our people are our greatest asset. We invest substantially in training and culture to ensure Hays is a great place to work.

Candidates - We connect candidates with the world of work. By building long-term relationships we enable their career ambitions.

Clients - We consult with our clients, understanding their needs to achieve lasting impacts.

Communities and Governments - We seek to have a positive impact on communities by providing career advice and training. We work with Governments globally to ensure worker tax and regulation compliance.

Environment - We seek to reduce our environmental impact year-on-year.

Suppliers - We are committed to treating all our suppliers fairly and with respect.

Industry bodies – We engage and support representative bodies within the recruitment industry wherever possible.

The Board fulfils its S172 duties by applying Hays plc group policies and procedures. Its decision making is underpinned by the group's purpose and values. The size and spread of both our stakeholders and Hays plc group means our engagement best takes place at an operational or group level rather than as an individual company.

The Executive Leadership team which meets on a monthly basis is responsible for day to day management of our business and operations, responsibility for monitoring detailed performance of all aspects of our business. Each member has a clearly defined remit, business objectives and financial budget within which they operate. Details of the financial and non-financial KPIs that are monitored by the Executive Leadership team to track performance in line with strategic priorities can be found on pages 14 to 15 of the Group Annual Report.

Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

Strategic Report (continued)

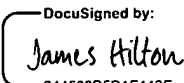
Section 172 (1) Statement and Statements on engagement with employees, suppliers, customers and others (continued)

The Operations Board comprising members of the regional UK and Ireland business and functional managers also meet on a monthly basis to discuss matters of strategic and operational importance for the region. Each business is given operational autonomy, as far as possible, within a well-established internal control framework which consists of, among other things, a Group-wide set of policies on anti-bribery and corruption, competition compliance, conduct and ethics, equality, diversity & inclusion and whistleblowing.

During FY24, the Operations Board reviewed, among other things, business strategy and associated performance, received reports on the operational and financial performance for the region and received regular updates on employee engagement activities including Wellbeing@Hays initiative, Hays Helps, learning and development programmes, equity, diversity and inclusion and succession planning.

Further details of Hays plc group policies and practices can be found online at www.haysplc.com. Further information about Hays plc's business relationship with customers, suppliers, employees and other stakeholders can be found on pages 98 to 103 of the Group Annual Report.

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

DocuSigned by:

244500B5D1F443E...
J Hilton

Director

11 December 2024

Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

Directors' Report

The directors present their annual report and audited financial statements for the Company for the 52 weeks ended 28 June 2024. The comparative financial statements are prepared for the 53 weeks ended 30 June 2023.

Directors

The directors of the company who were in office during the period and up to the date of signing the financial statements are set out on page 1.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Credit risk

The Company's principal financial assets are cash and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cash flow risk

The Company had access to a £210 million revolving credit facility in place for Hays plc, which reduced to £170 million in November 2024 and expires in November 2025, and via the parent used this facility to manage the day-to-day working capital requirements as appropriate for the period ended 28 June 2024. Hays plc has successfully renewed the existing £210 million revolving credit facility in October 2024 at the increased value of £240 million. The new facility will expire in October 2029 with options to extend by a further 2 years by agreement. All financial covenants remain unchanged.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Dividends

During the period the company did not receive any dividends from subsidiary undertakings (53 weeks ended 30 June 2023: nil) and paid dividends of £40 million (2023: nil) to the immediate parent company, Hays Specialist Recruitment (Holdings) Limited.

Payments to creditors

It is the Company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions.

Trade creditor days as at 28 June 2024 were an average of 50 days (2023: 57 days).

Directors' indemnities

The Company continues to maintain third party directors' and officers' liability insurance for the benefit of its directors. The directors have also been granted qualifying third-party indemnities, as permitted under Companies Act 2006, which remain in force.

Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

Directors' Report (continued)

Charitable and political donations

Donations to charitable organisations amounted to £28k (2023: £95k).

Employment of disabled persons

The Company adheres to the Hays Group policy relating to the employment of disabled persons, which is:

1. to give full and fair consideration to any application for employment made by a disabled person on the same basis as other potential employees, having regard to their aptitude and ability to do the work and any health and safety considerations;
2. to retain in employment whenever possible any member of staff who becomes disabled during employment and if necessary, provide appropriate training for alternative work; and
3. to provide for disabled persons equal opportunity with other staff for training, career development and promotion within their capability.

Employee Involvement

It is company policy that there should be effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in the decisions that affect their current jobs or future prospects.

To ensure that employees remain engaged in our business, an annual employee engagement survey is carried out each year. This allows employees to voice their views and opinions on all aspects of their workplace environment, training and development, work culture, leadership and client relations.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the key areas of risk and uncertainty when making their assessment. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details are given in the Going concern section in note 2 of the Financial Statements.

As stated under 'Cash Flow Risk', the Company will continue to use the Hays plc facility via Hays Specialist Recruitment Limited to manage all future working capital requirements.

Strategic Report

The information that fulfils the requirement of Section 414C(11) of the Companies Act 2006 is included in the Strategic Report. This includes a review of the development of the Company during the 52 week period, of its position at the end of the period and of the likely future development in its business.

Independent Auditors

The auditors PricewaterhouseCoopers LLP ("PwC") have expressed its willingness to continue in office as Auditors and is deemed to be re-appointed in accordance with section 487 of the Companies Act 2006.

Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

Directors' Report (continued)

Statement of Corporate Governance arrangements

The Company does not follow any recognised external corporate governance code. The Company's ultimate parent company is Hays plc, a company listed on the London Stock Exchange which has applied the main principles of the UK Corporate Governance Code 2018; details can be found on pages 82 to 148 in the Hays plc Annual Report for FY23 which can be found on www.haysplc.com. The principles applying to Hays plc are cascaded and replicated, to the extent possible, throughout the Hays group and its network of subsidiaries.

The Company thus follows its own mature governance process as a result of the processes established at the Group level. As described in the sec. 172 statement in the Strategic Report, Directors receive reports throughout the year which include papers relating to business and financial performance, as well as highlighting any emerging matters and concerns.

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

DocuSigned by:

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J Hilton
Director
11 December 2024

Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

Independent auditors' report to the members of Hays Specialist Recruitment Limited

Report on the audit of the financial statements

Opinion

In our opinion, Hays Specialist Recruitment Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 28 June 2024 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance sheet as at 28 June 2024; Statement of comprehensive income and Statement of changes in equity for the period then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the Directors' group level cash flow forecasts for the going concern period and validating the underlying cash flow projections by challenging the basis of the judgments applied and verifying that it is consistent with our existing knowledge and understanding of the business;
- Testing the mathematical accuracy of the Directors' cash flow forecast;
- Reviewing the Directors' identified available mitigating factors where required and included within the cash flow forecast including group facilities and available support; and
- Assessing the adequacy of the disclosure provided in note 2 of the Financial Statements.

Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

Independent auditors' report to the members of Hays Specialist Recruitment Limited (continued)

Conclusions relating to going concern (continued)

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 28 June 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

Independent auditors' report to the members of Hays Specialist Recruitment Limited (continued)

Responsibilities of the directors for the financial statements (continued)

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

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- identifying and testing journal entries, in particular journal entries posted with unusual account combinations to income or expenditure accounts, and understanding and evaluating any significant transactions outside the normal course of business;
- challenging assumptions and judgements made by management in their significant accounting estimates;
- enquiry of management and the board of directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reading minutes of meetings of the board of directors; and
- assessing financial statement disclosures, and testing to supporting documentation, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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

Hays Specialist Recruitment Limited

Annual Report and Financial Statements for the 52 week period ended 28 June 2024 (53 week period ended 30 June 2023)

Independent auditors' report to the members of Hays Specialist Recruitment Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jonathan Sturges (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

11 December 2024

Hays Specialist Recruitment Limited

Income statement for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

	Note	2024 £'000	2023 £'000
Turnover	4	1,424,451	1,509,733
Cost of sales		(1,222,289)	(1,270,228)
Gross profit		<u>202,162</u>	<u>239,505</u>
Administrative expenses	5	(210,484)	(218,277)
Operating (loss)/profit		<u>(8,322)</u>	<u>21,228</u>
Comprising:			
- Operating profit before exceptional items		9,518	21,228
- Exceptional items	5	(17,840)	-
		<u>(8,322)</u>	<u>21,228</u>
Finance income	6	4,378	365
(Loss)/Profit before taxation		<u>(3,944)</u>	<u>21,593</u>
Income tax expense on profit	8	(3,338)	(3,642)
(Loss)/Profit for the financial year		<u><u>(7,282)</u></u>	<u><u>17,951</u></u>

Turnover and operating (loss)/profit are all derived from continuing operations.

Statement of comprehensive income for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

	Note	2024 £'000	2023 £'000
(Loss)/Profit for the financial period		<u>(7,282)</u>	<u>17,951</u>
Other comprehensive income that will not be reclassified to profit & loss:			
Total income tax credit recognised in other comprehensive income	8	-	72
Other comprehensive income for the period net of tax		<u>-</u>	<u>-</u>
Total comprehensive (expense)/income for the financial year		<u><u>(7,282)</u></u>	<u><u>18,023</u></u>

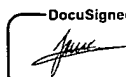
Hays Specialist Recruitment Limited

Balance sheet as at 28 June 2024 (as at 30 June 2023)

	Note	2024 £'000	2023 £'000
Fixed assets			
Goodwill	9	18,103	18,103
Other intangibles	10	4,821	13,534
Property, plant and equipment	11	5,895	6,469
Right-of-use-assets	15	27,577	28,776
		<u>56,396</u>	<u>66,882</u>
Current assets			
Trade and other receivables: amounts falling due within one year	12	285,273	324,040
Deferred tax	13	6,077	5,883
Cash at bank and in hand		14,945	26,753
		<u>306,295</u>	<u>356,676</u>
Current liabilities			
Trade and other payables	14	(247,776)	(259,717)
Lease Liabilities	15	(8,714)	(8,935)
		<u>49,805</u>	<u>88,024</u>
Net current assets			
Non-current liabilities			
Lease Liabilities	15	(21,383)	(22,806)
Total assets less total liabilities		<u>84,818</u>	<u>132,100</u>
Net assets		<u>84,818</u>	<u>132,100</u>
Equity			
Called up share capital	17	-	-
Retained earnings		84,818	132,100
Total shareholders' funds		<u>84,818</u>	<u>132,100</u>

These financial statements of Hays Specialist Recruitment Limited (registered number 975677) on pages 14 to 32 were approved by the Board of Directors and authorised for issue on date 11 December 2024.

Signed on behalf of the Board of Directors by:

DocuSigned by:

 52299E995828420...

J Musgrave

Director

Hays Specialist Recruitment Limited

Statement of changes in equity for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

	Called up share capital £'000	Retained earnings £'000	Total Shareholders' funds £'000
At 1 July 2023	-	132,100	132,100
Loss for the financial period	-	(7,282)	(7,282)
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	(7,282)	(7,282)
Dividend Paid	-	(40,000)	(40,000)
	<hr/>	<hr/>	<hr/>
At 28 June 2024	<u>-</u>	<u>84,818</u>	<u>84,818</u>

	Called up share capital £'000	Retained earnings £'000	Total Shareholders' funds £'000
At 25 June 2022	-	114,077	114,077
Profit for the financial period	-	17,951	17,951
Other comprehensive income for the year	-	72	72
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	18,023	18,023
Dividend Paid	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 June 2023	<u>-</u>	<u>132,100</u>	<u>132,100</u>

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

1. General information

Hays Specialist Recruitment Limited is a company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Group financial statements of Hays plc are available to the public and can be obtained as set out in note 21.

New standards and interpretations

The Company's financial statements have been prepared on the basis of the accounting policies and methods of computation applicable for the period ended 28 June 2024. These accounting policies are consistent with those applied in the preparation of the Company's financial statements for the period ended 30 June 2023.

The following new standard is mandatory for the first time in the Company's accounting period beginning on 1 July 2023 and no new standards have been early adopted. The Company's financial statements have adopted the new standard, but it has had no material impact on the Company's results or financial position:

– IFRS 17 – 'Insurance contracts' (effective 1 January 2023);

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are only effective for the Company accounting periods beginning on or after 29 June 2024. These new pronouncements are listed as follows:

– IFRS 16 (amendments) 'Lease accounting', on sale and leaseback (effective 1 January 2024);

– IAS 1 (amendments) 'Presentation of Financial Statements', on non-current liabilities with covenants (effective 1 January 2024); and

– IAS 7 (amendments) 'Financial instruments', on supplier finance (effective 1 January 2024).

The directors are currently evaluating the impact of the adoption of the standards, amendments and interpretations but do not expect them to have a material impact on the Company's operations or results.

The Company's principal accounting policies adopted in the presentation of these Financial Statements are set out below and have been consistently applied to all the periods presented.

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

2. Material accounting policies

Basis of accounting

The financial statements of Hays Specialist Recruitment Limited have been prepared in accordance with United Kingdom accounting standards, including Financial Reporting Standard 101 and Reduced Disclosure framework (FRS 101) - The Financial reporting standard applicable in the United Kingdom and Republic of Ireland' and with the Companies Act 2006.

They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and Law.

The particular accounting policies adopted are described below and have been applied consistently in the current and preceding periods.

As permitted by FRS101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to certain disclosures regarding the Company's capital, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, certain related party transactions, financial instruments and impairment of assets.

The Company has also taken advantage of the disclosure exemption, as permitted by FRS101, regarding the effect of future accounting standards not yet adopted.

The accounting reference date of the company is 30 June 2024 (2023: 30 June 2023), the company has prepared its financial statements to 28 June 2024 (2023: 30 June 2023).

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the review of the business on pages 2 to 7. The financial position of the Company, its cash flows and liquidity position are described in the Directors' Report. As stated under 'Cash Flow Risk', the Company will continue to use the group facilities to manage all future working capital requirements.

The directors have considered whether the Company has adequate financial resources to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and its approved capital expenditure. Together with internally generated cash flows, and in combination with the letter of support received from its ultimate parent company Hays plc that covers the period of assessment of at least 12 months from the date the financial statements are signed, the Company is well placed to manage its business risks successfully. The directors have considered the ability of the parent to provide support if required.

After making enquiries, the directors have formed the judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable at the point in time and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Turnover arising from the placement of permanent candidates, including turnover arising from Recruitment Process Outsourcing (RPO) services, is recognised at the point in time the candidate commences full-time employment. Where a permanent candidate starts employment but does not work for the specified contractual period, a provision is made in respect of the required refund or credit note due to the client. The revenue recognised from a permanent placement is typically based on a percentage of the candidates remuneration package. Turnover arising from RPO services may also include management fees, which are recognised on a contractual basis upon delivery.

Turnover arising from temporary placements, including turnover arising from Managed Service Programme (MSP) services, is recognised at the point in time that temporary workers are provided.

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

2. Material accounting policies (continued)

Turnover (continued)

Where the Company is acting as a principal, turnover represents the amounts billed for the services of the temporary workers, including the remuneration costs of the temporary workers. The commission included within the revenue recognised arising from temporary placements is typically based on a percentage of the placements hourly rate.

Where the Company acts as principal in arrangements that invoice on the costs incurred with other recruitment agencies as part of the MSP service provided and manage the recruitment supply chain, turnover represents amounts invoiced on from other recruitment agencies, including arrangements where no commission is directly receivable by the Company.

Where the Company is acting as an agent in arrangements that invoice on behalf of other recruitment agencies as part of the MSP service provided, turnover represents commission receivable relating to the supply of temporary workers and does not include the remuneration costs of the other agency temporary workers.

The critical accounting judgment in respect of revenue recognition is described further in note 3 to the Financial Statements.

Exceptional Items

Exceptional items, as disclosed on the face of the Income Statement, are items which due to their material non-recurring nature have been classified separately and are highlighted separately in the notes to the Financial Statements. The Company considers this provides additional useful information and assists in understanding the financial performance achieved by the Company. Separate presentation of these items is intended to enhance understanding of the financial performance of the Company in the period and the extent to which results are influenced by material non-recurring items. These may include items such as a major restructure of the business operations or a material impairment of goodwill or other intangible assets. Items described as "before exceptional items" are alternative performance measures.

Gross profit

Gross profit (also called Net fees) represents turnover less the remuneration costs of temporary workers for temporary assignments and remuneration of other recruitment agencies. For the placement of permanent candidates, net fees are equal to turnover.

Taxation

The tax expense is recognised in the Income Statement, Statement of Comprehensive Income or directly to equity, according to the accounting treatment of the related transaction giving rise to the tax. The tax expense comprises both current and deferred tax.

Current tax is the tax payable based on taxable profit for the year. Taxable profit differs from profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are generally recognised on all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill or initial recognition of other assets or liabilities in a transaction (other than a business combination), that affects neither accounting profit nor taxable profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

2. Material accounting policies (continued)

Taxation (continued)

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered. Unrecognised deferred tax assets are also reassessed each balance sheet date and recognised where it has become probable that future taxable profits are available against which the asset can be recovered.

Deferred tax is provided using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses represents the excess of the purchase consideration less the fair value of the identifiable tangible and intangible assets and liabilities acquired.

Goodwill is recognised as an asset and reviewed for impairment at least annually. For the purpose of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows, known as cash-generating units (CGUs). Any impairment is recognised immediately in the income statement and is not subsequently reversed.

The company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRS 101. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' (SI 2008/410), which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

It is not possible to quantify the effect of the departure from the Companies Act, because a finite life for the goodwill has not been identified. However, the effect of amortising over a useful life of 10 years would mean that the asset would have been fully depreciated and hence result in a charge of £nil against operating profit, and a reduction of £nil in the carrying value of goodwill in the balance sheet.

Intangible assets

Intangible assets are stated in the balance sheet at the directly attributable costs of creation of the asset, less accumulated amortisation and any provision for impairment. Cost includes the original purchase price of the assets and the costs attributable to bring the asset to its working condition for its intended use. The directors review intangible assets for indicators of impairment annually. Software incorporated into major ERP implementations that support the recruitment process and financial reporting process is amortised on a straight line basis over a life of up to seven years. Other software is amortised on a straight line basis over a life of up to seven years.

Investments in subsidiaries

Shares in subsidiaries are valued at cost less provision for impairment. The directors review the investments for indications of impairment annually. Any impairment is recognised immediately in the income statement.

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

2. Material accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is recorded at historical purchase cost, net of depreciation and any provision for impairment. Cost includes the original purchase price of the assets and the costs attributable to bring the asset to its working condition for its intended use. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, after they have been brought into use, at the following annual rates:

Leasehold properties	The cost is written off over the unexpired term of the lease
Plant and machinery	At rates varying between 5.0% and 33.0%
Fixtures and fittings	At rates varying between 10.0% and 25.0%

Leases

Under IFRS 16 Leases, the company has recognised a right-of-use asset and a lease liability for all applicable leases. Within the Income Statement, operating lease rentals charges have been replaced with depreciation and interest expense.

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Retirement benefit costs

Hays Specialist Recruitment Limited operates a defined contribution scheme under which the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The Company participates in a group defined benefit scheme which is the legal responsibility of the ultimate parent as the sponsoring employer. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 (Revised 2011), the Company recognises a cost equal to its contribution payable for the period, which is presented within administrative expenses in the income statement.

Dividends

Dividends are recognised in the period that they are declared and approved.

Employee costs

Where employees have a contract of employment with the entity but are allocated and work full time on other group entities these are disclosed in the relevant subsidiary as no costs are borne by this entity.

Share-based payments

The fair value of all share-based remuneration which is assessed upon market based performance criteria is determined at the date of grant and recognised as an expense in the income statement on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest.

The fair value of all share-based remuneration which is assessed upon non-market based performance criteria is determined at the date of the grant and recognised as an expense in the income statement over the vesting period based on the number of shares which are expected to vest. The number of shares which are expected to vest is adjusted accordingly to the satisfaction of the performance criteria at each period end.

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

2. Material accounting policies (continued)

Share-based payments (continued)

The fair values are determined by use of the relevant valuation models. All share-based remuneration is equity-settled.

Where the Company's parent company has granted rights to its equity instruments to employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the Company is not recharged by its parent.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

An allowance for impairment is made to both trade receivables and accrued income based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and economic environment, as evidence of a likely reduction in the recoverability of the cash flows.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Government grants

Government grant is recognised only when there is reasonable assurance that the Company will comply with any conditions attached to the grant and that the grant will be received. The grant is recognised net against the related costs for the period in which they are intended to compensate.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Company's accounting policies

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

Revenue recognition – Critical judgement

The main areas of judgment in revenue recognition relate to (i) cut-off as revenue is recognised for permanent placements on the day a candidate starts work and temporary placement income over the duration of the placement; and (ii) the recognition of temporary contractual arrangements where Hays act on a gross basis (principal basis) rather than a net basis (agent basis).

The factors considered by management on a contract-by-contract basis when concluding the Company is acting as principal rather than agent are as follows:

- The client has a direct relationship with Hays;
- Hays has the primary responsibility for providing the services to the client, and engages and contracts directly with the temporary worker and other recruitment companies;
- Hays has latitude in establishing the rates directly or indirectly with all parties; and
- Hays bears the credit risk on the receivable due from the client.

Turnover and Gross profit are described in note 2 to the Financial Statements.

Provisions in respect of recoverability of trade debtors – Critical estimate

Provisions for impairment of trade debtors have been made. In reviewing the appropriateness of these provisions, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current and future economic conditions.

The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An impairment analysis is performed using a provision matrix to measure the expected credit losses. An allowance for impairment is made based on historical credit loss experience adjusted for forward looking factors specific to the debtors and economic environment, is evidence of a likely reduction in the recoverability of the cash flows.

Revenue from sales where retrospective volume discounts are agreed with the customer is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Profit before exceptional items presented in Income statement is an alternative performance measure that provides useful information for users on the Company's underlying performance and is consistent with how the business performance is measured internally by the chief operating decision maker. Profit before exceptional items is not a recognised measure under UK adopted International Accounting Standards and may not be directly comparable with adjusted measures used by other companies. The classification of items excluded from profit before exceptionals requires judgment, including considering the nature, circumstances, scale and impact of a transaction upon the Company's results. The details of items treated as exceptional items are disclosed in note 5 to the Financial Statements.

4. Turnover

Turnover comprises amounts receivable for recruitment services supplied wholly within the UK and is stated net of allowances, rebates, credits and value added tax.

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

5. Operating (loss)/profit

Operating (loss)/profit is stated after charging / (crediting):

	2024	2023
	£'000	£'000
Staff costs before exceptional items (note 7)	143,569	163,863
Amortisation of intangible assets (note 10)	2,175	1,598
Depreciation of property, plant and equipment (note 11)	2,158	2,087
Impairment loss recognised on trade receivables	1,131	1,475
Depreciation of right-of-use assets (note 15)	8,848	9,116
Depreciation of right-of-use assets charged to other group companies	(1,169)	(1,072)
Management charge from ultimate parent company	4,876	7,375
<u>Exceptional items:</u>		
Impairment of intangible assets (note 10)	13,071	-
Property leases	1,102	-
Staff costs (note 7)	3,667	-

During the period, the company incurred exceptional charges of £17.8 million (2023: nil). Of this, £13.1 million is non-cash, relating to the impairment of intangible assets. Following the appointment of the new Chief Technology Officer, the Group's Technology Senior Leadership Team was restructured and the Directors initiated a Group-wide project to transform its IT infrastructure to better support the operations of the business. This led the Directors to enter into a contract to outsource the back-office IT infrastructure. As part of the transformation, the Directors cancelled certain in-flight projects and concluded that the related intangible assets would not be used in the entity's operations. The Directors also determined that certain intangible assets currently in use would no longer be used in the entity's operations as originally anticipated, and therefore concluded that a material part of their carrying value was impaired. This cumulatively resulted in an impairment charge of £13.1 million, which is a material non-cash item and based on its size and nature is considered to be exceptional.

Following the appointment of the new CEO, Dirk Hahn, and in response to increasingly challenging market conditions and a clear slowdown in most markets, we restructured the business operations to better align to market opportunities and reduce operating costs. The restructuring exercise led to the redundancy of a number of employees, including senior and operational management and back-office positions and the closure of a number of offices.

The fees payable to the Company's auditors for the audit of the Company's annual financial statements amounted to £163,960 for the 52 weeks ended 28 June 2024 (2023: £157,156). There were no non-audit fees in either the current or prior period.

6. Finance income

	2024	2023
	£'000	£'000
Interest receivable from other group companies	5,790	1,297
Interest payable - leases	(1,412)	(932)
Finance income	<u>4,378</u>	<u>365</u>

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

7. Information regarding directors and employees

	2024	2023
The average monthly number of employees (including directors) was:	Number	Number
Sales and marketing	1,373	1,686
Administration	948	1,014
	<u>2,321</u>	<u>2,700</u>
	2024	2023
	£'000	£'000
Staff costs during the period (including directors):		
Wages and salaries	128,585	143,570
Social security costs	13,737	15,641
Other Pension costs	4,914	4,652
	<u>147,236</u>	<u>163,863</u>
	2024	2023
	£'000	£'000
Directors' remuneration		
Wages and salaries	657	726
Amounts receivable under long-term incentive schemes	146	42
Company contributions to money purchase pension schemes	57	55
	<u>860</u>	<u>823</u>
	2024	2023
	No.	No.
Number of directors who		
Have received awards during the period in the form of shares under long-term incentive schemes.	2	2
Are members of a money purchase pension scheme	2	2
Exercised options over shares in the ultimate parent company	2	2
	2024	2023
	£'000	£'000
Highest paid director:		
Emoluments	346	386
Amounts receivable under long-term incentive schemes	73	21
Company contributions to money purchase pension schemes	32	31
	<u>451</u>	<u>438</u>

During the year the highest paid director was entitled to receive shares under a long term incentive scheme. No directors of the Company had an accrued pension as a result of the defined benefit arrangement in the current or prior period. J Hilton and D Evans did not receive any remuneration from the Company in respect of qualifying services for the Company. Details of J Hilton's emoluments as director of Hays plc are disclosed in the Annual Report and Financial Statements of Hays plc. In

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

In addition to the above costs, there are 119 (2023: 110) employees whose costs are recharged and borne by other group entities in their entirety.

8. Income tax expense

A: Tax on profit:

	2024 £'000	2023 £'000
Current tax:		
Current tax expense in respect of the current period	(3,250)	(3,151)
Adjustments recognised in the current period in relation to the current tax of prior periods	(282)	(83)
Total current tax for the period	<u>(3,532)</u>	<u>(3,234)</u>
Deferred tax:		
Deferred tax (expense)/credit in respect of the current period	(1,014)	(876)
Adjustments recognised in the current period in relation to the deferred tax of prior periods	1,208	468
Other taxes	-	-
Total deferred tax for the period	<u>194</u>	<u>(408)</u>
Total income tax (expense)/credit recognised in the income statement in the current period	<u><u>(3,338)</u></u>	<u><u>(3,642)</u></u>

B: Reconciliation of tax charges:

	2024 £'000	2023 £'000
Profit before tax	<u>(3,944)</u>	<u>21,593</u>
Income tax expense calculated at 25.0% (2023: 20.5%)	986	(4,427)
Net effect of items that are non-deductible in determining taxable profit	(1,078)	69
Effect of items - Other	-	-
Effect of timing differences not recognised for deferred tax assets	(3,450)	379
Effect of timing differences previously unrecognised for deferred tax assets	-	-
Effect of changes in tax rates	-	-
Effect of share based payment charges and share options	<u>(723)</u>	<u>(48)</u>
	<u>(4,265)</u>	<u>(4,027)</u>
Adjustments recognised in the current period in relation to the current and deferred tax of prior periods	927	385

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

Income tax expense recognised in the income statement	<u>(3,338)</u>	<u>(3,642)</u>
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8. Income tax expense (continued)

The tax rate used for 2024 is the corporate tax rate of 25.0% (2023: 20.5%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

Income tax recognised in other comprehensive income

	2024 £'000	2023 £'000
Current tax:		
Current tax credit on share based payment charges and share options	-	72
Deferred tax:		
Deferred tax charge on share based payment charges and share options	-	-
	<u>-</u>	<u>72</u>
Total income tax credit recognised in other comprehensive Income	<u>-</u>	<u>72</u>

9. Goodwill

	£'000
Cost and net book value	
At 28 June 2024 and 30 June 2023	<u>18,103</u>

10. Other intangibles

	£'000
Cost	
At 1 July 2023	98,104
Additions	6,534
Disposals	(1,573)
Impairment	(13,071)
At 28 June 2024	<u>89,994</u>
Accumulated amortisation	
At 1 July 2023	84,570
Charge for the period	2,175
Disposals	(1,572)
At 28 June 2024	<u>85,173</u>
Net book value	
At 28 June 2024	<u>4,821</u>
At 30 June 2023	<u>13,534</u>

All other intangibles relate to computer software.

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

11. Property, plant and equipment

	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 July 2023	67	16,271	10,523	26,861
Additions	-	653	997	1,650
Disposals	-	(1,548)	(1,971)	(3,519)
At 28 June 2024	67	15,376	9,549	24,992
Accumulated depreciation				
At 1 July 2023	56	11,341	8,995	20,392
Charge for the period	1	1,715	442	2,158
Disposals	-	(1,539)	(1,914)	(3,453)
At 28 June 2024	57	11,517	7,523	19,097
Net book value				
At 28 June 2024	10	3,859	2,026	5,895
At 30 June 2023	11	4,930	1,528	6,469

Included in the above fixed asset additions are assets under construction of £214,000 (2023: £160,000).

12. Trade and other receivables

Amounts falling due within one year

	2024 £'000	2023 £'000
Trade debtors	153,636	163,558
Amounts owed by ultimate parent company	56,979	73,819
Amounts owed by immediate parent company	11,048	11,048
Amounts owed by other group companies	4,090	4,979
Prepayments and accrued income	59,520	70,636
	285,273	324,040

Amounts owed by group companies are repayable on demand, unsecured and non-interest bearing.

Amounts falling due after more than one year

	2024 £'000	2023 £'000
Deferred tax (note 13)	6,077	5,883
	6,077	5,883

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

13. Deferred tax asset

	Accelerated capital allowances £'000	Share- based payments £'000	Other £'000	Total £'000
Balance at 1 July 2023	3,525	2,289	69	5,883
(Charged)/Credited to the income statement	616	(353)	(69)	194
Charge to other comprehensive income	-	-	-	-
Impact of rate change	-	-	-	-
Balance at 28 June 2024	4,141	1,936	-	6,077

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse, being the rates enacted or substantially enacted for those relevant periods.

Unrecognised deductible temporary differences, unused tax losses and unused tax credits

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

	Gross 2024 £'000	Tax 2024 £'000	Gross 2023 £'000	Tax 2023 £'000
Unrecognised deductible temporary differences	33,159	8,290	19,359	4,929

14. Trade and other payables

	2024 £'000	2023 £'000
Trade creditors	67,366	67,938
Amounts owed to other group companies	47,251	48,008
Corporate tax payable	12,365	9,320
Other creditors	37,590	44,259
Provisions for liabilities (note 16)	8,555	11,475
Accruals and deferred income	74,649	78,717
	247,776	259,717

All amounts owed to other group companies are repayable on demand and are unsecured. The corporation tax balance of £12,365k is expected to be settled by group relief or by the UK tax group payment arrangement.

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

15. Lease accounting under IFRS16

	Property £'000	Motor Vehicles £'000	Total ROU Assets £'000	Lease Liabilities £'000
At 1 July 2023	26,257	2,519	28,776	(31,741)
Lease additions	6,173	2,698	8,871	(9,014)
Lease disposals	(1,203)	(19)	(1,222)	1,309
Depreciation of right-of-use lease assets	(7,474)	(1,374)	(8,848)	-
Lease liability principal repayments	-	-	-	10,540
Interest on lease liabilities	-	-	-	(1,191)
At 28 June 2024	23,753	3,824	27,577	(30,097)

	Property £'000	Motor Vehicles £'000	Total ROU Assets £'000	Lease Liabilities £'000
At 25 June 2022	29,953	2,476	32,429	(36,233)
Lease additions	4,281	1,369	5,650	(5,651)
Lease disposals	(144)	(43)	(187)	186
Depreciation of right-of-use lease assets	(7,833)	(1,283)	(9,116)	-
Lease liability principal repayments	-	-	-	10,898
Interest on lease liabilities	-	-	-	(941)
At 30 June 2023	26,257	2,519	28,776	(31,741)

Maturity analysis

	2024 £'000	2023 £'000
Year 1	(8,714)	(8,936)
Year 2	(6,843)	(7,554)
Year 3	(4,826)	(5,578)
Year 4	(3,437)	(3,581)
Year 5	(2,125)	(2,540)
Onwards	(4,152)	(3,552)
Total Lease Liabilities	(30,097)	(31,741)

	2024 £'000	2023 £'000
Current	(8,714)	(8,935)
Non-Current	(21,383)	(22,806)
Total Lease Liabilities	(30,097)	(31,741)

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

16. Provisions for liabilities

	2024 £'000	2023 £'000
Opening balance	11,475	11,391
Increase in provision	767	84
Utilisation of provision	(3,687)	-
Closing balance	<u>8,555</u>	<u>11,475</u>

As a global specialist in recruitment and workforce solutions and in common with other similar organisations, in the ordinary course of our business Hays Specialist Recruitment Limited is exposed to the risk of legal, tax and other disputes. Where costs are likely to arise in defending and concluding such disputes, and these costs can be measured reliably, they are provided for in the Financial Statements. The amounts provided for are based on management's assessment of the specific circumstances in each case. The timing of settlement depends on the circumstances in each case and is uncertain. The provision recorded in this year's financial statements represents the best measurable estimate of such risk in respect of previous services provided.

17. Called up share capital

	2024 £	2023 £
Called up, and fully paid: 100 (2023:100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

18. Retirement benefit obligations

The Company participates in one defined contribution scheme and two defined benefit schemes operated by the Hays Group, with Hays plc being the sponsoring company for the latter. The most significant pension scheme, the Hays Pension Scheme, is a defined benefit scheme. The scheme was closed to future accrual from 29 June 2012 and therefore the Company does not make any contributions to the scheme and no expense has been recognised in the income statement in the current or prior period.

The consolidated financial statements of Hays plc for the year ended 28 June 2024 include full IAS19 disclosures detailing the funding position of the Scheme as a whole as at 28 June 2024.

As at 28 June 2024, the surplus in the scheme was £19.4m (2023: surplus of £25.7m).

UK defined contribution scheme

The Group's principal defined contribution retirement benefit scheme is the Hays Group Personal Pension Plan which is operated for all qualifying employees and is funded via an employee salary sacrifice arrangement, and additional employer contributions for qualifying employees. Employer contributions are in the range of 3% to 12% of pensionable salary depending on the level of employee contribution and seniority.

The total cost charged to the Consolidated Income Statement of £6.3m (53 week period ended 30 June 2023: £5.8m) represents employer's contributions payable to the money purchase arrangements. There were no contributions outstanding at the end of the current or prior year. The assets of the money purchase arrangements are held separately from those of the Group.

Hays Specialist Recruitment Limited

Notes to the financial statements for the 52 weeks ended 28 June 2024 (for the 53 weeks ended 30 June 2023)

19. Share-based payments

All share-based remuneration is equity settled. If the options remain unexercised after a period of five years from the date of grant the options expire. Options are forfeited if the employee leaves the Company before the options vest.

Sharesave

The Company participates in a share option scheme for all employees. Options are exercisable on the shares of the parent Company at a price equal to the estimated fair value of the parent Company's shares on the date of grant. The vesting period is three years.

The weighted average share price at the date of exercise for share options exercised during the period was 0p (2023: 0p). The options outstanding at 28 June 2024 had exercise price of 94p (2023: 116p). In the current period, options were granted on 28 March 2024 (2023: 30 March 2023). The aggregate of the estimated fair values of the options granted in 2024 were £3.3m. The options outstanding as at 28 June 2024 had a weighted average remaining contractual life of 2.3 years.

Performance Share Plan (PSP)

The PSP is designed to link reward to the key long-term value drivers of the business and to align the interests of the senior management with the long-term interests of shareholders. PSP rewards are discretionary and vesting is dependent upon the achievement of performance conditions measured over either a three-year period or a one-year period with a two-year holding period.

The weighted average share price at the date of exercise for share options exercised during the period was 118p (2023: 152p). The options outstanding at 28 June 2024 had exercise price of 117p (2023: 127p). In the current period, options were granted on 21 September 2023 (2023: 15 September 2022). The aggregate of the estimated fair values of the options granted on this date is £2.7m (2023: £2.9m). The options outstanding as at 28 June 2024 had a weighted average remaining contractual life of 1.4 years.

Deferred Annual Bonus (DAB)

Only members of the Hays plc management board participate in the DAB which promotes a stronger link between short-term and long-term performance through the deferral of annual bonuses into shares for a three-year period.

The weighted average share price at the date of exercise for share options exercised during the period was 0p (2023: 147p). The options outstanding at 28 June 2024 had exercise price of 128p (2023: 135p). In the current period, options were granted on 8 September 2023, with an aggregate of the estimated fair values of £0.7m. In 2023, no options were granted. The options outstanding as at 28 June 2024 had a weighted average remaining contractual life of 1.1 years.

20. Related party transactions

The Company has taken advantage of the exemption granted under paragraph 8(k) of FRS 101 not to disclose transactions entered into between two or more wholly owned subsidiaries of a group. Transactions entered into and trading balances outstanding that were owed to the Company at 28 June 2024 with other non-Group related parties was nil (2023: nil).

21. Ultimate parent company

The Company's ultimate parent company and controlling entity is Hays plc, registered in England and Wales. The Company's immediate parent company is Hays Specialist Recruitment (Holdings) Limited, registered in England and Wales. The smallest and largest group that prepares Group financial statements is Hays plc. Copies of the Annual Report and Financial Statements for Hays plc are available from the Company Secretary at Hays plc, 4th Floor, 20 Triton Street, London, NW1 3BF.