

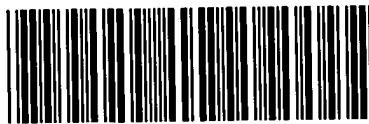
COMPANY NO: 06903140

REED SPECIALIST RECRUITMENT LIMITED

ANNUAL REPORT

For the period ended 10th May 2024

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REED SPECIALIST RECRUITMENT LIMITED

COMPANY INFORMATION

Directors	James Reed CBE, FCIPD, MBA, MA Ian Nicholas FCIPD, BSc Lee Richards ACMA, BSc Simon Baddeley BSc Richard Smith BSc Karen Jackson FCIPD (resigned 7 th July 2024)
Registered office	Academy Court 94 Chancery Lane London WC2A 1DT
Company number	06903140
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP

STRATEGIC REPORT

The Directors present their Strategic Report on Reed Specialist Recruitment Limited ("the Company") for the period ended 10th May 2024.

Review of the business

Reed Specialist Recruitment Limited is a specialist provider of permanent, contract, temporary and outsourced recruitment solutions. The Company assists job seekers and employers across 20 specialisms and is a private limited company incorporated in the United Kingdom and limited by shares.

Change of fiscal year end

The Reed Global Group decided in the current year to shorten its reporting period for all Group participants to 10 May from the previous reporting date of 30 June. The Group took this decision as a part of the implementation of a new Enterprise Resource Planning system to simplify its reporting in the year of the system's adoption. The Group plans to revert to a 30 June reporting date for the next financial year.

Trading results

The Company's trading results are set out in the Income Statement on page 22.

It should be noted that the presented numbers do not represent a like-for-like comparison due to the current year being shortened to accommodate the implementation of a new ERP across the Reed Group.

The year was generally challenging with the key metrics showing sequential year-on-year declines throughout. The Reed Talent Solutions business continues to trade well, backed by some excellent wins and solid execution but the Network businesses were hurt by a continuing lack of confidence in the wider market which affected demand for both temporary and permanent staff. Operating Profit as a percentage of Gross Profit dropped to levels comparable to what was seen pre-COVID. Cash balances remain healthy.

Key performance indicators

	2024	2023
Gross margin	13.9%	14.2%
Net profit margin	1.2%	1.6%
Number of active business units	440	453
Co-member cost ratio	9.4%	9.4%
Current ratio	1.21	1.32

STRATEGIC REPORT (continued)

Notes to key performance indicators

- Gross margin calculated as gross profit as a percentage of turnover.
- Net profit margin calculated as operating profit as a percentage of turnover.
- An active business unit represents an active specialism within an office.
- Co-member cost ratio represents the staff costs as a percentage of turnover. The percentage split is in line with our expectations.
- Current ratio is derived by dividing current assets by current liabilities and is a good indicator of a Company's ability to meet short-term debt obligations; the higher the ratio, the more liquid the Company is. The current ratio is in line with our expectations and in line with the previous year.

Principal risks

Any downturn in the economic environment has historically been the greatest risk to the service sector. The Company has mitigated these risks through its ability to manage its cost base and to adjust headcount during periods of economic uncertainty.

The business is also exposed to changes in government policy in the markets in which it operates such as changes in the legislation around sensitive data management and employment laws.

Cyber risk has become important with the ever-increasing need to keep data secure. To mitigate these risks, the Company has implemented annual GDPR training for all co-members and made available data protection, processing, retention, and destruction policies for co-members on the intranet.

Future developments

The Directors do not expect significant changes to the business in the foreseeable future. No events took place post 10th May 2024 which require disclosure.

Consideration of climate change

In preparing the financial statements we have considered the impact of climate change. There has not been a material impact on the financial reporting judgments and estimates from our considerations, consistent with our assessment that climate change is not expected to have a meaningful impact on the viability of the group in the medium term.

STRATEGIC REPORT (continued)

Financial risks

The Company's operations expose it to a variety of financial risks including the effects of changes in foreign currency risk, credit risk and liquidity risk.

The Company does not have material exposures in any of the areas identified above and consequently does not use derivative instruments to manage these exposures.

The Company's principal financial instruments comprise sterling cash and bank deposits, together with trade & intercompany debtors and trade and intercompany creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments can be analysed as follows:

Credit risk

The Company's principal financial assets are trade and intercompany debtors, which represent the Company's major exposure to credit risk in relation to the financial assets. Reporting in this area covers weekly aged debt for every significant client as well as overall ledger profiles from the invoicing date taking into account any pre-agreed payment terms.

The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Company's management based on prior experience and their assessment of the expected credit loss (ECL) and specific circumstances impacting certain customers.

The Company has no significant concentration of credit risk, with the exposure spread over a large number of customers. Also, the risk on liquid funds is minimised by the credit checking of clients and a strong credit control function. Bad debt exposure is minimal due to our diverse spread of clients.

Foreign currency risk

The Company is not materially exposed in its trading operations to the risk of changes in foreign currency exchange rates as our principal operations remain within the UK.

Payment of creditors

The Company's policy for all suppliers is to fix terms of payment when agreeing to the terms of each business transaction, to ensure that the supplier is aware of those terms and to abide by the agreed terms of payment. The number of days that the Company's year-end purchases represent was 28 days (2023: 31 days).

STRATEGIC REPORT (continued)

Pension costs

The assets of the Reed Executive Pension Scheme (the "Scheme") are held separately from those of the Company and are under the control of fund managers appointed by the Scheme Trustees. The Scheme has two trustees namely Lewis Crowther and Darren Murton. The Scheme may not invest in the shares of the Company. The audit of the Scheme is currently undertaken by Menzies LLP and is thus completely separate from that of the Company.

The Company also provides access to the Group Personal Pension Plan (the "Plan"). The Plan is contract based and is therefore not subject to audit.

Section 172 Statement

This Statement sets out how the Board of Directors ("the Board", "we" or "us") of Reed Specialist Recruitment Limited ("Reed" or "the Company") complies with the requirements of Section 172 of the Companies Act 2006 and how consideration of stakeholder interests has impacted the Board's activities and decision making during the financial period ending 10th May 2024 ("FY24").

Section 172 of the Companies Act 2006 states that directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the members as a whole, and in doing so have regard (amongst other matters) to:

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

These duties are designed to ensure that directors act in such a way as to promote the long-term success of the company by delivering and creating sustainable shareholder value as well as contributing to wider society. The Reed Group ("the Group") comprises Reed Global Limited and its subsidiaries, including the Company.

Engaging with stakeholders to deliver long-term success has remained a priority for us during FY24. We are conscious of the environment in which the Company operates and the importance of engaging with key stakeholders including but not limited to employees ("co-

STRATEGIC REPORT (continued)

Section 172 Statement (continued)

members"); UK government; suppliers; local communities; and clients. A Stakeholder Map, identifying the key internal and external stakeholders and how the Company interacts with them, has been created and may be found, along with other relevant statements, on the 'Corporate Governance' page on our website: <https://www.reed.com/corporate-governance>.

Reed is proud of its culture as a family business, and all Reed Directors understand and adhere to the requirements of Section 172 due to the nature, ethos, purpose, vision and values of the Company. In addition, all Reed Directors have received formal training on their responsibilities and accountabilities, and principal decisions have been defined and formalised as part of Board meetings.

Principal decisions that we took across FY24 include approval of investment in new business opportunities, and the approval of interim dividend payments. The new business opportunities included an acquisition to build a presence in the skills and training market, a new large client partnership and the opening of an office in a new overseas location. For all decisions, the Board considered the Company's financial position, any expected impact on its cash reserves and any long-term consequences, as well as how each opportunity might impact our key stakeholder groups.

For example, we approved the opening of a new company in Germany, having considered the Company's financial position and the expected impact of the investment in such activity. To ensure this happens effectively and for the benefit of our stakeholders the Board agreed this should be conducted in partnership with a local advisory partner. Our presence in Germany will support further expansion for RTS, which has successfully grown over the past few years. Additionally, we approved an investment in support of onboarding new client business. The Board considered the Company's cash reserves and expected benefits of the investment before making the decision. We recognised that such an investment would open doors for greater opportunity for our co-members, temporary workers and suppliers; as well as, given the nature of the client's business, provide potential to benefit our environment and local communities.

The Board has supported the Company in the continuation of our tax strategy which is published on-line and can be found on the 'Corporate Governance' page of our website. HMRC has categorised Reed as low tax risk.

Finally, we also ensured several successful engagement schemes for our various stakeholder groups have been continued during FY24. Further detail on how we have engaged our stakeholders and considered their needs and interests while conducting our operations can be found in our Environment Statement in the Strategic Report and our Employee Engagement and Other Stakeholder Engagement Statements within the Director's Report.

STRATEGIC REPORT (continued)

Section 172 Statement (continued)

Environment

The Board ensures that the Company operates in alignment with the Groups policy regarding the environment. We continue to adopted the Group's policy as it ensures that the Company understands and effectively manages the actual and potential environmental impact of our activities. We ensure that the Company operates in a way that complies with all legal requirements relating to the environment in all areas where the Company conducts business.

Previously, we engaged with the Group's participation in a consultancy process around our strategy for Environmental, Social and Governance ("ESG") matters. Following on from this, in FY24 we have remained engaged in the Group's move toward greater alignment of ESG across all the subsidiary companies, including approving of the Group's sustainability strategy. In approving our role in the Group's new sustainability strategy, we have aligned the Company's engagement with the environment, with the three pillars of said strategy:

- Improving people's lives
- Helping communities prosper
- Caring for our planet

We have been participating in the Group's new Sustainability Committee since its establishment in FY24, which is in place to ensure the effective management of environmental risk and opportunity for the Group. We have furthermore designated an 'ESG Lead' for the Company who is responsible for ensuring messages and activities relating to 'Caring for our planet' from the Group's sustainability strategy are communicated and acted upon.

The Board continues to champion for the environment by ensuring the Company remains CarbonNeutral® and upholds its ISO14001 certification. We have continued to move the Company forward with our targets in relation to the Group's overall Carbon Reduction Plan, which can be found on the 'Corporate Governance' page on our website.

During FY24, the Company did not incur any financial penalties or investigation for any breach of environmental regulations. The Company is captured in the Group's overall Streamlined Energy and Carbon Report (SECR), which may be found on the 'Corporate Governance' page of our website and in the financial statements of Reed Global Limited (10169598). Further details on our achievements and success with the environment can be found in the Group's Sustainability Impact Report available online.

Modern Slavery Statement

The Board has approved the Group's Modern Slavery Statement which can be found on the Company's website here: <https://www.reed.com/slavery-statement>.

REED SPECIALIST RECRUITMENT LIMITED

STRATEGIC REPORT (continued)

Section 172 Statement (continued)

Approval

The Strategic Report was approved by the Board on 15th November 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'L. Richards', written in a cursive style.

Lee Richards ACMA, BSc
Director

REPORT OF THE DIRECTORS

The Directors present their report and the audited annual report for the period ended 10th May 2024.

Dividends

A dividend of £15m was proposed for the period (2023: £27m).

Directors

The Directors of the company who were in office during the year and up to the date of signing the financial statements are given on page 2.

The Statement of Directors' Responsibilities in respect of the financial statements may be found on page 16.

Directors' indemnities

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

Success with our Employees

Two-way engagement with co-members is a priority for the Board. The Company's Global Managing Director, Ian Nicholas, continues to engage our co-members through vlogs posted on the internal communication network, which ensures we have a visible presence within the Company and are able to promote the Company's performance, our values, and our co-member initiatives alongside our progress against the Company's strategic plan.

We value input and feedback from our co-members via other methods too such as monthly co-member surveys with numeric results and qualitative feedback, as well as a half yearly survey delving deeper into key topics concerning co-members. These results are analysed, and actions are taken in response to trends or specific feedback. We delegate collation and initial analysis of employee feedback to working groups, who present consolidated data to us to enable appropriate decisions to be made.

We continued to facilitate co-member feedback in our decision making through the Shadow Board initiative, which consists of a group of engaged co-members from across the Company providing feedback and co-member insight toward relevant matters the Board are

REPORT OF THE DIRECTORS (continued)

Success with our Employees (continued)

considering. Members are appointed annually and in FY24, a total of 8 co-members were appointed to the new Shadow Board for 2024; these co-members hold a variety of roles across both the recruitment network and our central support functions.

Key initiatives that the Board facilitated in FY24 for our co-members include developing an improved Manager Pathway to support the development of those co-members interested in progressing into management positions in their career. Additionally, the Company offers mentoring programmes for its co-members – in FY24 we especially focused on growing our women in technology mentoring programme. Furthermore, our co-members are provided with an ever-growing range of benefits, which most recently included the addition of a type of Employee Assistance Programme called a care concierge service that will help co-members who are navigating the journey of providing care to a loved one. Finally, we continued to reward our co-members with various prize draws, incentives and events including our annual Golden Ticket award programme, that allows well-performing co-members to earn 'golden tickets' across the financial year that are entered into a draw at the end of the year. All these initiatives have enabled the Board to continue to nurture our relationships with the co-member population and demonstrate how we are conscious of what our co-members need to ensure they have an effective and engaging work environment.

Additionally, in approving our role in the Group's new sustainability strategy, we have aligned the Company's engagement with its various stakeholder groups with the three pillars of said strategy:

- Improving people's lives
- Helping communities prosper
- Caring for our planet

The Board considers diversity and inclusion at work imperative for the continued success of the Company's strategy, and the 'Improving people's lives' pillar of the Group sustainability strategy incorporates within it the Company's own inclusion and belonging strategy ("Feel What it is Like to Truly Belong"). We held an active inclusion and belonging calendar of events throughout FY24 to increase awareness amongst our co-members about various topics such as gender equality. As the Board, we take gender equality seriously, and our Gender Pay Gap report was deemed 'best in class' by the Institute for Employment Studies.

The Board continues to ensure that the Company upholds our Armed Forces Covenant and that it remains an armed forces-friendly employer for our co-members. In FY24, we supported the Group in demonstrating continued commitment to being a gold level Defence Employer in Defence Employer Recognition Scheme.

REPORT OF THE DIRECTORS (continued)

Success with our Employees (continued)

Further detail on how the Board pro-actively interacts and measures its engagement with co-members can be found within the Stakeholder Map on the 'Corporate Governance' page of our website. We have provided detail on how we captured the needs of our co-members in our decision making in FY24 within our Section 172 statement in the Strategic Report; and additional information on how we are supporting and engaging co-members through the 'Improving people's lives' pillar of the Group's new sustainability strategy, can be found in the Group's Sustainability Impact Report available on our website.

Success with our Other Stakeholders

The Company values input and feedback from all stakeholders and has various processes in place to capture the thoughts and views from a diverse set of stakeholders. Our full range of key stakeholders is captured in our Stakeholder Map, visible on the 'Corporate Governance' page of our website.

The stakeholder feedback we receive includes customer-based metrics on satisfaction levels, reviews and feedback from our temporary workers and information on the views of our local communities. The Board delegates specific responsibilities and actions to a customer excellence function, which engages with other stakeholders and provides targeted feedback to us so that we make informed decisions and ensure our strategy and policies are implemented with other stakeholders' needs at the forefront. Additionally, in approving our role in the Group's new sustainability strategy, we have aligned the Company's engagement with its various stakeholder groups with the three pillars of the strategy:

- Improving people's lives
- Helping communities prosper
- Caring for our planet

We recognise that the Company's long-term success is reliant on meeting and exceeding our clients' needs and expectations, and these remain a top priority for us. The Company's strategy for FY24 focused on continuing to develop our already excellent customer journey through the provision of additional services and digital infrastructure to benefit our clients, while upholding our expertise in the various sectors we serve. In FY24 the Company's Net Promoter Score with our clients improved again to 73.3 and reviews on external websites such as TrustPilot remained strong.

The Board continues to advocate for improved standards in our industry for our temporary workers as well as our clients, in line with the Company's purpose of "Improving lives through work". The Company actively engaged with its regulators, including the UK government Department for Business and Trade, Department for Science, Innovation and Technology, and

REPORT OF THE DIRECTORS (continued)

Success with our Other Stakeholders (continued)

the Home Office, by responding to formal consultations and engaging in regular discourse. In addition, through its relationships with its UK regulators, the Company was able to inform improvements to various policy and guidance; for example, Disclosure and Barring Service (DBS) identity guidance. These improvements will help to ensure that the DBS application process is as fair as possible for applicants, which includes our temporary workers, while also maintaining the security around the process.

We recognise the importance of supporting as well as managing the stakeholders in our supply chain to ensure we treat our suppliers fairly and provide the best service to our clients. The Board therefore ensures the diligent management of a network of partners and suppliers through account managers and procurement specialists; and continues to instruct for policies and procedures to be in place that guarantee fairness and transparency for our suppliers, while also ensuring our they reflect our same company values. Policies we have in place include a preferred supplier list for umbrella companies. Across FY24, the Company averaged a 28-day payment period to suppliers.

In approving our role in the Group's new sustainability strategy, we have aligned the Company's engagement with its local communities with the 'Helping communities prosper' pillar of the strategy. This pillar will enable us to grow and better demonstrate the positive impact we have on our local communities whose needs remain a priority for us. In FY24, the Company supported its local communities via a number of charitable initiatives. We continued to support and promote through our relationships and channels, the Big Give's campaigns, such as the Christmas Challenge 2023, which ultimately raised a total of over £12m for 458 charities. The Company's co-members also participated in various events across our local offices including clothing donations and fundraising for local charities; for example, co-members in our head office in Northampton brought in clothes to be donated to a local charity that supports homeless individuals.

Further detail on how we have captured the needs of our other stakeholders in our decision making in FY24 can be found within our Section 172 Statement in the Strategic Report; and additional information on how we are supporting and engaging our other stakeholders in alignment with the Group's new sustainability strategy, can be found in the Group's Sustainability Impact Report available on our website.

Co-members

The Company encourages all employees, known as co-members, to attend regular training courses and they are encouraged to take an active interest in all matters affecting them. Co-members' views, opinions and ideas are regularly surveyed, and their feedback is acknowledged, noted and where appropriate, acted upon.

REPORT OF THE DIRECTORS (continued)

Co-members (continued)

It is a policy of the Company to employ, and train disabled people whenever appropriate and to actively promote equal opportunities by evaluating co-members solely on the basis of merit, regardless of age, gender, marital status, sexual orientation, disability or dependants' considerations, and ethnic, racial or religious background.

In the event of co-members becoming disabled every effort is made to ensure their employment with the Company continues and the Company is committed to ensuring sufficient and appropriate adjustments are made in order to achieve this objective.

Diversity and Belonging – Our commitment

The Company is committed to the Reed Group's policy of creating a diverse and inclusive workforce by recognising and understanding each individual's unique differences and celebrating these within the business. By valuing Inclusion, we hope to create a workplace where co-members can thrive and be the best they can be each day.

Charitable donations and political contributions

Charitable donations of £4,900 were made in the period (2023: £1,400).

No political contributions were made in the period (2023: £nil).

Risk management

Information on the Company's management of financial risk is disclosed in the Strategic Report on page 4. In particular the Company's exposures to foreign currency risk, credit risk and liquidity risk are separately disclosed. The Company's exposure to cash flow risk is addressed under the headings of 'Credit risk', 'Liquidity risk' and 'Foreign currency risk'.

Going concern basis

The Company's business activities, together with the factors likely to affect its future development, financial risk management objectives, and its exposures to credit, liquidity and cash flow risk are described in the Strategic Report on pages 3 to 6.

The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. Consequently, the Directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

REPORT OF THE DIRECTORS (continued)

Going concern basis (continued)

The Directors of Reed Global Limited agreed after the balance sheet date that, should it be required, it intends to provide support for the meeting of liabilities as and when they fall due to Reed Specialist Recruitment Limited to continue in operation until at least 31st December 2025. That support is intended to include assistance to meet the liabilities of payment of intercompany creditors until 31st December 2025.

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

Disclosure of information to auditors

At the date of making this report each of the Company's Directors, as set out on page 2, confirm the following:

- so far as each Director is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware, and
- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

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

Independent auditors

PricewaterhouseCoopers LLP were reappointed as Reed group auditors during the year.

Approval

The report of the Directors was approved by the Board on 15th November 2024 and signed on its behalf by:



Lee Richards ACMA, BSc
Director