NORMAN
BROADBENT

# Annual Report and Financial Statements

For the year ended 31 December 2023

# Contents

# Shaping leadership for 45 years

## 45 years

Established in 1979,
the first UK headquartered
search firm

## 3000 + CLIENTS

To date, we have supported over
3000 clients, from start-ups to
FTSE 100 companies

## 79 COUNTRIES

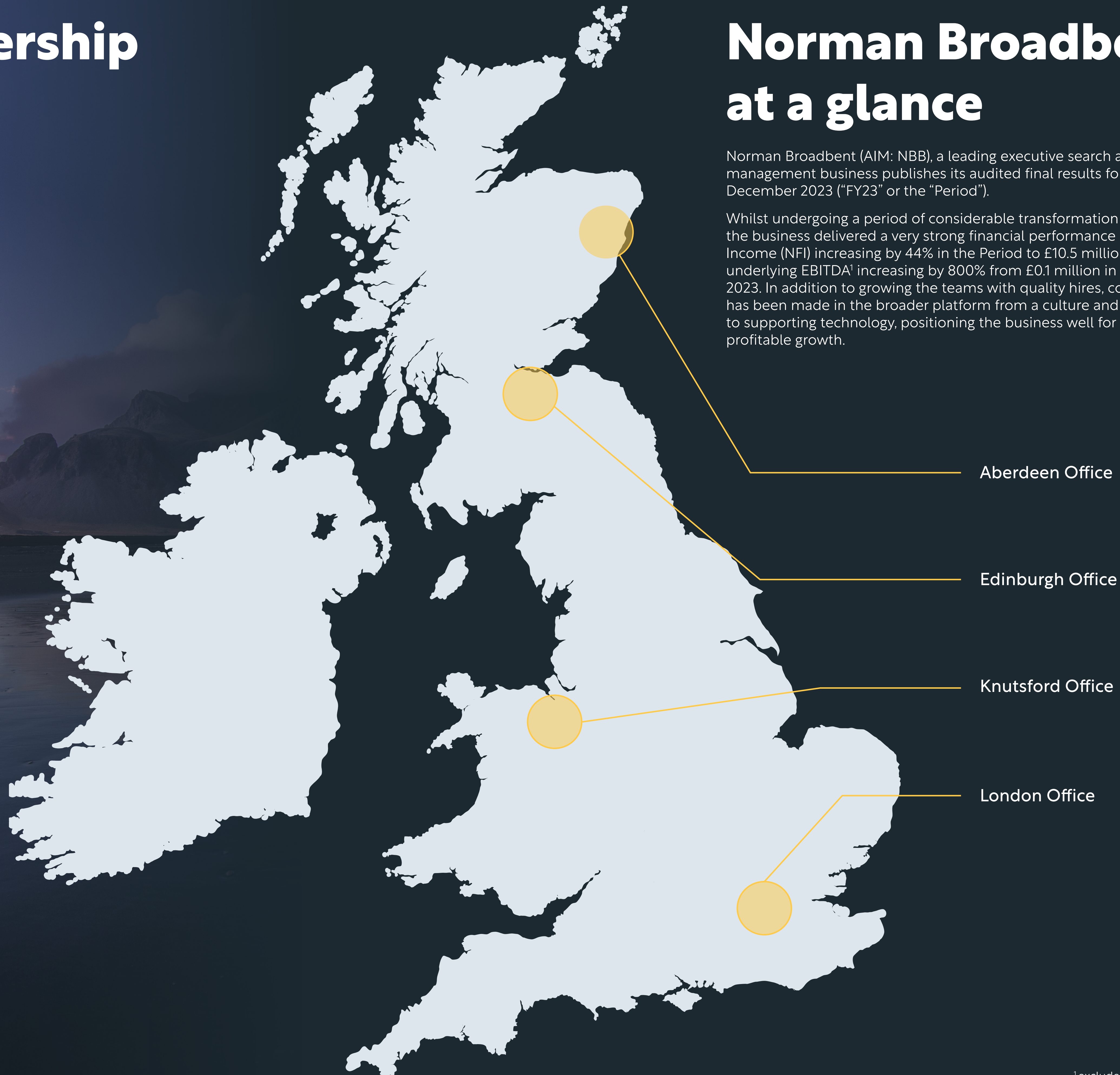
Our team has placed directors, executives and
leaders in 79 countries around the world



# Norman Broadbent at a glance

Norman Broadbent (AIM: NBB), a leading executive search and senior interim management business publishes its audited final results for the year ended 31 December 2023 ("FY23" or the "Period").

Whilst undergoing a period of considerable transformation over the past two years, the business delivered a very strong financial performance in FY23 with Net Fee Income (NFI) increasing by 44% in the Period to £10.5 million (2022: £7.3 million) and underlying EBITDA[1] increasing by 800% from £0.1 million in 2022 to £0.9 million in 2023. In addition to growing the teams with quality hires, considerable investment has been made in the broader platform from a culture and brand proposition to supporting technology, positioning the business well for further continued profitable growth.




[1] excludes share based payment charges

# Purpose, vision & values

In 2023, Norman Broadbent continued to embrace the foundational work of the previous year's comprehensive engagement initiative across the company. We see this framework not just as testament to our collective commitment but a vital instrument through which we continue to drive accountability and excellence in every facet of our organisation.

We are committed to maintaining the momentum of this cultural transformation, ensuring that our core principles are lived experiences for all. By fostering innovative ways for our employees to connect with, contribute to, and embody our values, we are creating a vibrant, participative environment where the progress of our values is a shared journey.

## PURPOSE

To have a lasting positive impact on people's lives and the organisations we support.

## VISION

To be the international brand of choice as an employer and business partner across board, executive and interim leadership solutions through our passionate, collaborative and delivery-focused culture.

## VALUES

### We Promote a Culture of Excellence

Everything we do is underpinned by a commitment to excellence, built on a culture of high performance, continual improvement and values-driven leadership.

### We Embody Genuine Curiosity

Curiosity is the 'engine of our success,' allowing us to form meaningful relationships, understand complex challenges and create exceptional outcomes.

### We Champion Collective Success

We support and challenge one another to deliver and celebrate success in an inclusive environment.

### We Care

We care about ourselves, each other, our clients, our communities and the world in which we live.

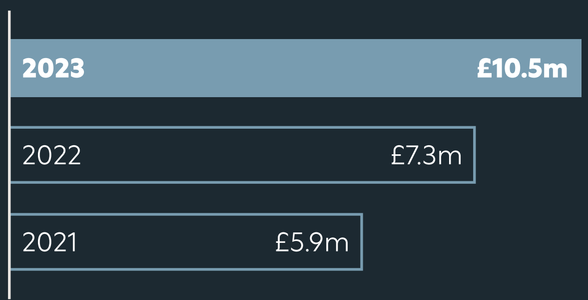


# Financial Highlights

## KEY PERFORMANCE INDICATORS

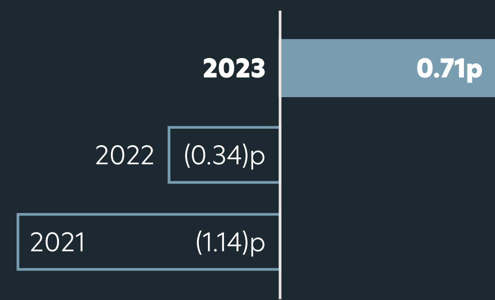
### Net Fee Income

**£10.5m**



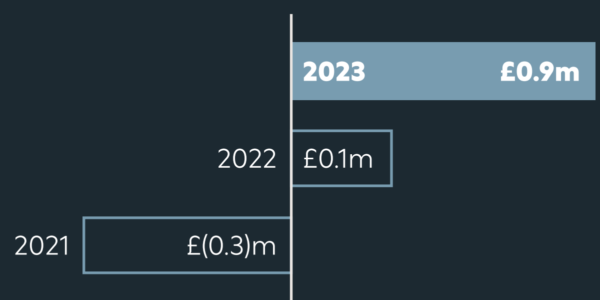

### Earnings/(loss) per share[3]

**0.71p**



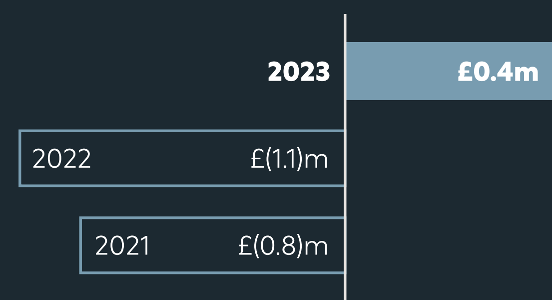

### Underlying EBITDA/(LBITDA)[1]

**£0.9m**



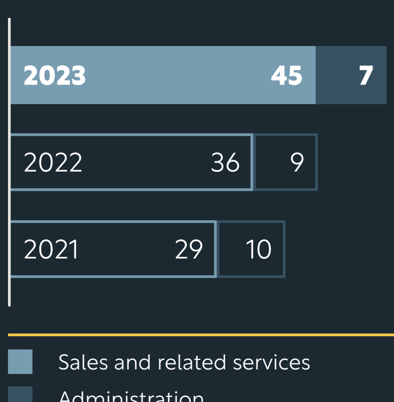

### Net cash/(debt)[2]

**£0.4m**



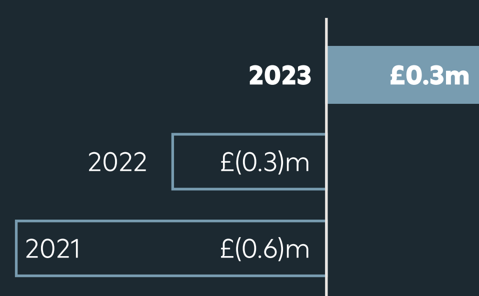

### Total headcount at year end

**52**




### Profit/(loss) before tax

**£0.3m**






Net Fee Income ('NFI') growth of **44%** in **2023**

Return to profitability with **£0.6 million** swing in profit before tax to **£0.3 million** (FY22: loss before tax £0.3 million)

Net cash[2] of **£0.4 million** at year end (FY22: net debt[2] £1.1 million)

It was a record year for Norman Broadbent with revenue growth of 41% to £12.3 million (2022: £8.7 million). Both search and interim revenues grew during the year by 52% and 9% respectively; together representing 96% of our business. Our focus remains on delivering these core services. NFI grew during the year by 44% to £10.5 million and reflects the quality of the team we have in place and the service they provide to clients.

Investments in our team, processes and tools have contributed to significant productivity improvements in our ways of working from more frictionless finance processes to technology enabled business acquisition and project management. This has greatly impacted the business allowing us to generate positive underlying EBITDA[1] of £0.9 million, up £0.8 million (2022: EBITDA[1] of £0.1 million). Norman Broadbent returned to profitability after many years of generating losses, with FY23 seeing a profit before tax of £0.3 million, up £0.6 million (2022: loss before tax £0.3 million).

There was, and continues to be, a strong focus on working capital management. This allowed the early redemption and conversion of the £0.4 million convertible loan notes ('CLNs'), reduced our reliance on the invoice discounting facility which as at 31 December 2023 was £0.2 million (31 December 2022: £0.5 million) and end the year with a healthy cash balance of £0.8 million (31 December 2022: £0.05 million). In 2023, net cash inflow from operations increased to £1.7 million (2022 outflow: £0.03 million).

## STRATEGIC HIGHLIGHTS

Returned to profitability whilst maintaining a rapid growth trajectory as per strategic plan

Reinforced values and performance-based culture whilst growing fee generating and research headcount

Average annual fees per established fee generating employee up by 32% over the previous year

Continued to develop capability and capacity across the team through improved processes and support technologies

Platform now in place to fuel continued profitable growth

[1] excludes share based payment charges
[2] excluding lease liabilities
[3] fully diluted earnings per share, excludes share based payment charges

### RESULTS FOR THE FINANCIAL YEAR

"I am delighted with the dedication of the entire team with FY23 representing a turning point in the performance of the business, bringing it back to levels of performance not seen in well over a decade. A refreshed culture based on values and performance, a motivated and growing team of the highest quality professionals, a resurgent and recognised brand, underpinned by market leading processes and technologies, come together to form a very strong platform and engine for future growth, both organic and inorganic.

With average fee levels having risen in FY23, Norman Broadbent is rapidly re-establishing its position at the senior end of the executive search and interim management industry, realigning with the brand's incredibly strong and trusted heritage."

**Kevin Davidson**

Group Chief Executive

26 March 2024



# Chairman's Statement

2023 saw a transformation across the business. The foundations were built in the previous two years with Norman Broadbent returning to profitability. The growth in 2023 is a testimony to the hard work put in by the team and it was another exceptional year both operationally and financially.

The culture present throughout the business is one of teamwork, inclusion, quality and delivery. This has been integral in delivering the results that have been achieved. It's extremely encouraging to see the levels of commitment and ambition across every level of the business. This ambition is led by example from the top by our exceptional and inspirational executive management team.

The team's commitment to delivering world-class leading services to our customers in every aspect of our business is second to none. I believe this sets us apart and has been core to our success.

Throughout 2024, the executive team will continue to invest further in our headcount adding both experienced consultants and researchers. They will continue to reorganise and strengthen our support functions and invest in leading edge technology to bolster this growth.

We have, in common with our peers, been facing some very challenging market conditions, but the quality of our service has allowed the team to not only weather the challenges but post the best numbers for over ten years. A net profit of £0.3 million, NFI of £10.5 million and net cash generated from operating activities of £1.7 million.

The Board's strategy for rapid yet sustainably profitable expansion has been delivered and will provide the platform to continue in the same manner throughout 2024.

I would like to thank the entire Norman Broadbent team for their unwavering commitment, hard work and for the quality of their execution, our clients for partnering with us, for their faith in the excellence of our services and our shareholders for their continued support.

**Peter Searle**

Chair

26 March 2024

"The Board's strategy for rapid yet sustainably profitable expansion has been delivered."

**Peter Searle**

Non-Executive Chairman

# CEO'S Review

We achieved a key milestone in 2023, returning the business to profitability, as planned when I joined Norman Broadbent in late 2021. We continued to grow our headcount while also investing in supporting infrastructure and technologies to both modernise and prepare the platform for accelerated future expansion. I am delighted that all of our objectives have so far been met and I am increasingly confident in our ability to position our incredible brand as a global leader in senior executive search and interim management.

During 2023, Norman Broadbent placed leaders across the UK, Europe, the US, Australasia and the Middle East covering multiple sectors and disciplines. As this year has proven, our business is well balanced across both resilient and rapid growth sectors where there is a considerable shortage of leadership talent.

NFI in 2023 grew by 44% to £10.5 million (2022: £7.3 million) and the Company generated underlying EBITDA[1] of £0.9 million which represents a positive swing of £0.8 million (2022: EBITDA[1] of £0.1 million). Building on the considerable efforts and successes of 2022, the strategic pillars of the business continued to be strengthened during 2023. We will continue to develop our platform in 2024 and beyond as we drive rapid organic growth. We will also continue to identify and explore appropriate opportunities for inorganic growth.

**Kevin Davidson**

Chief Executive Officer

[1] excludes share based payment charges

**The five strategic priorities for the year ahead continue to be the following:**

- **People & Culture**
- **Financial Stability & Performance**
- **Brand & Market positioning**
- **Business focus**
- **Research & Delivery**

## PEOPLE & CULTURE - driving an ambitious and collaborative culture

Our business is fundamentally about our people and the culture they create and demonstrate both internally and externally. This determines performance, employee retention and attraction, and, ultimately, positive outcomes for all stakeholders. Having invested heavily in the culture reset towards the end of 2021 and the beginning of 2022, we have now established a values driven, ambitious, collaborative and growth oriented culture, underpinned by trust and a commitment to exceptional performance.

We continue to reinforce our cultural anchors through quarterly values awards, engagement surveys, performance reviews, charitable fundraising and community development projects amongst other activities.

The stability of the team is crucial, especially when growing rapidly, and, as in 2022, we were delighted to have had very few regretted leavers in 2023. We recruited a total of fifteen very high calibre and culturally aligned colleagues across fee generation, research, and support in 2023 and secured another three who started at the beginning of 2024.

## BRAND & MARKET POSITIONING - combining rich heritage with modern dynamism

Built over 45 years, we are all very proud of the heritage and strength of the Norman Broadbent brand which, coupled with the quality of our people and our culture, will increasingly be the accelerator of our future growth. We are recognised as leaders in the field and this brand strength provides a strong foundation to drive further growth.

The level of mandates in terms of both seniority and fee levels continued to grow throughout 2023. This was a clear mission that we set when I joined the Company and a necessary journey that we are on in re-positioning Norman Broadbent as the pre-eminent executive search and interim leadership partner across our chosen markets. We continued to build our board practice which continued to deliver high-quality Chair, Non-Executive and Executive Director mandates throughout the year across the listed, private (private equity and family owned) and public sectors - a trend which is reflective of our brand elevation and supportive of our future ambitions.

## RESEARCH & DELIVERY - meticulous technology enabled processes

Our in-house research team delivers bespoke, value-added research and business intelligence on markets, people, and competitors, helping our clients make better, more informed decisions. As a result of the investments made in our team, processes and the implementation of new software platforms, the productivity, quality, and consistency of our research and delivery function continues to improve, positioning us to scale much more smoothly and effectively. As our growing fee generating headcount becomes established and mandates become increasingly more senior, the need to grow the research team proportionately, from a cost perspective, also reduces making additional net fee income ever more accretive to the bottom line.

## FINANCIAL STABILITY & PERFORMANCE – growth and sustainable profitability

In 2023, net cash inflow from operating activities increased significantly to £1.7 million (2022 outflow: £0.03 million) due to the continued focus on improving working capital. The growing levels of profits has further supported cash generation with the Group closing the year with a cash position of £0.8 million (31 December 2022: £0.05 million).

As at 31 December 2023, the Group's balance sheet position was significantly stronger with net assets of £1.4 million (31 December 2022: £0.7 million) reflecting the improvements in profitability, focus on working capital and reduction in borrowings, notably the early redemption and conversion of the convertible loan notes (31 December 2022: £0.4 million) and the reduced utilisation of the invoice discounting facility to £0.2 million (31 December 2022: £0.5 million).

Since our CFO, Mehr Malik, joined us in January 2023, our financial discipline has improved considerably. We have also introduced new technology which is dramatically improving all aspects of the business in a structured and integrated manner. In 2024 we will be further developing this technology stack and, in particular, carefully managing the integration of operating systems to improve the quality and availability of real time management information. As with all investments we have been making, this is not only necessary in modernising the business, but it establishes a platform which is capable of supporting our ambitious future growth plans.

## BUSINESS FOCUS – building on our strengths

Whilst continuing to offer a full range of leadership advisory services, the Company has had a clear focus on its executive search brand and being at the forefront of this increasingly valuable market. Norman Broadbent is still recognised as a leader in the field of executive search which drives client engagement and, in turn, opportunities in interim management and other leadership advisory services. Executive search will therefore continue to be the core of the business as we also look to grow interim management (which represented 16% of NFI in FY23) and our other leadership advisory service offerings such as leadership assessment and development .

The fee generation hires made in 2023 have meaningfully expanded the Company's position in the following sectors: Board, Industrial, Retail & Consumer, Private Equity/Venture Capital, HR, Digital & Technology and Change & Transformation across executive search and senior interim management.

The sectors we operate in are generally both resilient and currently growing . Approximately 50% of our net fee income in FY23 was generated in industrial and infrastructure segments which continue to attract investment and grow rapidly in the UK and internationally. We have an enviable and growing track record across power, utilities and the entire energy value chain from nuclear and conventional hydrocarbon through the energy transition to renewables of all descriptions, including wind, solar, carbon capture and storage and the emerging hydrogen economy. Working with asset owners, developers, constructors, equipment and service providers, technology innovators and investors, the Company is well placed to capitalise on the continued and forecast buoyancy of each of these sectors.

Within our Industrial practice we have also developed a strong and growing capability in chemicals, transportation infrastructure (including civil aviation and aerospace), engineering and construction, marine and shipping, automotive, clean tech and natural resources.

Our Retail & Consumer practice is also well positioned with particular strength and brand recognition across procurement, supply chain and commercial leadership, an area where there is considerable focus and investment. This team has continued to successfully support some of the world's largest consumer brands whilst deepening and broadening our international relationships with them.

We also invested in our Lifesciences team in FY23 and two additional fee earners joined this team in early 2024. Norman Broadbent is established on a number of blue-chip preferred supplier lists in this sector which we are well placed to capitalise on.

The Digital & Technology sector is ever evolving and we continued to support both large clients on complex and large scale digital transformation projects, and also small tech scale ups as they shape leadership teams for the future.

In addition, within our Corporate Functions practice, we placed a growing number of Digital & Technology, HR, Legal and Finance leaders across a multitude of sectors.

Finally, we made key appointments and investments in our Board practice in 2023. The Norman Broadbent legacy places our brand very firmly in the boardroom of most organisations, large and small; an opportunity which we do not believe has been appropriately capitalised on in recent years. Our commitment and fresh approach to building our Board practice with Diversity, Equity, and Inclusion (DE&I) and Environmental, Social, and Governance (ESG) at its very heart is being very well received. As a powerful conduit to executive search work and broader leadership advisory services, we will continue to grow and develop this proactively in 2024 and beyond.

## CURRENT TRADING AND OUTLOOK

We continue to have ambitious, but achievable organic growth targets over the next couple of years which we are confident will deliver NFI in excess of £15 million by 2025 and EBITDA in excess of £1.25 million. Whilst continuing to drive growth, the leadership team remains focussed on overheads and productivity improvements, ensuring that revenues become ever more accretive through a combination of seniority of mandates, economies of scale and efficiency improvements.

Having achieved profitability and positive cash flow in the expected timescales, the Company is managing its resources carefully in order to strike the optimal balance between pace of organic growth, short-term profitability and continued cash generation. As the business is now on a more stable footing and sustainable growth trajectory, corporate development activity will be increased in 2024 to identify and assess the potential for both smaller, strategic acquisitions as well as large-scale transformational opportunities.

The Board continues to monitor carefully the evolving macro-economic climate and believes that the Company is well positioned in what are stable and growing markets, notably across Industrials and, in particular, Energy, Power, Utilities, Chemicals, Transport & Infrastructure, including Civil Aviation. All of these sectors continue to attract significant capital investment whilst also experiencing extreme imbalances in the supply of, and demand for, senior leadership talent.

We are looking to the future with confidence. There are clearly macro-economic headwinds which we are monitoring carefully, but with a heavy bias towards growing and counter-cyclical sectors, a refreshed culture, an absolute focus on quality and the ongoing attraction of exceptionally talented and dedicated colleagues, the Board is confident that the Company can continue to grow rapidly whilst also delivering positive and sustainable EBITDA.

Whilst difficulties were experienced in FY23 by many businesses across executive search and the broader recruitment industry, we have delivered and intend to capitalise on our positive momentum to grow the team further in preparation for a broader economic recovery.

## SUMMARY

The results in FY23 demonstrate just how much the turnaround of Norman Broadbent plc has achieved in a short period of time. Having now delivered the strongest results in a decade, the Board and leadership team have their sights very much fixed on an ambitious, but sustainable, growth plan.

Having achieved such strong financial results, whilst growing rapidly in a depressed market, the Board has every confidence in the team and is looking to the future with ever growing optimism and excitement.

**Kevin Davidson**

Group Chief Executive

26 March 2024

# Section 172 Statement

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'A Director 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 its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, clients and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.

As part of their induction, a Director is briefed on their duties and they can access professional advice on these, from the Company Secretary, nominated advisor ("Nomad"), or if they judge it necessary, from an independent adviser.

Examples of how Directors have applied these matters in Board discussions and their decision-making are included throughout this Annual Report:

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# Strategic Report

## THE BUSINESS MODEL

The Norman Broadbent Group is a leading professional services firm focussing on executive search, senior interim management and advisory services. Since our formation 45 years ago we have developed a range of complementary services consisting of board and leadership search, senior interim management, research and insight and leadership consulting. With a range of services designed to meet client needs at different stages in their growth or the economic cycle, our innovative and flexible approach enables us to help clients in a creative and bespoke way.

## STRATEGY AND OBJECTIVES

The Group's strategy is to further develop, strengthen and scale our complementary portfolio of services. As one of the oldest executive search firms in the UK there has been focus on re-establishing our market leading position in board and leadership search whilst also building our senior interim management offering. The foundation across our business is now solid in terms of people, culture and brand. During 2024, we will continue to focus on delivering profitable growth, driving productivity improvements through more disciplined processes and the adoption and combination of new technologies where appropriate.

As we acquire new clients and candidates, and grow our relationship with existing ones, we seek to deliver business impact. The Group has built exceptional business acumen and is able to provide clients with a high-quality service that yields significant value as the relationship grows.

The Company's suppliers enable us to deliver a leading level of service to our clients. We choose the best products and services to meet our requirements and then develop long-term relationships with our suppliers.

The Board values regular dialogue with investors to ensure their ongoing knowledge and understanding of the Group's strategy which is focused on achieving long-term sustainable growth both for the business and its shareholders.

## EARNINGS PER SHARE

The retained profit for FY23 has resulted in a reported basic earnings per share of 0.50 pence (2022: loss per share 0.56 pence).

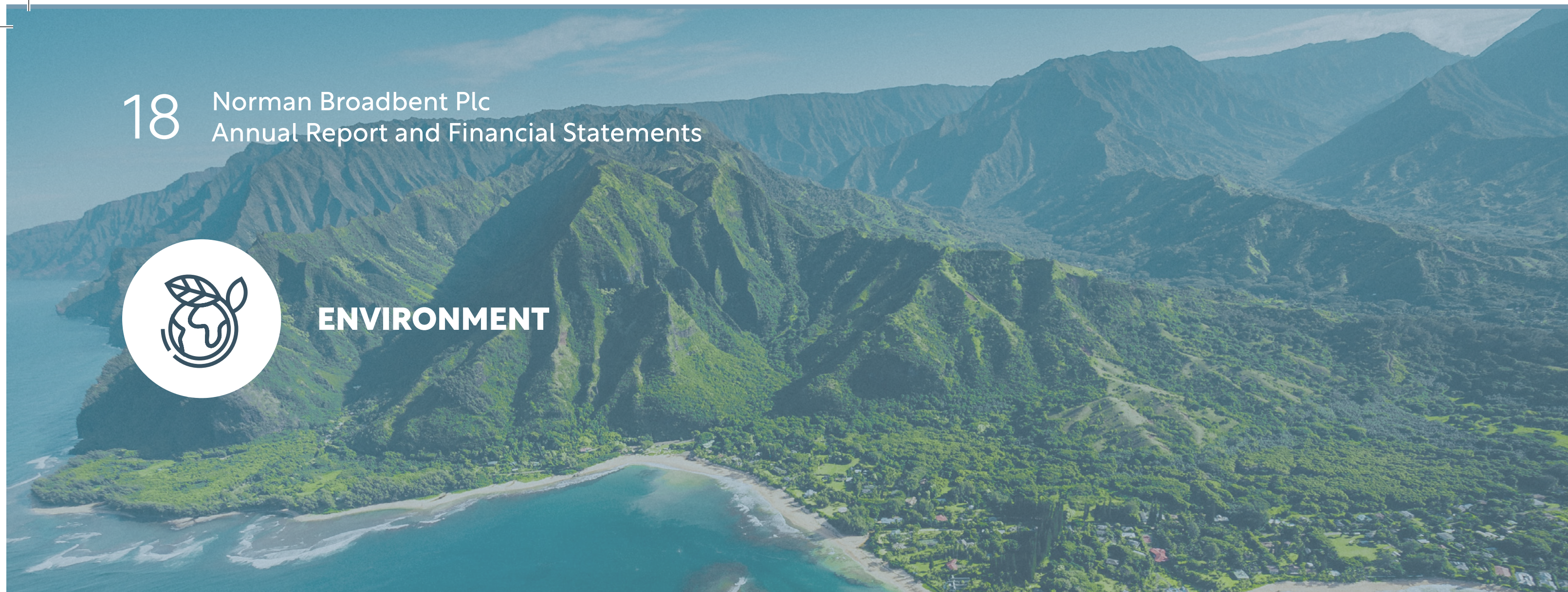
## GOING CONCERN

Considering the current financial position of the Group and on consideration of the business' forecasts and projections, taking account of possible changes in trading performance, the Directors have a reasonable expectation that the Group has adequate available resources to continue as a going concern for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

## COMMITMENT TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE EXCELLENCE

At Norman Broadbent, our purpose is to 'have a lasting impact on people's lives and the organisations that we support'. This provides us with a point on which we can anchor our Environmental, Social and Governance (ESG) policies. Central to this is behaving in a way that allows us not only to meet the needs of our stakeholders, but also to have a positive impact on those that we work with and for, alongside society as a whole.

Our dedication to ESG initiatives is integral to our identity and operations. This approach not only shapes our internal practices but also extends to our impact on the wider community and environment, highlighting our efforts, ongoing projects, and future ambitions in each of these critical areas.



## ENVIRONMENT

Our environmental stewardship is characterised by proactive and evolving strategies:

**Travel Policy**

With an increase in business travel, our focus has been on shifting towards mindful, or purposeful, travel. Business travel is a necessary part of the way we work, our ability to serve our clients is enhanced when we visit their locations, and it is important for building relationships which is at the core of our brand and service provision. We have worked to reduce unnecessary journeys, encouraging the business to consider which trips have valuable business outcomes and which could be replaced by virtual conferencing. We promote environmentally conscious travel options like trains when travel is necessary.

We have two policies in development:

**Environmental Purchasing Policy**

Our policy, which is in the final stages of development, commits to sustainable sourcing for electronics, office supplies, and paper products. We encourage sustainable working practices which includes conservation of energy usage and recycling. Key aspects include:

- Electronics: opting for energy-efficient and durable devices.
- Office Supplies: preference for recyclable materials and minimal packaging, including sustainable inks and toners; and
- Paper: emphasising recycled paper and digital alternatives, adhering to recognised sustainability standards like FSC.

**Virtual Office Stewardship Policy**

This policy encourages employees to adopt eco-friendly practices at home, including energy-efficient habits, effective waste management, and reduced paper and e-waste usage.

Additionally, our offices have various functions in place that help reduce our impact on the environment. These include resource saving measures such as low energy and movement sensor lighting, the provision of user enabled printing to support decreased printing and paper waste and effective communication for better waste disposal practices.



## SOCIAL

Our social initiatives reflect our commitment to community engagement and employee well-being:

**Corporate Social Responsibility (CSR) Committee**

CSR plays a pivotal role in achieving our Purpose. It's important for us to have a sense of purpose centred around the common goal of supporting both each other and others within the communities in which we live and work; a purpose which we are passionate about and which means something to us, both as individuals and a collective. The CSR and social elements of company culture are extremely important when developing a collaborative, motivated and fun workplace.

**Volunteering Encouragement**

We have integrated a system through our human resources information system (HRIS) Platform, allowing employees to book volunteering days effortlessly, akin to annual leave, promoting higher engagement in community service.

**School Outreach Programme**

As an organisation we at Norman Broadbent hold 'caring' as one of our core values, and I think many of us would recognise the privileged position that we hold. This initiative partners our offices with local schools in need, focusing on those with high rates of free meal eligibility (to qualify for free school meals, you must have a household income below £16,000).

Achievements thus far include:

- partnership with Pimlico Academy, featuring CV workshops, visits to and from academy students, and attendance at career fairs.
- collaboration with DYW Northeast (Developing the Young Workforce) for school support, to bridge the gap between employers and education, particularly Harlaw Academy (Scotland).
- plans in motion to extend this programme to a school close to our Knutsford office.

**Chosen Charity - Maggies**

Our employees have selected Maggies as our charity for 2023 and 2024, reflecting our shared experience with the impact of cancer. We aim to surpass our previous fundraising achievement of £13,000, previously raised for Barnardos, with a robust fundraising schedule planned for this year.

**Employee Wellbeing**

We place considerable value on our employees and work to promote and support all aspects of wellbeing. We encourage the involvement of our employees and achieve this through formal and informal channels across our offices together with an active social events calendar. We support physical and mental wellbeing through a number of schemes including bike to work, employee assistance programme, birthday as annual leave, gym discounts and private medical cover. To improve financial well-being we have introduced an employee reward platform where employees can access a range of discounts and savings. There is a quarterly engagement survey that helps the leadership team to gain further insight on the employee experience in addition to the well-established communications and consultation procedures.

**Diversity Policy**

Our organisation is committed to promoting equal opportunities both as an employer and as a provider of services. We make every effort to prevent discrimination or other unfair treatment against any staff, potential staff or users of our services regardless of gender, race, colour, nationality, ethnic or national origins, marital status, family circumstances, disability, sexual orientation, political or religious belief. The Group is opposed to racist and sexist practices and attitudes and is committed to translating this into all aspects of its everyday work. We have a 40% gender balance within the Board and have targeted our Head of Talent Acquisition to work towards improving our gender diversity in management roles by 2026. We remain committed to continuing to review and introduce policies that reflect the changing nature of the world of work, and to nurturing a more inclusive culture.

A Diversity and Inclusion working group is being established in 2024 so that we can continue to support inclusivity and diversity within our organisation.

# GOVERNANCE

Governance at Norman Broadbent Plc involves continuous improvement and introspection. It is central to how we operate and consider all stakeholders within our business.

The Company is quoted on the London Stock Exchange's Alternative Investment Market ('AIM') and is therefore not required to comply with the provisions of UK Corporate Governance Code. However, from the 28 September 2018, under AIM Rule 26, the Company has adopted as far as possible the principles of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The QCA Code identifies ten principles to be followed in order for companies to deliver growth in long-term shareholder value, encompassing an efficient, effective and dynamic management framework accompanied by good communication to promote confidence and trust. Set out below is a summary of how, as at 31 December 2023, the Company was complying with the key requirements of the QCA code.

**Board Committees**

The Audit Committee consists of the Non-Executive directors, is chaired by Jon Kempster and meets as required.

The Remuneration Committee consists of the Non-Executive Directors and is chaired by Devyani Vaishampayan. The remunerationof the Non-Executive Directors is determined by the Board. At present, the committee reviews annually the level of Directors' and other senior employees' remuneration packages. Disclosure of Directors' remuneration is provided in the Directors' Remuneration Report on page 25.

The AIM Compliance Committee consists of all Directors. In accordance with AIM Rule 31 the Group is required to have in place:

- sufficient procedures, resources and controls to enable its compliance with the AIM Rules for Companies ("AIM Rules");
- seek advice from its nominated adviser ("Nomad") regarding its compliance with the AIM Rules whenever appropriate and take that advice into account;
- provide the Company's Nomad with any information it requests in order for the Nomad to carry out its responsibilities under the AIM Rules and the AIM Rules for Nominated Advisers;
- ensure that each of the Company's Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and
- ensure that each Director discloses without delay all information which the Company needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the Director or could with reasonable diligence be ascertained by the Director.

Having reviewed relevant Board papers and met with the Company's Executive Board and the Nomad to ensure that such is the case, the AIM Committee is satisfied that the Company's obligations under AIM Rule 31 were satisfied in FY23.

**Internal controls and risk management**

The Directors acknowledge their responsibility for the Group's system of internal control of which the objectives are:

a. safeguarding the Group's assets;

b. ensuring proper accounting records are maintained; and

c. ensuring that the financial information used within the business and for publication is reliable.

The key procedures that have operated during the FY23 are set out below:

a. the Board meets monthly to review all aspects of the Group's performance concentrating mainly on financial performance, business risks and development; and

b. a number of matters are reserved for the Board's specific approval including major capital expenditure, banking and dividend policy.



In establishing the systems of internal control, the Directors have implemented a control environment, risk management procedures and reporting processes appropriate to the size of the Group. The system of internal control is designed to manage rather than eliminate risk. Further procedures will continue to be adopted in respect of all the Group's activities to further improve financial control.

**Social and Environmental Impact Assessment**

We are committed to regularly evaluating and enhancing our impact in these areas across all business units.

**Annual Conflict of Interest Questionnaire**

Considered, but yet to be incorporated for all Board members to ensure transparency and accountability.

**Company Handbook Review**

The re-issuing of our company handbook in August 2023, a practice we have now made annual, to keep all employees informed and aligned with our standards and policies.

At Norman Broadbent, we believe that a holistic approach to environmental responsibility, social engagement, and robust governance not only benefits our organisation but also contributes positively to our communities and the planet. As we continue to refine and expand our ESG initiatives, we remain dedicated to setting and achieving higher standards of corporate responsibility and sustainability.

## MONITORING, RISK AND KPIs

The Directors have a responsibility for identifying risks facing the business and for putting in place procedures to mitigate and monitor risks. Our Board meetings incorporate, amongst other agenda items, a review of monthly management accounts, operational and financial KPIs, major issues and a monthly update and review of a risk register that addresses the risks facing the business.

The most important KPIs used in monitoring the business are set out on page 8.

The Directors monitor revenue against annual targets, which are adjusted each year to ensure the Group remains on target to achieve its strategic growth plan.

The principal risks faced by the Group in the current economic climate are considered to be financial, business environment and people related.

**Financial**

The main financial risks arising from the Group's operations are the adequacy of working capital, interest rate, liquidity and credit risk. The principal financial instruments of the Group comprise cash, unbilled revenue and customer receivables. These are monitored closely by the finance team and regularly by the Board to ensure the long-term sustainability of the Group and are disclosed further in notes 2 and 17 of the financial statements.

**Business Environment**

Demand for services is affected by global and UK-specific economic conditions and the level of economic activity in the regions and industries in which the Group operates. When conditions in the economy deteriorate or economic activity slows, many companies hire fewer permanent employees or rely on internal human resource departments to recruit staff.

The Group attempts to mitigate this risk by operating across various diverse sectors and monitors the macro-economic climate as described within the CEO's review on page 12.

**People**

The Group's most vital resource remains its employees and the Directors remain committed to retaining and recruiting quality staff who share the Group's renewed culture and values. In a people-intensive business the resignation of key staff which could lead to them taking clients, candidates and colleagues to another employer is a significant risk. The Group aims to mitigate this risk by continuing to develop the culture in a progressive and inclusive manner, engaging the entire team, and offering competitive remuneration structures, whilst also insisting on employment contracts that contain restrictive covenants that limit a leaver's ability to approach existing clients, candidates and employees.

## CAUTIONARY STATEMENT

The Group's Strategic Report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this annual report and such statements should be treated with caution due to the inherent uncertainties, including those arising from economic, regulatory and business risk factors, underlying any such forward-looking information.

The Directors, in preparing this Strategic Report, have complied with S414C of the Companies Act 2006. The Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Norman Broadbent plc and its subsidiary undertakings when viewed as a whole.

**Kevin Davidson**

Group Chief Executive

26 March 2024

# Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2023.

## GENERAL INFORMATION

Norman Broadbent plc (the 'Company') and its subsidiaries (together the 'Group') is a leading professional services firm with a specific focus on talent acquisition and advisory services. The Company is a public listed company incorporated in England and Wales. Its registered address is Millbank Tower, 21–24 Millbank, London SW1P 4QP and its listing is on the AIM market of the London Stock Exchange.

## REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The CEO's Review on pages 12 to 15 reviews the activities of the Group including updates on recent and future developments and a review of the business, KPIs and principal risks can be found in the Strategic Report on pages 17 to 21.

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2023 are set out in the Consolidated Statement of Comprehensive Income.

The Directors do not recommend the payment of a dividend (2022: £nil).

Profit after tax for the year amounted to £0.3 million (2022: loss after tax of £0.3 million).

## SUBSTANTIAL SHARE INTERESTS

As at 31 December 2023, the Company had been notified of the following significant interests in its issued share capital:

As far as the Directors are aware, no other entities or individuals held 3% or more of the shares in issue.

| | Ordinary shares of 1.0p each | % |
|---|---|---|
| Ennismore Fund Management Ltd | 10,560,888 | 16.54% |
| Downing Strategic Micro-Cap Investment Trust PLC | 9,274,374 | 14.52% |
| Pierce Casey | 8,795,243 | 13.77% |
| Moulton Goodies Limited | 8,392,353 | 13.14% |
| P Searle | 3,829,192 | 6.00% |
| Mr T J Mayo | 3,029,904 | 4.74% |
| Foresight LLP | 3,011,033 | 4.71% |
| Hargreaves Lansdown Nominees Limited | 2,746,117 | 4.30% |
| Premier Miton Group Plc | 2,562,300 | 4.01% |



## DIRECTORS

The Directors who served during the year are as follows:

**Peter Searle**

**Kevin Davidson**

**Devyani Vaishampayan**

**Mehr Malik**

(appointed 16th January 2023)

**Jonathan Kempster**

(appointed 1st June 2023)

**Fiona McAnena**

(resigned 29th June 2023)

**The Directors' interests in the shares of the Company are shown in the Directors' Remuneration Report on pages 25 to 27.**

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Each of the Directors at the date of approval of this report confirms:

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## WEBSITE PUBLICATION

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

## MATTERS COVERED IN THE STRATEGIC REPORT

Items required under LMAR schedule 7 to be disclosed in the Directors' Report are set out in the Strategic Report in accordance with S.414C(11) Companies Act 2006.

## STATEMENT OF DISCLOSURE TO AUDITOR

a. Each of the Directors at the date of approval of this report confirms there is no relevant information of which the Group's auditors are unaware; and

b. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

## AUDITORS

Kreston Reeves LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them is being proposed at the forthcoming Annual General Meeting.

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

**Kevin Davidson**

Director

26 March 2024



# Directors' Remuneration Report

The Remuneration Committee was established to keep under review the remuneration and terms of employment of Executive Directors and to recommend such remuneration and terms and changes thereof to the Board. The Remuneration Committee's composition, responsibilities and operation comply with the UK Corporate Governance Code. In forming its remuneration policy, the Remuneration Committee confirms that it has complied with the UK Corporate Governance Code.

An explanation of how the Company has applied the principles and the extent to which the provisions in the Code have been complied with appears below.

## UNAUDITED INFORMATION

Under the Company's Articles of Association, the Board may delegate any of its powers, authorities and discretions to a sub-committee of the Board.

The Remuneration Committee comprises of at least two Non-Executive Directors. The Remuneration Committee is formally constituted with written terms of reference. No individual Director participates when their own remuneration is under consideration.

In formulating its remuneration policy, the Remuneration Committee has given full consideration to the relevant sections of the UK Corporate Governance Code issued by the Committee on Corporate Governance. There follows the full text of the Remuneration Report for the year ended 31 December 2023 which has been approved and adopted by the Board of Directors for submission to the shareholders.

## COMPOSITION

Devyani Vaishampayan chairs the Remuneration Committee and Jon Kempster is the second member.

## POLICY FOR EXECUTIVE DIRECTORS

To attract, motivate and retain high calibre executives by rewarding them with appropriate salary, bonus scheme, benefits and share option packages.

**a. Salary**

Salaries are reviewed annually, and the Remuneration Committee takes account of similar companies in its industry by reference to published information for similar jobs as well as individual performance.

**b. Bonus**

The Company operates a discretionary bonus scheme for Executive Directors. The scheme is based on achieving agreed levels of profitability within the part of the Group they are directly involved with. Bonus payments are non-pensionable.

**c. Benefits**

When appropriate, Executives are provided with medical insurance and life assurance.

**d. Pension**

The Company's defined contribution pension scheme is available to all Executive Directors.

**e. Share Options**

The Chief Executive (Kevin Davidson), the Chief Financial Officer (Mehr Malik) and the Non-Executive Chairman (Peter Searle) have share options. Kevin Davidson and Mehr Malik participate in the Save As You Earn (SAYE) scheme.

**f. Service Contracts**

Both Executive Directors are employed on rolling contracts subject to between three and six months' notice from either the executive or the Group. The Remuneration Committee reviews each case of early termination individually in order to ensure compensation settlements are made which are appropriate to the circumstances, taking care to ensure that poor performance is not rewarded.

## POLICY FOR NON-EXECUTIVE DIRECTORS

The Board is responsible for determining the fees payable to Non-Executive Directors. The Executive Directors seek to advise the Board on the level of fees based on external evidence of fees paid to Non-Executive Directors of similar companies.

## DIRECTORS' INTEREST IN SHARES AND SHARE OPTIONS

Details of the interests of those Directors that held office during the year, all of which are beneficial, in the shares of Norman Broadbent plc on the dates specified are as follows:

**Ordinary Shares:**

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | Ordinary Shares of 1.0p Each | % | Ordinary Shares of 1.0p Each | % |
| **Peter Searle** | **3,829,192** | **6.00** | 3,723,929 | 6.02 |
| **Kevin Davidson** | **449,100** | **0.70** | 449,100 | 0.73 |
| **Jon Kempster** * (appointed 1st June 2023) | **163,070** | **0.26** | – | – |
| **Mehr Malik** (appointed 16th January 2023) | **158,350** | **0.25** | – | – |
| **Fiona McAnena** (resigned 29th June 2023) | **138,222** | **0.22** | 201,555 | 0.33 |
| **Devyani Vaishampayan** | **–** | **–** | – | – |

* Held by person closely associated.

**Share interests:**

The following share options were held by those Directors named below as at 31 December 2023, further details of which are disclosed in note 19. One quarter of the LTIP options had vested as at the year end.

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | LTIP options | SAYE | LTIP options | SAYE |
| **Kevin Davidson** | **2,548,148** | **360,000** | 1,950,000 | – |
| **Mehr Malik** | **1,700,000** | **180,000** | – | – |
| **Peter Searle** | **1,000,000** | **–** | 1,000,000 | – |



## AUDITED INFORMATION:

**Directors' Emoluments**

The emoluments of the Directors of the Company for the year ended 31 December 2023 were as follows:

| | Salary and fees | Bonus | Benefits | Pensions | Total 2023 | Total 2022 |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Executive Directors** | | | | | | |
| **Kevin Davidson** | **220** | **200** | **3** | **11** | **434** | 314 |
| **Mehr Malik** (appointed 16th January 2023) | **152** | **61** | **1** | **7** | **221** | – |
| **Stephen Smith** (resigned 23rd August 2022) | **19** | **–** | **1** | **2** | **22** | 151 |
| | **391** | **261** | **5** | **20** | **677** | 465 |
| **Non-Executive Directors** | | | | | | |
| **Peter Searle** | **104** | **–** | **2** | **–** | **106** | 106 |
| **Fiona McAnena** (resigned 29th June 2023) | **10** | **–** | **–** | **–** | **10** | 20 |
| **Devyani Vaishampayan** | **24** | **–** | **–** | **–** | **24** | 17 |
| **Jon Kempster** (appointed 1st June 2023) | **15** | **–** | **–** | **–** | **15** | – |
| **Angela Hickmore** (resigned 11th May 2022) | **–** | **–** | **–** | **–** | **–** | 14 |
| | **153** | **–** | **2** | **–** | **155** | 157 |

**Devyani Vaishampayan**

Chair of the Remuneration Committee

26 March 2024

# Independent Auditor's Report

## Independent Auditor's Report to the Members of Norman Broadbent plc

### OPINION

We have audited the financial statements of Norman Broadbent plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the consolidated income statement, the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated and company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- Give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2023, and of the Group's profit for the year then ended;
- Have been properly prepared in accordance with UK adopted international accounting standards; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included discussions with the directors and assessment of their forecasts for the periods up until 31 December 2026 for reasonableness, checking their mathematical accuracy, carrying out sensitivity analysis on the forecasts and comparing previously prepared forecasts to actual results achieved. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### AN OVERVIEW OF THE SCOPE OF OUR AUDIT

As part of designing our audit procedures, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we assessed for misstatement those account balances that could be impacted by the directors' subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We performed a full scope audit on the parent company and one component. Our audit scope covered 100% of the Group's revenue, the Group's profit before tax and the Group's net assets.

Our audit approach is consistent with that of the previous year.

### KEY AUDIT MATTERS

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

| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSED THIS MATTER |
|---|---|
| **Valuation of Investments** | |
| Included within the parent company statement of financial position are fixed asset investments of £1.2m (2022 £1.2m) which comprise the carrying value of its investment in the Group's subsidiaries. This balance represents the most significant balance in the parent company statement of financial position.<br><br>Investments are tested annually for impairment by the directors using estimation techniques which have a high degree of inherent uncertainty.<br><br>Based on the carrying value of the investments in the parent company financial statements and the judgment involved in determining whether any provision for impairment is required due to the trading performance of the subsidiary company, and the economic environment in which it trades, the valuation of investments was considered a key audit risk area. | An analysis of the investments in each subsidiary company was obtained and agreed to the nominal ledger. We compared the carrying value of the investments with the net assets of each subsidiary company to build an assessment of whether any provisions against the carrying value were required.<br><br>We obtained the directors' calculations supporting the valuation of the investment in the trading subsidiary. This was based on the trading subsidiary's current net asset value and its trading forecasts for a period of 3 years up to December 2026.<br><br>Our audit work on the trading forecasts included discussion with the directors, assessing the reasonableness of their assumptions used, checking their mathematical accuracy, carrying out sensitivity analysis primarily on differing levels of revenue to assess the impact on the forecasts and considering the accuracy of previously prepared forecasts to actual results achieved.<br><br>Based upon the audit work performed no matters came to our attention to indicate that investments are materially misstated. |
| **Carrying Value of Goodwill** | |
| Goodwill, which comprises the brand name and client loyalty, arose on the acquisition of subsidiaries in previous years. It is included in the consolidated statement of financial position at a carrying value of £1.4m (2022: £1.4m). This balance represents one of the most significant balances in the consolidated statement of financial position.<br><br>Goodwill is tested annually for impairment by the directors using estimation techniques which have a high degree of inherent uncertainty.<br><br>Based on the carrying value of goodwill and the judgment involved in determining whether any further provision for impairment against its carrying value was required due to the trading performance of the subsidiary company, and the economic environment in which it trades, the carrying value of goodwill was considered a key audit risk area. | An analysis of the goodwill was obtained from the directors, and we compared this to our expectations.<br><br>We obtained the directors' assessment of the valuation of goodwill which was based on the Group's trading forecasts for a period of 5 years up to December 2028, discounted to their present value.<br><br>Our audit work on the forecasts included discussion with the directors, assessing the reasonableness of assumptions supporting the forecasts, checking their mathematical accuracy, carrying out sensitivity analysis primarily on differing levels of revenue to assess the impact on the forecasts and considering the accuracy of previously prepared forecasts to actual results achieved. We also assessed the reasonableness of the discount rate used in the present value calculations.<br><br>We assessed the goodwill disclosures in the financial statements for accuracy and reasonableness.<br><br>Based upon the audit work performed no matters came to our attention to indicate that the carrying value of goodwill is materially misstated. |

| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSED THIS MATTER |
|---|---|
| **Revenue Recognition** | |
| The Group has three main sources of revenue:<br><br>Executive search placement fees which are generated through high level executive search recruitment services with the positions generally being at senior management level.<br><br>Interim management placement fees which are generated through placing candidates into Board positions for short periods of time.<br><br>Leadership and consulting fees which are generated through consultative services in relation to recruitment.<br><br>As revenue is a key driver of the Group's performance, and represents a higher risk of misstatement, we determined this was a key audit risk area. | We discussed the Group's revenue recognition policies with the directors and, independently, with sales staff clarifying any discrepancies noted. We considered whether the Group's accounting policies complied with IFRS 15 - Revenue from Contracts with Customers.<br><br>We tested revenue recognition during the year by undertaking directional testing on a sample of transactions, carrying out analytical review procedures and testing invoice posting around the year end to ensure revenue was being recorded in the correct period.<br><br>Based upon the audit work performed no matters came to our attention to indicate that revenue is materially misstated. |

## HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed sufficient work to enable us to give an opinion on the financial statements as a whole, considering the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

For the year ended 31 December 2023 we determined there were two entities in scope for our Group audit, Norman Broadbent plc, the parent company of the Group, and Norman Broadbent Executive Search Limited, the trading subsidiary company.

## OUR APPLICATION OF MATERIALITY

We determined materiality for the Group to be £159,000. We reported all audit differences found in excess of £7,900 to the directors and the management board.

For each company within the scope of our Group audit, we allocated a materiality that was less than our overall Group materiality. For the parent company we allocated a materiality of £27,500 and for the trading subsidiary company we allocated a materiality of £151,000.

We determined Group materiality of £159,000 based on a calculation of 1.5% of Group net fee income (NFI) for the year. As the Group's principal activity is that of the provision of recruitment services, NFI is considered by the directors to be a key metric of Group performance. As the Group's parent company is AIM listed, the number of users and the level of interest in the financial statements is expected to be higher than it would be for a non-quoted company. Therefore, the significance of balances is expected to be greater and consequently 1.5% of Group NFI has been assessed as the most appropriate basis for materiality.

Based on our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 70% of our Group materiality. In assessing the appropriate level, we considered the nature of the Group's activities and risk profile.

We determined materiality for the parent company to be 2% of gross assets and materiality for the trading subsidiary company to be 1.5% of NFI, reduced by 5% so that it falls below Group materiality. These assessments of the appropriate materiality calculations were based on their respective activities and risk profiles, with the resulting materiality levels being limited to Group materiality.

## OTHER INFORMATION

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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:

## CAPABILITY OF THE AUDIT IN DETECTING IRREGULARITIES, INCLUDING FRAUD

Based on our understanding of the Group and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. 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 preparation of the financial statements such as the Companies Act 2006 and taxation legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. 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 journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuations of investment in subsidiaries and the carrying value of goodwill. Audit procedures performed by the Group engagement team included:

- Detailed discussions were held with the directors and management to identify any known or suspected instances of non-compliance with laws and regulations; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by the directors in their significant accounting estimates, concentrating on the calculations supporting the carrying value of goodwill and investment in subsidiaries; and
- Obtaining confirmation from management of related parties and related party transactions, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP

**Graham Hunt BA FCA (Senior Statutory Auditor)**

For and on behalf of Kreston Reeves LLP,

Statutory Auditor and Chartered Accountants

London

26 March 2024

# Consolidated Income Statement

For the year ended 31 December 2023

| | Note | 2023 £'000 | 2022 £'000 |
|---|---|---|---|
| **Revenue** | 3 | **12,306** | 8,697 |
| Cost of sales | | **(1,731)** | (1,350) |
| **Gross profit** | | **10,575** | 7,347 |
| Operating expenses | | **(10,163)** | (7,608) |
| **Operating profit/(loss)** | | **412** | (261) |
| Net finance cost | 7 | **(103)** | (77) |
| **Profit/(loss) before tax** | 4 | **309** | (338) |
| Taxation | 6 | **–** | – |
| **Profit/(loss) for the year** | | **309** | (338) |
| | | | |
| **Earnings per share** | | | |
| Profit/(loss) per share | | | |
| - Basic | 8 | **0.50p** | (0.56)p |
| - Diluted | | **0.39p** | (0.56)p |
| Adjusted profit/(loss) per share | | | |
| - Basic | 8 | **0.91p** | (0.34)p |
| - Diluted | | **0.71p** | (0.34)p |

The results for the periods presented above are derived from continuing operations.

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Comprehensive Income

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Profit/(loss) for the year | **309** | (338) |
| **Total comprehensive income/(loss) for the year** | **309** | (338) |
| Attributable to: | | |
| **Owners of the Company** | **309** | (338) |

The accompanying notes form an integral part of these financial statements.



# Consolidated Statement of Financial Position

For the year ended 31 December 2023

| | Notes | 2023 £'000 | 2022 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 10 | **1,363** | 1,363 |
| Property, plant and equipment | 11 | **178** | 402 |
| **Total non-current assets** | | **1,541** | 1,765 |
| **Current assets** | | | |
| Trade and other receivables | 13 | **2,901** | 2,320 |
| Cash and cash equivalents | 14 | **765** | 50 |
| **Total current assets** | | **3,666** | 2,370 |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 15 | **3,393** | 2,006 |
| Bank overdraft and interest bearing loans | 16 | **207** | 483 |
| Lease liabilities | 20 | **111** | 203 |
| **Total current liabilities** | | **3,711** | 2,692 |
| **Net current liabilities** | | **(45)** | (322) |
| | | | |
| **Non-current liabilities** | | | |
| Bank and other loans | 16 | **113** | 618 |
| Lease liabilities | 20 | **8** | 155 |
| **Total non-current liabilities** | | **121** | 773 |
| **Total liabilities** | | **3,832** | 3,465 |
| **Total assets less total liabilities** | | **1,375** | 670 |
| | | | |
| Issued share capital | 18 | **6,365** | 6,345 |
| Share premium account | 18 | **14,233** | 14,110 |
| Retained earnings | | **(19,223)** | (19,785) |
| **Total equity** | | **1,375** | 670 |

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 March 2024.

Signed on behalf of the Board of Directors

**K Davidson**

Director

Company No 00318267

# Company Statement of Financial Position

For the year ended 31 December 2023

| | Notes | 2023 | 2022 |
|---|---|---|---|
| | | **£'000** | £'000 |
| **Non-current assets** | | | |
| Investments | 12 | **1,200** | 1,200 |
| **Total non-current assets** | | **1,200** | 1,200 |
| **Current assets** | | | |
| Trade and other receivables | 13 | **155** | 1,557 |
| Cash and cash equivalents | 14 | **14** | 6 |
| **Total current assets** | | **169** | 1,563 |
| **Current liabilities** | | | |
| Trade and other payables | 15 | **90** | 52 |
| Bank loans | 16 | **48** | 46 |
| **Total current liabilities** | | **138** | 98 |
| **Net current assets** | | **31** | 1,465 |
| **Non-current liabilities** | | | |
| Bank and other loans | 16 | **113** | 572 |
| **Total non-current liabilities** | | **113** | 572 |
| **Total liabilities** | | **251** | 670 |
| **Total assets less total liabilities** | | **1,118** | 2,093 |
| **Equity** | | | |
| Issued share capital | 18 | **6,365** | 6,345 |
| Share premium account | 18 | **14,233** | 14,110 |
| Retained earnings | | **(19,480)** | (18,362) |
| **Total equity** | | **1,118** | 2,093 |

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 March 2024.

Signed on behalf of the Board of Directors

**K Davidson**

Director

Company No 00318267



# Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

**Equity attributable to equity holders of Norman Broadbent Plc**

| | Share Capital | Share Premium | Retained Earnings | Total Equity |
|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **Balance at 1 January 2023** | **6,345** | **14,110** | **(19,785)** | **670** |
| Profit for the year | – | – | 309 | 309 |
| Total comprehensive income for the year | – | – | 309 | 309 |
| Credit to equity for share based payments | – | – | 253 | 253 |
| Conversion of convertible loan notes | 20 | 123 | – | 143 |
| Transactions with owners of the Company | 20 | 123 | 253 | 396 |
| **Balance at 31 December 2023** | **6,365** | **14,233** | **(19,223)** | **1,375** |
| | | | | |
| **Balance at 1 January 2022** | **6,334** | **14,080** | **(19,578)** | **836** |
| Loss for the year | – | – | (338) | (338) |
| Total comprehensive income for the year | – | – | (338) | (338) |
| Credit to equity for share based payments | – | – | 131 | 131 |
| Issue of ordinary shares | 11 | 30 | – | 41 |
| Transactions with owners of the Company | 11 | 30 | 131 | 172 |
| **Balance at 31 December 2022** | **6,345** | **14,110** | **(19,785)** | **670** |

The accompanying notes form an integral part of these financial statements.

**Share Capital**

This represents the nominal value of shares that have been issued by the Company.

**Share Premium**

This reserve records the amount above the nominal value received for shares issued by the Company. Share premium may only be utilised to write off any expenses incurred or commissions paid on the issue of those shares, or to pay up new shares to be allotted to members as fully paid bonus shares.

**Retained Earnings**

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the Company's shareholders and adding any credits for share based payments.

# Company Statement of Changes in Equity

For the year ended 31 December 2023

**Equity attributable to equity holders of Norman Broadbent Plc**

| | Share Capital | Share Premium | Retained Earnings | Total Equity |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Balance at 1 January 2023** | **6,345** | **14,110** | **(18,362)** | **2,093** |
| Loss for the year | — | — | (1,371) | (1,371) |
| Total comprehensive income for the year | — | — | (1,371) | (1,371) |
| Credit to equity for share based payments | — | — | 253 | 253 |
| Conversion of convertible loan notes | 20 | 123 | — | 143 |
| Total transactions with owners of the Company | 20 | 123 | 253 | 396 |
| **Balance at 31 December 2023** | **6,365** | **14,233** | **(19,480)** | **1,118** |
| | | | | |
| **Balance at 1 January 2022** | **6,334** | **14,080** | **(19,157)** | **1,257** |
| Profit for the year | — | — | 664 | 664 |
| Total comprehensive income for the year | — | — | 664 | 664 |
| Credit to equity for share based payments | — | — | 131 | 131 |
| Issue of ordinary shares | 11 | 30 | — | 41 |
| Transactions with owners of the Company | 11 | 30 | 131 | 172 |
| **Balance at 31 December 2022** | **6,345** | **14,110** | **(18,362)** | **2,093** |

The accompanying notes form an integral part of these financial statements.

**Share Capital**

This represents the nominal value of shares that have been issued by the Company.

**Share Premium**

This reserve records the amount above the nominal value received for shares issued by the Company. Share premium may only be utilised to write off any expenses incurred, or commissions paid on the issue of those shares, or to pay up new shares to be allotted to members as fully paid bonus shares.

**Retained Earnings**

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the Company's shareholders and adding any credits for share based payments.



# Consolidated Statement of Cash Flow

For the year ended 31 December 2023

| | Notes | 2023 £'000 | 2022 £'000 |
|---|---|---|---|
| **Net cash generated from/(used in) operating activities** | (i) | **1,712** | (33) |
| **Cash flows from investing activities and servicing of finance** | | | |
| Net finance cost | | **(27)** | (51) |
| Payments to acquire tangible fixed assets | 11 | **(16)** | (65) |
| **Net cash used in investing activities** | | **(43)** | (116) |
| **Cash flows from financing activities** | | | |
| New loans received | | **–** | 400 |
| Repayments of borrowings | | **(389)** | (32) |
| Payment of lease liabilities | | **(241)** | (200) |
| Proceeds from issue of share capital | 18 | **–** | 41 |
| Decrease in invoice discounting | 16 | **(324)** | (469) |
| **Net cash used in financing activities** | | **(954)** | (260) |
| **Net increase/(decrease) in cash and cash equivalents** | | **715** | (409) |
| **Cash and cash equivalents at beginning of period** | | **50** | 459 |
| **Cash and cash equivalents at end of period** | | **765** | 50 |
| **Analysis of net funds** | | | |
| Cash and cash equivalents | | **765** | 50 |
| Borrowings due within one year | | **(207)** | (483) |
| Borrowings due within more than one year | | **(113)** | (618) |
| **Net funds/(debt)** | | **445** | (1,051) |

The accompanying notes (i) and (ii) form an integral part of the Consolidated Statement of Cash Flow.

| Note (i) | 2023 | 2022 |
|---|---|---|
| **Reconciliation of operating profit/(loss) to net cash from operating activities** | **£'000** | £'000 |
| Operating profit /(loss) from continued operations | **412** | (261) |
| Depreciation/impairment of property, plant and equipment | **231** | 223 |
| Share based payment charge | **253** | 131 |
| Increase in trade and other receivables | **(579)** | (405) |
| Increase in trade and other payables | **1,395** | 279 |
| Taxation paid | **—** | — |
| **Net cash generated from/(used in) operating activities** | **1,712** | (33) |

| Note (ii) | 2023 | 2022 |
|---|---|---|
| **Reconciliation of movement of debt** | **£'000** | £'000 |
| Net increase/(decrease) in cash and cash equivalents | **715** | (409) |
| New loans received | **—** | (400) |
| Repayments of borrowings | **389** | 32 |
| Conversion of loan notes to equity | **143** | — |
| Decrease in invoice discounting | **324** | 469 |
| Interest accrued | **(75)** | — |
| **Movement in borrowings for the period** | **1,496** | (308) |
| Net borrowings at the start of the period | **(1,051)** | (743) |
| **Net cash/(borrowings) at the end of the period** | **445** | (1,051) |

The accompanying notes form an integral part of these financial statements.



# Company Statement of Cash Flow

For the year ended 31 December 2023

| | Notes | 2023 £'000 | 2022 £'000 |
|---|---|---|---|
| **Net cash generated from/(used in) operating activities** | (i) | **397** | (548) |
| **Cash flows from investing activities and servicing of finance** | | | |
| Interest paid | | **—** | (25) |
| **Net cash used in investing activities** | | **—** | (25) |
| **Cash flows from financing activities** | | | |
| New loans received | | **—** | 400 |
| Repayments of borrowings | | **(389)** | (32) |
| Proceeds from issue of share capital | 18 | **—** | 41 |
| **Net cash from financing activities** | | **(389)** | 409 |
| **Net increase/(decrease) in cash and cash equivalents** | | **8** | (164) |
| **Cash and cash equivalents at beginning of period** | | **6** | 170 |
| **Cash and cash equivalents at end of period** | | **14** | 6 |
| **Analysis of net funds** | | | |
| Cash and cash equivalents | | **14** | 6 |
| Borrowings due within one year | | **(48)** | (46) |
| Borrowings due after one year | | **(113)** | (572) |
| **Net debt** | (ii) | **(147)** | (612) |

The accompanying notes (i) and (ii) form an integral part of the Company Statement of Cash Flow.

| Note (i) | 2023 | 2022 |
|---|---|---|
| **Reconciliation of operating profit/(loss) to net cash from operating activities** | **£'000** | £'000 |
| Operating (loss)/profit | **(1,296)** | 689 |
| Share based payment charge | **253** | 131 |
| Decrease/(increase) in trade and other receivables | **1,402** | (172) |
| Increase/(decrease) in trade and other payables | **38** | (1,196) |
| **Net cash generated from/(used in) operating activities** | **397** | (548) |

| Note (ii) | 2023 | 2022 |
|---|---|---|
| **Reconciliation of movement of debt** | **£'000** | £'000 |
| Net increase/(decrease) in cash and cash equivalents | **8** | (164) |
| New borrowings | **—** | (400) |
| Repayments of borrowings | **389** | 32 |
| Conversion of loan notes to equity | **143** | — |
| Interest accrued | **(75)** | — |
| **Movement in borrowings for the period** | **465** | (532) |
| Net borrowings at the start of the period | **(612)** | (80) |
| **Net borrowings at the end of the period** | **(147)** | (612) |

The accompanying notes form an integral part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2023

## 1. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented unless otherwise stated.

### 1.1. Basis of Preparation

The consolidated financial statements of Norman Broadbent plc ("Norman Broadbent", "the Company" or "the Group") have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and interpretations issued by the International Accounting Standards Board (IASB), UK adopted International Financial Reporting Standards (adopted IFRSs) and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss. The consolidated financial statements are presented in pounds and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

The preparation of financial statements in compliance with UK adopted IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.19.

### 1.1.1 Going Concern

The consolidated financial statements of the Group have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered the following specific factors:

- The Group reported an operating profit from continued operations in the year to 31 December 2023 of £0.3m compared with an operating loss of £0.3m in 2022.
- The consolidated statement of financial position shows a net asset position at 31 December 2023 of £1.4m (2022: £0.7m) with cash at bank of £0.8m (2022: £0.05m).
- At the date that these financial statements were approved the Group had no overdraft facility, a CBILS loan of £0.2m and its receivable finance facility which is 100% secured by the Group's trade receivables.
- Management prepares an annual budget and longer-term strategic plan, including an assessment of cash flow requirements, and continue to monitor actual performance against budget and plan throughout the reporting period.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. Based on these factors, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

### 1.1.2 Changes in Accounting Policy and Disclosures

a. New and amended accounting standards adopted by the Group

The Group adopted the following new and amended relevant IFRS in the year:

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

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

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") that are effective in future accounting periods that the Group has decided not to adopt early. Any standards that are not deemed relevant to the operations of the Group have been excluded:

- Classification of Liabilities as Current or Non-Current - Amendments to IAS 1
- Leases on sale and leaseback - Amendment to IFRS 16
- Supplier finance - Amendment to IAS 7 and IFRS 7
- Lack of Exchangeability - Amendments to IAS 21



**Notes to the Financial Statements** (continued)

For the year ended 31 December 2023

## 1. Significant Accounting Policies (continued)

The Group is currently assessing the impact of the new accounting standards and amendments. The Group does not believe that these amendments will have a significant impact on the financial statements of the Group.

### 1.2. Basis of Consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries at 31 December 2023. All subsidiaries have a reporting date of 31 December. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Accounting policies have been applied consistently.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

### 1.3. Goodwill

Goodwill arising on acquisition of subsidiaries is included in the consolidated statement of financial position as an asset at cost less impairment. If the goodwill balance is material, it is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

### 1.4. Impairment of Non-Financial Assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 1. Significant Accounting Policies (continued)

#### 1.5. Financial Assets and Liabilities

Financial assets and liabilities are recognised initially at their fair value and are subsequently measured at amortised cost. For trade receivables, trade payables and other short-term financial liabilities this generally equates to original transaction value.

#### 1.6. Property, Plant and Equipment

The cost of property, plant and equipment is their purchase cost, together with any incidental costs of acquisition.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of each asset over its expected useful economic life at the following rates:

- Office and computer equipment - over three to four years
- Fixtures and fittings - lower of lease term and four years
- Land and buildings leasehold - over three to five years
- Right of use asset - lower of the asset's useful life and the lease term

#### 1.7. Trade Receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

#### 1.8. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### 1.9. Investments

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value. Investments are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable an impairment loss is recognised immediately for the amount by which the investment's carrying amount exceeds its recoverable value.

#### 1.10. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### 1.11. Invoice Discounting Facility

The terms of this arrangement are judged to be such that the risk and rewards of ownership of the trade receivables do not pass to the finance provider. As such the receivables are not derecognised on draw-down of funds against this facility. This facility is recognised as a liability for the amount drawn.

#### 1.12. Trade Payables

Trade payables are non-interest bearing and are initially recognised at fair value and then subsequently measured at amortised cost.

#### 1.13. Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling, which is functional currency of Norman Broadbent Plc.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities



## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 1. Significant Accounting Policies (continued)

denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'net finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'operating expenses'.

#### 1.14. Taxation

Taxation currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all material taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from an initial recognition of goodwill or from the initial recognition (other than in the business combination) of other assets and liabilities in the transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### 1.15. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

Executive search services

Executive Search services are provided on a retained basis and the Group generally invoices the client at pre-specified milestones agreed in advance at a specific point in time. Revenue is recognised at three stages; retainer, shortlist and completion fee. Revenue is recognised based on delivery of performance obligations at defined stages including resource allocation and search strategy agreement at retainer stage, delivery of candidate shortlist and candidate acceptance of placement.

Short-term contract and interim business

Revenue is recognised for interim business over time as services are rendered, validated by receipt of a client approved timesheet or equivalent. Fixed Term Contracts or Candidate conversions are recognised on client approval and invoice date at a specific point in time.

Assessment, career coaching and talent management

Revenue is recognised in line with delivery. Where revenue is generated by contracts covering a number of sessions then revenue is recognised over the contract term based on the average number of sessions taken up and is invoiced at a specific point in time.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 1. Significant Accounting Policies (continued)

#### 1.16. Pensions

The Group operates a number of defined contribution pension schemes for the benefit of certain employees. The costs of the pension schemes are charged to the income statement as incurred.

#### 1.17. Leases

The Group makes the use of leasing arrangements principally for the provision of office space and various office equipment. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices.

However, for leases of property for which the Group is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Leases are recognised as a right-of-use asset and a lease liability at the lease commencement date.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of assets.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

#### 1.18. Share Option Schemes

For equity-settled share-based payment transactions the Group, in accordance with IFRS 2, measures their value and the corresponding increase in equity indirectly, by reference to the fair value of the equity instruments granted. The fair value of those equity instruments is measured at grant date, the EBITDA Options and SAYE Options using a Binomial option model and the Share Price Options using a Monte Carlo simulation model. The expense is apportioned over the vesting period of the financial instrument and is based on the numbers which are expected to



Notes to the Financial Statements (continued)

For the year ended 31 December 2023

1. Significant Accounting Policies (continued)

to vest and the fair value of those financial instruments at the date of grant. If the equity instruments granted vest immediately, the expense is recognised in full.

#### 1.19. Critical Accounting Judgements and Estimates

a. Impairment of goodwill – determining whether goodwill is impaired requires an estimation of the value in use of cash-generating units (CGUs) to which goodwill has been allocated. The value in use calculation requires an estimation of the future profitability expected to arise from the CGU and a suitable discount rate in order to calculate present value.

b. Impairment of investments – determining whether investments are impaired requires an estimation of the value in use of each subsidiary. The value in use calculation requires an estimation of the future profitability expected to arise from each subsidiary and a suitable discount rate in order to calculate present value.

c. Revenue recognition – revenue is recognised based on estimated timing of delivery of services based on the assignment structure and historical experience. Were these estimates to change then the amount of revenue recognised would vary.

d. Share-based payments – the expense recognised for share-based payment schemes reflects the number of share options granted that will vest and management's expectations regarding share lapses and non-market performance conditions. All options are subject to both time vesting and performance conditions.

### 2. Financial Risk Management

The financial risks that the Group is exposed to through its operations are interest rate risk, liquidity risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

There have been no substantive changes in the Group's exposure to financial risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods, unless otherwise stated in this note.

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

The overall objective of the Board is to set policies that seek to reduce risk as far as possible, without unduly affecting the Group's competitiveness and flexibility. Further details regarding specific policies are set out below:

#### 2.1. Interest Rate Risk

The Group's interest rate risk arises from borrowings linked to the Bank of England Base Rate and affects the invoice discounting facility and the CBILS loan. As interest rates have risen over 2023 the corresponding interest expense to the Group has increased. The Group's management factors these increases into cash flow projections (see liquidity risk below) which indicate that the Group will be able to meet interest expenses under reasonably expected circumstances.

#### 2.2. Liquidity Risk

Liquidity risk arises from the Group's management of working capital and finance charges. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash and borrowing facilities to allow it to meet its liabilities when they become due. The Group has access to an invoice discounting facility, which provides immediate access to funding when required and is secured by the Group's trade receivables. The Group took advantage of a CBILS loan in November 2020 which is repayable over six years to 2026. The Board receives cash flow projections as well as monthly information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under reasonably expected circumstances.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 2. Financial Risk Management (continued)

#### 2.3. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering contracts.

Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Board determines concentrations of credit risk by reviewing the trade receivables' ageing analysis.

The Board monitors the ageing of credit sales regularly and at the reporting date does not expect any losses from non-performance by the counterparties other than those specifically provided for (see note 13). The Directors are confident about the recoverability of receivables based on the blue chip nature of its customers, their credit ratings and the very low levels of default in the past.

#### 2.4. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### 3. Revenue

Group revenues are primarily driven from UK operations. When revenue is derived from overseas business the results are presented to the Board by geographic region to identify potential areas for growth or those posing potential risks to the Group.

#### i. Class of Business:

The analysis by class of business of the Group's turnover is set out below:

| | 2023 | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Revenue - Search | **8,585** | 5,666 |
| Revenue - Interim Management | **3,189** | 2,920 |
| Revenue - Leadership Consulting | **501** | 111 |
| Revenue - Other | **31** | — |
| Total | **12,306** | 8,697 |

#### ii. Revenue by Geography:

| | 2023 | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| United Kingdom | **9,078** | 6,660 |
| Rest of the world | **3,228** | 2,037 |
| Total | **12,306** | 8,697 |



## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 4. Profit/(Loss) on Ordinary Activities before Taxation

| | 2023 | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| **Profit/(loss) on ordinary activities before taxation is stated after charging:** | | |
| Depreciation and impairment of property, plant and equipment | **231** | 223 |
| Employee remuneration (see note 5) | **8,143** | 6,004 |
| Auditors' remuneration: | | |
| Audit work | **58** | 51 |
| Non-audit work | **—** | — |

The Company audit fee for the year was £28,990 (2022: £26,640).

### 5. Employee Remuneration

The average number of full time equivalent employees (including Directors) during the year was as follows:

| | 2023 | 2022 |
|---|---|---|
| | **No.** | No. |
| Sales and related services | **44** | 36 |
| Administration | **7** | 9 |
| | **51** | 45 |

Expenses recognised for employee benefits are analysed below:

| | 2023 | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Wages and salaries | **6,752** | 5,095 |
| Social security costs | **921** | 586 |
| Defined contribution pension cost | **217** | 192 |
| Share based payment | **253** | 131 |
| | **8,143** | 6,004 |

The emoluments of the Directors are disclosed as required by the Companies Act 2006 on page 27 in the Directors' Remuneration Report. The table of Directors' emoluments has been audited and forms part of these financial statements. This also includes details of the highest paid Director.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 6. Taxation

a. Tax charged in the income statement

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| Current tax: | | |
| UK corporation tax | – | – |
| Foreign tax | – | – |
| **Total current tax** | – | – |
| Deferred tax: | | |
| Origination and reversal of temporary differences | – | – |
| **Tax charge/(credit)** | – | – |

b. Reconciliation of the total tax charge

The difference between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows:

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| **Profit/(loss) on ordinary activities before taxation** | 309 | (338) |
| Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 23.5% (2022: 19%) | 73 | (64) |
| Effects of: | | |
| Expenses not deductible | 6 | 6 |
| Share option costs | 60 | 25 |
| Depreciation in excess of capital allowances | 11 | (6) |
| Provision movement | 2 | (1) |
| Adjustment to losses carried forward | (152) | 40 |
| Current tax charge for the year | – | – |

c. Deferred tax

| | Tax losses | Total |
|---|---|---|
| | £'000 | £'000 |
| At 1 January 2023 | – | – |
| Charged/(credited) to the income statement in 2023 | – | – |
| **At 31 December 2023** | – | – |



## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 6. Taxation (continued)

At 31 December 2023 the Group had capital losses carried forward of £8,129,000 (2022: £8,129,000) and trading losses carried forward of £14,233,510 (2022: £14,879,676). A deferred tax asset has not been recognised as their utilisation in the near future is uncertain.

The analysis of deferred tax in the consolidated balance sheet is as follows:

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| **Deferred tax assets:** | | |
| Tax losses carried forward | – | – |
| **Total** | – | – |

### 7. Net Finance Cost

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| Interest payable on leases, invoicing facility and other loans | 103 | 77 |
| **Total** | 103 | 77 |

### 8. Earnings Per Share

i. Basic earnings per share

This is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period:

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| Profit/(loss) attributable to owners of the Company | 309 | (338) |
| | 000's | 000's |
| Weighted average number of ordinary shares | 62,104 | 60,879 |

ii. Diluted earnings per share

This is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares in the form of employee share options (LTIP and SAYE schemes). For these options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 8. Earnings Per Share (continued)

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| Profit/(loss) attributable to owners of the Company | 309 | (338) |
| | 000's | 000's |
| Weighted average number of ordinary shares | 78,572 | 60,879 |

iii. Adjusted earnings per share

An adjusted earnings per share has also been calculated in addition to the basic and diluted earnings per share and is based on earnings adjusted to eliminate the effects of charges for share based payments. It has been calculated to allow shareholders to gain a clearer understanding of the trading performance of the Group.

| | 2023 | 2023 | 2023 | 2022 | 2022 | 2022 |
|---|---|---|---|---|---|---|
| | £'000 | Basic pence per share | Diluted pence per share | £'000 | Basic pence per share | Diluted pence per share |
| **Basic earnings** | | | | | | |
| Profit/(loss) after tax | 309 | 0.50 | 0.39 | (338) | (0.56) | (0.56) |
| **Adjustments** | | | | | | |
| Share based payment charge | 253 | 0.41 | 0.32 | 131 | 0.22 | 0.22 |
| **Adjusted earnings** | 562 | 0.91 | 0.71 | (207) | (0.34) | (0.34) |

### 9. Profit of Parent Company

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these accounts. The parent company's loss for the year amounted to £1.4 million (2022: £0.7 million profit).



## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 10. Intangible Assets

| | Goodwill arising on consolidation |
|---|---|
| **Group** | £'000 |
| Balance at 1 January 2022 | 3,690 |
| Balance at 31 December 2022 | 3,690 |
| **Balance at 31 December 2023** | **3,690** |
| **Provision for impairment** | |
| Balance at 1 January 2022 | 2,327 |
| Balance at 31 December 2022 | 2,327 |
| **Balance at 31 December 2023** | **2,327** |
| **Net book value** | |
| At 1 January 2022 | 1,363 |
| At 31 December 2022 | 1,363 |
| **At 31 December 2023** | **1,363** |

Goodwill acquired through business combinations is allocated to cash-generating units (CGUs) and is shown below:

| | Executive Search | Leadership Consulting | Total |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| Balance at 1 January 2022 | 1,303 | 60 | 1,363 |
| Balance at 31 December 2022 | 1,303 | 60 | 1,363 |
| **Balance at 31 December 2023** | **1,303** | **60** | **1,363** |

Goodwill has been subject to an impairment review by the Directors of the Group. As set out in accounting policy note 1, the Directors test the goodwill for impairment annually as set out below.

Expected future cash flows for each CGU for over a five year period are derived from the most recent three year financial projections agreed by the board and an assumed net fee and cost growth rate of 5% in years four and five. Although the growth rates of 5% exceeds the long-term growth rate for the economy, they are considered appropriate based on the expected future growth rate of the business. A discount rate of 12.5% (2022: 10%-12.5%), representing the weighted average cost of capital for the Group, in line with businesses in the same sector, is then used to calculate the present value of those cash flows and then aggregated to give an overall valuation.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 11. Property, Plant and Equipment

| | Land and buildings - leasehold | Right-of-use asset | Office and computer equipment | Fixtures and fittings | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Group Cost | | | | | |
| Balance at 1 January 2022 | 94 | 774 | 309 | 50 | 1,227 |
| Additions | 6 | 34 | 59 | – | 99 |
| Disposals | – | – | – | – | – |
| Balance at 31 December 2022 | 100 | 808 | 368 | 50 | 1,326 |
| Additions | – | – | 16 | – | 16 |
| Disposals | (80) | – | (261) | (43) | (384) |
| **Balance at 31 December 2023** | **20** | **808** | **123** | **7** | **958** |
| **Accumulated depreciation** | | | | | |
| Balance at 1 January 2022 | 92 | 332 | 227 | 50 | 701 |
| Charge for the year | 8 | 168 | 47 | – | 223 |
| Disposals | – | – | – | – | – |
| Balance at 31 December 2022 | 100 | 500 | 274 | 50 | 924 |
| Charge for the year | – | 176 | 55 | – | 231 |
| Disposals | (80) | – | (252) | (43) | (375) |
| **Balance at 31 December 2023** | **20** | **676** | **77** | **7** | **780** |
| **Net book value** | | | | | |
| At 1 January 2022 | 2 | 442 | 82 | – | 526 |
| At 31 December 2022 | – | 308 | 94 | – | 402 |
| **At 31 December 2023** | **–** | **132** | **46** | **–** | **178** |

The Group had no capital commitments as at 31 December 2023 (2022: £nil).



## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 12. Investments

| | Shares in subsidiary undertakings |
|---|---|
| | £'000 |
| **Company Cost** | |
| Balance at 1 January 2022 | 5,935 |
| Balance at 31 December 2022 | 5,935 |
| **Balance at 31 December 2023** | **5,935** |
| **Provision for impairment** | |
| Balance at 1 January 2022 | 4,735 |
| Impairment for the year | – |
| Balance at 31 December 2022 | 4,735 |
| Impairment for the year | – |
| **Balance at 31 December 2023** | **4,735** |
| **Net book value** | |
| At 1 January 2022 | 1,200 |
| At 31 December 2022 | 1,200 |
| **At 31 December 2023** | **1,200** |

During the year to 31 December 2023 the Company held the following ownership interests:

| Principal investments: | Country of incorporation or registration and operation | Principal activities | Proportion of shares held by the Company |
|---|---|---|---|
| Norman Broadbent Executive Search Limited | England and Wales | Executive search | 100% ordinary shares |
| Norman Broadbent Ireland Ltd | Republic of Ireland | Dormant | 100% ordinary shares |

The registered office for Norman Broadbent Executive Search Limited is Millbank Tower, 21–24 Millbank London SW1P 4QP. The registered office for Norman Broadbent Ireland Limited is The Merrion Buildings, 18 - 20 Merrion Street, Dublin 2, Ireland.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 13. Trade and Other Receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade receivables | 2,714 | 2,135 | – | – |
| Less: provision for impairment | (178) | (2) | – | – |
| Trade receivables – net | 2,536 | 2,133 | – | – |
| Other debtors | 43 | 48 | – | – |
| Prepayments and accrued income | 322 | 139 | 8 | 7 |
| Due from Group undertakings | – | – | 147 | 1,550 |
| **Total** | 2,901 | 2,320 | 155 | 1,557 |
| Non-Current | – | – | – | – |
| Current | 2,901 | 2,320 | 155 | 1,557 |
| | 2,901 | 2,320 | 155 | 1,557 |

As at 31 December 2023, Group trade receivables of £1.3m (2022: £1.0m), were past their due date but not impaired, save as referred to below. They relate to customers with no default history. The ageing profile of these receivables is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| **Up to 3 months** | 1,054 | 765 | – | – |
| **3 to 6 months** | 214 | 115 | – | – |
| **6 to 12 months** | – | 55 | – | – |
| **Total** | 1,268 | 935 | – | – |

The largest amount due from a single trade debtor at 31 December 2023 represents 12% (2022: 15%) of the total trade receivables balance outstanding.

As at 31 December 2023, £178,000 of group trade receivables (2022: £2,000) were considered impaired. A provision for impairment has been recognised in the financial statements. Movements on the Group's provision for impairment of trade receivables are as follows:

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| At 1 January | 2 | 14 |
| Provision for receivable impairment | 178 | – |
| Receivables written-off as uncollectable | (2) | (12) |
| **At 31 December** | 178 | 2 |



## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 13. Trade and Other Receivables (continued)

There is no material difference between the carrying value and the fair value of the Group's and the Company's trade and other receivables.

### 14. Cash and Cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash at bank and in hand | 765 | 50 | 14 | 6 |
| **Total** | 765 | 50 | 14 | 6 |

There is no material difference between the carrying value and the fair value of the Group's and the Company's cash at bank and in hand.

### 15. Trade and Other Payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade payables | 343 | 212 | 46 | 8 |
| Other taxation and social security | 407 | 330 | (8) | (2) |
| Other payables | 22 | 24 | – | – |
| Accruals | 2,621 | 1,440 | 52 | 46 |
| **Total** | 3,393 | 2,006 | 90 | 52 |

There is no material difference between the carrying value and the fair value of the Group's and the Company's trade and other payables.

### 16. Borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Current** | £'000 | £'000 | £'000 | £'000 |
| Invoice discounting facility (see note (a) below) | 159 | 483 | – | – |
| Loans (see note (b) below) | 48 | – | 48 | 46 |
| **Non-Current** | | | | |
| Loans (see note (b) below) | 113 | 618 | 113 | 572 |
| **Total** | 320 | 1,101 | 161 | 618 |

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 16. Borrowings (continued)

The carrying amounts and fair value of the Group's borrowings, which are all denominated in sterling, are as follows:

| | Carrying amount | | Fair value | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Invoice discounting facility | 159 | 483 | 159 | 483 |
| Loans (see note (b) below) | 161 | 618 | 161 | 618 |
| Total | 320 | 1,101 | 320 | 1,101 |

a. Invoice discounting facilities:

The Group operates an invoice discounting facility with Metro Bank. All Group invoices are raised through Norman Broadbent Executive Search Limited and as such Metro Bank (SME Invoice Finance Ltd) holds an all asset debenture for Norman Broadbent plc and Norman Broadbent Executive Search Limited. Funds are available to be drawn down at an advance rate of 88% against trade receivables of Norman Broadbent Executive Search Limited that are aged less than 120 days with the facility capped at £2.1 million. At 31 December 2023, the outstanding balance on the facility of £0.2 million was secured by trade receivables of £2.5 million. Interest is charged on the drawn down funds at a rate of 2.4% above the bank base rate.

b. Loans

In November 2020 the Group received a CBILS Loan of £250,000 for a term of 6 years. Repayment of capital and interest began in January 2022, and from this month the loan incurs interest at 4.75% above the Metro Bank UK base rate. Metro Bank holds an all asset fixed and floating charge over Norman Broadbent Executive Search Limited linked to this facility.

During May 2022 Downing Strategic Micro-Cap Investment Trust Plc and Moulton Goodies Limited subscribed for £200,000 of Convertible Loan Notes (CLNs) each. Interest was payable at 10% per annum up to the first anniversary date and 12.5% per annum up to the second anniversary date. A second ranking fixed and floating charge over the assets and undertaking of Norman Broadbent plc and Norman Broadbent Executive Search Limited was provided as security. Subsequent to the year end the charge was satisfied in full.

£200,000 of the CLNs plus interest was repaid in May 2023. During November 2023 £100,000 of the CLNs was repaid and the Company allotted 2,047,706 new ordinary shares of 1p each at a conversion price of 7.0 pence per share for the remaining £100,000 of CLNs plus repayment of all interest due and the redemption fee.

### 17. Financial Instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the asset have expired, or when the Group has transferred those rights and substantially all the risks and rewards of the asset.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The carrying value of each asset and liability is considered to be a reasonable approximation of the fair value.

The following tables show the carrying amounts of financial assets and financial liabilities held by the Group.



## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 17. Financial Instruments (continued)

| | 2023 | 2022 |
|---|---|---|
| **Group** | **£'000** | £'000 |
| **Financial assets** | | |
| Trade and other receivables | **2,536** | 2,133 |
| Other debtors | **43** | 48 |
| | **2,579** | 2,181 |
| **Financial liabilities** | | |
| Trade creditors | **343** | 212 |
| Accruals and deferred income | **2,621** | 1,440 |
| Other payables | **22** | 24 |
| Bank loans – Current | **207** | 483 |
| Bank loans – Non-current | **113** | 618 |
| Lease liabilities – Current | **111** | 203 |
| Lease liabilities – Non-current | **8** | 155 |
| | **3,425** | 3,135 |

| | 2023 | 2022 |
|---|---|---|
| **Company** | **£'000** | £'000 |
| **Financial assets** | | |
| Amounts owed by group undertakings | **147** | 1,550 |
| | **147** | 1,550 |
| **Financial liabilities** | | |
| Trade and other payables | **46** | 8 |
| Accruals and deferred income | **52** | 46 |
| Bank loans – Current | **48** | 46 |
| Bank loans – Non-current | **113** | 572 |
| | **259** | 672 |

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. Details on these risks and the policies set out by the Board to reduce them can be found in note 2.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 18. Share Capital and Premium

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| **Allotted and fully paid** | | |
| **Ordinary Shares:** | | |
| 63,865,249 Ordinary shares of 1.0p each (2022: 61,817,510) | **638** | 618 |
| **Deferred Shares:** | | |
| 23,342,400 Deferred A shares of 4.0p each (2022: 23,342,400) | **934** | 934 |
| 907,118,360 Deferred shares of 0.4p each (2022: 907,118,360) | **3,628** | 3,628 |
| 1,043,566 Deferred B shares of 42.0p each (2022: 1,043,566) | **438** | 438 |
| 2,504,610 Deferred C shares of 29.0p each (2022: 2,504,610) | **727** | 727 |
| **Total** | **6,365** | 6,345 |

**Deferred A Shares of 4.0p each**

The Deferred A Shares carry no right to dividends or distributions or to receive notice of or attend general meetings of the Company. In the event of a winding up, the shares carry a right to repayment only after the holders of Ordinary Shares have received a payment of £10 million per Ordinary Share. The Company retains the right to cancel the shares without payment to the holders thereof. The rights attaching to the shares shall not be varied by the creation or issue of shares ranking pari passu with or in priority to the Deferred A Shares.

**Deferred Shares of 0.4p each**

The Deferred Shares carry no right to dividends, distributions or to receive notice of or attend general meetings of the Company. In the event of a winding up, the shares carry a right to repayment only after payment of capital paid up on Ordinary Shares plus a payment of £10,000 per Ordinary Share. The Company retains the right to transfer or cancel the shares without payment to the holders thereof.

**Deferred B Shares of 42.0p each**

The Deferred B Shares carry no right to dividends or distributions or to receive notice of or attend general meetings of the Company. In the event of a winding up, the shares carry the right to repayment only after the holders of Ordinary Shares have received a payment of £10 million per Ordinary Share. The Company retains the right to cancel the shares without payment to the holders thereof. The rights attaching to the shares shall not be varied by the creation or issue of shares ranking pari passu with or in priority to the Deferred B Shares.



## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 18. Share Capital and Premium (continued)

**Deferred C Shares of 29.0p each**

The Deferred Shares carry no right to dividends or distributions or to receive notice of or attend general meetings of the Company. In the event of a winding up, the shares carry the right to repayment only after the holders of Ordinary Shares have received a payment of £10 million per Ordinary Share. The Company retains the right to cancel the shares without payment to the holders thereof.

A reconciliation of the movement in share capital and share premium is presented below:

| | No. of ordinary shares | Ordinary shares | Deferred shares | Share premium | Total |
|---|---|---|---|---|---|
| | 000's | £'000 | £'000 | £'000 | £'000 |
| At 1 January 2022 | 60,741 | 607 | 5,727 | 14,080 | 20,414 |
| Issued during the year | 1,076 | 11 | – | 30 | 41 |
| **At 31 December 2022** | 61,817 | 618 | 5,727 | 14,110 | 20,455 |
| Issued during the year | 2,048 | 20 | – | 123 | 143 |
| **At 31 December 2023** | **63,865** | **638** | **5,727** | **14,233** | **20,598** |

During the year 2,047,706 Ordinary Shares were issued at a consideration of 7.00 pence per share.

### 19. Share Based Payments

As at 31 December 2023, the Group maintained two share-based payment schemes for employee remuneration, the Long Term Incentive Plan (LTIP) and the Save As You Earn Scheme (SAYE). Both programmes will be settled in equity.

**LTIP**

The LTIP is part of the remuneration package of the Group's senior management team. The scheme is an executive Enterprise Management Incentive ("EMI") share option scheme and 4,148,148 options were granted as part of the scheme on 28 July 2023. All options are subject to both time vesting conditions and performance conditions. 50% of the Options are subject to market-based share price performance conditions (the "Share Price Options") and 50% are subject to certain EBITDA performance conditions (the "EBITDA Options").

**SAYE**

During the year the Company established a tax advantaged SAYE scheme. The scheme is based on eligible employees being granted options over shares with an exercise price of £0.05 per share, which represents a 20 percent discount to the closing middle market price of a share on 12 June 2023.

Employees agree to opening a sharesave account with the nominated savings carrier and save monthly over a three year saving period. On vesting, participants have a 6-month period to exercise their options.

The Company issued 4,500,000 options on 29 June 2023 (the "SAYE Grant Date"). The SAYE options have no performance conditions attached to them.

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 19. Share Based Payments (continued)

Share options and weighted average exercise prices are as follows for the reporting periods presented:

| | 2023 | 2023 | 2022 | 2022 | | | |
|---|---|---|---|---|---|---|---|
| | **Charge** | **Number of share options** | Charge | Number of share options | Vesting period | Expiry date | Performance metrics |
| Scheme | **£'000** | **000's** | £'000 | 000's | Years | Years | |
| LTIP | **243** | **12,148** | 131 | 9,950 | 3 | 7 | EBITDA and share price |
| SAYE | **10** | **4,212** | – | – | 3 | 0.5 after vesting | None |
| Total | **253** | **16,360** | 131 | 9,950 | | | |

| | LTIP | | SAYE | |
|---|---|---|---|---|
| | Weighted average exercise price | | Weighted average exercise price | |
| | **£** | **000's** | £ | 000's |
| At 1 January 2022 | – | – | – | – |
| Granted | – | 9,950 | – | – |
| Forfeited | – | – | – | – |
| **At 31 December 2022** | **–** | **9,950** | **–** | **–** |
| Granted | – | 4,148 | 0.05 | 4,500 |
| Forfeited | – | (1,950) | 0.05 | (288) |
| **At 31 December 2023** | **–** | **12,148** | **0.05** | **4,212** |

The weighted average remaining contractual life of the options outstanding at the end of 2023 was 5.7 years for the LTIP and 3.1 years for the SAYE scheme (2022: 6.2 years for the LTIP).

The share options granted in 2023 were valued using the following assumptions:

| | LTIP – EBITDA Options | LTIP – Share Price Options | SAYE |
|---|---|---|---|
| Option pricing model used | Binomial option model | Monte Carlo simulation | Binomial option model |
| Weighted average share price at grant date (£) | 0.053 | 0.053 | 0.055 |
| Exercise price (£) | – | – | 0.05 |
| Expiry date | July 2030 | July 2030 | February 2027 |
| Expected volatility | 44.9% | 44.9% | 43.4% |
| Expected dividend yield | 0.0% | 0.0% | 0.0% |
| Risk-free interest rate | 4.72% | 4.72% | 4.72% |



## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 20. Leases

All property leases are accounted for by recognising a right-of-use asset and a lease liability, with depreciation and interest expense being charged to the consolidated income statement.

Right-of-use assets are recognised at the commencement date of the lease and they are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment.

At the commencement date of the lease, lease liabilities are measured at the present value of lease payments to be made over the lease term. The Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

| Consolidation statement | 2023 | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Depreciation expense | **(176)** | (168) |
| **Operating Profit** | **(176)** | (168) |
| Finance Costs | **(2)** | (25) |
| **Profit before Tax** | **(178)** | (193) |

| Consolidated statement of financial position | Right-of-use assets | Lease liabilities |
|---|---|---|
| | **£'000** | **£'000** |
| **As at 1 January 2022** | 442 | (498) |
| Additions | 34 | (34) |
| Disposals | – | – |
| Depreciation expense | (168) | – |
| Interest expense | – | (26) |
| Payments | – | 200 |
| **At 31 December 2022** | 308 | (358) |
| Additions | – | – |
| Disposals | – | – |
| Depreciation expense | (176) | – |
| Interest expense | – | (2) |
| Payments | – | 241 |
| **At 31 December 2023** | **132** | **(119)** |

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 20. Leases (continued)

| Impact on consolidated statement of financial position | 2023 | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Right-of-use assets | **132** | 308 |
| **Total Assets** | **132** | 308 |
| Lease liabilities – less than one year | **(111)** | (203) |
| Lease liabilities – more than one year | **(8)** | (155) |
| **Total Liabilities** | **(119)** | (358) |
| **Equity** | **13** | (50) |

### 21. Pension Costs

The Group operates several defined contribution pension schemes for the business. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Group to the funds and amounted to £217,000 (2022: £192,000). At the year end £22,000 of contributions were outstanding (2022: £14,000).

### 22. Related Party Transactions

The following transactions were carried out with related parties:

**Key management compensation:**

Key management includes Executive and Non-Executive Directors. The compensation paid or payable to the directors can be found in the Directors' Remuneration Report on pages 25–27.

### 23. Contingent Liability

The Company is a member of the Norman Broadbent plc Group VAT scheme. As such it is jointly accountable for the combined VAT liability of the Group. The total VAT outstanding in the Group at the year end was £192,000 (2022: £123,000).



# Officers & Professional Advisors

## BOARD OF DIRECTORS

**PETER SEARLE**
Group Chair

**KEVIN DAVIDSON**
Group CEO

**MEHR MALIK**
Group CFO

**JON KEMPSTER**
Non-Executive Director

**DEVYANI VAISHAMPAYAN**
Non-Executive Director

## COMPANY SECRETARY

**MEHR MALIK**

## REGISTERED OFFICE

Millbank Tower
21–24 Millbank
London SW1P 4QP

## COMPANY NUMBER

00318267

## NOMINATED ADVISER & BROKER

Shore Capital and Corporate Limited &
Shore Capital Stockbrokers Limited
Cassini House
57 St James's Street
London SW1A 1LD

## REGISTRARS

Link Group
Central Square
10th Floor
29 Wellington Street
Leeds LS1 4DL

## AUDITORS

Kreston Reeves LLP
168 Shoreditch High Street
London E1 6RA

NORMAN
BROADBENT

enquires@normanbroadbent.com

44 (0) 20 7484 0000

normanbroadbent.com

NB