Empresaria

Empresaria Group plc Annual report and accounts **2023**

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Highlights

Financial

Net fee income
£57.5m
2022: £65.4m

Adjusted net debt
£11.1m
2022: £7.9m

Adjusted profit before tax
£3.5m
2022: £9.0m

Profit before tax
£0.1m
2022: £7.6m

Adjusted, diluted earnings per share
0.6p
2022: 8.8p

Diluted loss per share
5.9p
2022: earnings 6.7p

Operational

February 2023
- Empresaria awarded top 10 in the 'Top 100 Staffing Firms to work for in 2023'.

August 2023
- Our lead Professional brand, LMA Recruitment, launched in the US.

October 2023
- Our CEO, Rhona Driggs, recognised by SIA in the 2023 list of the most influential European staffing leaders for the fourth consecutive year.

November 2023
- Consolidation of our UK marketing brand, Ball & Hoolahan, into our lead global Professional brand, LMA Recruitment.
- Our CEO, Rhona Driggs, recognised in the SIA Global Power 150 Women in Staffing for the eighth consecutive year.
- Closure of our Vietnam operation.

For definition of terms:
See glossary on page 101

Cautionary statement
The sole purpose and use of this annual report is to provide information to the shareholders of the Company, as a body, to assist them in exercising their governance rights. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. This annual report contains certain forward-looking statements with respect to the operations, performance and the financial position of the Company and the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this annual report and nothing in this annual report should be construed as a profit forecast.

Our purpose is to positively impact the lives of people, while delivering exceptional talent to our clients globally.

Chair's statement

"Well positioned to benefit as and when market conditions improve."

Penny Freer
Chair

2023 performance

2023 was a challenging year for the Group with adverse macroeconomic conditions persisting throughout the year and impacting all our regions. Despite this there were some positive performances; it was particularly pleasing to see our Offshore Services operation continue to demonstrate its strength and resilience, growing both net fee income and profits.

People

As a result of market conditions in 2023, we significantly reduced our costs and, as part of this, our headcount across the Group.

I want to acknowledge and thank all of our teams for their hard work and dedication during what has been a challenging period. Their perseverance and determination stood out, and it is our people that will enable us to return to growth and deliver on our potential.

Dividend

The Board has reviewed the dividend in line with the 2023 results and the current trading environment. For the year ended 31 December 2023 we are proposing a dividend of 1.0p per share, reduced from 1.4p in the prior year. This reflects the Board's confidence in the Group's medium-term prospects while acknowledging the lower level of profit in 2023. Subject to shareholder approval at the Annual General Meeting, the dividend will be paid on 13 June 2024 to shareholders on the register on 24 May 2024.

Outlook

The challenging economic environment has continued into 2024 and the outlook remains uncertain. We are, however, confident that the actions we have taken, and continue to take, to simplify our leadership and operational structures and create focus around our core operations, alongside the strength of our Offshore Services offering, leave us well positioned to benefit as and when market conditions improve and will enable us to realise the growth potential of the Group.

Penny Freer
Chair
25 March 2024

At a glance

Who we are

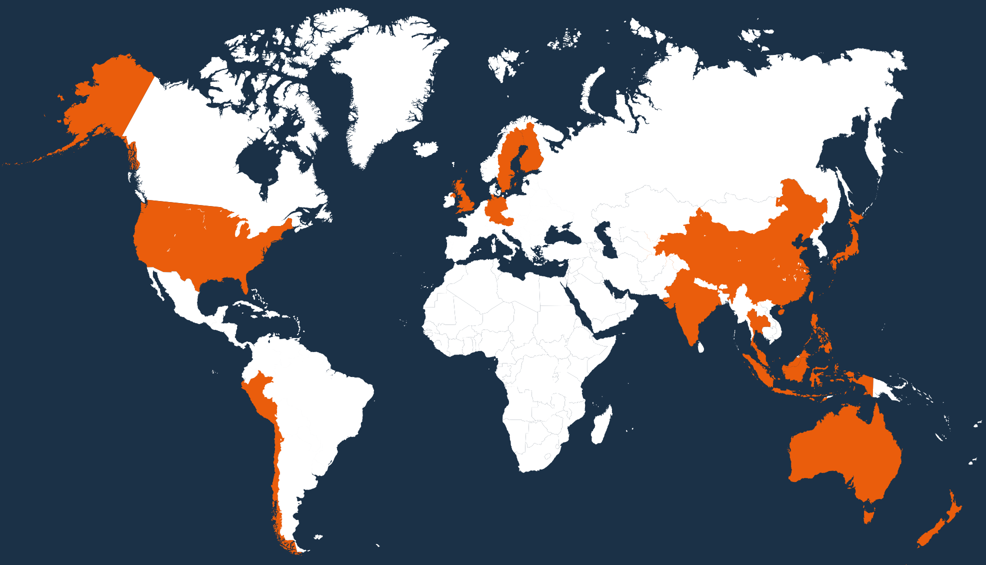
Founded in 1996, Empresaria is a global specialist staffing group operating across six diversified sectors in 18 countries and placing candidates in many more. We are driven by our purpose to positively impact the lives of people, while delivering exceptional talent to our clients globally. We are listed on the AIM market of the London Stock Exchange.

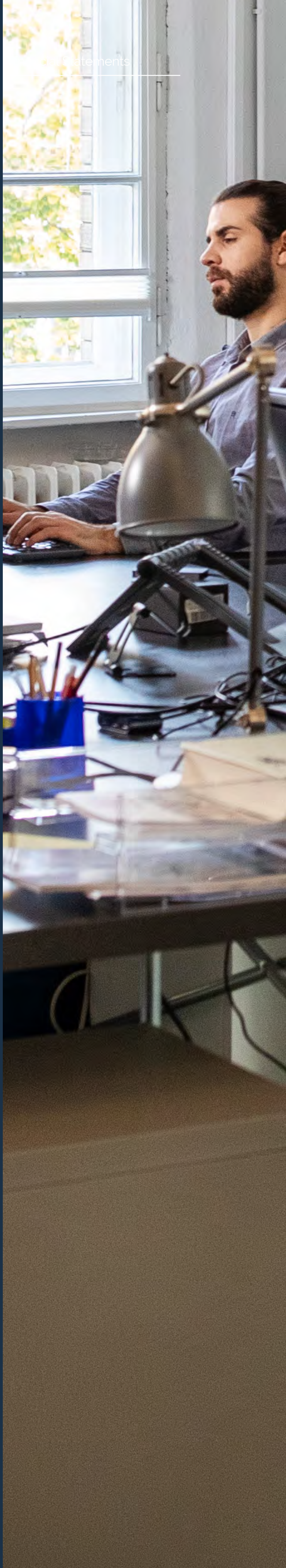
We have expertise in
6 sectors

and operate from
18 countries

across
4 regions

Our footprint





Our expertise covers six key sectors:

- Professional
- IT
- Healthcare
- Property, Construction & Engineering
- Commercial
- Offshore Services

Our diversified model

Our diversified business model, by geography, sector and service, creates a proven ability to offset risks and challenges in one area with opportunities and growth elsewhere.

Service type

% of net fee income

	2023	2022
Permanent	**29%**	34%
Temporary and contract	**49%**	48%
Offshore services	**22%**	18%

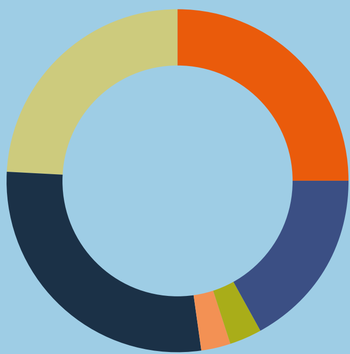
Region

% of net fee income

	2023	2022
UK & Europe	**43%**	43%
APAC	**23%**	24%
Americas	**10%**	13%
Offshore Services	**24%**	20%

Sector

% of net fee income



	2023	2022
Professional	**25%**	28%
IT	**17%**	19%
Healthcare	**3%**	5%
Property, Construction & Engineering	**3%**	3%
Commercial	**28%**	25%
Offshore Services	**24%**	20%

Investment case

Our diversification by sector and geography, our differentiating Offshore Services sector, alongside our focussed strategy and Roadmap to £20m, create a unique and compelling investment case.

Diversified operations

For more information:
See pages 18 to 22

Empresaria is diversified by geography, sector and service, creating a proven ability to offset risks and challenges in one area with opportunities and growth elsewhere.

Permanent, temporary and contract, and offshore services across

6 sectors **18** countries **4** regions

Offshore Services differentiator

For more information:
See pages 7 and 21

Our Offshore Services offering is unique among our peers.

We see great opportunity for growth through increased market penetration and diversifying our services.

Offshore Services

32%

net fee income compound annual growth rate since 2017

Resilient financing structure

For more information:
See pages 24 to 27

Our borrowing requirements are strongly linked to working capital and in the event of a downturn working capital unwinds and our net debt reduces.

Facility headroom (excluding invoice financing)

£17.8m

(2022: £17.9m)

Experienced Board

For more information:
See pages 38 and 39

Our experienced Board have a strong track record in the staffing industry.

Board staffing industry experience

>100

years

Roadmap to £20m

For more information:
See pages 13 and 14

Our Roadmap to £20m is focussed on delivering organic growth across three main pillars underpinned by our investment in people, technology and process.

£20m

medium-term adjusted operating profit ambition

Case Study

Offshore Services: A resilient business model

With continued demand for offshore recruitment services in both the UK and US (see current market conditions on page 9), our Offshore Services operation saw strong year-on-year growth in 2023 despite challenging market conditions across the staffing sector. Recruitment businesses more than ever before are looking to streamline their operations and improve efficiency and productivity in order to remain competitive and ensure long term sustainability.

Servicing primarily the UK and US markets, our Offshore Services operation (delivered through our IMS brand) provides staffing and recruitment businesses with a number of different but complementary solutions.

Our service offering includes:

IMS People Possible provides tailor-made offshore recruitment services to recruitment companies. This ranges from full-cycle recruitment, headhunting and passive searches, to CV sourcing, compliance requirements, database regeneration, job postings and CV formatting. This modular approach means our clients offshore all or part of the recruitment process depending on their requirements.

IMS Decimal provides outsourced accounting payroll solutions to the recruitment sector. In 2023 IMS Decimal delivered strong growth as uncertain market conditions pushed clients to take action on their cost base and outsource elements of their back office.

IMS nHance is a new service that was fully launched in 2023 and provides offshore marketing solutions to small and medium sized recruitment firms. Following an initial pilot in 2022 with two key clients, an additional five clients were onboarded in 2023 as recruitment leaders looked to enhance their marketing capabilities without adding permanent headcount.

IMS's diversity of client base across the healthcare, IT, light industrial and professional staffing sectors, coupled with their range of services and agile approach ensures they remain resilient through different market cycles allowing for continued growth.

IMS's attention to detail and quality, their client centric focus, and investment in training have been the pillars of their ongoing success. Their agile approach means clients can scale their operations up and down as needed and at speed, which is increasingly important during periods of market turbulence. This has ensured IMS have built long term trusted partnerships with their clients. In addition, the ability to offshore key functions like accounting, payroll and marketing creates great cost savings for clients and a reduced reliance on permanent onshore headcounts while increasing our client penetration.

Current market conditions

Staffing market forecasts

In November 2023, Staffing Industry Analysts (SIA) projected the global staffing market would contract by 2% in 2023, following growth of 5% in 2022. For 2024, they forecast modest global growth of 4% but suggest there will be variances from market to market.

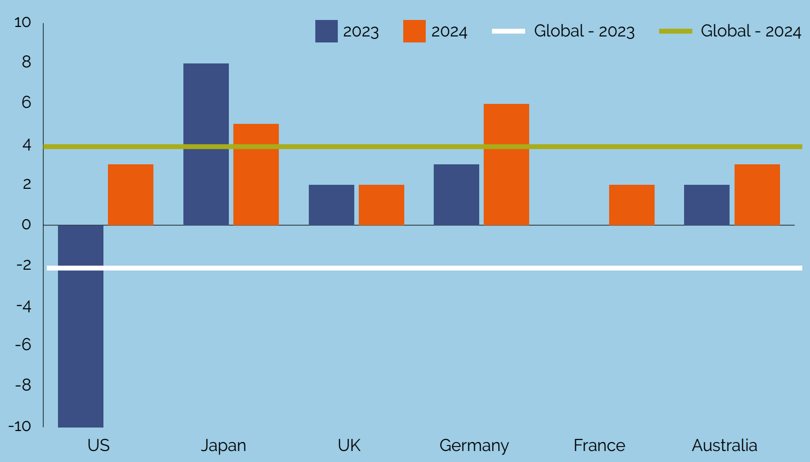
In our regions, within UK & Europe, the UK is forecast to grow by 2% in 2024, while Germany is forecast to grow 6%. In APAC, Japan and Singapore are forecast to grow 5%, Australia by 3%, and three of our other markets in the region are expected to grow by double digits.

Growth in the Americas is forecast to be modest with 3% for the US.

SIA identifies the top six staffing markets, which together make up 69% of the global staffing market, as the US, UK, Germany, Japan, France and Australia. We have a presence in five of these and they accounted for 53% of our net fee income in 2023. However, it is only in the US that we deliver all of our three core sectors (IT, Professional, and Healthcare) leaving opportunities to increase penetration in the UK, Germany, Japan and Australia.

SIA staffing market growth forecasts (November 2023)

6 largest markets



Continued rise in demand for offshore recruitment services

A survey by Staffing Industry Analysts found that in the US 47% and in the UK 46% of staffing companies use or intend to use offshore recruitment services in the next 12 months.

In the UK, 46% of those using or intending to use offshore recruitment services plan to use more services compared to only 15% who would look to use less. In the US, 45% intended to use more compared to only 11% who intend to use less.

Organisations are clearly seeing the cost efficiency and delivery benefits an offshore recruitment services provider can offer and are looking to maximise their usage. As one of the leading players in this sector we are well positioned to benefit from this demand.

AI & automation continue to gain pace

While AI is not a new phenomenon, the increased availability of tools like ChatGPT in 2023 saw AI continually hitting the headlines, not least due to its perceived impact on jobs and the workplace. While the full impact of AI is still relatively unknown, it is becoming increasingly apparent that it will be the organisations and employees who embrace AI tools who will thrive in the new world of work.

In our recent global candidate survey of more than 5,600 workers, we found that 24% of employees were already using AI tools as a part of their everyday job and a further 35% used AI tools from time to time to enhance their work. When asked how they saw AI impacting the future of work in their industry, 55% of workers said AI will enhance human capacity and create job opportunities. This is compared to a smaller group of 34% who thought it would disrupt their industry leading to potential job losses. Only the remaining 11% felt AI would have minimal to no impact on their industry.

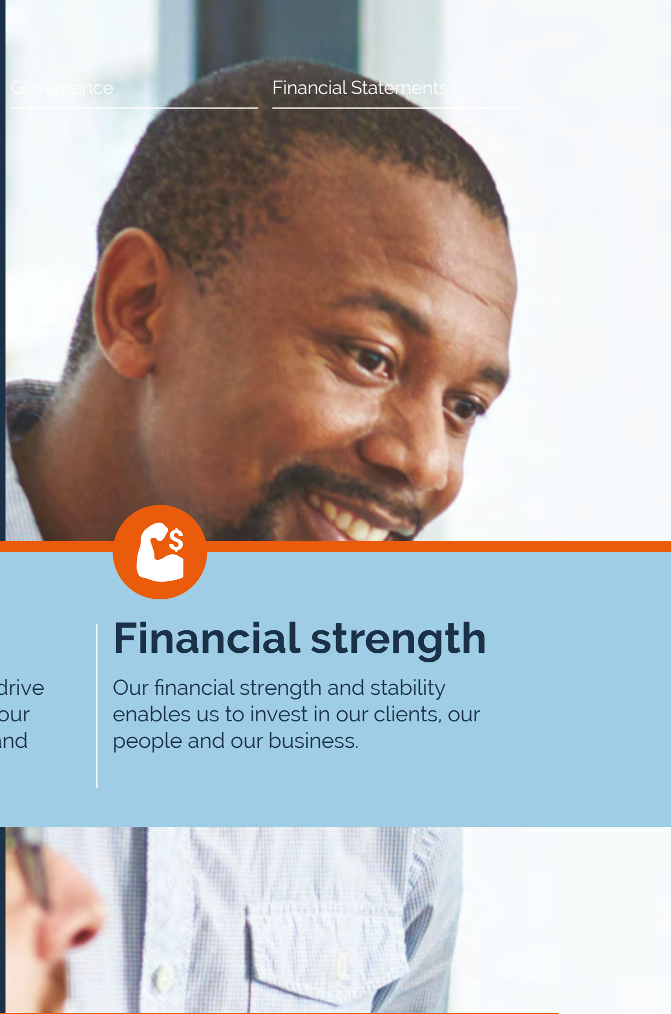
While the benefits of AI seem clear, especially in terms of productivity and efficiency gains, companies are approaching it with caution and for good reason. When asked about their concerns of the growing integration of AI in the workplace, the greatest concerns for employees were privacy & data security risks (51%) followed by over reliance and reduced human capacity (47%) and job displacement (46%).

Within our industry we are already seeing many examples of how AI & automation can increase efficiency and enhance the candidate experience. For example, content generation tools are making job descriptions more relevant and attracting a wider pool of candidates, while job matching and sourcing tools are making recruiters more efficient. At Empresaria we have been using automation tools effectively for many years and in 2023 alone saved over 84,000 hours through automating tasks and communications. Through our technology partners we are also leveraging a number of AI powered tools and we expect these to become increasingly built into our day-to-day technology.

Global skills mismatch

Despite ongoing economic and geopolitical uncertainty, the easing of labour markets in some geographies has done little to subdue the challenges associated with skill scarcity felt by many organisations across the globe. With the increase in green jobs and technology advancing at rates never seen before the skills needed continue to evolve at pace. The supply of talent is failing to keep up with the demand from companies as they look to enhance their capabilities and add much needed digital skills to their workforce.

At Empresaria our core businesses operate within the IT, Professional and Healthcare sectors which continue to see some of the greatest skill shortages. Our delivery centres of excellence have deep sector expertise and are focussed on finding and engaging talent, building talent communities and ensuring we understand the long term capabilities and motivations of individuals. This coupled with our global database and powerful analytics tools ensure speed and quality are combined.



Our business model

Our resources

People

Our people are our greatest asset. We invest in our employees and provide our candidates with outstanding service and career opportunities.

Clients

Client relationships built on trust drive our success. We seek to provide our clients with the best experience and talent in the marketplace.

Financial strength

Our financial strength and stability enables us to invest in our clients, our people and our business.

Our approach

Our values

Innovation
Collaboration
Accountability
Responsibility
Excellence

Multi-branded with focussed sector-driven approach

The Group operates in six sectors, targeting different segments of the market with different brands. Each has in-depth knowledge and expertise in their specific market.

Diversified by geography and sector

Our diversification across six sectors and 18 countries in four regions helps mitigate economic and political risks as well as provide opportunities to drive organic growth.

Range of staffing services

The Group has three main service lines: permanent recruitment, temporary and contract recruitment, and offshore services. We have a bias towards temporary and contract recruitment as it is generally more stable through the economic cycle.

Specialist sales and delivery teams

The Group operates a '180 degree' operating model, separating its sales and delivery functions into separate specialised teams in order to deliver the best and most efficient service to clients and candidates and create meaningful career opportunities for our people.

Empowered and supported leadership

The Group empowers its leaders as experts in the markets in which they operate. The support structures we have put in place enable our businesses to maximise their potential for success.

Delivered through our strategy

For more information: **See page 15**

Stakeholder engagement

For more information: **See pages 32, 33 and 41**

Brand reputation

Our brands are experts in their markets and sectors and have long-standing client relationships.

Global network

Our brands operate from 18 countries across the world and service many more from hub locations.

Technology

Our technology enables us to connect with clients and candidates quickly and effectively.

Delivering long-term value

We look to generate long-term value for all our stakeholders

Our people

Our culture and values allow our employees and candidates to develop and flourish so they can realise their potential and achieve their career goals.

Our clients

We deliver exceptional talent and creative solutions to our clients globally, enabling them to deliver on their own strategies and objectives.

Our communities

Our purpose is to positively impact the lives of people. We make direct social and economic contributions in the countries we operate in. We are engaged in supporting local community and charitable organisations. We also contribute to the local economy through tax payments and use of local suppliers.

Our investors

We aim to deliver sustainable returns for investors through growing earnings per share and dividends. Our strong cash flow allows us to invest in our businesses to grow our profits into the future.

Chief Executive's Q&A

Q&A
with CEO
Rhona Driggs

Rhona Driggs
Chief Executive Officer

"We are focussed on simplifying how we operate to reduce complexity, creating greater opportunities for cross selling across our core sectors."

Q

How would you summarise 2023?

A

2023 was a challenging year as adverse market conditions persisted across the staffing sector and, as a result, we experienced declining demand across all of our regions.

The most significant impact was on permanent recruitment as clients deferred hiring decisions and candidates were less confident about moving roles. The slowing of the global IT staffing sector and Healthcare in the US also affected our temporary and contract business.

Our Offshore Services sector delivered year-on-year growth despite the challenging market conditions in the US which was more than offset by demand in Healthcare in the UK.

I am proud of our team and the resilience they demonstrated in navigating these difficult market conditions.

Q

What were the actions you took in response to these challenges?

A

Throughout 2023 we took clear action to control costs and, as a result, our headcount, excluding Offshore Services, reduced by 17% over the course of the year. We are focussed on simplifying how we operate to reduce complexity, creating greater opportunities for cross selling across our core sectors. We have streamlined our leadership structure and brought our core sector businesses under a single leader in key markets such as the UK and the US. This will allow us to maximise our opportunities for cross selling across our core sectors and we have also been able to reduce the size of our senior management team, without impacting collaboration across the Group.

We also accelerated the roll out of our '180 operating model', in markets that had not already adopted it, separating our sales and delivery functions into specialised teams. This model creates greater focus for both our clients and candidates and will improve productivity, enhance the candidate and client experience, and create greater career opportunities for our staff. This transition is largely complete in our core sectors and markets.

As part of our focus on core sectors and markets, we took steps to streamline some of our operations to offer a more succinct go to market proposition for our clients. We merged our UK marketing brand into our lead Professional brand enabling us to offer marketing recruitment services seamlessly across a wider client base. We also took the decision to close our loss-making Vietnam operation. We are continuing to review the sub-sectors and markets in which the Group operates. We have identified four of our smaller operations, in either markets or sectors where we do not plan to invest, that we will exit during 2024. These would not have a material impact on the net fee income or profits of the Group but would continue the process of simplification and focus.

Q

Can you update us on your strategic progress?

A

We have been on a transformative journey, transitioning from a large collection of disconnected brands to a more cohesive group with a common purpose, strategy, and values, supported by centralised functions.

Over the past year we have made good progress on our three key pillars for growth.

Our first pillar is focussed on our core sectors of Professional, IT and Healthcare in key markets where we see the greatest opportunity for growth. As mentioned, we have brought these core sectors under a single leader in each country to ensure we are positioned to capitalise when the market recovers. These changes will help accelerate our growth, cross sell our services more effectively to our existing client base, and create a greater value proposition for new clients.

Our growth ambition is largely built on organic activity. We recently launched our lead Professional recruitment brand in the US enabling us to provide a wider range of services to our well established client base in IT and Healthcare. We continue to review acquisition opportunities as they arise but will only consider future acquisitions in our core sectors and key markets, and only when timing and circumstances are right.

In our second pillar we are focussed on diversifying our service offering to clients, building strategic partnerships and cross selling our recruitment services to our client base. We have seen good progress with offering RPO solutions to our clients in Asia, in particular the Philippines (see case study on page 23), and in the UK we became strategic partners to several large MSP programmes for which we are leveraging our offshore delivery engine.

Our third pillar is to deliver continued growth in Offshore Services. We are pleased to have been able to deliver growth in both net fee income and profits in 2023, despite the adverse market conditions. We have also made good progress in increasing penetration of our clients through our diversified service offering. Accounting and finance support services are now 10% of our net fee income and we have had a good initial response to our marketing solutions offering.

Our strategy is underpinned by investment in technology, people and process. We have continued to enhance our technology platforms with all but one of our core sector businesses now on our global front office system. Our global database gives our delivery teams access to a wider set of candidates and allows our sales teams to more effectively identify cross selling opportunities. In 2023 we piloted a data analytics tool which will further drive productivity and we rolled this out across our core sectors at the start of 2024. In addition, our use of automation to support our candidate communications and compliance has meant that we have replaced 84,000 hours of manual tasks, reducing the administrative burden on our consultants while enhancing the candidate experience.

Our people are our most important asset, and we continue to invest in their development. Last year we launched our leadership development programme to equip our leaders with the skills and knowledge to drive growth and create a more sustainable business model for the future. We have also expanded our Top Talent Programme that was launched in Asia in 2022 to include the UK and Europe and this will be expanded further in 2024.

Q

How do you feel about your medium-term ambition?

A

In October 2022, we laid out the roadmap to deliver our ambition of achieving £20m of operating profit in the medium term. Despite the setback from market conditions in 2023, we continue to believe this is an achievable goal and we have made good progress on our key pillars for growth. As we progress through 2024, we will have a clearer picture of how the market is recovering and will provide updates on our progress.

Q

What is the outlook for 2024?

A

Market conditions remain challenging and are expected to continue to be throughout the first half of 2024. We are cautiously optimistic that we will see an improvement in market sentiment in the second half of the year. We are seeing some positive movement in overall activity levels with our more focussed approach to sales and delivery. We are confident that alongside this, the actions we have taken, and continue to take, to streamline our operations and focus on our core sectors will enable us to execute our strategy more quickly and effectively and realise our growth ambitions.

Rhona Driggs

Rhona Driggs
Chief Executive Officer
25 March 2024

Case Study

Developing a strategic partnership with L'Oréal in LATAM

Our operations in Chile have a long-standing relationship with the global beauty giant, L'Oréal and in 2023 were successful in securing their third renewal as a preferred partner. We are now the largest provider of recruitment and staffing services to L'Oréal in Chile. This partnership has grown consistently over the past three years as we continue to extend the services offered to L'Oréal from outsourcing and blue-collar staffing to now include both temporary and permanent professional staffing solutions with national coverage. In 2023 we had 70% more staff deployed than in 2020.

We are committed to working in partnership with L'Oréal to help them realise their strategic workforce goals and create a more inclusive and sustainable workforce for the future.

Strategic objectives

Strategic objective	2023 progress	2024 priorities
Build scale in our key markets and core sectors We are focussed on developing scale in our key markets and core sectors. We will do this by gaining additional market share with clients through cross selling efforts, providing them with services across sectors, skillsets and regions, as well as developing new service offerings to drive additional revenue streams.	• Launch of Professional in US under our lead Professional brand. • Merged our UK marketing brand into our lead Professional brand • Developed strategic partnerships on MSP programmes in the UK. • Streamlined leadership structures to bring all core sector operations under a single leader in each country. • Exited loss-making Vietnam operation.	• Alignment of German operations under a single leadership structure. • Embed UK and US operating structures and realise cross selling potential. • Rebuild US net fee income after a challenging 2023. • Targeted investment in sales teams.
Diversify our service offering to clients Providing a diversified service offering to clients will enable us to gain market share with our clients and to grow strategic relationships with large volume clients. A diverse revenue stream also creates a more stable revenue base and we aim to increase our temp to perm ratio (excluding offshore services) to 70:30 over time as part of this.	• Success in delivering project RPO services to clients in the Philippines. • Temp to perm ratio (excluding offshore services) improved to 63:37 reflecting the greater fall in permanent placement net fee income.	• Focus on expanding our success in RPO. • Target growth in temporary and contract which is expected to recover first as and when market conditions improve.
Increase productivity and efficiency Increasing our productivity and efficiency through investing in technology and our focussed operating models will enable us to deliver to clients and candidates more quickly and effectively.	• Common front office platform now in place in all bar one of our core sector operations. • Analytics tool for our front-office platform trialled. • Delivery centre created to service UK MSP clients. • Implementation of 180 model close to completion in core sector operations. • Staff productivity adversely impacted by market conditions.	• Full roll-out of analytics tool including training programme. • Training and awareness programmes to maximise benefit of our global database. • Completion of 180 model roll-out in all core sector operations. • Implement onboarding technology solution. • Continue to drive internal utilisation of our Offshore Services offering.
Continue to grow Offshore Services Our Offshore Services offering has been a major success story in recent years. We target continued growth of this operation alongside our traditional staffing operations.	• Continued to grow despite market conditions. • Continued to consolidate growth in UK Healthcare. • Strong growth in our accounting, finance and back-office services – now 10% of net fee income.	• Continued expansion of service offering. • Expand presence in US healthcare. • Sales focus to ensure that we capitalise on market recovery as and when this happens.

Key performance indicators

We measure progress against our objectives using the following performance measures.

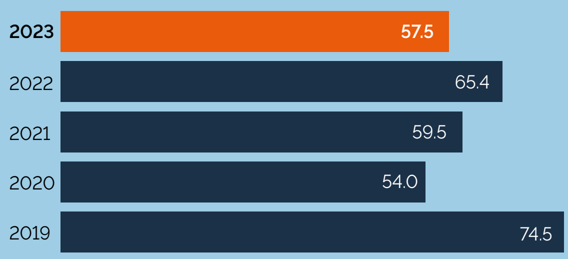
Strategic objectives

1. Build scale in our key markets and core sectors
2. Diversify our service offering to clients
3. Increase productivity and efficiency
4. Continue to grow Offshore Services

Net fee income

1 3 4

£57.5m



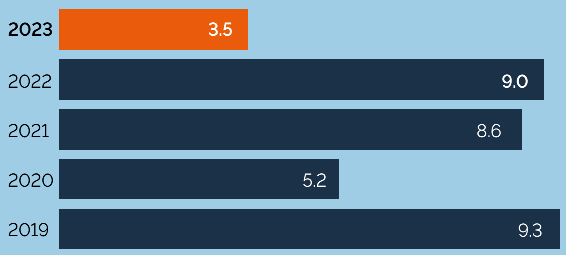
Why and how we measure
Net fee income is the Group's principal 'revenue' measure, incorporating permanent fees and the gross margin earned on temporary and contract workers, and offshore services.

How we have performed
Net fee income has reduced by 12% in 2023, reflecting challenging market conditions across our regions with Offshore Services the only one to deliver growth in the year.

Adjusted profit before tax

1 3 4

£3.5m



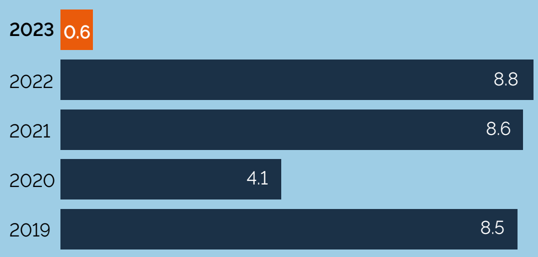
Why and how we measure
Adjusted profit before tax measures the Group's profit performance and is stated before amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items and fair value charges on acquisition of non-controlling shares.

How we have performed
Adjusted profit before tax has reduced by 61% in 2023, reflecting the fall in net fee income and higher net interest costs, partially offset by actions taken to reduce costs.

Adjusted, diluted earnings per share

1 3 4

0.6p

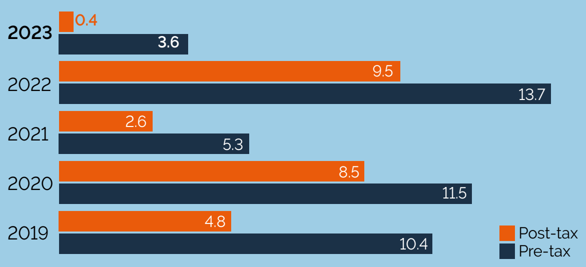


Why and how we measure
Adjusted, diluted earnings per share measures the underlying performance of the Group's earnings for its shareholders. Adjusted earnings is adjusted in the same manner as for adjusted profit before tax along with the related tax impacts.

How we have performed
Adjusted, diluted earnings per share has reduced 93% in 2023, reflecting the reduction in profits along with an increase in the proportion of those profits allocated to non-controlling interests.

Free cash flow

£0.4m



Why and how we measure

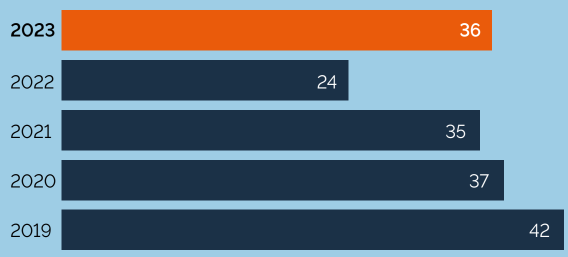
Free cash flow is the level of cash generated that is available for investment by the Group. It is calculated as net cash from operating activities per the cash flow statement, adjusted to exclude working capital movements related to cash held in respect of pilot bonds and after deducting payments made under lease agreements. As an international business tax cash flows can be volatile, so a pre-tax free cash flow figure is also presented.

How we have performed

In 2023 free cash flow has reduced, reflecting the reduction in profits.

Debt to debtors ratio

36%



Why and how we measure

The majority of the Group's debt is short term and matched against working capital requirements. The Group's debt to debtors ratio is calculated as adjusted net debt as a percentage of trade debtors. Adjusted net debt excludes cash held in respect of pilot bonds.

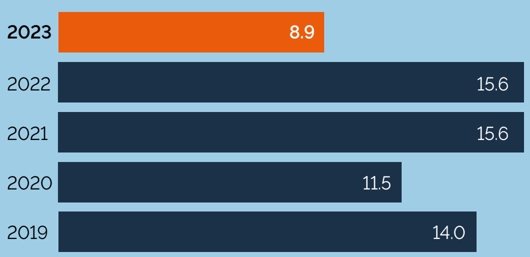
How we have performed

The Group's debt to debtors ratio has increased during the year, reflecting the increase in adjusted net debt. The Group continues to target a sustained reduction in the debt to debtors ratio to 25%.

Conversion ratio

3

8.9%



Why and how we measure

The conversion ratio measures how efficient we are at converting our net fee income to profit. It is calculated as adjusted operating profit as a percentage of net fee income.

How we have performed

The conversion ratio has reduced in the year, reflecting the fall in staff productivity and the impact of losses in certain operations which could not be offset by cost savings. We continue to focus on efficiencies and productivity in the business with the longer-term ambition of achieving a 20% conversion ratio.

Staff productivity

3

1.71x

Why and how we measure

Staff productivity measures how effective our staff are at delivering income for the Group. It is measured as total net fee income divided by total staff costs within administrative costs.

How we have performed

Staff productivity has reduced from the prior year, reflecting the impact of the more challenging trading conditions in 2023.

Operating review

UK & Europe

% of Group net fee income

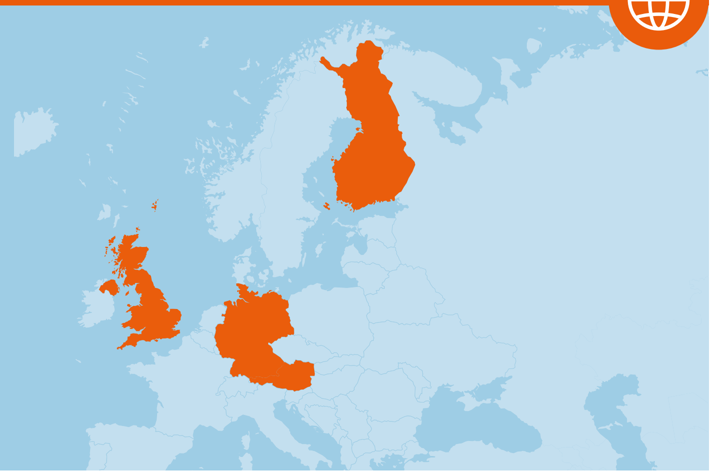
43%

Financials

£m	2023	2022
Revenue	116.8	124.9
Net fee income	24.9	28.4
Adjusted operating profit	3.0	4.7
% of Group net fee income	43%	43%
Average number of staff	247	272

Locations

- Austria
- Finland
- Germany
- UK



Net fee income by service

	2023	2022
Permanent	25%	32%
Temporary & contract	75%	68%

Net fee income by sector

	2023	2022
Professional	30%	36%
IT	11%	12%
Healthcare	3%	3%
PCE	5%	5%
Commercial	51%	44%

In UK & Europe, revenue reduced by 6% (8% in constant currency), net fee income reduced by 12% (13% in constant currency) and adjusted operating profit was down by 36% (38% in constant currency).

In the UK, net fee income reduced by 21% year-on-year with operating profit down by two-thirds. The fall in net fee income was primarily driven by a reduction in permanent hiring, which was down 30%, while temporary and contract net fee income was down 9%. Our largest sectors in the UK are IT and Professional and both saw significant reductions in net fee income with falls in demand seen across our client base. Towards the end of 2023 we brought our core operations in the UK under a single leader with a single management structure and we expect this to deliver significant benefits including through improving efficiency and increasing cross selling.

In Finland, our Healthcare business showed some improvements after a challenging 2022 with net fee income up 12% year on year. The operation recorded a small loss in the year but this was much reduced from the prior year.

In Germany, where our operations are focussed on the Commercial sector, we delivered a 2% decrease in net fee income, with profits down 8%. Our best performance came from our operation that supports maintenance activity for businesses associated with the automotive industry, which delivered strong growth in both net fee income and profits. Our logistics operation delivered 3% growth in net fee income but a 6% fall in profits reflecting inflationary pressures on its cost base. Our temporary staffing business has continued to deliver weaker results with falls in both net fee income and profits and a significant impact from strike actions at key clients in the latter part of the year.

Our operation in Austria is similar in nature to our temporary business in Germany and delivered solid results in the year with net fee income down 3%, but profits up 12%.

At the start of 2024 we brought our Commercial operations in Germany and Austria together under a single leader. This will create a more efficient structure and improve our ability to cross sell within and between these countries.

APAC

% of Group net fee income

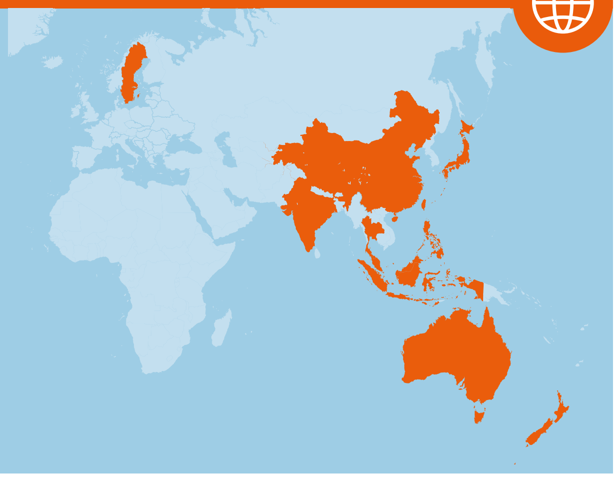
23%

Financials

£m	2023	2022
Revenue	51.9	49.9
Net fee income	13.6	15.8
Adjusted operating (loss)/profit	(0.8)	0.8
% of Group net fee income	23%	24%
Average number of staff	304	292

Locations

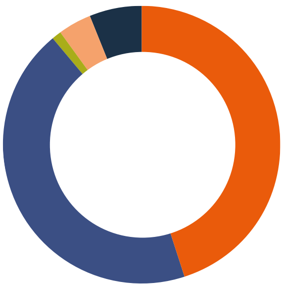
- Australia
- China
- Indonesia
- Japan
- Malaysia
- New Zealand
- Philippines
- Singapore
- Sweden
- Thailand



Net fee income by service

	2023	2022
Permanent	65%	65%
Temporary & contract	35%	35%

Net fee income by sector



	2023	2022
Professional	46%	47%
IT	44%	43%
Healthcare	1%	0%
PCE	4%	3%
Commercial	6%	7%

In our APAC region revenue increased by 4% (9% in constant currency) and net fee income reduced by 14% (10% in constant currency). Overall, the region delivered a loss of £0.8m.

Our IT operations were impacted by the global fall in IT demand and Japan, our largest contributor in the region, saw net fee income fall by almost a fifth. Reductions were seen across both permanent, and temporary and contract hiring with key clients significantly reducing hiring requirements and contractor headcount at the end of 2022.

In Australia, our operation is focussed on digital and creative roles within our Professional sector. Results in 2023 continued to be disappointing after a poor 2022, with further falls in net fee income and an increase in the level of losses. Further action has been taken on the cost base of this operation in order to look to eliminate these losses.

The Philippines performed strongly in the year delivering net fee income growth of 20%. We achieved a new record level of net fee income and had ongoing success from our project RPO offering which accounted for more than 40% of net fee income in the year. We are looking to replicate this RPO success across the region.

Our aviation operation, which has offices in New Zealand, Singapore and Sweden, started to show improvement in trading, particularly in the second half of the year, with net fee income up by a third on 2022. We have seen success in expanding our operation into other roles in the industry and in growing permanent placements alongside our traditional pilot leasing offering. Although this operation continues to generate losses, we are pleased to see these improvements in trading.

In Thailand, the election in the year created significant political uncertainty. This led to a significant drop in demand, particularly from our international clients, as they adopted a wait and see approach to hiring. As a result, both net fee income and profits fell significantly compared to 2022.

In Singapore, which generated a record level of net fee income in 2022, we had a much more challenging year. Net fee income was down a quarter with permanent placement down significantly, partially offset by some promising improvements in temporary and contract. With the strong 2022 performance, significant investment in headcount had been made in that year and despite actions taken in 2023, the higher cost base at the start of the year meant that this operation delivered a loss.

Elsewhere in the region, Indonesia and Malaysia saw significant reductions in demand and as a result net fee income and profits reduced year-on-year. We took the decision to close our loss-making Vietnam operation in October 2023 in line with our strategy of focussing on markets where we see the greatest opportunity for growth.

Operating review continued

Americas

% of Group net fee income

10%

Financials

£m	2023	2022
Revenue	**55.9**	62.7
Net fee income	**6.1**	8.7
Adjusted operating (loss)/profit	**(0.9)**	1.5
% of Group net fee income	**10%**	13%
Average number of staff	**131**	160

Locations

- Chile
- Peru
- USA

Net fee income by service

	2023	2022
Permanent	**26%**	32%
Temporary & contract	**74%**	68%

Net fee income by sector

	2023	2022
Professional	**15%**	11%
IT	**16%**	26%
Healthcare	**20%**	27%
PCE	**4%**	2%
Commercial	**45%**	34%

In the Americas, revenue fell by 11% (12% in constant currency) and net fee income fell by 30% (31% in constant currency). Overall, the region delivered a loss of £0.9m.

Our US operations were the main driver of these results with net fee income reducing by half from 2022. In the US we operate primarily in the IT and Healthcare sectors, both of which saw sharp falls in demand during the year. In IT we were impacted by a combination of the general decline in IT staffing demand, particularly for permanent staff, alongside the collapse of Silicon Valley Bank which impacted a large number of our clients. While we have made good progress in broadening our client base and expanding our temporary and contract opportunities, demand remains extremely subdued. Healthcare demand has also dropped significantly, with the elevated pay levels seen in the last few years also dropping back. In August 2023, we launched our lead Professional brand in the US, targeting our existing client base, and enabling us to deliver to all of our core sectors in one of our key markets. It is early days for this new offering and, as expected, it contributed a loss in its first months of trading.

Our operations in Chile, which are focussed on the Commercial sector, had a strong year with net fee income up by 11% and profits up by a quarter. We have seen good success in offering multiple services to our clients in order to increase client penetration. For a case study on our success in developing strategic partnerships see page 14.

In Peru, we have seen ongoing disruption following recent changes to outsourcing laws. As a result, net fee income and profits fell year-on-year. We are confident that these have now settled down and that this operation is well positioned to return to growth.

Offshore Services

% of Group net fee income

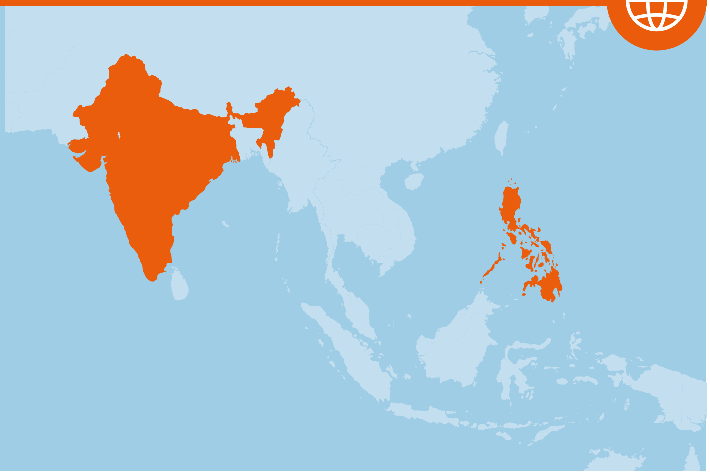
24%

Financials

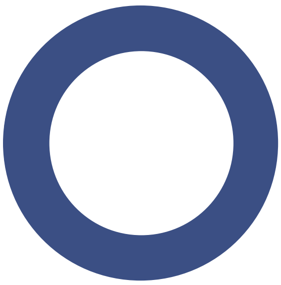
£m	2023	2022
Revenue	**26.9**	25.3
Net fee income	**14.0**	13.5
Adjusted operating profit	**7.5**	7.1
% of Group net fee income	**24%**	20%
Average number of staff	**2,565**	2,481

Locations

- India
- Philippines



Net fee income by service



	2023	2022
Temporary & contract	**0%**	3%
Offshore services	**100%**	97%

Offshore Services had a strong 2023, delivering year-on-year growth despite the wider market conditions. Revenue increased by 6% (13% in constant currency), net fee income increased by 4% (9% in constant currency) and profits were up 6% (12% in constant currency).

Our operations support the staffing sector, principally in the US and the UK, and provide any aspect of the end-to-end recruitment process alongside compliance, finance and accounting, and other services. Clients are predominantly third-party staffing companies, but this operation also plays an important role in supporting activity across the Group. We operate from two locations in India and one in the Philippines.

In the UK, demand from our healthcare clients remained strong for the majority of the year, albeit not showing the significant growth we have seen in the last two years. Towards the end of 2023 we saw some reduction as clients adjusted to lower demand from the NHS as it looks to manage its approach to agency spend.

In the US, in the first half of 2023 we saw a continuation of the reduction in demand that started in 2022. This was driven by the general weakness in US staffing, and particularly from IT recruiters which are the majority of our US clients. This stabilised in the second half of the year but has yet to show significant signs of a return to sustained growth. We remain confident that as and when conditions improve we will see an increase in demand and a return to growth.

For a case study on the resilience of Offshore Services **See page** 7.

Operating review continued

Sector summary

% of net fee income

	2023	2022
Professional	**25%**	28%
IT	**17%**	19%
Healthcare	**3%**	5%
Property, Construction & Engineering	**3%**	3%
Commercial	**28%**	25%
Offshore Services	**24%**	20%

Revenue and net fee income by sector

	Revenue		Net fee income	
£m	**2023**	2022	**2023**	2022
Professional	**59.7**	56.5	**14.6**	18.7
IT	**29.7**	34.1	**9.7**	12.6
Healthcare	**9.2**	17.6	**2.1**	3.2
Property, Construction & Engineering	**9.4**	9.2	**2.0**	2.2
Commercial	**117.4**	120.5	**16.2**	16.6
Offshore Services	**26.1**	24.9	**14.0**	13.1
Intragroup eliminations	**(1.2)**	(1.5)	**(1.1)**	(1.0)
Total	**250.3**	261.3	**57.5**	65.4

Professional saw good growth in temporary and contract revenue, particularly from our lower margin aviation contracts, which drove an overall increase in revenue of 6%. The significant fall in permanent placement activity, particularly across APAC and the UK, meant that overall net fee income was down 22% year-on-year.

In IT, revenue was down 13% and net fee income was down 23% reflecting the significant fall in global IT staffing demand.

Healthcare revenue was down 48%, with net fee income down 34%, driven by our US Healthcare operations as discussed in more detail on page 20.

Property, Construction & Engineering, showed a small improvement in revenue which was up 2% year-on-year with net fee income down 9%.

Our Commercial sector showed itself to be fairly resilient with revenue down 3% and net fee income down 2% with a strong performance in Chile partially offsetting weaker ones elsewhere.

Offshore Services performed strongly despite the market conditions as discussed in more detail on page 21.

Case Study

Diversifying our service offering: Recruitment Process Outsourcing (RPO) solutions in the Philippines

Aligned to our strategic objective to diversify our service offering, we are focussed on providing enhanced solutions to our clients across the globe. One great example of this is our operation in the Philippines where we have had increasing success in providing RPO Solutions to our clients. Our first RPO solution in the country was delivered in 2019 and we have continued to grow this service offering at pace and it now accounts for more than 40% of the country's net fee income. In 2023 we provided seven large multinational clients with bespoke RPO solutions.

One such client was the management consulting division of a leading global professional services firm who were experiencing accelerated growth in Manila. They needed to scale up their IT capabilities and were looking to hire high volumes of skilled IT professionals across Cyber Security, Cloud, Financial Crimes Unit, SAP, and Oracle.

The project ran from August 2022 until July 2023 with the objective to deliver comprehensive recruitment support for these strategically crucial roles until our client's own recruitment team was upskilled and able to manage the demand.

63

skilled IT professionals placed in 12 months

Our operations in the Philippines deployed four dedicated consultants who, over the 12-month period, successfully placed 63 highly skilled IT professionals.

Our Managing Director for the Philippines said of the partnership:

"The success of this project can be attributed to efficient delivery and our exceptional client relationship. This was evidenced by the project extension from an initial three months to a 12-month contract with extended scope. The collaborative efforts also crossed borders with a partnership with our counterparts in Malaysia resulting in an additional five placements."

Finance review

"The Group continues to have significant headroom in its financing facilities."

Tim Anderson
Chief Financial Officer

Revenue
£250.3m
2022: £261.3m

Net fee income
£57.5m
2022: £65.4m

Adjusted profit before tax
£3.5m
2022: £9.0m

Overview

The Group's 2023 results reflect tough market conditions with revenue down 4%, net fee income down 12% and adjusted operating profit down by 50%. Higher net interest costs due to the continued increase in base rates during the year are reflected in a 61% decrease in adjusted profit before tax and, when combined with a greater weighting of profit towards our non-controlling interests, a 93% decrease in adjusted, diluted earnings per share.

Our adjusted net debt has increased during the year to £11.1 million (2022: £7.9m). This increase was driven by adverse foreign exchange movements, a higher proportion of tax cash payments reflecting the impact of loss-making subsidiaries, and cash outflows in other areas such as capital expenditure and dividends. The reduction in net fee income did not result in a significant net working capital inflow in 2023 as working capital is primarily driven by revenue which fell by just 4% and much of the working capital impact of this reduction was realised at the end of 2022. The Group continues to have significant headroom in its financing facilities with £17.8m of headroom (excluding invoice financing) at 31 December 2023.

Income statement

Revenue decreased by 4% (4% in constant currency) with net fee income decreasing by 12% (11% in constant currency). The fall in net fee income reflects the revenue mix with net fee income from permanent placement down 25% and temporary and contract down 10% partially offset by a strong performance in offshore services which grew 8%. Staff productivity was impacted by the market conditions and although significant actions were taken to reduce costs, adjusted operating profit was down 50% from 2022.

A detailed analysis of the results by region is provided in the operating review on pages 18 to 22. Central costs reduced slightly to £3.7m (2022: £3.9m).

	2023 £m	2022 £m	% change	% change constant currency[2]
Revenue	**250.3**	261.3	-4%	-4%
Net fee income	**57.5**	65.4	-12%	-11%
Operating profit	**1.7**	8.8	-80%	
Adjusted operating profit[1]	**5.1**	10.2	-50%	-48%
Profit before tax	**0.1**	7.6	-99%	
Adjusted profit before tax[1]	**3.5**	9.0	-61%	
Diluted (loss)/earnings per share	**(5.9)p**	6.7p	-188%	
Adjusted, diluted earnings per share[1]	**0.6p**	8.8p	-93%	

[1] Adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items, fair value charges on acquisition of non-controlling shares and, in the case of earnings, any related tax. See note 11 for a reconciliation between profit before tax and adjusted profit before tax.

[2] The constant currency movement is calculated by translating the 2022 results at the 2023 exchange rates.

Adjusted profit before tax decreased by 61% to £3.5m reflecting the reduction in adjusted operating profit and an increased net interest cost due to the impact of higher interest rates. The reported profit before tax of £0.1m (2022: £7.6m) additionally reflects amortisation of intangible assets identified in business combinations of £1.2m (2022: £1.4m), a charge for impairment of goodwill of £1.5m (2022: £nil), exceptional items of £0.6m (2022: £nil) and a fair value charge on acquisition of non-controlling shares of £0.1m (2022: £nil).

The impairment of goodwill was in our UK & Europe region and reflects recent poor results in our operations in the Healthcare, and Property, Construction & Engineering sectors and a more pessimistic view on the time frame for these to improve. Further details are provided in note 14.

Exceptional items reflect the costs of closing our Vietnam operation in the second half of 2023 (£0.3m), along with the costs associated with making changes to the Group's senior management (£0.3m) as discussed in more detail in the Chief Executive's Q&A on pages 12 and 13.

The total tax charge for the year is £1.4m (2022: £2.8m) which, due to the low level of profit before tax, does not result in a meaningful effective tax rate (2022: 37%). On an adjusted basis, the effective rate is 46% (2022: 34%). The effective tax rate is higher than the underlying tax rates due to a number of factors, including:

- expenses not deductible for tax purposes (£0.1m);
- withholding taxes, dividend taxes, and deferred tax liabilities on unremitted earnings in respect of our overseas operations (£0.4m); and
- deferred tax assets not recognised for certain tax losses around the Group (£0.9m),

partially offset by:

- expenses with enhanced deductions for tax purposes (£0.1m); and
- the recognition of prior year losses (£0.3m).

Adjusted, diluted earnings per share decreased by 93% to 0.6p. This reflects the decrease in adjusted profit before tax and an increase in the proportion of profits allocated to non-controlling interests due to the strong performance in our Offshore Services operation where there is a 28% non-controlling interest. Reported diluted earnings per share decreased to a loss of 5.9p reflecting the above and the impact of impairment charges and exceptional items in the year.

Balance sheet

	2023 £m	2022 £m
Goodwill and other intangible assets	**36.6**	40.1
Trade and other receivables	**44.7**	46.7
Cash and cash equivalents	**17.1**	22.3
Right-of-use assets	**6.4**	7.5
Other assets	**8.1**	7.2
Total assets	**112.9**	123.8
Trade and other payables	**(31.5)**	(33.3)
Borrowings	**(27.9)**	(29.6)
Lease liabilities	**(6.9)**	(7.9)
Other liabilities	**(3.7)**	(4.0)
Total liabilities	**(70.0)**	(74.8)
Net assets	**42.9**	49.0

Goodwill and other intangible assets arise from the investments and acquisitions the Group has made. At 31 December 2023 the balance was £36.6m (2022: £40.1m) with the movement in 2023 due to £1.4m of amortisation of intangible assets (2022: £1.6m), foreign exchange losses of £1.0m (2022: gains of £1.8m), impairment charges of £1.5m (2022: £nil) and additions of £0.4m (2022: £0.1m).

Trade and other receivables include trade receivables of £31.0m (2022: £33.3m) with the decrease from 2022 reflecting the trading performance and mix. Average debtor days for the Group in 2023 reduced to 41 (2022: 45), with debtor days at 31 December 2023 of 41 (2022: 43). The income statement includes a charge of £0.3m (2022: £nil) in respect of impairment losses on trade receivables.

Cash and borrowings are discussed in the financing section below.

Cash flow

The Group is typically highly cash generative with an historically strong correlation between pre-tax profits and cash flows. The Group measures its free cash flow as a key performance indicator and defines this as net cash from operating activities per the cash flow statement, excluding cash flows related to pilot bond liabilities (see financing section below) and after deducting payments made under lease agreements.

	2023 £m	2022 £m
Net cash inflow from operating activities per cash flow statement	**5.5**	14.7
Remove cash flows related to pilot bonds	**0.3**	0.1
Deduct payments under lease agreements	**(5.4)**	(5.3)
Free cash flow	**0.4**	9.5
Taxation	**3.2**	4.2
Free cash flow (pre-tax)	**3.6**	13.7

Free cash flow in 2023 was significantly lower than 2022, with the largest drivers being the reduction in profits and a large working capital inflow of £3.5m in 2022 compared to a £0.1m working capital inflow in 2023 (both excluding pilot bonds). The Group also presents a pre-tax free cash flow measure as tax payments in a global business can be volatile.

Finance review continued

The Group utilised its free cash flow as follows:

	2023 £m	2022 £m
Free cash flow	**0.4**	9.5
Purchase of shares in existing subsidiaries	**(0.1)**	(0.1)
Purchase of property, plant and equipment, and software	**(1.4)**	(2.1)
Dividends paid to owners of Empresaria Group plc	**(0.7)**	(0.6)
Dividends paid to non-controlling interests	**(0.9)**	(0.4)
Purchase of own shares in Employee Benefit Trust	**(0.3)**	(0.3)
Other items	**(0.2)**	0.1
(Increase)/decrease in adjusted net debt	**(3.2)**	6.1

Purchase of property, plant and equipment, and software of £1.4m includes ongoing investments in the office, IT and infrastructure of our Offshore Services operation. Spend is much reduced from 2022 reflecting the lower levels of headcount growth. Dividends paid to our shareholders were £0.7m (2022: £0.6m) reflecting the increased dividend paid in the year. The Group has continued to purchase Empresaria shares, transferring these into the Employee Benefit Trust to satisfy future share option exercises and these purchases totalled £0.3m in 2023 (2022: £0.3m). Dividends paid to non-controlling interests were £0.9m (2022: £0.4m) with the increase reflecting the growth of Offshore Services.

Financing

The Group's treasury function is managed centrally and the Group's financial risk management policies are set out in note 23.

	2023 £m	2022 £m
Cash and cash equivalents	**17.1**	22.3
Pilot bonds	**(0.3)**	(0.6)
Adjusted cash	**16.8**	21.7
Overdrafts	**(15.2)**	(17.1)
Invoice financing	**(3.2)**	(3.5)
Bank loans	**(9.5)**	(9.0)
Total borrowings	**(27.9)**	(29.6)
Adjusted net debt	**(11.1)**	(7.9)

Adjusted net debt at 31 December 2023 increased to £11.1m (2022: £7.9m) reflecting the cash flows discussed above. Adjusted net debt excludes cash of £0.3m (2022: £0.6m) held to match pilot bonds within our aviation business. Where required by the client, pilot bonds are taken at the start of the pilot's contract and are repayable to the pilot or the client during the course of the contract or if it ends early. There is no legal restriction over this cash, but given the requirement to repay it over a three-year period and that to hold these is a client requirement, we exclude cash equal to the amount of the bonds when calculating our adjusted net debt measure. Movements in the level of bonds have no impact on our adjusted net debt measure.

During 2023, the month-end average adjusted net debt position was £8.3m (2022: £11.0m) with a month end high of £11.1m at 31 December (2022: £16.1m at 28 February) and a month end low of £6.2m at 31 January (2022: £7.9m at 31 December).

Our debt to debtors ratio (adjusted net debt as a percentage of trade receivables) has increased to 36% (2022: 24%) reflecting the increase in adjusted net debt. We continue to target a sustained debt to debtors position of 25%.

Total borrowings were £27.9m (2022: £29.6m) being bank overdrafts of £15.2m (2022: £17.1m), invoice financing of £3.2m (2022: £3.5m) and bank loans of £9.5m (2022: £9.0m). The Group's borrowings are principally held to fund working capital requirements and are mainly due within one year. As at 31 December 2023, £9.2m of borrowings are shown as non-current (2022: £0.5m) with the increase reflecting the revolving credit facility which was refinanced in March 2023 (see note 19).

The Group maintains a range of facilities to manage its working capital and financing requirements. At 31 December 2023 the Group had facilities totalling £50.8m (2022: £54.8m).

	2023 £m	2022 £m
UK facilities		
Overdrafts	**10.0**	10.0
Revolving credit facility	**15.0**	15.0
Invoice financing facility	**7.5**	10.0
Total UK facilities	**32.5**	35.0
Continental Europe facilities	**12.1**	12.4
APAC facilities	**1.8**	2.3
Americas facilities	**4.4**	5.1
	50.8	54.8
Undrawn facilities (excluding invoice financing)	**17.8**	17.9

Undrawn facilities have remained at a high level with improved cash efficiency offsetting the increase in adjusted net debt.

Covenants are tested on a quarterly basis in respect of the revolving credit facility and all covenants were met during the year. The covenants, and our performance against them at 31 December 2023, are as follows:

Covenant	Target	Actual
Net debt: EBITDA	<2.5 times	1.2
Interest cover	>4.0 times	5.2

Management equity

As highlighted in previous annual reports, the Group has moved away from issuing second generation equity schemes for incoming subsidiary management and has put in place appropriate alternative incentive schemes. Existing shareholdings and commitments remain in place and continue to be reflected in these accounts.

There is no legal obligation on the Group to acquire the shares held by management at any time. Further information is provided in note 27.

During the year the Group acquired shares from management for total consideration of £0.1m. Further details are provided in note 6.

Dividend

During the year, the Group paid a dividend of 1.4p per share in respect of the year ended 31 December 2022. For the year ended 31 December 2023, the Board is proposing a dividend of 1.0p per share. Subject to shareholder approval at the Annual General Meeting, the dividend will be paid on 13 June 2024 to shareholders on the register on 24 May 2024.

Going concern

The Board has undertaken a recent and thorough review of the Group's budget, forecasts and associated risks and sensitivities. Given the latest forecasts and early trading performance, the Group is expected to be able to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these accounts. As a result, the going concern basis continues to be appropriate in preparing the financial statements. Further details on going concern are found in note 1.

Tim Anderson
Chief Financial Officer
25 March 2024

Risks and uncertainties

The Board has ultimate responsibility for establishing the Group's appetite for risk and for effective risk management across the Group. The risk management process followed by the Board is designed to improve the likelihood of delivering against the Group's strategy, protect the interests of shareholders and other stakeholders, improve the quality of decision making and help safeguard our assets. We have an established process for identifying and monitoring the key operational and strategic risks in the Group. The risk management process incorporates a risk appetite policy and a Group risk register.

Risk appetite

The Board wishes to minimise the exposure to risks but accepts and recognises that a trade-off exists between risk and reward in delivering our strategy. The risk appetite has been reviewed and approved by the Board and is presented as part of the annual budgeting process.

The Board has set a number of internal targets that frame its appetite for risk, with boundaries defining the limits the Group should operate within and trigger points to help monitor and identify where there is an increased risk of reaching those boundaries.

Risk register

The Group's risk register is regularly reviewed at Board meetings with risks added, amended or removed as appropriate and actions updated. The Group's risk register is prepared based on individual business risk registers which are updated during the annual budget cycle and reviewed regularly during the year. The Audit Committee oversees the internal and financial control frameworks to help mitigate risk.

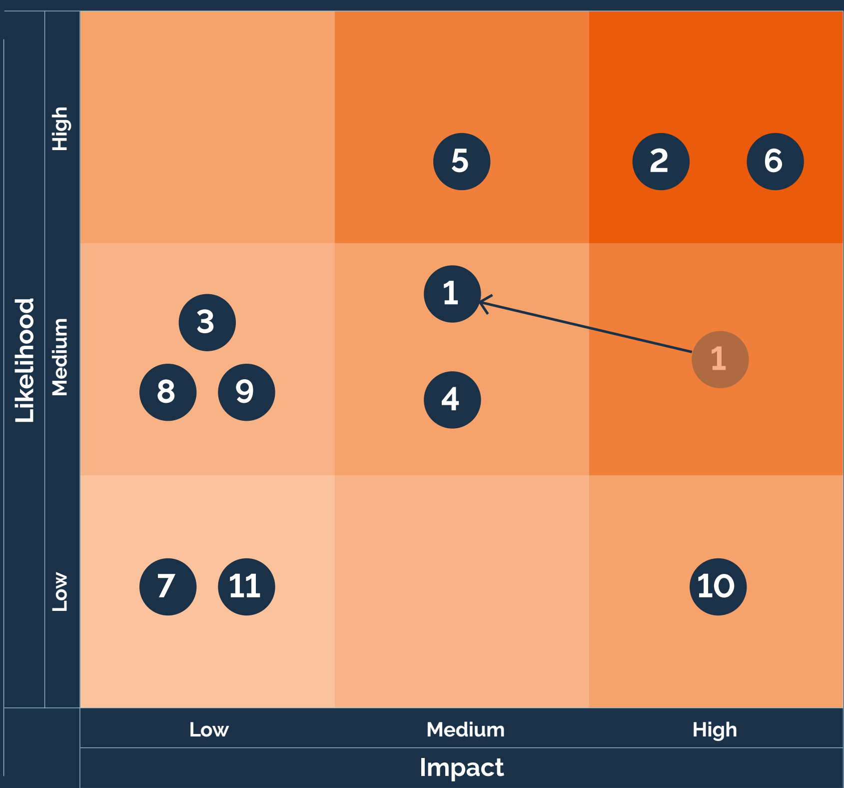
Control environment

The Group operates a system of internal controls which includes but is not limited to: a clear delegated authority to operational management; formal risk appraisals through the annual budget process; a comprehensive financial reporting system; investment and capital expenditure approval processes; and self-certification by operating company management of compliance with controls and the Group's policies and procedures. Day-to-day risk management is the responsibility of operational management.

The risk management process identified a number of risks across the Group, as detailed in the chart below. The principal risks that are most likely to affect business operations, and hence the financial results and delivery of strategy, are explained in more detail in the following pages. In 2023, Technology was separated out as a specific risk and included in the principal risk analysis. The investments poorly executed risk has been removed from the principal risks reflecting its current risk assessment.

Risk matrix chart

1. Political and social changes
2. Economic environment
3. Loss of key staff
4. Technology
5. Financial
6. Cyber security and data protection
7. Management capacity
8. Competition
9. Exposure to key clients
10. Payments to temporary workers
11. Investments poorly executed



1

Political and social change

Risks	Change in risk profile	How we mitigate the risk
The Group's businesses are subject to legislation, regulation and changes in political sentiment in their markets. This particularly impacts temporary recruitment, which is regulated to protect the rights of workers, and developing staffing markets where new regulations are introduced as the market develops. Any changes to labour regulations, tax laws or political views on the staffing industry could have an impact on how we operate and on the financial performance of the Group. If local laws and regulations are not followed it could lead to sanctions being taken against the business, including penalties, fines and licences being revoked.	In Thailand, elections in the year created some political uncertainty with the result that our clients adopted a wait and see approach to hiring. This had an adverse impact on our operations there although this was not material in a Group context. The ongoing war in Ukraine continues not to have a significant impact on the Group. We do not have operations in Ukraine or Russia and while we had seen some impacts on client supply chains in 2022, particularly in Germany, these have now largely been resolved. There remains an ongoing impact on our UK based domestic services business which no longer works with sanctioned Russian clients.	The Group closely monitors the legal and regulatory environment in all our markets. The Group has membership of many local industry associations and we use professional advisers with local knowledge and understanding of the relevant laws and labour regulations to ensure we are compliant. We are experts in our markets, which helps us to respond effectively to changes in legislation, as well as making it easier to attract candidates because of our reputation and knowledge. Our business model, with diversification across sectors and geographies, helps us mitigate the negative impacts from political and social changes.

2

Economic environment

Risks	Change in risk profile	How we mitigate the risk
The performance of staffing businesses has historically shown a strong correlation with the performance of the economies in which they operate. An economic slowdown will impact on the demand for recruitment services and could reduce the Group's profits.	Adverse economic conditions have persisted through most of 2023 with low GDP growth and higher levels of inflation for most of the year. However, most of the markets in which we operated avoided going into recession. Unemployment rates in the majority of our markets remain at relatively low levels and skills shortages persist. The weaker economic environment was reflected in the performance of the staffing market with the total global market expected to have shrunk by 2% in 2023 and the US market expected to have shrunk by 10% (see current market conditions on page 8).	While a global economic downturn impacts all businesses, the Group's business model and strategy helps mitigate the impact from an economic downturn in any one market: • Diversification across sectors and geographies. • Developing and scaling our leading brands will create businesses that are more robust and have greater ability to withstand economic downturns. • Bias towards temporary and contract recruitment which is typically less volatile than permanent recruitment during the economic cycle.

Risks and uncertainties continued

3

Loss of key staff

Risks	Change in risk profile −	How we mitigate the risk
The Group's success relies on recruiting and retaining key staff. The loss of a key staff member without a suitable successor in place could impact trading and profitability. The choice of the wrong manager for a business could lead to sub-optimal decision-making and losing ground to competitors or failing to operate procedures properly and so being at risk of reputational damage or penalties.	The Group has streamlined its leadership structure, bringing its core sectors under a single leader in each country we operate in. Having a single, common structure across our core sectors will create improved career paths for our teams and allows for more succession planning opportunities. These changes have enabled the Group to reduce the size of its senior management team without adversely impacting collaboration or the running of the Group.	Our operating structures are being aligned across all our core sectors. This creates opportunities for career progression both within and between operations, as well as allowing for improved succession planning. Appropriate incentive plans are aligned with the Group's objectives with long-term incentives in place for senior leadership.

4

Technology

Risks	Change in risk profile NEW	How we mitigate the risk
Technology impacts both how we operate and the nature of the roles we are looking to fill. A failure to invest in technology can lead to a competitive disadvantage, and inefficient or costly processes. Technology impacts both the roles at our existing clients and the pool of clients themselves. A failure to understand how technology is impacting the wider world of work may lead to missed opportunities in new areas, a lack of understanding of how roles have changed, or the failure to identify opportunities to replace roles which technology eliminates. Artificial Intelligence in its various forms is impacting and is expected to continue impacting both of these areas. A failure to understand or respond to this could exacerbate the impacts above.	We are continuing to invest in implementing a common front-office platform and complementary technology across our core operations. This will help improve the Group's competitiveness and is expected to deliver significant benefits. There is now only one of our core sector businesses not on this platform. In late 2023 we trialled an analytics tool for our front office platform which will give all our users improved data metrics and insights which help increase our efficiency and effectiveness. This tool was rolled out to all Bullhorn users in early 2024.	The Group builds strong partnerships with its key technology providers in order to ensure we are well placed to benefit from developments in existing and new products. The Group has a dedicated central IT function, focussed on the IT strategy of the Group, and supported by operational expertise. This team continually reviews new products and ideas as they arise. Our individual operations are experts in the sectors they support and ensure that they keep abreast of the latest developments.

5

Financial

Risks	Change in risk profile −	How we mitigate the risk
The Group uses debt to fund the working capital and investment requirements of the business. If the Group was unable to secure funding at required levels it could be unable to take advantage of opportunities for growth or could be forced to dispose of parts of the business to repay debt. Any increase in interest rates will increase costs and so reduce profit. Operating from 18 countries, the Group is exposed to movements in foreign currency exchange rates. Movements in exchange rates impact the reporting of the Group's profits and may impact the value of cash and other assets around the Group.	The Group has remained fully compliant with all its covenants in the period and continues to have significant facility headroom. Base rates continued to rise through the first part of 2023 which led to a further increase in the Group's interest cost. Although rates look to have peaked, the full year effect of the increases will not be seen until 2024. As well as reducing profits, this lowers the Group's interest cover which is a key banking covenant. The Group has sufficient headroom against these covenants and based on current forecasts expects to continue to do so. Sterling exchange rates remained volatile during 2023 and foreign currency movements have had a mixed impact on the reporting of the Group's revenue, profits and net assets from overseas operations in 2023.	The Group finances its operations through its operating cash flows, bank borrowings and issuing new equity. Treasury management is led by the Group finance team, who manage and monitor funding requirements and maintain the Group's key banking relationships. The Group is exposed to movements in interest rates. We do not currently hedge this exposure but monitor movements in the relevant rates to be able to react if they move adversely. Approximately 80% of the Group's business is based outside the UK, resulting in exposure to movements in exchange rates on translation of overseas operations. The Group does not currently hedge this risk as there is to some degree a natural hedge from our geographical diversification. Intragroup balances are hedged where possible, using cash or overdraft balances to act as a natural currency hedge. A limited number of forward contracts are used to hedge trading currency risks for our operation in India which derives almost all of its revenue from outside of India.

6

Cyber security and data protection

Risks	Change in risk profile −	How we mitigate the risk
The risk of cyber-attacks is an ever present one. A successful breach could lead to the loss of sensitive data, damage to our reputation, business disruption or the loss of commercially sensitive information. With stringent regulatory environments around data protection there is a risk of failing to comply with regulations, leading to fines and damage to brand reputation.	The move to a single front-office system increases the potential impact from a cyber security or data breach but increases the Group's ability to reduce the likelihood. The Group has been working with a third-party data protection advisory service, including provision of a formal data protection officer role, which is continuing to improve the identification and reduction of any exposures and the controls and policies around this.	We have policies in place to safeguard assets and data within the Group. We have placed an increased emphasis on cyber security with greater oversight and training to ensure we meet a minimum standard of security. As we invest further in technology, we will also continue to invest in ensuring our cyber security measures and policies keep pace and reflect the changes in the Group. The Group operates in, or places candidates in, a large number of jurisdictions, each with their own data protection requirements. Group data protection policies create a high level of compliance with individual operations required to enhance these for any specific local requirements. The Group engages with a third-party data protection officer service to help ensure and monitor compliance.

Engaging with our stakeholders

Stakeholder	How we engage
Our employees	Creating a positive culture where all of our employees can thrive is key to the success of our business. This is focussed on ensuring we are attracting top talent, driving continuous learning and development, and creating meaningful career opportunities for our people. In 2023 we undertook several training and talent development programmes aimed at equipping our leaders and future leaders with the skills they need to succeed in the ever changing world of work. Staying connected and engaging our teams across the globe is a key priority for the Group. We drove global collaboration through: • In person Global leadership conference and quarterly leadership events; • CEO Chats; • Networking, health and wellbeing events; • In person and online training events; • Top Talent programmes; and • Sharing of cultural events. Diverse teams drive successful business results, and we are proud of the diversity we have at Empresaria. We carry out a regular DE&I survey to ensure we are creating an inclusive workplace where everyone can flourish.
Our candidates	Our clients rely on us being able to attract and engage talent with the skill sets they need to make their organisation thrive. Talent shortages remained prevalent in many sectors and markets in 2023 and building engaged talent communities was a key priority. Our delivery teams create a positive experience for those who trust us with their careers, either being placed in a permanent role or a temporary assignment with one of our clients. Regular communication and engagement is critical, and we engage with our candidates in a number of ways: through direct contact from our consultants; through our brand websites, technology portals and social media channels; through community engagement; and through in person events. By building trust and strong relationships we go beyond the transactional to become a long-term career partner.
Our clients	By putting our clients at the heart of everything we do we build deep, long-term relationships with them. Our success is built on their success, and we can only achieve this by acting as a partner and trusted adviser. With our streamlined management structure and focus on offering a diversified set of services, we are better able to better meet our clients' needs whether that is through cross selling our sector expertise or delivering new solutions.
Our communities	Across the Group, our operations and their teams work with local communities and charities to positively impact the lives of those who need support. Each business targets specific organisations that reflect the needs of those communities. Further details are provided on page 33.
Our shareholders	We engage with shareholders to maintain a mutual understanding of objectives, the achievement of those objectives and to manage expectations. Relations with shareholders and potential investors are managed principally by the Executive Directors, who are contactable both directly and via our joint brokers and our financial PR adviser. The Executive Directors make regular presentations to investors, meet with shareholders to discuss and obtain their views, present to the wider investor community using the Investor Meet Company platform and proactively communicate during the year. The annual and interim presentations made to investors are made available on the Company's website. The Company also retains a financial PR adviser, joint house brokers and equity research analysts, who each provide feedback from existing shareholders and potential investors.

Contributing to communities

Our purpose of positively impacting the lives of people extends beyond our recruitment activity. We are committed to having a positive impact on the communities in which we operate as well as supporting emergency appeals for those in need of urgent support.

In 2023, the Group donated £5,000 to the Disasters Emergency Committee (DEC) to support relief efforts following the devastating earthquakes in Turkey and Syria. Our employees also rallied behind the cause and raised more than £1,200 which the Group matched bringing our total donation to £7,436.

Across the globe our teams are regularly involved in activities that provide help, support or money to good causes in their local communities. Examples of activity across the Group in 2023 include:

- **In the UK** we held a number of coffee mornings raising money for Macmillan Cancer Support. Six of our staff also took part in a Tough Mudder event raising funds for AbilityNet.
- **In Chile** we donated to a children's charity that provides shelter to children in need across the country.
- **In Germany** we made donations to youth sports and sports institutions who we have been supporters of for many years.
- **In India** we supported a number of causes through our People Possible Foundation, including:
    - **Winter Jacket Distribution:** Through this initiative 2,500 winter jackets were distributed to underprivileged individuals in Ahmedabad and Jaipur throughout the winter months.
    - **Clothes Donation Drive:** Thanks to staff donations, the Foundation distributed clothes to those in need, bringing comfort to 1,370 underprivileged lives in Ahmedabad and Jaipur.
    - **Back to School:** Our "Back to School Initiative" aims to make a difference in the lives of children. We have distributed 910 school kits to underprivileged kids, enabling them to embark on their educational journey.
- **In Indonesia** we participated in and donated to the Sahabat Anak weekly learning programme which is a children's community foundation that advocates for children's rights.
- **In the Philippines** we collaborated with IVolunteer and planted more than 200 seedlings in the mangrove area in Palanas, Batangas.

S172 statement

This statement sets out how the Board seeks to understand the views of the Company's key stakeholders and how their interests and the matters set out in section 172 of the UK Companies Act 2006 have been considered in Board discussions and decision-making.

During the year, the Directors consider that they have acted and made decisions in a way that would most likely promote the success of the Group for the benefit of its members as a whole, with particular regard for:

- the likely consequences of any decision in the long term: See strategic objectives on page 15, our business model on pages 10 and 11 and risks and uncertainties on pages 28 to 31;
- the interests of the Group's employees: See engaging with our stakeholders on page 32;
- the need to foster the Company's business relationships with suppliers, clients and others: See engaging with our stakeholders on page 32;
- the impact of the Company's operations on the community and environment: See engaging with our stakeholders on pages 32 and 33;
- the desirability of the Company maintaining a reputation for high standards of business conduct: See engaging with our stakeholders on page 32 and corporate governance statement on page 42; and
- the need to act fairly between members of the Company: See engaging with our stakeholders on page 32 and the corporate governance statement on page 41.

The principal decisions taken through the year are discussed in greater detail throughout the strategic report. These key decisions included:

- actions to reduce the Group's cost base in response to market conditions: See Chief Executive's Q&A on page 12;
- strategic review of the Group's activities: See Chief Executive's Q&A on pages 12 to 14;
- the closure of our operation in Vietnam: See Chief Executive's Q&A on page 12; and
- streamlining our leadership structure: See Chief Executive's Q&A on page 12.

Non-financial and sustainability information statement

This statement enables users of this annual report to understand the Company's development, performance and position, and the impact of its activity, on those matters set out in section 414CB of the Companies Act 2006.

Reporting requirement	Where addressed
Environmental matters	Environmental matters and climate-related financial disclosures See page 34
Employees	Engaging with our stakeholders See page 32 Directors' report See pages 50 and 51 Code of conduct See www.empresaria.com
Social matters	Engaging with our stakeholders See page 32 Contributing to our communities See page 33
Respect for human rights	Modern Slavery Statement See www.empresaria.com Code of conduct See www.empresaria.com
Anti-corruption and anti-bribery	Code of conduct See www.empresaria.com

Additional information can be found through the Strategic report on pages 1 to 34.

Environmental matters and climate-related financial disclosures

Our industry typically has a low environmental impact, however the Group is committed to minimising this impact as much as possible. Our 2023 initiatives included: participation in recycling programmes for office waste, use of green energy providers, reliance on electronic media for marketing and communications, including providing this annual report in electronic format unless requested otherwise, and the use of video conferencing to minimise travel as far as is practical.

The Group's activity is not directly impacted by climate-related risks and opportunities and so, as allowed for in the Companies Act 2006, has not provided the full disclosures under section 414CB as it does not believe these are necessary for an understanding of the Company's business. The Group considers climate related risks and opportunities as part of its normal risk management processes.

Climate change risks and opportunities do impact our existing and potential clients and the wider world of work and so indirectly this has the potential to impact the Group's activities as the nature of roles and organisations change and new ones emerge. The Group operates a number of specialist brands and our teams are experts in their fields. They keep abreast of developments whether caused by climate change, technology changes or other factors, ensuring that we are matching our activity to the current and future skillsets our clients need. In this way we ensure that we are identifying and responding to climate-related risks and opportunities as they arise.

Introduction to corporate governance

"The Board has continued to develop high standards of governance designed to support the long-term interests of our stakeholders."

Penny Freer
Chair

I am pleased to present an update on corporate governance for the year ended 31 December 2023. Strong and effective governance remains at the heart of the successful development and execution of our strategy. The addition of our new independent non-executive directors early in the year brought additional experience, depth and ideas within our governance framework. The strong collaborative ethos of the Board and its supportive governance structure has been invaluable in a year of considerable change for the Group amidst a challenging economic environment.

Introduction

As Chair, my role is to lead and guide the Board so that it can discharge its duties effectively. I am responsible for promoting best practice in corporate governance and for overseeing the development, adoption, delivery and communication of an effective corporate governance model for the Company. The Board collectively develops and determines the Group's purpose, strategy and overall commercial objectives. The Board ensures that the Group adopts policies and procedures that it considers appropriate having regard to its size and activities.

The Board is committed to ensuring that a strong governance framework operates throughout the Group, recognising that good corporate governance is a vital component to support management in their delivery of the Group's strategic objectives and to operate a sustainable business for the benefit of all stakeholders. The process of identifying, developing and maintaining high standards of corporate governance is ongoing and dynamic, to reflect changes in the Group and its business, the composition of the Board and developments in corporate governance.

The QCA Code

The Board considers that the QCA corporate governance Code 2018 is most appropriate to the size of the Company, the regulatory framework that applies to AIM companies and is best aligned to the expectations of the Company's stakeholders. The Board considers that the Company does not depart from any of the principles of the QCA Code and the relevant disclosures and explanations are set out in this corporate governance statement. At the end of 2023, a third edition of the QCA Code was issued. This is being adopted and will be reported on in our next annual report. The Board anticipates that it will similarly consider that the Company does not depart from any of the principles of the 2023 edition of the QCA Code.

The QCA's ten principles of corporate governance

Deliver growth

1. Establish a strategy and business model which promote long-term value for shareholders.	✓	For more information: **See pages 10, 11 and 15**
2. Seek to understand and meet shareholder needs and expectations.	✓	For more information: **See pages 32 and 41**
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.	✓	For more information: **See pages 32 and 33**
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.	✓	For more information: **See pages 28 to 31**

Maintain a dynamic management framework

5. Maintain the board as a well-functioning, balanced team led by the chair.	✓	For more information: **See pages 36 to 43**
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.	✓	For more information: **See pages 36 to 43**
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.	✓	For more information: **See pages 41 to 42**
8. Promote a corporate culture that is based on ethical values and behaviours.	✓	For more information: **See pages 2, 10, 11, 32, 33 and 40**
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.	✓	For more information: **See pages 28 to 31 and 33**

Build trust

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	✓	For more information: **See pages 32 and 40 to 42**

Board of Directors and Secretary

Committee membership

- Committee Chair
- A Audit Committee
- R Remuneration Committee
- N Nomination Committee

Penny Freer

Chair

N

Appointed: December 2005

Skills and experience:
Penny was appointed Interim Chair of the Board in June 2022 and Chair in March 2023. Penny has worked in investment banking for over 25 years. Until 2004 Penny was Head of Equity Capital Markets at Robert W Baird and from 2004 to 2005, Deputy Chair of Robert W Baird Limited. Prior to this she was Head of Small/Mid Cap Equities for Credit Lyonnais. Penny is Chair of AP Ventures LLP and holds various other board appointments.

Other key external appointments:
Chair of The Henderson Smaller Companies Investment Trust plc and Non-Executive Director of Weir Group PLC.

Rhona Driggs

Chief Executive Officer

Appointed: November 2018

Skills and experience:
Rhona was appointed as Chief Executive Officer in June 2019 having previously served as Chief Operating Officer since November 2018. Rhona has over 30 years' experience working in international companies within the staffing sector and has a proven record of delivering growth and driving innovation. She has been recognised for the past eight consecutive years as one of the Staffing Industry Analysts' 'Global Power 150', a list of the Most Influential Women in Staffing' and was recognised in 2023, for the fourth consecutive year, as one of Europe's Top 100 most influential leaders in staffing. Rhona's most recent role before joining Empresaria was President of Volt Global Solutions, with responsibility for the Managed Services division. Prior to that, Rhona was Executive Vice President for the commercial and technical staffing operations in North America where she ran a $1.2 billion staffing business. She has an in-depth knowledge of the latest trends and operating models in the sector.

Other key external appointments:
None

Tim Anderson

Chief Financial Officer

Appointed: March 2018

Skills and experience:
Tim has over 20 years' post qualified experience working for listed and private equity backed businesses across a number of sectors. Tim joined Empresaria in 2018 from a leading cellular immunotherapy company, where he was Group Finance Director. Prior to this, Tim held a number of finance positions in three FTSE 100 businesses, covering all aspects of finance. Tim has a proven track record in developing the finance teams and structures of organisations with a focus on driving efficiencies, developing strong control frameworks and supporting strategic objectives. Tim has significant experience of mergers and acquisitions having worked for a number of acquisitive organisations. Tim is a member of the Institute of Chartered Accountants in England and Wales, after qualifying with KPMG.

Other key external appointments:
None

Zach Miles

Non-Executive Director

A R N

Appointed: October 2008

Skills and experience:
Zach has 30 years' experience working in the staffing sector, as a Finance Director, CEO and Chair. Before joining Empresaria, Zach held the position of Chair and Chief Executive Officer of Vedior N.V. until his retirement in September 2008. He was a member of the Board of Management from 1999, and Chair since February 2004. Before joining Vedior, Zach was CFO and a member of the Board of Directors of Select Appointments (Holdings) Plc. His career in the recruitment industry began in 1988. He was formerly a partner in the international accountancy firm Arthur Andersen and is a qualified Chartered Accountant.

Other key external appointments:
Chair of Bright Network (UK) Limited

Steve Bellamy

Non-Executive Director

A R N

Appointed: January 2023

Skills and experience:
Steve is a Chartered Accountant with extensive experience as a Chair and Non-Executive Director with a wide range of both public and private companies.
He is currently the Senior Independent Director at Caffyns PLC and prior, recent appointments include Non-Executive Director of Advanced Medical Solutions Group plc and Michelmersh Brick Holdings plc, and Chair of Becrypt Limited and Concirrus Limited. Steve was also formerly Chief Operating Officer and Finance Director of Sherwood International plc.

Other key external appointments:
Senior Independent Director of Caffyns PLC

Ranjit de Sousa

Non-Executive Director

A R N

Appointed: February 2023

Skills and experience:
Ranjit worked for The Adecco Group for 16 years and held a number of senior executive roles. His most recent appointment there was Global President of Lee Hecht Harrison where he delivered market leading growth rates and two consecutive years of record performance. Ranjit was also a Board Member of the World Employment Confederation. He is an advisor to various businesses, including in the work-tech sector, advising on strategic focus, growth acceleration and funding of ventures.

Other key external appointments:
None

James Chapman

General Counsel and Company Secretary

Appointed: June 2015

Skills and experience:
James is a practising solicitor with over 20 years' experience working with Empresaria. He qualified as a solicitor in 2001 with international legal practice Osborne Clarke, specialising in corporate finance (principally M&A, capital markets/IPO, fundraising and restructuring) and acting for a range of corporate and investment bank clients. James joined Empresaria in 2009 to establish the Group's in-house legal team and was appointed Company Secretary in June 2015. He manages the Group's in-house legal and company secretarial teams and is responsible for advising the Board on legal and governance matters.

Other key external appointments:
None

Corporate governance statement

The role and functioning of the Board

The Board is comprised of a Non-Executive Chair, two Executive Directors and three Non-Executive Directors. The Directors have a balance and depth of skills, experience, independence and knowledge of the Group and the staffing industry, which enables them to discharge their respective duties and responsibilities effectively.

The Board is collectively responsible for the long-term success of the Company. The Group's strategy, business model and annual budget are developed by the Chief Executive Officer and the Chief Financial Officer, and submitted for approval by the Board. The management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level. This strategy and business model, designed to promote long-term benefit for all stakeholders, including delivery of long-term value for shareholders, is described in the strategic report on pages 1 to 34 and on the Company's website.

The Company is controlled through the Board, which has established Committees for Audit, Remuneration and Nominations, to which it delegates clearly defined powers. The terms of reference for the Committees are reviewed annually. During the year, the terms of reference for all the Committees were reviewed and the Board was satisfied they remain fit for purpose. Each Committee's terms of reference can be found on the Company's website.

There is a formal schedule of matters reserved for consideration by the Board, which includes responsibility for the following:

- approval of overall strategy and objectives;
- approval of the annual budget and monitoring progress towards its achievement;
- changes to the Group's principal activities;
- changes to the senior management structure;
- changes to capital structure;
- approval of annual and interim financial statements;
- approval of related party transactions;
- approval of financing arrangements and treasury policy;
- approval of material investments and disposals;
- approval of material unbudgeted expenditure; and
- approval of significant Group policies.

These reserved matters are reviewed by the Board, at least annually, to ensure they remain appropriate and complete. In December 2023, the Board considered and made changes to the schedule of matters reserved for Board approval. The Board also reviews an approved schedule of operational matters, which are delegated to management of the operating subsidiaries. During the year, the Board reviewed the delegated authority and determined that it remained fit for purpose.

Non-Executive Directors are required to devote such time as is necessary for the proper performance of the duties of their office. The Executive Directors are full-time employees.

During the year, there was 100% eligible attendance at all meetings of the Board and Committees. The following table shows the number of meetings held during the year, the attendance of each Director and their full years in office at the forthcoming 2024 AGM:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Tenure
Penny Freer[1] (Non-Executive Director / Chair)	8/8	–	2/2	1/1	18 years
Zach Miles (Non-Executive Director)	8/8	5/5	4/4	1/1	15 years
Steve Bellamy[2] (Non-Executive Director)	8/8	5/5	4/4	1/1	1 year
Ranjit de Sousa[3] (Non-Executive Director)	7/7	5/5	4/4	1/1	1 year
Rhona Driggs (Chief Executive Officer)	8/8	–	–	–	5 years
Tim Anderson (Chief Financial Officer)	8/8	–	–	–	6 years

1 Interim Chair from 6 June 2022 and Chair from 27 March 2023; stepped down from Audit and Remuneration Committees on 16 January and 23 May 2023, respectively
2 Appointed on 16 January 2023
3 Appointed on 20 February 2023

Prior to the beginning of each year, Board and Committee meetings are scheduled in line with the key financial reporting dates. A document pack, comprising a full agenda and documents to be tabled, is distributed to all relevant Directors a week prior to each meeting. Any specific actions arising during meetings are agreed by the Board or Committee (as applicable) and a follow-up procedure monitors their completion. Monthly financial and operational reviews are distributed to the Board, irrespective of whether a scheduled meeting is to take place. This assists the Board to keep informed of developments on a regular basis.

All Officers are invited to submit items for discussion for each meeting agenda and time is also allocated at each meeting to discuss any other business, which all Officers are invited by the Chair to raise.

All Non-Executive Directors participate in strategy development and decisions required to implement actions to progress towards meeting the Group's objectives.

The Chair is responsible for the effective running of the Board and for ensuring that all Directors play a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives. The Chief Executive Officer's primary role is to deal with the running of the Group's business and executive management of the Group.

There is a clear division of responsibilities between the Chair and Chief Executive Officer, with no one individual having unfettered powers of decision. The Company Secretary, a solicitor since 2001, advises the Board and reports directly to the Chair on corporate governance matters, supports the Chair in the effective functioning of the Board and its Committees and facilitates the receipt by the Board of high quality information in a timely manner. He also heads up the Group's in-house legal team and advises the Board on legal and governance matters, helping to make sure that Board procedures and applicable rules and regulations are observed. The Directors are also able to take independent professional advice in the furtherance of their duties as necessary.

Engagement with shareholders

The Board seeks to engage with shareholders to maintain a mutual understanding of objectives between them and the Company and to manage their expectations. Relations with shareholders and potential investors are managed principally by the Executive Directors. Shareholders and potential investors are invited to ask questions at any time by emailing companysec@empresaria.com or via the Company's financial PR adviser by emailing empresaria@almastrategic.com. All shareholders are invited to attend the Company's Annual General Meeting and ask questions. In line with our commitment to maintaining effective communication structures for all sections of our shareholder base, the Executive Directors delivered online presentations, via the Investor Meet Company platform, to present our preliminary results in March 2023 and our interim results in August 2023. This platform allows for questions to be submitted both before and during the live presentation. The annual and interim presentations made to investors and a description of the Company's investment case, strategic objectives and business model are all made available on the Company's website. The Company retains a financial PR adviser and two joint house brokers who provide equity research analysis. They each provide feedback to the Board from existing shareholders and potential investors.

Stakeholders and social responsibilities

The Group's business model relies on developing and maintaining strong relationships with our employees, candidates, temporary workers, clients and regulatory authorities. The Board is conscious of its responsibility towards all stakeholders and believes this is an important consideration for the long-term growth of the business. Stakeholder engagement and feedback is taken seriously throughout the Group. Regular communication is made with all the Group companies and employees. The Group places considerable value on the involvement of our employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, information available on the Company's website and Workplace from Meta. The Group uses social media to engage directly with stakeholders through various channels, including Facebook, Workplace and LinkedIn. The Group also engages with regulators and government agencies, for example in response to consultations or proposals, both directly and through membership of worldwide trade associations.

Risk management

Risk management remains the responsibility of the Board. The Audit Committee has delegated responsibility to keep under review the adequacy and effectiveness of the Company's internal financial controls and the internal control and risk management system.

Risk management is reviewed at Board meetings as part of the formal Board process. The Board identifies and evaluates the significant risks faced by the Group in delivering the Group's strategy. The Board agrees how each risk is to be addressed and the necessary actions to be taken. Details of the principal risks identified are set out on pages 28 to 31.

The Audit Committee meets specifically to review the effectiveness of the Group's risk management and internal control systems and to review the risks identified and progress of actions taken to manage the risks. Following the review, progress and actions are reported to the Board.

Experience, skills and capabilities

Biographical details of each of the Company's Officers, detailing relevant experience, skills and capabilities, can be found on pages 38 to 39.

The Nomination Committee meets formally at least once a year to monitor and review the structure, size and composition of the Board and its Committees. It considers succession planning and makes recommendations to the Board for any appointments or other changes, to ensure that the right skills and expertise are maintained by the Company for effective management. All members of the Board participate in the recruitment of members to the Board. After a search led by the Nomination Committee, the Company announced the appointment of Steve Bellamy in January 2023 and Ranjit de Sousa in February 2023, as independent Non-Executive Directors. Steve is a Chartered Accountant with extensive experience as a Chair and Non-Executive Director with a wide range of both public and private companies across a range of industries. Ranjit has extensive experience in the staffing industry, with particular expertise in strategic and digital transformation.

The Directors determine the training requirements appropriate to their role and the needs of the Group. Directors attend relevant industry conferences and workshops throughout the year. The members of the Committees refresh their skills and knowledge by attending briefings and seminars and reviewing publications provided by various professional services firms and by audit and other regulatory bodies.

Board performance

Formal Executive Director performance evaluations are conducted annually in preparation for the review and approval of annual remuneration packages. Each Non-Executive Director's performance is evaluated as an outcome of the formal performance evaluations of the Committee(s) of which they are a member. Performance evaluations identify and record achievements, training requirements and areas for improvement in relation to annual objectives and performance of their respective roles, in

Corporate governance statement continued

order to consider effectiveness. Objectives for the forthcoming year are defined along with identification of how achievements will be met, target dates and details of resource constraints or issues to ensure that actions are planned and taken as a result of the evaluation process.

Promotion of corporate culture

The Company actively promotes integrity in its dealings with our employees, candidates, temporary workers, clients, suppliers and shareholders, and the authorities of the countries in which our brands operate. The Board recognises that the reputations of our brands are valuable assets gained over a long period and must be protected. The Group has a number of policies, including those for dealing with bribery, gifts, hospitality, corruption, fraud, tax evasion, modern slavery and inside information. The Board requires that all Group companies and employees adhere to the Empresaria Code of Conduct.

All employees must comply with the laws and regulations of the countries in which they operate and those responsible for the management of each operating subsidiary confirm to the Board annually their compliance with these and with the Group's policies and Code of Conduct. The Group's whistleblowing policy is publicised to all employees and an established anonymous whistleblowing system is in place. There are several methods by which employees may ask questions of and provide feedback directly to members of the Company's senior management and the Board.

Our operating subsidiaries are required to ensure that advertising and public communications avoid untruths or overstatements. They are also expected to build relationships with suppliers based on mutual trust and endeavour to pay suppliers on time and in accordance with agreed terms of business. The work of our Group-wide DE&I committee helps us shape the Group's approach to this critical area and we remain committed to ensure equal opportunities for all staff, at every level, throughout the Group.

Independence

The independence of all Non-Executive Directors is reviewed annually, with reference to their tenure, independence of character and judgement and whether any circumstances or relationships exist that could affect their judgement. The Board assesses what would be the most desirable number of Non-Executive Directors for the Board, having regard to the size of the Group, the scope of its operations and the efficient functioning of the Board and the executive management team. The Board looks at the manner in which the component parts of the Board function together, the skills and external experiences of the Non-Executive Directors, their involvement and insight in Board and Committee meetings and their ability to challenge management objectively. Having regard to all such considerations, the Board is of the view that Penny Freer and Zach Miles remain independent, notwithstanding their periods of tenure. The two new Non-Executive Directors appointed during the year serve on each of the Board Committees. In January 2023, Penny Freer stepped down from the Audit Committee on the appointment of Steve Bellamy. After the Company's AGM in May 2023, Penny Freer stepped down from the Remuneration Committee and Steve Bellamy replaced Zach Miles as Chair of the Audit Committee.

In accordance with the Companies Act 2006 and the Company's Articles of Association, each of the Directors has a duty to avoid a situation where they have, or might have, a direct or indirect interest that conflicts, or potentially may conflict, with the Company's interests. The Company has established procedures for the disclosure by Directors of any such conflicts for the Board to consider and, if appropriate, authorise. If such a conflict exists, the relevant Director is excused from consideration of the relevant matter. All additional external responsibilities taken on by Directors during the year were considered by the Board for any actual or potential conflicts that may arise. The Board is satisfied that the independence of the Directors who have additional external responsibilities is not compromised.

Section 172 statement:
See page 33

Governance structure

Board of Directors

Chair:	Penny Freer
Executive:	Rhona Driggs, Tim Anderson
Non-Executive:	Zach Miles, Steve Bellamy, Ranjit de Sousa
Secretary:	James Chapman

Responsible for protecting and advancing stakeholders' interests, providing overall direction for the Group and maintaining a framework of delegated authorities and controls.

Audit Committee

Audit Committee report:
See pages 44 to 45

Audit Committee

- Steve Bellamy (Chair)
- Zach Miles
- Ranjit de Sousa

Monitors and reviews the integrity of financial statements, oversees the relationship with the external auditor and has oversight for internal control and risk.

Nomination Committee

Nomination Committee report:
See page 46

Nomination Committee

- Penny Freer (Chair)
- Zach Miles
- Steve Bellamy
- Ranjit de Sousa

Monitors and reviews the structure, size and composition of the Board and considers succession planning, to ensure the right skills and expertise, independence and diversity are maintained for effective management.

Remuneration Committee

Directors' remuneration report:
See pages 47 to 49

Remuneration Committee

- Zach Miles (Chair)
- Steve Bellamy
- Ranjit de Sousa

Considers and sets remuneration policy for the Board and monitors the level and structure of remuneration and incentive schemes for senior management.

Audit Committee report

"The Audit Committee has a strong, balanced and diversified skillset."

Steve Bellamy
Chair of the Audit Committee

Meetings 5

Attendance 100%

The independent Non-Executive Directors who served on the Committee during the year are:

	Date of appointment to the Committee
Steve Bellamy (Chair)[1] Chartered Accountant	16 January 2023
Zach Miles[2] Chartered Accountant	1 October 2008
Penny Freer[3]	2 November 2010
Ranjit de Sousa	20 February 2023

1 Chair of the Committee from 23 May 2023
2 Chair of the Committee to 23 May 2023
3 Stepped down on 16 January 2023

Role and composition of the Audit Committee

The Audit Committee has responsibility, on behalf of the Board, to monitor the integrity of the financial statements of the Company, review the adequacy of internal control and risk management systems, and to oversee the relationship with the external auditor. The Committee makes recommendations to the Board that it deems appropriate, on any area within its remit, including where action or improvement is needed. The terms of reference for the Committee, which are reviewed at least annually, can be found on the Company's website.

The Committee's activities are primarily scheduled around the key events in the Company's annual financial reporting cycle. In addition to financial reporting, the Committee fulfils a vital role in the Company's governance framework, providing valuable independent challenge and oversight across the Group's non-financial reporting and internal control procedures.

The Committee is appointed by the Board from the independent Non-Executive Directors of the Company, with a minimum requirement of two such Directors, one of whom should be financially qualified. Steve Bellamy, who was appointed as an independent Non-Executive Director in January 2023, is a qualified accountant with extensive operational and financial experience across a range of industries. Steve was appointed a member of the Committee in January 2023. Steve replaced Zach Miles as Chair of the Committee on 23 May 2023. Zach remains a member of the Committee and is a qualified Chartered Accountant with a significant depth of knowledge and experience of the Group and the industry as a whole. In February 2023, Ranjit de Sousa was appointed as an independent Non-Executive Director and became a member of the Committee on his appointment. Ranjit has extensive experience in the industry.

Appointments to the Committee are for a period of up to three years, which may be extended for further periods of up to three years, provided the Director still meets the criteria for membership of the Committee. The Board considers that the Committee has competence relevant to the sector in which the Group operates.

Meetings

The Committee is required to meet at least three times per year. During 2023, the Committee held five formal meetings, which were scheduled around the Company's financial reporting timetable. The Committee invites the Chief Financial Officer and senior representatives of the external auditor to attend all of its meetings, although it reserves the right to request any of these individuals to withdraw from the meeting. A meeting is scheduled annually for the external auditor to meet with the Committee without management present, and the external auditor and the Committee can request additional such meetings at any other time.

Audit Committee activity

Committee composition

Steve Bellamy and Ranjit de Sousa were appointed to the Committee on their appointments as independent Non-Executive Directors in January and February 2023, respectively. The appointment of Steve allowed Penny Freer to step down; Penny had remained a member following her appointment as Chair of the Board, due to the Committee's minimum quorum requirement of two members. In May 2023, Steve Bellamy replaced Zach Miles as Chair.

Financial and business reporting

The Committee reviewed the 2022 financial statements, the 2023 interim statement (unaudited) and carried out a going concern review.

Reviews of the financial statements included the accounting policies, significant financial reporting issues and key judgements and estimates underpinning the financial statements, including:

- going concern;
- carrying value of goodwill and other intangible assets;
- investments in subsidiaries;
- appropriateness of provision balances; and
- tax accounting, including deferred tax.

For the going concern review, the Committee examined the assumptions supporting the Group's profit and cash flow forecasts and the sensitivities applied to those forecasts, the banking facilities available and the assessment of the Group's covenant compliance based on the forecasts. Details of the matters reviewed are included in notes 1, 3, 14 and 15 to the consolidated financial statements and note 6 of the Parent Company financial statements.

For the areas discussed, the Committee was satisfied with the assumptions made and the accounting treatments adopted.

Risk management and internal control

Risk management is the responsibility of the Board. Further details about the process followed and principal risks and uncertainties that could affect business operations can be found in the strategic report on pages 28 to 31. The Committee keeps under review the adequacy and effectiveness of the Company's internal controls and risk management systems. During the year, the Committee continued to focus attention on the risks associated with cyber security and artificial intelligence, in particular with the continued rollout of centralised technology around the Group. PEN testing and fake phishing testing are a focus for the current year.

Due to the size and locations of the Group's operations, and the costs involved, the Committee continues to recommend to the Board that there is no requirement for a separate internal audit function.

The Group has established a framework of key financial and operational controls across all the brands with compliance monitored by the central finance team. Any exceptions are reported to the Committee and resolution thereof is followed up by local management.

Every year the Committee reviews the Group's risk framework reports, to be presented to, and discussed by, the Board.

The Group's whistleblowing policy includes arrangements for the Company Secretary to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters.

All employees have access via Workplace to the Group's mandatory Code of Conduct, which sets out the minimum expected behaviours for all employees, and the specific Group policies which are applicable throughout the Group. The Code of Conduct and Group policies are under continual review and updates are issued as appropriate.

External audit

The Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The terms of reference assign responsibility to the Committee for overseeing the relationship with the external auditor. The 2023 audit was completed successfully, with the external auditor noting the smooth process and efficient communication. The Committee manages the relationship with the external auditor, the negotiation and agreement of their fees and reviews and monitors their independence and objectivity and the effectiveness of the audit process.

The Group's policy on non-audit related services prescribes the types of engagements for which the external auditor can be used and those engagements which are prohibited. For engagement for services which are non-recurring in nature, prior approval must be sought from the Committee. No such services were contracted for in 2023. Note 7 includes disclosure of the auditor's remuneration for the year, including an analysis of audit services and audit related services under those headings prescribed by law.

First appointed in 2021 following a competitive tender process, a resolution to reappoint CLA Evelyn Partners Limited as the Company's auditor will be proposed at the forthcoming AGM.

Assessment of the Audit Committee

Following completion of the 2023 audit processes, the Committee conducted a self-assessment of its performance. The evaluation process measured performance against its terms of reference, including:

- presentation of risk register by the Chief Financial Officer;
- review and implementation of risk management processes by subsidiaries;
- ongoing, regular reviews of internal controls; and
- monitoring developments in corporate governance and compliance.

The Board concluded that the Committee has acted in accordance with its terms of reference, remained updated on changes to financial standards, and ensured the independence and objectivity of the external auditor.

If there are any questions about the work of the Committee, you are welcome to send them to companysec@empresaria.com.

On behalf of the Audit Committee

Steve Bellamy
Chair of the Audit Committee
25 March 2024

Terms of Reference

Nomination Committee report

"The Board and its Committees are well balanced in experience and knowledge, bringing fresh perspectives and constructive challenge to each meeting."

Penny Freer
Chair of the Nomination Committee

Meetings 1

Attendance 100%

The independent Non-Executive Directors who served on the Committee during the year are:

	Date of appointment to the Committee
Penny Freer (Chair)	5 November 2013
Zach Miles	5 November 2013
Steve Bellamy	16 January 2023
Ranjit de Sousa	20 February 2023

Terms of Reference

Role and composition of the Nomination Committee

The Nomination Committee has responsibility, on behalf of the Board, to keep under review the structure, size and composition of the Board and the leadership needs of the Group. The terms of reference for the Committee can be found on the Company's website. The Committee is required to report to the Board on its proceedings and make recommendations it deems appropriate, on any area within its remit, including where action or improvement is needed.

The Committee is appointed by the Board from the Non-Executive Directors, with a minimum requirement of two such Directors. Appointments to the Committee are made by the Board and are for a period of up to three years, which may be extended for further periods of up to three years, provided the Director still meets the criteria for membership of the Committee.

Steve Bellamy and Ranjit de Sousa became members of the Committee immediately on their appointment as independent Non-Executive Directors in January and February 2023 respectively.

Activities of the Nomination Committee

The Committee has been active in managing and securing the most suitable memberships of the Board and its Committees. As reported in our previous Annual Reports, the Committee led the search for potential new independent Non-Executive Directors to join the Board. This culminated with the appointments of Steve Bellamy and Ranjit de Sousa in January and February 2023, respectively. Steve and Ranjit serve on each of the Board's Committees.

Ranjit has a wealth of experience in the staffing industry. Steve has extensive experience gained across a variety of roles, including working with ambitious growth companies such as ours. Steve's appointment to the Audit Committee in January 2023 enabled me to stand down, as the minimum quorum requirement under that Committee's Terms of Reference would be satisfied. Following our AGM in May 2023, Steve replaced Zach Miles as Chair of the Audit Committee and I stepped down as a member of the Remuneration Committee.

DE&I

We strive for an inclusive culture, where all employees are treated equally and offered the same, fair opportunities. We believe diversity is the key to realising our purpose of positively impacting the lives of people while delivering exceptional talent to our clients.

We have an established DE&I Committee with representation from across the Group. A regular DE&I survey is conducted across the Group, with feedback actioned to address any issues identified.

The Committee continues to consider the adequacy of the succession plan approved by the Board. The Committee takes a lead role in challenging the business' commitment to diversity, equality and inclusion and it is pleasing to note the diversity evident on the Board.

If there are any questions about the work of the Committee, you are welcome to send them to companysec@empresaria.com.

On behalf of the Nomination Committee

Penny Freer
Chair of the Nomination Committee
25 March 2024

Directors' remuneration report

The information provided in this part of the Directors' remuneration report is not subject to audit.

Meetings **4** Attendance **100%**

Role and composition of the Remuneration Committee

The Remuneration Committee has responsibility, on behalf of the Board, for determining the policy for Directors' remuneration and setting the remuneration for the Chair of the Board, Executive Directors, Company Secretary and certain senior management. The terms of reference for the Committee can be found on the Company's website.

The Committee is required to report to the Board on its proceedings and all matters within its duties and responsibilities.

The Committee is appointed by the Board from the independent Non-Executive Directors, with a minimum requirement of two such Directors. No Director is involved in any decisions as to their own remuneration.

The independent Non-Executive Directors who served on the Committee during the year were:

	Date of appointment to the Committee
Zach Miles (Chair)	1 October 2008
Penny Freer[1]	13 December 2005
Steve Bellamy	16 January 2023
Ranjit de Sousa	20 February 2023

1 Stepped down on 23 May 2023

Meetings

The Committee is required to meet at least twice a year and at such times as the Chair of the Committee shall require. During 2023, the Committee held four formal meetings and maintained an active dialogue throughout the year.

Steve Bellamy and Ranjit de Sousa were appointed members of the Committee on their appointments as independent Non-Executive Directors in January and February 2023, respectively.

Following the 2023 AGM, Penny Freer stepped down from the Committee. The Chair and the Chief Financial Officer are invited to attend meetings where appropriate.

Remuneration practices

The Committee recommended and monitored the level and structure of remuneration for senior management as well as monitoring remuneration trends across the Group. An annual review was carried out on the ongoing appropriateness and relevance of the remuneration policy.

The basic annual salaries of the executive management team are reviewed annually by the Committee. The remuneration for the Non-Executive Directors is determined by the Board within the limits set by the Articles and is based on information on fees paid in similar companies, and the skills and expected time commitment of the individual concerned and their roles on the Board's Committees. The fees are reviewed each year as part of the annual budgeting process. Neither the basic annual salaries of the executive management nor the fees for Non-Executive Directors were increased for 2024.

Linking remuneration policy to business objectives

Executive remuneration packages must be competitive and are designed to attract, retain and motivate the executive management, while aligning rewards with the business objectives and performance of the Group, and the long-term interests of shareholders.

It is the Company's policy for the largest proportion of the performance-related pay of the executive management team to be linked to key performance indicators of the Company. The Company's key objectives include developing sustainable growth in earnings and profits, through a combination of organic growth and investments, which should lead to an increase in distributions to shareholders and in the share price. The key performance measures chosen linking executive remuneration to the achievement of these objectives were profits, earnings per share and share price. The remainder of the executive performance-related pay is linked to the achievement of personal objectives, which are aligned with the Board's strategy for the Group.

Directors' contracts and letters of appointment

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

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

Director	Effective date of contract	Notice period
Rhona Driggs	8 November 2018	12 months
Tim Anderson	21 March 2018	6 months

Non-Executive Directors serve under letters of appointment, which either party can terminate on three months' written notice.

The Non-Executive Directors have no right to compensation on the termination of their appointments.

Directors' remuneration report continued

Long Term Incentive Plan ('LTIP')

The Committee has responsibility for supervising the Company's LTIP and making awards ('Awards') under its terms. Awards are made in the form of nil-cost options over Ordinary Shares, to the Company's executive management team and senior leadership team. The maximum value of Ordinary Shares that could be awarded to any individual in a year is 175% of their basic salary. The Committee reviews the final audited results of the Company prior to agreeing if Awards are to be made and the extent to which Awards are to vest. Non-Executive Directors do not participate in the LTIP.

Performance targets are growth in profitability, earnings per share and share price over the relevant (typically three-year) performance period. During the year, 28% of the Awards granted in 2020 for vesting in March 2023 vested and were exercised in full by the participants.

A summary of the vesting and lapsing of Awards over the past ten years to 31 December 2023 is as follows:

Year of Award	Year of vesting	Awards	Awards vested	Percentage vested	Awards lapsed	Percentage lapsed
2016	2019	437,855	–	0%	437,855	100%
2017	2020	363,178	–	0%	363,178	100%
2018	2021	761,992	–	0%	761,992	100%
2019	2022	911,578	–	0%	911,578	100%
2020	2023	1,963,159	542,447	28%	1,420,712	72%
2022	2025	15,929	–	0%	15,929	100%

A summary of outstanding Awards (yet to vest or lapse) at 31 December 2023 is as follows:

Year of Award	Year of vesting	Awards
2021	2024	1,088,889
2022	2025	1,141,177
2023	2026	1,525,597

At 31 December 2023, there were unvested Awards over a maximum of 3,755,663 Ordinary Shares and no vested unexercised options. Since 2020, the Company has conducted a share purchase plan where the Company transfers purchased Ordinary Shares to the Company's Employee Benefit Trust with the intention that they be used to satisfy the exercise of options vested under the LTIP to reduce the dilutive effect of issuing new Ordinary Shares. The Board's policy has been to satisfy the exercise of options equally through the allotment of new Ordinary Shares and by transfer of Ordinary Shares from the Employee Benefit Trust.

Aggregate Directors' remuneration (audited information)

The remuneration of Directors who served during the year is shown below:

	2024	2023					2022				
Year of Award	Salary & fees £000	Salary & fees £000	Benefits -in-kind £000	Annual bonuses £000	Money purchase pension contributions £000	Total £000	Salary & fees £000	Benefits -in-kind £000	Annual bonuses £000	Money purchase pension contributions £000	Total £000
Executive											
Rhona Driggs[1]	386	386	23	184	–	593	385	22	182	–	589
Tim Anderson	208	208	7	114	21	350	200	7	165	20	392
Non-Executive											
Penny Freer	75	75	–	–	–	75	66	–	–	–	66
Zach Miles	55	55	–	–	–	55	55	–	–	–	55
Steve Bellamy[2]	55	49	–	–	–	49	–	–	–	–	–
Ranjit de Sousa[3]	45	39	–	–	–	39	–	–	–	–	–
						1,161					1,102

1 2022 figures translated from USD to GBP at the rate of GBP 1 : USD 1.2363. 2023 and 2024 figures translated from USD to GBP at the rate of GBP 1 : USD 1.2437.
2 Appointed 16 January 2023
3 Appointed 20 February 2023

Long-term incentives (audited information)

Details of the Awards for the Executive Directors who served during the year are as follows:

Name of Officer	Year of Award	Awards at 1 January 2023	Awards granted during 2023	Awards lapsed during 2023	Vested Awards (options granted)	Options exercised
Rhona Driggs	2020	932,401	–	652,681	279,720	279,720
	2021	505,051	-	-	-	-
	2022	374,209	-	-	-	-
	2023		**505,540**			
Tim Anderson	2020	500,000	–	350,000	150,000	150,000
	2021	333,333	–	–	–	–
	2022	252,844	–	–	–	–
	2023		**325,000**			

Shareholding guidelines

There are no requirements for Executive Directors or senior executives to hold shares in the Company.

Details of the share interests of Directors who served during the year are as follows:

	31 December 2023		31 December 2022	
	Number of Ordinary Shares	Percentage holding	Number of Ordinary Shares	Percentage holding
Penny Freer	15,000	0.03%	15,000	0.03%
Zach Miles	–	–	–	–
Steve Bellamy	-	-	-	-
Ranjit de Sousa	-	-	-	-
Rhona Driggs	220,099	0.44%	85,000	0.17%
Tim Anderson	290,000	0.58%	140,000	0.28%
Total	525,099	1.05%	240,000	0.48%

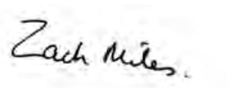
No Director had any beneficial interest in the share capital of any other Group company.

Assessment of the Remuneration Committee

The Committee conducted a self-assessment of its performance during the year. The evaluation process measured performance against its terms of reference, including:

- executive short and long term incentive plans reviewed and assessed considering current best practice, performance measures and the long-term strategic goals of the Group; and
- widening the recipients of LTIP Awards to include all members of the senior leadership team.

If there are any questions about the work of the Committee, you are welcome to send them to companysec@empresaria.com. This report was approved by the Board of Directors on 25 March 2024 and signed on its behalf by



Zach Miles
Chair of the Remuneration Committee
25 March 2024

Terms of Reference

Directors' report

The Directors present their annual report on the affairs of Empresaria Group plc, together with the financial statements and auditor's report, for the year ended 31 December 2023.

The strategic report set out on pages 1 to 34 and the corporate governance statement set out on pages 40 to 42 form part of this report.

Future developments

An indication of likely future developments in the business of the Group is included in the strategic report. There have not been any significant events since the balance sheet date.

Financial risk management

Information regarding financial risk management can be found in note 23 to the consolidated financial statements.

Dividends

For the year ended 31 December 2023, the Directors recommend a final dividend of 1.0p per Ordinary Share of 5p in the Company to be paid on 13 June 2024 to shareholders on the register on 24 May 2024. A dividend of 1.4p was paid for the year ended 31 December 2022.

Share capital structure

At 31 December 2023, the Company's issued share capital was 49,853,001 Ordinary Shares with a nominal value of 5p per share. All of the issued share capital was in free issue and all issued shares are fully paid. The Company's Ordinary Shares are quoted and admitted to trading on the AIM market operated by the London Stock Exchange plc. The holders of Ordinary Shares are entitled to receive the Company's Reports and Accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. None of the Ordinary Shares carry any special rights with regards to control of the Company or distributions made by the Company. There are no known agreements relating to, or restrictions on, voting rights attached to the Ordinary Shares (other than the 48 hour cut-off for casting proxy votes prior to a general meeting). There are no restrictions on the transfer of shares, and there is no requirement to obtain approval for a share transfer. There are no known arrangements under which financial rights are held by a person other than the holder of the Ordinary Shares. There are no known limitations on the holding of Ordinary Shares.

Power of Directors

The Directors are authorised to issue and allot shares and to buy back shares subject to annual shareholder approval at the AGM. Such authorities were granted by shareholders at the 2023 AGM, and at the 2024 AGM it will be proposed that the Directors be granted new authorities to allot and buy back shares.

Repurchase of shares

On 17 June 2020, the Company announced a share buyback programme to purchase up to £25,000 per month of its own shares ('Programme'). All of the shares purchased under the Programme are held as treasury shares until they are transferred to the Empresaria directors Benefit Trust ('EBT'), with the intention that they will be used to satisfy the exercise of options vested under the Company's Long Term Incentive Plan.

During the year ended 31 December 2023, the Company purchased 641,053 of its own Ordinary Shares, at a net cost of £299,227, and transferred the 641,053 Ordinary Shares from treasury to the EBT, for nil consideration. At 31 December 2023, the Company held no Ordinary Shares in treasury.

At the date of this report, the Company has 49,853,001 Ordinary Shares in issue, none of which are held by the Company as treasury shares, and has an unexpired authority to purchase up to a further 2,052,100 Ordinary Shares. Details of the new authority being requested at the 2024 AGM will be contained in the circular to shareholders, which will be available on the Company's website. Details of the Ordinary Shares held by the EBT are set out in note 22 to the consolidated financial statements.

Directors and their shareholdings

Details of the Directors who held office during the year, and their shareholdings at 31 December 2023, are set out in the Directors' remuneration report on page 49.

Directors' indemnities and insurance

The Company maintains Directors' and Officers' liability insurance which provides appropriate cover for any legal action brought against its Officers. The Company has also granted indemnities to each of the Executive Directors, to the extent permitted by law. The qualifying third-party indemnity provisions as defined by Section 234 of the Companies Act 2006, remain in force in relation to certain losses and liabilities which the relevant individual may incur to third parties in the course of acting as officers or employees of the Company or of any associated company. Neither the insurance nor the indemnities provide cover where the relevant individual has acted fraudulently or dishonestly.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2022: £nil).

Substantial shareholdings

At 31 December 2023, the following interests in 3% or more of the issued Ordinary Share capital of the Company in the register maintained under section 113 of the Companies Act 2006 were identified:

Name of holder	No. of Ordinary Shares	Percentage of voting rights and issued share capital
A V Martin	13,924,595	27.93%
Kempen Capital Management	7,140,354	14.32%
H M van Heijst	6,450,000	12.94%
Close Brothers Asset Management	4,927,814	9.88%
Beleggingsclub't Stockpaert	3,645,000	7.31%
The Ramsey Partnership Fund	2,441,000	4.90%
Ophorst van Marwijk Kooy	1,638,328	3.29%

Disabled employees

Applications for employment by disabled persons are always fully and fairly considered, having regard to the particular aptitudes of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. The Group supports disabled employees in all aspects of their training, career development and promotion.

Employee involvement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is described further in the corporate governance statement (stakeholders and social responsibilities) and in the engaging with our stakeholders section on page 32.

Energy and Carbon Reporting

The Group's operations are service-based, with no manufacturing facilities and limited transportation requirements. We are committed to minimising the environmental impact of our activities, such as reducing office space, avoiding unnecessary travel and encouraging recycling. See the non-financial and sustainability information statement on page 34. The Group is subject to the UK Energy and Carbon reporting regulations. All of the Group's UK subsidiaries and Parent Company are exempt based on the qualifying conditions contained in those regulations. As a result, no further disclosures are provided in this report.

Cautionary statement

The sole purpose and use of this annual report is to provide information to the shareholders of the Company, as a body, to assist them in exercising their governance rights. The Company and its subsidiaries, their respective officers, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. This annual report contains certain forward-looking statements with respect to the operations, performance and the financial position of the Company and the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this annual report and nothing in this annual report should be construed as a profit forecast.

Auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Following a competitive tender process, CLA Evelyn Partners Limited were appointed as the Company's independent auditor for the 2021 financial year. CLA Evelyn Partners Limited have expressed their willingness to continue as auditor for the 2024 financial year and a resolution will be proposed at the forthcoming AGM.

Annual General Meeting 2024

The 2024 AGM will be held on Tuesday 21 May 2024 at the offices of Singer Capital Markets, 1 Bartholomew Lane, London, EX2N 2AX. The meeting will commence at 1:00 pm and registration will be open from 12:00pm. A separate notice convening the meeting has been sent to our shareholders and is available on our website at https://www.empresaria.com/shareholder-information/agm-information.

How to vote

You are encouraged to submit your proxy vote online via Link Investor Centre at https://investorcentre.linkgroup.co.uk/Login/Login as early as possible. Our registrar, Link Group, must receive your online proxy appointment and voting instructions by 1:00 pm on Friday 17 May 2024 at the latest to ensure your vote is counted. Further instructions on how to attend and vote are set out in the Notice of AGM.

Approved by the Board and signed on its behalf by

James Chapman
General Counsel and Company Secretary
25 March 2024

Registered office:	Old Church House, Sandy Lane, Crawley Down, Crawley, West Sussex RH10 4HS
Registered number:	03743194

Notice of AGM

Link Investor Centre

Directors' responsibilities statement

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. The Directors are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and the AIM rules and have chosen to prepare the Parent Company financial statements in accordance with Financial Reporting Standard 102 ('FRS 102'). 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 Parent Company and of the profit or loss of the Group for that period.

In preparing the Parent Company financial statements, the Directors are required to:

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

In preparing the Group's financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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 (empresaria.com) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

This responsibility statement was approved by the Board on 25 March 2024 and is signed on its behalf by order of the Board by

Rhona Driggs

Rhona Driggs
Chief Executive Officer
25 March 2024

Tim Anderson
Chief Financial Officer

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

Opinion

We have audited the financial statements of Empresaria Group plc (the 'Parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flows, Parent Company balance sheet, Parent Company statement of changes in equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice.

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 loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 and Parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

Of the Group's 43 material reporting components, we subjected 14 to audits for Group reporting purposes and 4 to specific audit procedures where the extent of our audit work was based on our assessment of the risk of material misstatement and of the materiality of that component. The latter were not individually significant enough to require an audit for Group reporting purposes but were still material to the Group.

The components within the scope of our work covered 89.8% of Group revenue, 79.5% of Group net fee income, 70.3% of Group profit before tax, and 83.3% of Group total assets.

For the remaining 25 components, we performed analysis at a group level to re-examine our assessment that there were no significant risks of material misstatement within these.

For the audits which were carried out by overseas component auditors, at both the planning and the completion stage, senior members of the Group audit team, including the Senior Statutory Auditor, participated in video and telephone conference meetings with local audit teams. At these meetings, the Group audit team discussed the component auditors' risk assessments and planned audit approach. Once the audit work was completed, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor. In addition to these planned meetings, the Group audit team sent detailed instructions to the component audit teams. The Group audit team reviewed the comprehensive responses to these instructions and reviewed the audit working papers for significant components.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud) 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.

Independent auditor's report
continued

Key audit matter	Description of risk	How the matter was addressed in the audit
Revenue recognition (Group) - see note 2 to the consolidated financial statements	The Group's revenue relates to permanent placement, temporary and contract placement, and offshore services with revenue from permanent placements recognised on the start date of the candidate placement and revenue from temporary and contract and offshore services recognised on the basis of work performed by reference to approved timesheets and contracted rates. The key risk of fraud in relation to revenue recognition is attributed to cut off, specifically incorrect or missing accruals for un-invoiced or late timesheets for temporary and contract, and offshore services revenue, or delayed invoices/credit notes for placements. This impacts whether all revenue and accrued revenue that should have been accounted for, and only such revenue, has in fact been accounted for in the year.	Our audit work included, but was not restricted to the following: • walkthrough design and implementation of controls over revenue recognition which have been designed by the Group to help prevent and detect fraud and errors in revenue recognition; • review of whether accounting for revenue is compliant with the financial reporting standards with regards to principal versus agent; • detailed testing of a sample of revenue transactions in the year to evaluate whether the accounting policies adopted by the Directors are in accordance with the requirements of IFRS 15, and whether management accounted for revenue in accordance with the accounting policies; • substantive cut-off testing to determine if revenue is recognised in the correct period, including reviewing credit notes issued post year end; • substantive completeness testing of completeness of clawback provisions, if necessary, around permanent placements; and • assessed the accuracy and sufficiency of financial statement disclosures.
Impairment of goodwill and other intangible assets (Group) and impairment of investments (Parent Company) - see note 14 to the consolidated financial statements and note 6 to the Parent company's financial statements	The Group has significant goodwill and other intangible asset balances and the Parent Company has significant investments in subsidiaries. Accounting standards require management to perform an impairment review annually to consider possible impairment in goodwill and consider whether there are any indicators of impairment impacting other intangible assets or investments. Management's assessment of the carrying value requires judgement in assessing forecast future cash flows, growth rates and discount rates. The assessment of the carrying value of these balances and consequently any required impairment is sensitive to these estimates.	Our audit work included, but was not restricted to, the following: • we challenged the assumptions used in the impairment model for goodwill, other intangible assets, investments in subsidiaries and amounts owed by Group undertakings; • assessed the appropriateness of the impairment review methodology, assumptions concerning growth rates and inputs to the discount rate against available market data with the assistance of experts; • compared previously forecast revenue growth rates and gross profit margins with those achieved in previous years; • compared current forecast revenue growth rates and gross profit margins with those achieved in previous years; • reviewed sensitivity analysis to calculate the minimum growth rates needed to avoid an asset impairment and compare them to those achieved in previous years; and • assessed the accuracy and sufficiency of financial statement disclosures.

Our application of materiality

The materiality for the Group financial statements as a whole ("Group FS materiality") was set at £577,000. This has been determined with reference to the benchmark of the Group's net fee income, which we consider to be one of the principal considerations for members of the company in assessing the Group's performance. Group FS materiality represents 1% of the Group's net fee income.

Our materiality benchmark has changed in comparison to the previous year where we had used 8% of profit before tax, excluding items assessed as non-recurring. As per the requirements of the auditing standards we are required to exercise significant judgement in determining materiality and its underlying benchmark. We are also required to continually assess whether the materiality levels remain appropriate in line with the risks faced by the Group. Considering the volatility of the profit before tax in the recent years and keeping in view that net fee income is a key metric that is considered when reviewing performance of the components, we have considered it appropriate to base our materiality levels using net fee income. This benchmark is still in line with the key metrics considered by the Group and is relatively less volatile compared to the historical benchmark.

The materiality for the Parent company financial statements as a whole ("Parent FS materiality") was set at £382,000. This has been capped at performance materiality for the Group financial statements, calculated as explained below.

Performance materiality for the Group financial statements was set at £382,200, being 80% of Group FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds Group FS materiality. We judged this level to be appropriate based on our understanding of the Group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering experience from previous audits The level of 80% was set to reflect that there are few areas of judgement and estimation in the financial statements.

Performance materiality for the Parent company financial statements was set at £305,760, being 80% of Parent FS materiality. The level of 80% was set to reflect that there are few areas of judgement and estimation in the financial statements.

Conclusions relating to going concern

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

Our evaluation of the Directors' assessment of the Group and Parent company's ability to continue to adopt the going concern basis of accounting included:

- challenging the assumptions used in the detailed budgets and forecasts prepared by management for the financial years ending 2024 and 2025;
- considering historical trading performance by comparing recent growth rates of both revenue and operating profit across the Group's geographical and market segments;
- assessing the appropriateness of the assumptions concerning growth rates and inputs to the discount rate against latest market expectations and macro-economic assumptions;
- comparing the forecast results to those actually achieved in the 2024 financial period so far;
- reviewing bank statements to monitor the cash position of the Group post year end, and obtaining an understanding of significant expected cash outflows (such as capital expenditure) in the forthcoming 12-month period
- considering the Group's funding position and requirements;
- reviewing and challenging management's calculations suggesting the Group is able to comply with all loan facility covenants in the 12 months from approval of the financial statements; and
- considering the sensitivity of the assumptions and re-assessing headroom after sensitivity.

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

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

Other information

The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report and accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 their 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 52, 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

Independent auditor's report
continued

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. 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.

We obtained a general understanding of the Group's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations; the Group's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the Group's industry and regulations. We obtained this understanding for significant components through discussions with Group management, component management and component auditors.

We understand that the Group complies with the framework through:

- promoting corporate culture through the use of the Group's Code of Conduct, which all Group companies must adhere to;
- updating operating procedures, manuals and internal controls as legal and regulatory requirements change; and
- for significant components, the Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Group's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Group:

- The Companies Act 2006, IFRS (Group) and FRS 102 (Parent Company) in respect of preparation and presentation of the financial statements;
- AIM regulations and Market Abuse Regulations; and
- Requirements from UK and overseas tax and employment legislation (including IR35 and minimum wage).

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Made inquiries with management as to any legal or regulatory issues during the year;
- We have reviewed board minutes for evidence of non-compliance; and
- We have obtained representation from management that they have disclosed to us all known instances of non-compliance or suspected non-compliance with laws and regulations.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were the risk of manipulation of the financial statements through manual journal entries, incorrect recognition of revenue and accounting estimates such as impairment. These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- testing a sample of revenue transactions to underlying documentation;
- testing a sample of manual journal entries, selected through applying specific risk assessments based on the Group's processes and controls surrounding manual journal entries; and
- challenging management regarding the assumptions used in the estimates identified above, and comparison to market data and post-year-end data as appropriate.

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

CLA Evelyn Partners Limited

Nicholas Jacques
Senior Statutory Auditor,
for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants
45 Gresham Street
London
EC2V 7BG
United Kingdom
25 March 2024

Consolidated income statement

for the year ended 31 December 2023

	Note	**2023 £m**	2022 £m
Revenue	4	**250.3**	261.3
Cost of sales		**(192.8)**	(195.9)
Net fee income	4	**57.5**	65.4
Administrative costs		**(52.4)**	(55.2)
Adjusted operating profit	4	**5.1**	10.2
Exceptional items	5	**(0.6)**	–
Fair value charge on acquisition of non-controlling shares	6	**(0.1)**	–
Impairment of goodwill	14	**(1.5)**	–
Amortisation of intangible assets identified in business combinations	15	**(1.2)**	(1.4)
Operating profit	7	**1.7**	8.8
Finance income	9	**0.6**	0.3
Finance costs	9	**(2.2)**	(1.5)
Net finance costs	9	**(1.6)**	(1.2)
Profit before tax		**0.1**	7.6
Taxation	10	**(1.4)**	(2.8)
(Loss)/profit for the year		**(1.3)**	4.8
Attributable to:			
Owners of Empresaria Group plc		**(2.9)**	3.4
Non-controlling interests		**1.6**	1.4
		(1.3)	4.8

		Pence	Pence
(Loss)/earnings per share			
Basic	12	**(5.9)**	6.9
Diluted	12	**(5.9)**	6.7

Details of adjusted earnings per share are shown in note 12.

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	2023 £m	2022 £m
(Loss)/profit for the year	**(1.3)**	4.8
Other comprehensive income		
Items that may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign operations	**(2.2)**	2.6
Items that will not be reclassified to the income statement:		
Exchange differences on translation of non-controlling interests in foreign operations	**(0.4)**	0.3
Other comprehensive (loss)/income for the year	**(2.6)**	2.9
Total comprehensive (loss)/income for the year	**(3.9)**	7.7
Attributable to:		
Owners of Empresaria Group plc	**(5.1)**	6.0
Non-controlling interests	**1.2**	1.7
	(3.9)	7.7

Consolidated balance sheet

as at 31 December 2023

	Note	2023 £m	2022 £m
Non-current assets			
Property, plant and equipment	13	**2.4**	2.8
Right-of-use assets	24	**6.4**	7.5
Goodwill	14	**29.7**	31.9
Other intangible assets	15	**6.9**	8.2
Deferred tax assets	21	**5.7**	4.4
		51.1	54.8
Current assets			
Trade and other receivables	17	**44.7**	46.7
Cash and cash equivalents		**17.1**	22.3
		61.8	69.0
Total assets		**112.9**	123.8
Current liabilities			
Trade and other payables	18	**31.5**	33.3
Current tax liabilities		**1.3**	1.5
Borrowings	19	**18.7**	29.1
Lease liabilities	24	**4.3**	5.3
		55.8	69.2
Non-current liabilities			
Borrowings	19	**9.2**	0.5
Lease liabilities	24	**2.6**	2.6
Deferred tax liabilities	21	**2.4**	2.5
		14.2	5.6
Total liabilities		**70.0**	74.8
Net assets		**42.9**	49.0
Equity			
Share capital	22	**2.5**	2.5
Share premium account		**22.4**	22.4
Merger reserve		**0.9**	0.9
Equity reserve		**(10.2)**	(10.2)
Translation reserve		**1.6**	3.8
Retained earnings		**19.2**	23.4
Equity attributable to owners of Empresaria Group plc		**36.4**	42.8
Non-controlling interests		**6.5**	6.2
Total equity		**42.9**	49.0

These consolidated financial statements of Empresaria Group plc, registered number 03743194, were approved by the Board of Directors and authorised for issue on 25 March 2024.

Signed on behalf of the Board of Directors

Rhona Driggs
Chief Executive Officer

Tim Anderson
Chief Financial Officer

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Equity attributable to owners of Empresaria Group plc								
	Share capital £m	Share premium account £m	Merger reserve £m	Equity reserve £m	Translation reserve[1] £m	Retained earnings[1] £m	Total £m	Non–controlling interests £m	Total equity £m
At 31 December 2021	2.5	22.4	0.9	(10.2)	1.2	20.6	37.4	4.9	42.3
Profit for the year	–	–	–	–	–	3.4	3.4	1.4	4.8
Exchange differences on translation of foreign operations	–	–	–	–	2.6	–	2.6	0.3	2.9
Total comprehensive income for the year	–	–	–	–	2.6	3.4	6.0	1.7	7.7
Dividends paid to owners of Empresaria Group plc (see note 25)	–	–	–	–	–	(0.6)	(0.6)	–	(0.6)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(0.4)	(0.4)
Purchase of own shares in Employee Benefit Trust	–	–	–	–	–	(0.3)	(0.3)	–	(0.3)
Share-based payments (see note 28)	–	–	–	–	–	0.3	0.3	–	0.3
At 31 December 2022	2.5	22.4	0.9	(10.2)	3.8	23.4	42.8	6.2	49.0
(Loss)/profit for the year	**–**	**–**	**–**		**–**	**(2.9)**	**(2.9)**	**1.6**	**(1.3)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(2.2)**	**–**	**(2.2)**	**(0.4)**	**(2.6)**
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**–**	**(2.2)**	**(2.9)**	**(5.1)**	**1.2**	**(3.9)**
Dividends paid to owners of Empresaria Group plc (see note 25)	**–**	**–**	**–**	**–**	**–**	**(0.7)**	**(0.7)**	**–**	**(0.7)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.9)**	**(0.9)**
Purchase of own shares in Employee Benefit Trust	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**	**–**	**(0.3)**
Share-based payments (see note 28)	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**	**–**	**(0.3)**
At 31 December 2023	**2.5**	**22.4**	**0.9**	**(10.2)**	**1.6**	**19.2**	**36.4**	**6.5**	**42.9**

1 The Group has amended its presentation of reserves compared to previous years as explained further in note 2.

Consolidated cash flow statement

for the year ended 31 December 2023

	Note	2023 £m	2022 £m
(Loss)/profit for the year		**(1.3)**	4.8
Adjustments for:			
Depreciation of property, plant and equipment, and software amortisation	13,15	**1.5**	1.1
Depreciation of right-of-use assets	24	**5.4**	5.4
Fair value charge on acquisition of non-controlling shares	6	**0.1**	–
Impairment of goodwill	14	**1.5**	–
Amortisation of intangible assets identified in business combinations	15	**1.2**	1.4
Share-based payments	28	**(0.3)**	0.3
Net finance costs	9	**1.6**	1.2
Taxation	10	**1.4**	2.8
		11.1	17.0
Decrease in trade and other receivables		**0.2**	6.9
Decrease in trade and other payables (including pilot bonds outflow of £0.3m (2022: outflow of £0.1m))		**(0.4)**	(3.5)
Cash generated from operations		**10.9**	20.4
Finance costs paid		**(2.2)**	(1.5)
Income taxes paid		**(3.2)**	(4.2)
Net cash inflow from operating activities		**5.5**	14.7
Cash flows from investing activities			
Purchase of property, plant and equipment, and software		**(1.4)**	(2.1)
Finance income received		**0.6**	0.3
Net cash outflow from investing activities		**(0.8)**	(1.8)
Cash flows from financing activities			
Decrease in overdrafts		**(1.7)**	(1.8)
Proceeds from bank loans		**1.0**	–
Repayment of bank loans		**(0.4)**	(2.7)
Decrease in invoice financing		**(0.3)**	(1.2)
Payment of obligations under leases		**(5.4)**	(5.3)
Purchase of shares in existing subsidiaries		**(0.1)**	(0.1)
Purchase of own shares in Employee Benefit Trust		**(0.3)**	(0.3)
Dividends paid to owners of Empresaria Group plc		**(0.7)**	(0.6)
Dividends paid to non-controlling interests		**(0.9)**	(0.4)
Net cash outflow from financing activities		**(8.8)**	(12.4)
Net (decrease)/increase in cash and cash equivalents		**(4.1)**	0.5
Foreign exchange movements		**(1.1)**	0.7
Cash and cash equivalents at beginning of the year		**22.3**	21.1
Cash and cash equivalents at end of the year		**17.1**	22.3

		2023 £m	2022 £m
Bank overdrafts at beginning of the year		**(17.1)**	(18.2)
Decrease in the year		**1.7**	1.8
Foreign exchange movements		**0.2**	(0.7)
Bank overdrafts at end of the year	19	**(15.2)**	(17.1)
Cash, cash equivalents and bank overdrafts at end of the year		**1.9**	5.2

Notes to the consolidated financial statements

1 Basis of preparation and general information

Empresaria Group plc (the 'Company') is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Old Church House, Sandy Lane, Crawley Down, Crawley, West Sussex, RH10 4HS. Its company registration number is 03743194.

The consolidated financial statements are for the year ended 31 December 2023. The financial statements have been prepared in accordance with UK-adopted International Accounting Standards, and therefore the Group financial statements comply with AIM rules.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities at fair value. The measurement bases and principal accounting policies of the Group are set out below.

These consolidated financial statements are presented in Pounds Sterling (£), rounded to £0.1m, because that is the presentational currency of the Group. Foreign operations are included in accordance with the policies set out in note 2.

Changes in accounting policies

Adoption of new and revised standards and interpretations

In the current year, the following new and revised standards have been adopted:

Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform

Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IAS 21	Lack of Exchangeability
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendment to IFRS 16 Leases	Lease Liability in a Sale and Leaseback

The Group does not expect these to have a significant impact on the consolidated financial statements. This list excludes any standards or amendments which are expected to have no relevance to the Group.

Going concern

The Group's activities are funded by a combination of long-term equity capital and bank facilities, primarily a revolving credit facility, invoice financing and overdrafts. The Board has reviewed the Group's profit and cash flow projections and applied a significant downside scenario to the underlying assumptions in order to stress-test the Group's financial position. This scenario assumes ongoing challenging market conditions such that adjusted operating profit in 2024 is 27% below company compiled analyst consensus for 2024 and 10% below 2023. While the Directors consider this scenario to be possible, they believe it is more pessimistic than a reasonable worst-case scenario, given current market forecasts and current trading.

These projections demonstrate that the Group expects to meet its obligations as they fall due through the use of existing facilities and to continue to meet its covenant requirements. At 31 December 2023 the Group had undrawn facilities (excluding invoice financing) of £17.8m. The revolving credit facility was refinanced in March 2023 and the new facility has a term until March 2026. The Group's main overdraft facilities are with our primary banker and based on informal discussions the Board has had with its lenders, we have no reason to believe that these or equivalent facilities will not continue to be available to the Group for the foreseeable future.

As a result, the Directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

2 Summary of material accounting policies

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries, including the Empresaria Employee Benefit Trust ('EBT'), from the date on which the Group obtains control and cease to be consolidated from the date on which the Group no longer has control.

Control is achieved when the Group has all of the following:

- power over the investee;
- exposure, or has rights, to variable return from its involvement with the investee; and
- the ability to use its power to affect its returns.

Intragroup transactions and profits are eliminated fully on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination, taking into account any restrictions on non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred. Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is a maximum of one year. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are recognised in the income statement. Consideration linked to post-combination employee services is identified separately from the business combination. Payment for these services is accounted for as post-acquisition remuneration separately from the acquisition accounting.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except for deferred tax assets and liabilities or assets related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively.

Any non-controlling interest at acquisition is assessed as the proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Management equity

In applying the Group's management equity philosophy, subsidiary management may be offered the opportunity to acquire shares in the subsidiary that they are responsible for, at market value. There are no services supplied by any employee in relation to this purchase of the shares in the subsidiary. After an agreed period, management may offer to sell the shares back to the Company. The Company does not have any obligation to acquire these shares.

If amounts are paid for non-controlling interests in a subsidiary that exceed the fair value of the equity acquired, this excess amount is charged to the income statement.

Notes to the consolidated financial statements continued

Goodwill

Goodwill arising on a business combination is recognised as an asset at the date that control is acquired and is stated after separating out identifiable intangible assets.

Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Goodwill is not amortised but is tested at least annually for impairment. Goodwill is allocated to groups of cash-generating units as appropriate. If the recoverable amount of the cash-generating units is less than the carrying amount of the units, the impairment loss is first allocated against goodwill and then to the other assets of the units on a pro rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable goodwill is included in the calculation of profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS (1 January 2006) has been retained at the previous UK GAAP carrying amount.

Intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably.

Intangible assets acquired separately

Intangible assets that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with any changes being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (regarded as their cost). They are subsequently reported at cost less accumulated amortisation and accumulated impairment on the same basis as intangible assets acquired separately.

Amortisation is charged to the income statement and calculated using the straight-line method over its estimated useful life as follows:

Customer relationships	up to 15 years
Trademarks	up to 15 years
Software	up to five years

Exceptional items

Exceptional items are those items that in the Directors' view are required to be separately disclosed by virtue of their size, nature or incidence. Adjusted operating profit, adjusted profit before tax and adjusted earnings are considered to be key measures in understanding the Group's financial performance and exclude exceptional items.

Property, plant and equipment

Property, plant and equipment is stated at historical cost, net of accumulated depreciation and any recognised impairment loss.

Depreciation is calculated using the straight-line method to write off the cost or valuation of the assets less their residual values over their useful lives as follows:

Leasehold property	over the term of the lease up to a maximum of ten years
Fixtures, fittings and equipment	up to five years
Motor vehicles	up to five years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with any changes accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in administrative costs in the income statement.

Impairment (excluding goodwill)

The carrying amounts of the Group's tangible and intangible assets are reviewed at the end of each reporting period for any indication of impairment. An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that it does not exceed the carrying amount that would have existed had no impairment loss been recognised. The reversal of the impairment loss is recognised in profit or loss.

In respect of financial assets, other than those at fair value through profit or loss, a loss allowance for expected credit losses is determined at the end of each reporting period. Details of the expected credit loss model can be found in note 23.

Borrowing costs

Interest costs are recognised as an expense in the period in which they are incurred. Facility arrangement fees incurred in respect of borrowings are amortised over the term of the agreement.

Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within the balance sheet in current liabilities as borrowings except where there is a right of offset in which case they are netted against the relevant cash balances.

Invoice financing

The Group's operating activities in the UK are part-funded by invoice financing facilities. The debt provider has full recourse to the Group for any irrecoverable debt; these debts are presented within current borrowings and the asset due from the client in current assets in the Group's balance sheet. Movements in the invoice finance balance are shown within financing activities in the Group's cash flow statement.

Interest charges on invoice finance are included in finance costs and service charges are included in administrative costs in the Group's income statement.

Financial assets

Financial assets are divided into the following categories:

- financial assets at fair value through profit or loss; and
- amortised cost.

The Group does not have material derivative financial instruments.

Fair value through profit or loss

Forward currency contracts and contingent consideration are held in the balance sheet at fair value with changes in the fair value being recorded through the income statement and are classified as financial instruments at fair value through profit or loss.

Amortised cost

Assets accounted for at amortised cost are initially recorded at fair value and subsequently measured at amortised cost. For trade receivables, amortised cost includes an allowance for expected credit losses. This is assessed by grouping assets into categories with similar risk profiles and applying a provision matrix to each of these which is assessed by reference to past default experience and various other sources of actual and forecast economic information. Trade receivables are only written off once the potential of collection is considered to be nil and any local requirements such as around sales taxes are met.

Financial liabilities

The Group's financial liabilities include borrowings and trade and other payables (including finance lease liabilities). They are recognised initially at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in the instrument's fair value that are reported in the profit or loss are included in the income statement line items finance costs or finance income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables are initially stated at fair value and subsequently measured at amortised cost.

Notes to the consolidated financial statements continued

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of services provided in the ordinary course of the Group's activities. Revenue is shown net of value added tax, trade discounts, rebates and other sales-related taxes.

Permanent placement revenue is recognised at the point when the candidate commences employment. Temporary and contract revenue is recognised over time on the basis of actual work performed in the relevant period based on timesheets submitted. Revenue from offshore services is recognised over time as the services are delivered.

In situations where the Group is the principal in the transaction, the transactions are recorded gross in the income statement. When the Group acts as an agent, revenues are reported on a net basis.

In certain circumstances a client may be entitled to a replacement hire or refund if a candidate that has been placed leaves the role within a certain time period. Revenue is recognised based on the most likely amount of revenue to be received, taking account of all available information including historical, current and forecast.

Net fee income

Net fee income represents revenue less the remuneration cost of temporary workers. For permanent placements, net fees are equal to revenue. For offshore services, net fee income represents revenue less costs of staff directly providing those services.

Employee benefits

Retirement benefit costs

Payments made to defined contribution retirement benefit schemes are charged to the income statement as they fall due.

Share-based payments

The Group issues equity-settled share-based payments to senior management, which are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The fair value of the options granted is measured using a Monte Carlo simulation model and Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The Group acquires shares and transfers these to an Employee Benefit Trust ('EBT') to partly meet the obligation to provide shares when employees exercise their options or awards. Costs of running the EBT are charged to the income statement. Shares held by the EBT are deducted from retained earnings.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for short-term leases for office equipment (lease term of 12 months or less) and leases of low value assets (less than £5,000). For those leases the Group has opted to recognise a lease expense on a straight-line basis.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

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

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

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease.

When the Group revises its estimate of the term of any lease (for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term, which are discounted using a revised discount rate. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the revised remaining lease term.

Forward contract for foreign currencies

Forward currency contracts are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Taxation

Current tax

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

Deferred tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

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

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

Foreign currencies

(i) Functional and presentational currency

Items included in the individual financial statements of each Group company are measured using the individual currency of the primary economic environment in which that subsidiary operates (its 'functional currency'). The consolidated financial statements are presented in Pounds Sterling, which is the Company's functional and presentational currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognised initially in other comprehensive income. These exchange differences are reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

Notes to the consolidated financial statements continued

(iii) Group companies

The results and financial position of Group companies (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity within the translation reserve.

(iv) Net investments in foreign operations

Any gain or loss on retranslation of intercompany amounts considered to be part of a net investment, is recognised in equity in the foreign currency translation reserve.

Equity

Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium account represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Merger reserve relates to premiums arising on shares issued subject to the provisions of section 612 Merger relief of the Companies Act 2006.
- Equity reserve represents movement in equity due to acquisition of non-controlling interests under IFRS 3 Business Combinations.
- Translation reserve includes the exchange differences arising from the translation of the financial statements of foreign subsidiaries and the exchange differences on intercompany loans where these are treated as a net investment in foreign operations.
- Retained earnings represents accumulated profits less distributions and income/expense recognised in equity
- Non-controlling interest represents equity in a subsidiary not attributable, directly or indirectly, to the Group.

In 2023, the Group has chosen to make some changes to its presentation of the components of equity. The Group's other reserves (31 December 2022: £(0.3)m, 31 December 2021: £(0.6)m), which included the share-based payment reserve (31 December 2022: £1.0m, 31 December 2021: £0.6m) and the exchange differences on intercompany amounts treated as a net investment in foreign operations (31 December 2022: £(1.3)m, 31 December 2021: £(1.2)m), has been combined into other components of equity. The share-based payment reserve has been combined into retained earnings and the foreign exchange element has been combined with the retranslation reserve into a single translation reserve. The Group believes this provides a clearer and simpler presentation of its equity components. These changes have been reflected in the information presented for 2023, 2022 and 2021.

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying values of certain assets and liabilities. These estimates and judgements are continually evaluated and are based on historical experience and other relevant factors. Actual results may differ from these estimates.

Critical judgements in applying the Group's policies

The following are the critical judgements that the Directors have made in applying the Group's accounting policies:

Leases

Under IFRS 16 Leases the key area of judgement is lease length, including whether or not break clauses are expected to be exercised, and the identification of the appropriate discount rate. Disclosures related to leases are provided in note 24.

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the reporting date are discussed below:

Impairment of goodwill

The Group tests goodwill for impairment at least annually. The recoverable amount is determined based on value-in-use calculations. This method requires the estimation of future cash flows and the assessment of a suitable discount rate in order to calculate their present value. Details of the impairment review calculation and sensitivities are set out in note 14.

4 Segment and revenue analysis

Information reported to the Group's Executive Committee, considered to be the chief operating decision maker of the Group for the purpose of resource allocation and assessment of segment performance, is based on the Group's four regions.

The Group has one principal activity, the provision of staffing and recruitment services, delivered across a number of service lines, being permanent placement, temporary and contract placement, and offshore services.

The analysis of the Group's results by region is set out below:

	2023			2022		
	Revenue £m	**Net fee Income £m**	**Adjusted operating profit/(loss) £m**	Revenue £m	Net fee Income £m	Adjusted operating profit/(loss) £m
UK & Europe	**116.8**	**24.9**	**3.0**	124.9	28.4	4.7
APAC	**51.9**	**13.6**	**(0.8)**	49.9	15.8	0.8
Americas	**55.9**	**6.1**	**(0.9)**	62.7	8.7	1.5
Offshore Services	**26.9**	**14.0**	**7.5**	25.3	13.5	7.1
Central costs	**–**	**–**	**(3.7)**	–	–	(3.9)
Intragroup eliminations	**(1.2)**	**(1.1)**	**–**	(1.5)	(1.0)	–
	250.3	**57.5**	**5.1**	261.3	65.4	10.2

All revenue is from transactions with external clients with the exception of Offshore Services where £25.8m (2022: £24.2m) relates to external clients and £1.1m (2022: £1.1m) relates to transactions with other regions, and APAC, where £51.8m (2022: £49.5m) relates to external clients and £0.1m (2022: £0.4m) relates to transactions with other regions.

Revenue of UK & Europe includes £61.4m (2022: £67.0m) from Germany and £37.5m (2022: £41.8m) from UK.

In the current year and prior year no individual client exceeded 10% of the Group's revenue.

In 2023, impairment of goodwill of £1.5m was recognised in the UK & Europe region (see note 14).

The analysis of the Group's revenue and net fee income by client destination is set out below:

	2023		2022	
	Revenue £m	**Net fee income £m**	Revenue £m	Net fee income £m
UK & Europe	**136.7**	**32.1**	137.6	32.7
APAC	**43.4**	**13.8**	41.9	15.8
Americas	**67.4**	**12.5**	79.6	17.3
India	**0.9**	**–**	0.3	0.4
Africa	**3.1**	**0.2**	3.4	0.2
Intragroup eliminations	**(1.2)**	**(1.1)**	(1.5)	(1.0)
	250.3	**57.5**	261.3	65.4

Notes to the consolidated financial statements continued

The following segmental analysis by region and service type has been provided in line with the requirements of IFRS 15:

	2023				2022			
Revenue	**Permanent £m**	**Temporary and contract £m**	**Offshore services £m**	**Total £m**	Permanent £m	Temporary and contract £m	Offshore services £m	Total £m
UK & Europe	**6.2**	**110.6**	**–**	**116.8**	9.1	115.8	–	124.9
APAC	**8.8**	**43.1**	**–**	**51.9**	10.3	39.6	–	49.9
Americas	**1.6**	**54.3**	**–**	**55.9**	2.9	59.8	–	62.7
Offshore Services	**–**	**0.9**	**26.0**	**26.9**	–	0.4	24.9	25.3
Intragroup eliminations	**–**	**(0.1)**	**(1.1)**	**(1.2)**	–	(0.5)	(1.0)	(1.5)
	16.6	**208.8**	**24.9**	**250.3**	22.3	215.1	23.9	261.3

	2023				2022			
Net fee income	**Permanent £m**	**Temporary and contract £m**	**Offshore services £m**	**Total £m**	Permanent £m	Temporary and contract £m	Offshore services £m	Total £m
UK & Europe	**6.2**	**18.7**	**–**	**24.9**	9.1	19.3	–	28.4
APAC	**8.8**	**4.8**	**–**	**13.6**	10.3	5.5	–	15.8
Americas	**1.6**	**4.5**	**–**	**6.1**	2.8	5.9	–	8.7
Offshore Services	**–**	**–**	**14.0**	**14.0**	–	0.4	13.1	13.5
Intragroup eliminations	**–**	**–**	**(1.1)**	**(1.1)**	–	–	(1.0)	(1.0)
	16.6	**28.0**	**12.9**	**57.5**	22.2	31.1	12.1	65.4

5 Exceptional items

Exceptional items are those items that in the Directors' view are required to be separately disclosed by virtue of their size, nature or incidence. Adjusted operating profit, adjusted profit before tax and adjusted earnings per share are considered to be key measures in understanding the Group's financial performance and exclude exceptional items.

	2023 £m	2022 £m
Closure of Vietnam operation	**0.3**	–
Restructure of senior management	**0.3**	–
	0.6	–

6 Shares acquired and sold in existing subsidiaries

2023

In 2023, a number of small shareholdings were acquired from management during the year for £77,000. These shareholdings were not accounted for as non-controlling interests and the £77,000 cost has been recognised in the income statement as fair value charge on acquisition of non-controlling shares in line with the accounting policy set out in note 2.

2022

In 2022, a number of small shareholdings were acquired from management during the year, principally on their exit from the Group, for consideration totalling £86,000. These shareholdings were accounted for as non-controlling interests and therefore have been reflected as a movement in non-controlling interests of £14,000 and the remaining £72,000 was recorded in the equity reserve.

A number of small shareholdings were sold to management for a total consideration of £23,000 under commitments made under the Group's previous second generation equity plan. These shares are not accounted for as non-controlling interests and the £23,000 was recorded in the equity reserve.

7 Operating profit

Operating profit is stated after charging/(crediting):

	2023 £m	2022 £m
Depreciation of property, plant and equipment	**1.3**	0.9
Depreciation of right-of-use assets	**5.4**	5.4
Amortisation of intangible assets identified in business combinations	**1.2**	1.4
Amortisation of software	**0.2**	0.2
Impairment of goodwill	**1.5**	–
Net foreign exchange gain	**–**	(0.4)
Share-based payments	**(0.3)**	0.3
Impairment of trade receivables	**0.3**	–
Auditor's remuneration	**0.4**	0.4

The analysis of auditor's remuneration is as follows:

	2023 £000	2022 £000
Fees payable to the Company's auditor and its associates for:		
The audit of the parent company and the consolidated financial statements	**149**	139
The audit of subsidiary financial statements pursuant to legislation	**76**	72
Other audit services	**25**	53
Fees payable to other auditors		
The audit of subsidiary financial statements pursuant to legislation	**146**	143
Other audit services	**31**	29
	427	436

8 Directors and employees

	2023 £m	2022 £m
Staff costs		
Wages and salaries	**38.3**	39.0
Social security costs	**4.1**	4.4
Pension costs	**0.7**	0.9
Share-based payments	**(0.3)**	0.3
	42.8	44.6

Staff costs include amounts included within cost of sales of £9.1m (2022: £8.2m).

Details of Directors' remuneration are given on pages 47 to 49.

	2023 No.	2022 No.
Average monthly number of persons employed – sales and administration	**3,281**	3,233
Number of persons employed as at 31 December – sales and administration	**3,150**	3,314

Notes to the consolidated financial statements continued

9 Finance income and costs

	2023 £m	2022 £m
Finance income		
Bank interest receivable	**0.6**	0.3
	0.6	0.3
Finance costs		
Invoice financing	**(0.3)**	(0.1)
Bank loans and overdrafts	**(1.6)**	(1.1)
Interest on lease liabilities	**(0.3)**	(0.3)
	(2.2)	(1.5)
Net finance costs	**(1.6)**	(1.2)

10 Taxation

(a) The tax expense for the year is as follows:

	2023 £m	2022 £m
Current tax		
Current year income tax expense	**2.9**	3.9
Adjustments in respect of prior years	**–**	(0.1)
Total current tax expense	**2.9**	3.8
Deferred tax		
On origination and reversal of temporary differences	**(1.1)**	(1.0)
Relating to changes in tax rates	**(0.1)**	–
Recognition of previously unrecognised tax losses	**(0.3)**	–
Total deferred tax credit	**(1.5)**	(1.0)
Total income tax expense in the income statement	**1.4**	2.8

(b) Factors affecting the income tax expense for the year

The table below explains the differences between the expected income tax expense and the Group's actual income tax expense for the year. The expected income tax expense is assessed by applying the local tax rates to the profits in each business and aggregating these amounts.

	2023 £m	2022 £m
Profit before taxation	**0.1**	7.6
Tax at the relevant local rates	**0.2**	2.1
Effects of:		
Expenses not deductible for tax purposes	**0.1**	0.3
Expenses with enhanced deduction for tax purposes	**(0.1)**	(0.2)
Impairment of goodwill not deductible for tax purposes	**0.3**	–
Impact of change in tax rate on deferred tax assets	**(0.1)**	–
Current year losses not recognised for tax purposes	**0.9**	0.4
Prior year losses recognised for tax purposes	**(0.3)**	–
Overseas withholding tax suffered	**0.3**	0.2
Deferred tax on unremitted overseas earnings	**0.1**	0.1
Adjustments in respect of prior years	**–**	(0.1)
Tax expense	**1.4**	2.8

The movements in deferred tax are explained in note 21.

No tax was recognised in other comprehensive income (2022: £nil).

11 Reconciliation of adjusted profit before tax to profit before tax

	2023 £m	2022 £m
Profit before tax	**0.1**	7.6
Exceptional items	**0.6**	–
Fair value charge on acquisition of non-controlling shares	**0.1**	–
Impairment of goodwill	**1.5**	–
Amortisation of intangible assets identified in business combinations	**1.2**	1.4
Adjusted profit before tax	**3.5**	9.0

12 Earnings per share

Basic earnings per share is assessed by dividing the earnings attributable to the owners of Empresaria Group plc by the weighted average number of shares in issue during the year. Diluted earnings per share is calculated as for basic earnings per share but adjusting the weighted average number of shares for the diluting impact of shares that could potentially be issued. For 2023 and 2022 these are all related to share options and further details can be found in note 28 and the Directors' remuneration report on pages 47 to 49. Reconciliations between basic and diluted measures are given below.

The Group also presents adjusted earnings per share which it considers to be a key measure of the Group's performance. A reconciliation of earnings to adjusted earnings is provided below.

	2023 £m	2022 £m
Earnings attributable to owners of Empresaria Group plc	**(2.9)**	3.4
Adjustments:		
Exceptional items	**0.6**	–
Fair value charge on acquisition of non-controlling shares	**0.1**	–
Impairment of goodwill	**1.5**	–
Amortisation of intangible assets identified in business combinations	**1.2**	1.4
Tax on the above	**(0.2)**	(0.3)
Adjusted earnings	**0.3**	4.5

Number of shares	**Millions**	Millions
Weighted average number of shares – basic	**49.1**	49.4
Dilution effect of share options	**0.7**	1.5
Weighted average number of shares – diluted	**49.8**	50.9

Earnings per share	**Pence**	Pence
Basic	**(5.9)**	6.9
Dilution effect of share options	**–**	(0.2)
Diluted	**(5.9)**	6.7

Adjusted earnings per share	**Pence**	Pence
Basic	**0.6**	9.1
Dilution effect of share options	**–**	(0.3)
Diluted	**0.6**	8.8

In 2023, all share options were antidilutive for the purpose of assessing diluted earnings per share in accordance with IAS 33 Earnings Per Share. As such, diluted earnings per share and basic earnings per share were equal. As these options are nil-cost options these were reflected as dilutive in assessing adjusted, diluted earnings per share presented above.

The weighted average number of shares (basic) has been calculated as the weighted average number of shares in issue during the year plus the number of share options already vested less the weighted average number of shares held by the Empresaria Employee Benefit Trust. The Trustees have waived their rights to dividends on the shares held by the Empresaria Employee Benefit Trust.

Notes to the consolidated financial statements continued

13 Property, plant and equipment

2023	Leasehold improvements £m	Fixtures, fittings and equipment £m	Motor vehicles £m	Total £m
Cost				
At 1 January	1.7	7.8	0.2	9.7
Additions	0.1	0.8	0.1	1.0
Disposals	(0.2)	(0.7)	–	(0.9)
Foreign exchange movements	(0.1)	(0.3)	–	(0.4)
At 31 December	1.5	7.6	0.3	9.4
Accumulated depreciation				
At 1 January	1.2	5.5	0.2	6.9
Charge for the year	0.2	1.1	–	1.3
Disposals	(0.1)	(0.7)	(0.1)	(0.9)
Foreign exchange movements	–	(0.3)	–	(0.3)
At 31 December	1.3	5.6	0.1	7.0
Net book value				
At 31 December 2022	0.5	2.3	–	2.8
At 31 December 2023	0.2	2.0	0.2	2.4

2022	Leasehold improvements £m	Fixtures, fittings and equipment £m	Motor vehicles £m	Total £m
Cost				
At 1 January	1.4	6.5	0.2	8.1
Additions	0.3	1.7	–	2.0
Disposals	–	(0.6)	–	(0.6)
Foreign exchange movements	–	0.2	–	0.2
At 31 December	1.7	7.8	0.2	9.7
Accumulated depreciation				
At 1 January	1.0	5.3	0.2	6.5
Charge for the year	0.2	0.7	–	0.9
Disposals	–	(0.6)	–	(0.6)
Foreign exchange movements	–	0.1	–	0.1
At 31 December	1.2	5.5	0.2	6.9
Net book value				
At 31 December 2021	0.4	1.2	–	1.6
At 31 December 2022	0.5	2.3	–	2.8

14 Goodwill

	2023 £m	2022 £m
At 1 January	**31.9**	30.5
Impairment charge	**(1.5)**	–
Foreign exchange movements	**(0.7)**	1.4
At 31 December	**29.7**	31.9

Goodwill is reviewed and tested for impairment on an annual basis or more frequently if there is an indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of the group of cash-generating units ('CGUs') the goodwill has been allocated to, with the recoverable amount of those CGUs. The recoverable amount of each group of CGUs is considered to be its value in use. The key assumptions in assessing value in use are as follows:

Operating profit and pre-tax cash flows

The operating profit and pre-tax cash flows are based on the 2024 budgets approved by the Group's Board. These budgets are extrapolated using short-term growth rate forecasts over four years and long-term growth rates and margins that are consistent with the business plans approved by the Group's Board. These cash flows are discounted to present value to assess the value in use.

Discount rates

The pre-tax, country-specific rates used to discount the forecast cash flows range from 13.0% to 18.5% (2022: 13.0% to 18.9%) reflecting current local market assessments of the time value of money and the risks specific to the relevant business. These discount rates reflect the estimated industry weighted average cost of capital in each market and are based on the Group's weighted average cost of capital adjusted for local factors.

Pre-tax discount rates used by region are as follows:

UK & Europe:	13.0% to 17.9% (2022: 13.0% to 18.0%)
APAC:	14.8% to 18.5% (2022: 13.8% to 18.9%)
Americas:	14.4% to 15.5% (2022: 13.3% to 16.0%)
Offshore Services:	15.1% (2022: 15.8%)

Growth rates

The growth rates used to extrapolate beyond the most recent budgets and forecasts and to determine terminal values are based upon IMF GDP growth forecasts for the specific market. Longer-term growth rates ranged from 0.4% to 6.3%. GDP growth is a key driver of our business and is therefore an appropriate assumption in developing long-term forecasts.

Long-term growth rates used by region are as follows:

UK & Europe:	0.9% to 1.6% (2022: 1.3% to 1.5%)
APAC:	0.4% to 5.0% (2022: 0.4% to 5.1%)
Americas:	2.1% to 3.0% (2022: 1.9% to 3.0%)
Offshore Services:	6.3% (2022: 6.2%)

In 2023, an impairment charge of £1.5m was recognised in respect of two businesses in the UK & Europe region. Both businesses have performed more weakly in recent years and have not yet recovered to previous performance levels and as a result impairment charges have been booked. Before the impairment charge was recognised the carrying value of the goodwill was £2.5m and the recoverable amount was assessed as £1.0m.

In 2022, no impairment of goodwill was recognised.

As part of the impairment review, reasonably possible changes in the growth rate and discount rate assumptions have been considered to assess the impact on the recoverable amount of each business. Were the long-term growth rate to reduce to nil an impairment charge of £0.7m would be recorded in respect of two businesses in our Americas region (2022: £0.1m for one business in our APAC region and £0.1m for one business in our Americas region). If the discount rate were to increase by 2% an impairment charge of £0.6m would be recorded in respect of two businesses in our Americas region (2022: £0.1m for one business in our APAC region and £0.1m for one business in our Americas region).

Notes to the consolidated financial statements continued

The carrying amount of goodwill by region is as follows:

	2023 £m	2022 £m
UK & Europe	**22.1**	24.0
APAC	**2.7**	2.8
Americas	**4.4**	4.6
Offshore Services	**0.5**	0.5
	29.7	31.9

Included within the above are significant goodwill balances as set out in the table below along with the relevant discount rate and growth rate assumptions:

	2023			2022		
	Goodwill £m	**Discount rate %**	**Growth rate %**	Goodwill £m	Discount rate %	Growth rate %
Headway	**12.7**	**13.1**	**0.9**	13.0	13.1	1.3
ConSol Partners	**4.2**	**13.9**	**1.5**	4.2	15.0	1.5

15 Other intangible assets

	Intangible assets identified in business combinations				
2023	**Customer relationships £m**	**Trade names & marks £m**	**Sub total £m**	**Software £m**	**Total £m**
Cost					
At 1 January	**14.9**	**9.3**	**24.2**	**2.0**	**26.2**
Additions	**–**	**–**	**–**	**0.4**	**0.4**
Disposals	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Foreign exchange movements	**(0.8)**	**(0.4)**	**(1.2)**	**(0.1)**	**(1.3)**
At 31 December	**14.1**	**8.9**	**23.0**	**2.2**	**25.2**
Accumulated amortisation					
At 1 January	**11.9**	**4.7**	**16.6**	**1.4**	**18.0**
Charge for the year	**0.6**	**0.6**	**1.2**	**0.2**	**1.4**
Disposals	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Foreign exchange movements	**(0.7)**	**(0.3)**	**(1.0)**	**–**	**(1.0)**
At 31 December	**11.8**	**5.0**	**16.8**	**1.5**	**18.3**
Net book value					
At 31 December 2022	**3.0**	**4.6**	**7.6**	**0.6**	**8.2**
At 31 December 2023	**2.3**	**3.9**	**6.2**	**0.7**	**6.9**

As required under IFRS, the Group reviewed these assets for indications of impairment as at 31 December 2023. Following this review, no impairment charges have been reflected.

2022	Intangible assets identified in business combinations: Customer relationships £m	Trade names & marks £m	Sub total £m	Software £m	Total £m
Cost					
At 1 January	13.9	8.8	22.7	1.8	24.5
Additions	–	–	–	0.1	0.1
Foreign exchange movements	1.0	0.5	1.5	0.1	1.6
At 31 December	14.9	9.3	24.2	2.0	26.2
Accumulated amortisation					
At 1 January	10.2	3.9	14.1	1.1	15.2
Charge for the year	0.9	0.5	1.4	0.2	1.6
Foreign exchange movements	0.8	0.3	1.1	0.1	1.2
At 31 December	11.9	4.7	16.6	1.4	18.0
Net book value					
At 31 December 2021	3.7	4.9	8.6	0.7	9.3
At 31 December 2022	3.0	4.6	7.6	0.6	8.2

As required under IFRS, the Group reviewed these assets for indications of impairment as at 31 December 2022. Following this review, no impairment charges have been reflected.

16 Subsidiaries

A list of the Group's subsidiaries, including the name, country of incorporation and proportion of ownership interest, is given in note 6 to the Company's financial statements.

The following consolidated UK subsidiary companies are exempt from an annual audit under section 479A of the Companies Act 2006 and the Company has provided a guarantee under section 479C of the Companies Act 2006. This guarantees all outstanding liabilities to which the subsidiary is subject to as at 31 December 2023 until they are settled in full. The guarantee is enforceable against the Company by any person to whom the subsidiary is liable in respect of those liabilities.

Name of subsidiary	Company number	Type of subsidiary
Ball & Hoolahan Limited	02174109	Active Trading
ConSol Partners (Holdings) Limited	09338986	Holding Non-Trading
ConSol Partners Europe Limited	13498660	Active Non-Trading
CP101 Limited	13498839	Active Non-Trading
Empresaria 2021 Limited	09995863	Active Non-Trading
Empresaria Americas Finco Limited	09917053	Holding Non-Trading
Empresaria Americas Limited	08926961	Holding Non-Trading
Empresaria Asia Limited	07384224	Holding Non-Trading
Empresaria China Holdings Limited	05150663	Holding Non-Trading
Empresaria GIT Holdings Limited	05669458	Holding Non-Trading
Empresaria GIT Limited	05669176	Holding Non-Trading
Empresaria Healthcare Europe Limited	13697746	Holding Non-Trading
Empresaria Healthcare Holdings Limited	13696636	Holding Non-Trading
Empresaria Indonesia Holdings Limited	10362003	Holding Non-Trading
Empresaria Limited	09946765	Active Trading
Empresaria Malaysia Holdings Limited	08701593	Holding Non-Trading
Empresaria Mexico Holdings Limited	08929375	Holding Non-Trading
Empresaria North America Limited	09799784	Holding Non-Trading
Empresaria NZ Finco Limited	10804049	Holding Non-Trading
Empresaria NZ Limited	10164295	Holding Non-Trading
Empresaria Peru Holdings Limited	09949926	Active Non-Trading
Empresaria Philippines Holdings Limited	08584315	Holding Non-Trading

Notes to the consolidated financial statements continued

Name of subsidiary	Company number	Type of subsidiary
Empresaria Solutions Limited (formerly Empresaria T&I Limited)	10432476	Active Trading
Empresaria T&I Holdings Limited	08772122	Holding Non-Trading
Empresaria Technology (Holdings) Limited	10322758	Holding Non-Trading
Empresaria Thailand Holdings Limited	07839625	Holding Non-Trading
Empresaria Vietnam Holdings Limited	10485853	Holding Non-Trading
EMR1000 Limited	04154134	Active Non-Trading
Interim Management International Limited	04067140	Holding Non-Trading
Mansion House Recruitment Limited	03276279	Active Non-Trading
McCall Limited	04605123	Active Trading
Oval (888) Limited	04819545	Active Non-Trading
Team Resourcing Limited	03693098	Active Trading
The Recruitment Business Limited	03322411	Active Trading
The Recruitment Business Holdings Limited	07593863	Holding Non-Trading

Material non-controlling interests

Summarised consolidated financial information in respect of Interactive Manpower Solutions Private Limited ('IMS') is set out below.

Summarised income statement

	2023 £m	2022 £m
Revenue	**26.9**	25.3
Profit for the year	**5.6**	5.3

Summarised balance sheet

	2023 £m	2022 £m
Current assets	**18.1**	15.5
Non-current assets	**3.8**	4.4
Current liabilities	**(7.9)**	(8.2)
Net assets	**14.0**	11.7

Dividends of £0.7m (2022: £0.4m) were paid to non-controlling interests during the year.

17 Trade and other receivables

	2023 £m	2022 £m
Current		
Gross trade receivables	**31.8**	34.1
Less provision for impairment of trade receivables	**(0.8)**	(0.8)
Trade receivables	**31.0**	33.3
Prepayments	**2.0**	2.4
Accrued income	**7.5**	7.4
Corporation tax receivable	**1.2**	0.9
Other receivables	**3.0**	2.7
	44.7	46.7

Trade receivables include £18.1m (2022: £20.1m) on which security has been given under bank facilities.

All amounts are due within one year. The carrying value of trade and other receivables is considered to be their fair value.

Further analysis on trade receivables is set out in note 23.

18 Trade and other payables

	2023 £m	2022 £m
Current		
Trade payables	**2.0**	2.4
Other tax and social security	**5.7**	5.1
Pilot bonds	**0.3**	0.6
Client deposits	**0.3**	0.4
Temporary recruitment worker wages	**3.3**	3.4
Other payables	**1.9**	1.6
Accruals	**18.0**	19.8
	31.5	33.3

All amounts are payable within one year with the exception of pilot bonds as discussed below. The carrying value of trade and other payables is considered to be their fair value.

Pilot bonds represent unrestricted funds held by our aviation business at the request of clients that are repayable to the pilot over the course of a contract, typically between three and five years. If the pilot terminates their contract early, the outstanding bond is payable to the client. For this reason the bonds are shown as a current liability. As at 31 December 2023, if the bonds were to be repaid in line with existing contracts, £nil (2022: £0.3m) would be repayable in more than one year.

19 Borrowings

	2023 £m	2022 £m
Current		
Bank overdrafts	**15.2**	17.1
Invoice financing	**3.2**	3.5
Bank loans	**0.3**	8.5
	18.7	29.1
Non-current		
Bank loans	**9.2**	0.5
	9.2	0.5
Borrowings	**27.9**	29.6

Notes to the consolidated financial statements continued

The following key bank facilities are in place at 31 December 2023:

				Facility limit		Outstanding	
	Currency	Maturity	Interest rate	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Bank overdrafts							
UK[1]	GBP[2]	On demand with annual review	1% above applicable currency base rates	**10.0**	10.0	**8.0**	6.3
Germany	EUR	On demand with annual review	EURIBOR + 3.0%	**11.3**	11.5	**5.5**	8.7
USA	USD	On demand with annual review	LIBOR + 2%	**1.6**	1.7	**–**	–
New Zealand	NZD	On demand with annual review	New Zealand Base Lending Rate + 2%	**0.5**	0.5	**–**	–
Invoice financing							
UK	GBP	On demand with annual review	UK base rate + 1.47%	**7.5**	10.0	**2.0**	2.0
Chile	CLP	On demand with annual review	Weighted average rate 12.8% (2022: 15.7%)	**2.4**	2.9	**1.2**	1.5
Bank loans							
UK – Revolving Credit Facility	GBP	2026	SONIA + 2% to 2.75%	**15.0**	15.0	**9.0**	8.0
Japan	JPY	2025-2028	Weighted average rate 0.6% (2022: 0.6%)	**0.4**	0.7	**0.4**	0.7

1 The UK overdraft is a net overdraft arrangement across a number of UK entities. For facility utilisation purposes these amounts are presented net in the table above, but for accounting purposes cash and overdrawn balances are presented gross in the balance sheet. The utilisation amount in the table is net of £1.5m of cash shown within cash and cash equivalents in the balance sheet (2022: £1.9m).

2 The UK overdraft can be drawn in a number of different currencies with the overall facility limit expressed in GBP.

The UK revolving credit facility is secured by a first fixed charge over all book and other debts given by the Company and certain of its UK, German, US and New Zealand subsidiaries. It is also subject to financial covenants and these are disclosed in the finance review on page 26. The UK invoice financing facility is also secured by a fixed and floating charge over trade receivables.

The UK revolving credit facility was refinanced in March 2023 for three years with the same facility limit of £15.0m.

20 Net debt

a) Net debt

	2023 £m	2022 £m
Cash and cash equivalents	**17.1**	22.3
Borrowings	**(27.9)**	(29.6)
Net debt	**(10.8)**	(7.3)

b) Adjusted net debt

	2023 £m	2022 £m
Cash and cash equivalents	**17.1**	22.3
Less cash held in respect of pilot bonds	**(0.3)**	(0.6)
Adjusted cash	**16.8**	21.7
Borrowings	**(27.9)**	(29.6)
Adjusted net debt	**(11.1)**	(7.9)

The Group presents adjusted net debt as its principal debt measure. Adjusted net debt is equal to net debt excluding cash held in respect of pilot bonds within our aviation business. Where required by the client, pilot bonds are taken at the start of the pilot's contract and are repayable to the pilot or the client during the course of the contract or if it ends early. There is no legal restriction over this cash, but given the requirement to repay it over a three-year period, and that to hold these is a client requirement, cash equal to the amount of the bonds is excluded in calculating adjusted net debt.

c) Movement in adjusted net debt

	2023 £m	2022 £m
At 1 January	**(7.9)**	(14.0)
Net (decrease)/increase in cash and cash equivalents per consolidated cash flow statement	**(4.1)**	0.5
Net decrease in overdrafts and loans	**1.1**	4.5
Decrease in invoice financing	**0.3**	1.2
Foreign exchange movements	**(0.8)**	(0.2)
Adjusted for decrease in cash held in respect of pilot bonds	**0.3**	0.1
At 31 December	**(11.1)**	(7.9)

d) Movement in borrowings

	2023 £m	2022 £m
Borrowings at 1 January	**(29.6)**	(34.4)
Cash flow movements:		
Decrease in overdrafts	**1.7**	1.8
Proceeds from bank loans	**(1.0)**	–
Repayment of bank loans	**0.4**	2.7
Decrease in invoice financing	**0.3**	1.2
Non-cash movements:		
Foreign exchange movements	**0.3**	(0.9)
Borrowings at 31 December	**(27.9)**	(29.6)

21 Deferred tax

Deferred tax assets	Holiday pay £m	Retirement provision £m	Tax losses £m	Other temporary differences £m	**Total 2023 £m**	Total 2022 £m
At 1 January	0.3	0.2	2.2	1.7	**4.4**	3.4
Recognised in the income statement	–	–	1.4	–	**1.4**	0.9
Foreign exchange movements	–	–	–	(0.1)	**(0.1)**	0.1
At 31 December	0.3	0.2	3.6	1.6	**5.7**	4.4

Deferred tax liabilities	Intangible assets £m	Unremitted overseas earnings £m	Other temporary differences £m	**Total 2023 £m**	Total 2022 £m
At 1 January	1.8	0.6	0.1	**2.5**	2.6
Recognised in the income statement	(0.1)	–	–	**(0.1)**	(0.1)
At 31 December	1.7	0.6	0.1	**2.4**	2.5

At the balance sheet date, the Group has unused tax losses of £24.5m (2022: £16.2m) available for offset against future taxable profits. A deferred tax asset has been recognised in respect of £14.4m (2022: £8.7m) of such losses. No deferred tax asset has been recognised in respect of the remaining £10.1m (2022: £7.5m) as it is not considered probable that there will be future taxable profits available against which these losses could be offset. Of these, £8.9m have no expiry date, £1.0m expires in 2026 and 2027, while £0.2m expires in 2029 and 2030.

No deferred tax liability is recognised on temporary differences of £19.2m (2022: £17.3m) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is considered probable that they will not reverse in the foreseeable future. The potential tax impact of these temporary differences is £1.8m (2022: £1.6m) assuming all unremitted earnings were remitted in full in the year.

A deferred tax liability of £0.6m (2022: £0.6m) has been recognised in respect of the unremitted earnings of overseas subsidiaries amounting to £6.9m (2022: £8.0m) as it is probable that these earnings will be remitted and the tax cost incurred.

Notes to the consolidated financial statements continued

22 Share capital and shares held by Employee Benefit Trust

Share capital

	2023		2022	
	Number of shares	**£m**	Number of shares	£m
Issued, allotted and fully paid				
Ordinary Shares of 5p each	**49,853,001**	**2.5**	49,853,001	2.5

The Company has one class of Ordinary Share which carries no rights to fixed income. All Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Shares held by Employee Benefit Trust

	2023 Number of shares	2022 Number of shares
Allotted and fully paid		
Ordinary Shares of 5p each	**801,139**	1,017,528

The Trustees have waived their rights to dividends on the shares held by the Empresaria Employee Benefit Trust.

23 Financial risk management

The Group is exposed to a variety of financial risks arising from its operations, being principally credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk.

The Group's treasury function is managed centrally and the policies for managing each of these risks and their impact on the results of the year are summarised below.

The principal financial assets of the Group are cash and cash equivalents, and trade and other receivables. The principal financial liabilities are borrowings, and trade and other payables that arise directly from operations.

Fair value

The carrying value of all financial instruments equates to fair value.

Credit risk

Credit risk is the risk of financial loss if a client or counterparty fails to meet an obligation under a contract. Credit risk arises primarily from trade receivables but also from the Group's other financial assets including cash deposits.

Classes of financial assets – carrying amounts

	2023 £m	2022 £m
Cash and cash equivalents	**17.1**	22.3
Trade and other receivables[1]	**41.5**	43.4

1 Trade and other receivables are held at amortised cost and exclude prepayments and corporation tax receivable amounting to £3.2m (2022: £3.3m) and presents the maximum exposure to credit risk for trade and other receivables.

The Group's credit risk on its cash balances is managed by limiting exposure to banks with a credit rating lower than BBB and through adhering to authorised limits for all counterparties.

The Group manages its exposure to trade receivables through its credit policy. New clients are assessed through a review process including obtaining credit ratings and reviewing available financial and other information. Ongoing risk exposure is mitigated through the credit control process, setting credit limits and regular review of clients and trade receivable balances.

The amounts presented in the balance sheet are net of allowances for impairment. An allowance for impairment is made based on the expected credit loss. The Group has no significant concentration of risk, with exposure spread over a large number of third parties and clients. A provision of £0.8m (2022: £0.8m) has been recorded.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar ageing and credit risk assessed by giving regard to factors such as market and sector. The Group also considers forward-looking factors, including known credit issues and changes in market risks, and reflects these as necessary.

The expected loss rates are based on the Group's historical credit losses experienced over the five-year period prior to the balance sheet date and adjusted as appropriate for current and forward-looking information on macroeconomic factors affecting the Group's clients in the countries where the Group operates.

At 31 December 2023 the lifetime expected loss provision for trade receivables was as follows:

	Current	**Overdue by up to 30 days**	**Overdue by up to 60 days**	**Overdue by up to 90 days**	**Overdue by more than 90 days**	**Total**
Average expected loss rate (%)	**1.1%**	**4.4%**	**6.6%**	**8.8%**	**11.0%**	
Gross carrying amount (£m)	**25.1**	**3.4**	**1.2**	**0.8**	**1.3**	**31.8**
Loss provision (£m)	**0.3**	**0.2**	**0.1**	**0.1**	**0.1**	**0.8**

Included within the loss provision at 31 December 2023 was a specific loss provision of £0.1m in respect of certain debtor balances with specific credit risk profiles.

At 31 December 2022 the lifetime expected loss provision for trade receivables was as follows:

	Current	Overdue by up to 30 days	Overdue by up to 60 days	Overdue by up to 90 days	Overdue by more than 90 days	Total
Average expected loss rate (%)	1.0%	4.1%	6.1%	8.2%	10.2%	
Gross carrying amount (£m)	28.8	2.1	1.3	1.0	0.9	34.1
Loss provision (£m)	0.3	0.1	0.1	0.1	0.2	0.8

Included within the loss provision on current debts due at 31 December 2022 was a specific loss provision of £0.1m in respect of certain debtor balances with specific credit risk profiles.

The movement in the provision for impairment of trade receivables during the year was as follows:

	2023 £m	2022 £m
Balance at 1 January	**0.8**	0.9
Impairment loss recognised	**0.3**	–
Impairment loss utilised	**(0.3)**	(0.1)
Balance at 31 December	**0.8**	0.8

Market risk

(a) Foreign exchange risk

The majority of the Group's transactions are carried out in the local currency of the respective country the business is operating in. However, the Group does undertake transactions denominated in foreign currencies and consequently exposures to exchange rate fluctuation arise. In many cases this exposure is mitigated by incurring costs in the same currency.

To mitigate the Group's exposure to foreign currency risk, non-local currency cash flows are monitored and, if applicable, forward exchange contracts are entered into in accordance with the Group's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

As at 31 December 2023 there were a small number of forward currency contracts in place. The amount covered by these at 31 December 2023 was £1.2m (2022: £1.0m). These are recorded in the balance sheet at fair value, which at 31 December 2023 was £nil (2022: £nil).

During the year the Group has recognised a net foreign exchange loss of £nil (2022: gain of £0.4m) in the consolidated income statement.

Notes to the consolidated financial statements continued

The carrying amounts of the Group's significant monetary assets and liabilities held in currencies other than a business's functional currency at 31 December are set out in the table below along with sensitivity analysis showing the approximate impact of a 10% weakening of the foreign currency against the relevant functional currency as at 31 December. The analysis assumes that all other variables remain constant.

	Foreign currency monetary items			**Sensitivity analysis impact of non-functional currency foreign exchange exposure**	
2023	**Assets £m**	**Liabilities £m**	**Sensitivity**	**Profit and loss £m**	**Equity £m**
US Dollars	**4.6**	**3.1**	US Dollars (10%)	**(0.1)**	**(0.1)**
Euro	**1.6**	**1.7**	Euro (10%)	**(0.0)**	**(0.0)**

	Foreign currency monetary items			Sensitivity analysis impact of non-functional currency foreign exchange exposure	
2022	Assets £m	Liabilities £m	Sensitivity	Profit and loss £m	Equity £m
US Dollars	6.8	2.8	US Dollars (10%)	(0.3)	(0.3)
Euro	2.2	1.4	Euro (10%)	(0.1)	(0.1)

A 10% strengthening of the above currencies against relevant functional currency at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

In management's opinion, the sensitivity analysis presented does not completely represent the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

The Group also has currency exposure on the translation of overseas subsidiaries' results into Pounds Sterling. The Group does not actively hedge this exposure although there is an element of natural hedge by having operations in different countries. The amount of currency retranslation loss recognised in equity was £2.2m (2022: gain of £2.6m).

(b) Interest rate risk

Interest rate risk comprises both cash flow and fair value risks. Fair value risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in interest rates. The Group is not exposed to fair value risks as it has no financial instruments that are revalued to fair value at the balance sheet date. Cash flow risk arises on the future cash flows of a financial instrument. The Group is exposed to cash flow risk on its variable rate borrowings. The Group manages its interest rate risk through a combination of cash pooling, shareholder funding and borrowing, and management monitors movements in interest rates to determine the most advantageous debt profile for the Group. The Group's policy is for the majority of its debt to be at variable rates as this is expected to better match interest costs with the economic cycle as staffing is typically a cyclical business.

At 31 December 2023, the Group is exposed to changes in market interest rates through its borrowings, which are subject to variable interest rates. For further information see note 19.

	2023	2022
Effective interest rate on borrowings in the year	**6.9%**	5.6%

An increase of 100 basis points in interest rates would have decreased equity and the income statement by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2023 £m	2022 £m
Net result for the year	**(0.3)**	(0.3)
Equity	**(0.3)**	(0.3)

Liquidity risk

Liquidity risk is managed to ensure that the Group is able to meet its payment obligations as they fall due. The Group's funding strategy is to ensure a mix of financing methods offering flexibility and cost effectiveness to match the requirements of the Group. The Group monitors its liquidity risk on an ongoing basis with regular cash flow forecasts. In order to ensure continuity of funding, the Group seeks to arrange funding ahead of business requirements and maintain sufficient undrawn committed borrowing facilities. Details of the Group's borrowings are provided in note 19.

As at 31 December 2023, the Group's financial liabilities have contractual maturities as follows:

	Current				Non-current			
	within 6 months		6 to 12 months		1 to 5 years		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Borrowings	**18.6**	29.0	**0.1**	0.1	**9.2**	0.5	**27.9**	29.6
Trade and other payables[1]	**25.8**	28.2	**–**	–	**–**	–	**25.8**	28.2
Forward currency contracts payments	**1.2**	1.0	**–**	–	**–**	–	**1.2**	1.0
Forward currency contracts receipts	**(1.2)**	(1.0)	**–**	–	**–**	–	**(1.2)**	(1.0)
Lease liabilities	**2.4**	2.6	**2.2**	2.9	**2.7**	2.9	**7.3**	8.4
Total	**46.8**	59.8	**2.3**	3.0	**11.9**	3.4	**61.0**	66.2

1 Trade and other payables exclude other tax and social security of £5.7m (2022: £5.1m). Pilot bonds have been included as due within six months in line with the disclosure in note 18.

Lease liabilities in the table reflect the gross cash flows, which differ from the carrying value at the balance sheet date. All bank loans are on floating interest rates.

At the year end the Group had £17.8m (2022: £17.9m) of undrawn bank facilities (excluding invoice financing).

Capital structure

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the balance between debt and equity. The capital structure of the Group consists of net debt, which includes borrowings and cash and cash equivalents (see note 20) and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in note 22 and in the consolidated statement of changes in equity.

The Board reviews the capital structure of the Group on an ongoing basis, considering the cost of capital and the risks associated with each class of capital. The Board closely monitors the level of borrowings, its debt to debtors ratio and compliance with any covenants on its borrowings. Further details on covenants are given in the finance review on page 26.

Debt to debtors ratio

	2023 £m	2022 £m
Adjusted net debt (see note 20)	**11.1**	7.9
Trade receivables(see note 17)	**31.0**	33.3
Debt to debtors ratio	**36%**	24%

Notes to the consolidated financial statements continued

24 Leases

The Group's leases are predominantly property leases. These include leases for the offices from which the businesses across the Group operate and these have terms of typically one to five years. Additionally, in Germany, accommodation is provided to temporary workers with lease lengths typically estimated at between zero and two years.

The movements in the carrying value of right-of-use assets is provided below.

2023	Property £m	Other £m	Total £m
Cost			
At 1 January	19.4	2.1	21.5
Additions and modifications	4.0	1.3	5.3
Disposals	(3.8)	(1.0)	(4.8)
Foreign exchange movements	(0.7)	(0.1)	(0.8)
At 31 December	18.9	2.3	21.2
Accumulated depreciation			
At 1 January	12.8	1.2	14.0
Depreciation	4.6	0.8	5.4
Disposals	(3.4)	(0.9)	(4.3)
Impairment	0.1	–	0.1
Foreign exchange movements	(0.4)	–	(0.4)
At 31 December	13.7	1.1	14.8
Net book value			
At 31 December 2022	6.6	0.9	7.5
At 31 December 2023	5.2	1.2	6.4

2022	Property £m	Other £m	Total £m
Cost			
At 1 January	17.0	2.2	19.2
Additions and modifications	4.9	0.5	5.4
Disposals	(3.3)	(0.8)	(4.1)
Foreign exchange movements	0.8	0.2	1.0
At 31 December	19.4	2.1	21.5
Accumulated depreciation			
At 1 January	10.5	1.2	11.7
Depreciation	4.7	0.7	5.4
Disposals	(3.0)	(0.8)	(3.8)
Foreign exchange movements	0.6	0.1	0.7
At 31 December	12.8	1.2	14.0
Net book value			
At 31 December 2021	6.5	1.0	7.5
At 31 December 2022	6.6	0.9	7.5

The movements in the lease liability is provided below.

2023	**Property £m**	**Other £m**	**Total £m**
At 1 January	**7.0**	**0.9**	**7.9**
Additions and modifications	**4.0**	**1.3**	**5.3**
Disposals	**(0.5)**	**(0.1)**	**(0.6)**
Interest on lease obligations	**0.3**	**–**	**0.3**
Payment of obligations under leases	**(4.8)**	**(0.9)**	**(5.7)**
Foreign exchange movements	**(0.3)**	**–**	**(0.3)**
At 31 December 2023	**5.7**	**1.2**	**6.9**

2022	Property £m	Other £m	Total £m
At 1 January	7.0	0.9	7.9
Additions and modifications	4.9	0.5	5.4
Disposals	(0.4)	–	(0.4)
Interest on lease obligations	0.3	–	0.3
Payment of obligations under leases	(5.0)	(0.6)	(5.6)
Foreign exchange movements	0.2	0.1	0.3
At 31 December 2022	7.0	0.9	7.9

The maturity analysis of lease liabilities is provided in note 23.

Additional disclosures required under IFRS 16 Leases are provided in the table below:

	2023 £m	2022 £m
Depreciation of right-of-use assets	**5.4**	5.4
Interest on lease obligations	**0.3**	0.3
Cash outflow for leases	**5.7**	5.6
Additions to right-of-use assets	**5.3**	5.4

25 Dividends

	2023 £m	2022 £m
Amount recognised as distribution to equity holders in the year:		
Final dividend for the year ended 31 December 2022 of 1.4p (2021: 1.2p) per share	**0.7**	0.6
Proposed final dividend for the year ended 31 December 2023 of 1.0p (2022: 1.4p) per share	**0.5**	0.7

The proposed final dividend for the year ended 31 December 2023 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

26 Loss of the Company

As permitted by Section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of these financial statements. The Company's loss for the financial year was £1.7m (2022: loss of £2.5m).

Notes to the consolidated financial statements continued

27 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. These transactions include franchise fees, interest charges and revenue, which amounted to £2.7m (2022: £2.9m), £2.1m (2022: £1.1m) and £1.2m (2022: £1.5m), respectively.

Remuneration of key management personnel

The Group delegates operational decision-making and day-to-day running of the operating companies to the subsidiary management, however, key strategic decisions must be approved by the Company. Therefore, overall authority and responsibility for planning, directing and controlling the entities of the Group sit with the Company's Board of Directors, who are considered the key management personnel.

The remuneration of key management personnel is set out below in aggregate for each of the categories specified in IAS 24. Further information about the remuneration of individual Directors is provided in the Directors' remuneration report on pages 47 to 49.

	2023 £m	2022 £m
Short-term employee benefits	**1.0**	0.9
Post-employment benefits (contributions to defined contribution pension schemes)	**–**	–
Share-based payments	**(0.3)**	0.3
	0.7	1.2

Directors' transactions

Dividends totalling £5,251 (2022: £169,255) were paid in the year in respect of Ordinary Shares held by the Company's Directors.

Transactions with subsidiary directors

The Group was originally built on a management equity philosophy, with key management holding a meaningful stake in the business they were responsible for. Although the Group has moved away from offering this to new management, existing shareholdings remain in place and continue to be reflected in these accounts. The model typically operated as follows:

Acquisition of shares

At least 51% of shares are held by Empresaria with the balance being held by management, either having been retained when Empresaria initially invested, or subsequently acquired by them at fair value. Shares retained by management upon initial investment typically have no material changes to their rights and are termed first generation shares. Shares subsequently sold to management, either because first generation shares have been acquired by Empresaria or issued to incentivise the next tier of management, are termed second generation shares. Second generation shares are acquired by management at a fair value which is made more affordable by setting a profit threshold level such that these shares only create value once that threshold is exceeded. Second generation shares typically have restrictions such as limited or no entitlement to dividends.

Holding period

Shares can be offered for sale after a specified holding period, typically four or five years. Shares cannot all be sold in one year, requiring a minimum of two or three years for full disposal. While management can choose to offer their shares for sale, the decision to purchase these is solely at the discretion of Empresaria and there are no put or call options in place. Empresaria's decision to buy shares is based on each specific situation, with consideration given to management succession plans, recent trading performance and the potential of the business in the next few years.

Valuation

In most cases the valuation basis is agreed up front and documented in the shareholders' agreements. The valuation is typically based on the average profit after tax for the previous three years using Empresaria's trading multiple (share price divided by adjusted EPS) less 0.5 with a cap of 10, to ensure that it is earnings accretive to Empresaria's shareholders.

In 2023 the Group had the following transactions in subsidiary shares with directors of subsidiaries:

Purchased by the Group

Company	% of shares	Aggregate consideration £000	Seller
Empresaria North America Limited	7.5%	32	E Ciardiello
LMA Recruitment Singapore Pte Ltd	30%	14	C Ng

28 Share-based payments

The Group operates a Long Term Incentive Plan ('LTIP') for Executive Directors and senior executives. The scheme is equity settled with the granting of nil cost options and is subject to performance conditions. Further details of the LTIP are provided in the Directors' remuneration report. The expense is recognised in the income statement based on the fair value of the equity instrument awarded as determined at the grant date. The expense is recognised on a straight-line basis over the vesting period based on estimates of the number of shares that are expected to vest.

In 2023 a credit to the income statement of £0.3m (2022: charge of £0.3m) was recognised. Movements in the number of options outstanding are as follows:

	2023 Number of share options thousands	2022 Number of share options thousands
Outstanding as at 1 January	**4,353**	4,124
Granted during the year	**1,526**	1,157
Lapsed during the year	**(1,266)**	(928)
Exercised during the year	**(857)**	–
Outstanding as at 31 December	**3,756**	4,353
Vested and exercisable as at 31 December	**–**	315

The options outstanding as at 31 December 2023 had a weighted average remaining contractual life of 4.7 years (2022: 5.3 years).

The fair value of options granted during the year is estimated using a Black-Scholes model for the element with an earnings per share performance condition and a Monte Carlo model for the element with a total shareholder return performance condition. Details of the performance conditions can be found in the Directors' remuneration report on pages 47 to 49.

The inputs into these models for the principal awards made in the year were as follows:

	Award in 2023	Award in 2022
Share price at date of grant	**64.0p**	77.5p
Exercise price	**nil**	nil
Expected volatility	**28.2%**	38.8%
Expected life	**3.0 years**	3.0 years
Risk-free rate	**3.68%**	1.5%
Expected dividend yields	**1.66%**	1.45%
Vesting dates	**April 2026**	March 2025
Fair value assessed per share	**49.9p**	62.7p

The expected volatility is determined from the daily log normal distributions of the Company's share price over a period equal to the expected holding period calculated back from the date of grant. The risk-free rate was the zero coupon bond yield derived from UK government bonds at the date of grant, with a life equal to the expected holding period.

Parent Company balance sheet

as at 31 December 2023

	Note	2023 £m	2022 £m
Non-current assets			
Tangible assets	5	**–**	–
Investments in subsidiaries	6	**45.2**	47.1
		45.2	47.1
Current assets and liabilities			
Debtors	7	**11.9**	9.3
Creditors: amounts falling due within one year	8	**(18.6)**	(23.9)
Net current liabilities		**(6.7)**	(14.6)
Total assets less current liabilities		**38.5**	32.5
Creditors: amounts falling due after more than one year	9	**(9.0)**	–
Net assets		**29.5**	32.5
Capital and reserves			
Called-up share capital	10	**2.5**	2.5
Share premium account		**22.4**	22.4
Merger reserve		**0.9**	0.9
Other reserves		**0.7**	1.0
Equity reserve		**(0.2)**	(0.2)
Profit and loss account		**3.2**	5.9
Shareholders' funds		**29.5**	32.5

The loss for the financial year ended 31 December 2023 was £1.7m (2022: loss of £2.5m).

These financial statements of Empresaria Group plc (Company registration number 03743194) were approved by the Board of Directors and authorised for issue on 25 March 2024.

Signed on behalf of the Board of Directors

Rhona Driggs
Chief Executive Officer

Tim Anderson
Chief Financial Officer

Parent Company statement of changes in equity

for the year ended 31 December 2023

	Called-up share capital £m	Share premium account £m	Merger reserve £m	Other reserves £m	Equity reserve £m	Profit and loss account £m	Total shareholders' funds £m
At 1 January 2022	2.5	22.4	0.9	0.7	(0.2)	9.3	35.6
Loss for the financial year and total comprehensive income	–	–	–	–	–	(2.5)	(2.5)
Dividends paid on equity shares	–	–	–	–	–	(0.6)	(0.6)
Share-based payments	–	–	–	0.3	–	–	0.3
Purchase of own shares in Employee Benefit Trust	–	–	–	–	–	(0.3)	(0.3)
At 31 December 2022	2.5	22.4	0.9	1.0	(0.2)	5.9	32.5
Loss for the financial year and total comprehensive income	–	–	–	–	–	(1.7)	(1.7)
Dividends paid on equity shares	–	–	–	–	–	(0.7)	(0.7)
Share-based payments	–	–	–	(0.3)	–	–	(0.3)
Purchase of own shares in Employee Benefit Trust	–	–	–	–	–	(0.3)	(0.3)
At 31 December 2023	**2.5**	**22.4**	**0.9**	**0.7**	**(0.2)**	**3.2**	**29.5**

Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium account represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Merger reserve relates to premiums arising on shares issued subject to the provisions of section 612 Merger relief of the Companies Act 2006.
- Equity reserve represents amounts recognised in relation to historic expired options over a subsidiary company.
- Other reserves primarily represents movements in relation to share-based payments.
- Retained earnings represents accumulated profits less distributions and income/expense recognised in equity from incorporation.

Notes to the Parent Company financial statements

1 Basis of preparation, general information and summary of significant accounting policies

(a) Basis of preparation and general information

The financial statements are for the year ended 31 December 2023. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ('FRS 102') issued by the Financial Reporting Council.

These financial statements are presented in Pounds Sterling (£) as the functional and presentational currency.

The accounting policies have been applied consistently throughout the period for the purposes of preparation of these financial statements.

The Company has taken advantage of a disclosure exemption and has elected not to present a cash flow statement.

(b) Summary of significant accounting policies

Going concern

These accounts are prepared on the going concern basis. Details of the assessment of going concern are given in note 1 to the Group accounts.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 denominated in foreign currencies are recognised in the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is calculated using the straight-line method to write off the cost of the assets over their useful lives as follows:

Fixtures, fittings and equipment: between one and five years.

Investments in subsidiaries

Investments are stated at cost less provision for any impairment in value.

Leases

Leases that result in the Company receiving substantially all of the risks and rewards of ownership of an asset are treated as finance leases. An asset held under a finance lease is recorded in the balance sheet as a tangible fixed asset and depreciated over the shorter of its estimated useful life and the lease term. Future instalments net of interest charges are included within liabilities. Minimum lease payments are apportioned between the interest charge element, which is allocated to each period to produce a constant periodic rate of interest on the remaining liability and charged to the profit and loss account, and the principal element which reduces the outstanding liability.

Rental costs arising from operating leases are charged on a straight-line basis over the period of the lease. Where an incentive is received to enter into an operating lease, such incentive is treated as a liability and recognised as a reduction to the rental expense on a straight-line basis over the period of the lease.

Financial instruments

Short-term debtors and creditors are measured at transaction price, less any impairment. Loans receivable and other financial liabilities, including amounts due from and to subsidiary undertakings, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Pension costs

Payments made to defined contribution retirement benefit schemes are charged to the profit and loss account as they fall due.

Taxation

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2 Loss for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own income statement for the year. The Company reported a loss after tax for the financial year ended 31 December 2023 of £1.7m (2022: loss of £2.5m).

3 Directors and employees

	2023 £m	2022 £m
Staff costs		
Wages and salaries	**1.4**	1.9
Social security costs	**–**	0.2
Other pension costs	**0.1**	0.2
Share-based payments	**(0.3)**	0.3
	1.2	2.6

	2023 Number	2022 Number
Average monthly number of persons employed (including Directors)	**13**	16

Details of Directors' remuneration are given on pages 47 to 49.

4 Dividends

During 2023 Empresaria Group plc paid a dividend of 1.4p per Ordinary Share (2022: 1.2p). This amounted to £0.7m to its equity shareholders (2022: £0.6m). See note 25 of the Group accounts for information on proposed dividends for the year ended 31 December 2023.

5 Tangible assets

The following table shows the significant additions and disposals of property, plant and equipment.

	Fixtures, fittings and equipment £m
Cost	
At 1 January 2023	**0.5**
Additions	**0.1**
31 December 2023	**0.6**
Accumulated depreciation	
At 1 January 2023	**(0.5)**
Charge for the year	**(0.1)**
At 31 December 2023	**(0.6)**
Net book value	
At 31 December 2022	–
At 31 December 2023	**–**

Notes to the Parent Company financial statements continued

6 Investments in subsidiaries

	Shares in subsidiary undertakings £m
Cost	
At 1 January 2023	**61.6**
Additions	**–**
At 31 December 2023	**61.6**
Impairment	
At 1 January 2023	**14.5**
Impairment charge	**1.9**
At 31 December 2023	**16.4**
Net book value	
At 31 December 2022	47.1
As 31 December 2023	**45.2**

2023

During the year an impairment charge of £0.9m was recognised in relation to the investment in Empresaria NZ Limited and £1.0m was recognised in relation to the investment in Medikumppani Oy following an assessment of the recoverable amounts at the year end.

2022

During the year an impairment charge of £0.8m was recognised in relation to the investment in Empresaria NZ Limited and £1.5m was recognised in relation to the investment in The Recruitment Business Holdings Limited following an assessment of the recoverable amounts at the year end.

Investments comprise the following subsidiary companies:

Company	Class of share held	**2023 Effective % holding**	2022 Effective % holding
Registered office: Old Church House, Sandy Lane, Crawley Down, West Sussex, RH10 4HS, UK			
Ball and Hoolahan Limited	Ordinary	**100**	100
Become Recruitment Limited	Ordinary	**100**	100
ConSol Partners (Holdings) Limited	Ordinary	**100**	100
ConSol Partners Europe Limited	Ordinary	**100**	100
ConSol Partners Limited	Ordinary	**100**	100
CP101 Limited	Ordinary	**100**	100
Empresaria 2021 Limited	Ordinary	**100**	100
Empresaria Americas Finco Limited	Ordinary	**100**	100
Empresaria Americas Limited[1]	Ordinary	**100**	100
Empresaria Asia Limited[1]	Ordinary	**100**	100
Empresaria China Holdings Limited	'A' Ordinary	**90**	90
Empresaria GIT Holdings Limited[1]	Ordinary	**100**	100
Empresaria GIT Limited	Ordinary	**100**	100
Empresaria Healthcare Europe Limited[1]	Ordinary	**100**	100
Empresaria Healthcare Holdings Limited[1]	Ordinary	**100**	100
Empresaria Indonesia Holdings Limited	Ordinary	**100**	100
Empresaria Limited[1]	Ordinary	**100**	100
Empresaria Malaysia Holdings Limited	Ordinary	**100**	100
Empresaria Mexico Holdings Limited	'A' Ordinary	**100**	100
Empresaria North America Limited	Ordinary	**100**	88
Empresaria NZ Finco Limited	Ordinary	**100**	100

Company	Class of share held	2023 Effective % holding	2022 Effective % holding
Empresaria NZ Limited[1]	Ordinary	**100**	100
Empresaria Peru Holdings Limited	Ordinary	**100**	100
Empresaria Philippines Holdings Limited	'A' Ordinary	**80**	80
Empresaria Solutions Limited (formerly Empresaria T&I Limited)[1]	Ordinary	**100**	100
Empresaria T&I Holdings Limited[1]	Ordinary	**100**	100
Empresaria Technology (Holdings) Limited[1]	Ordinary	**100**	100
Empresaria Thailand Holdings Limited	'A' Ordinary	**80**	80
Empresaria Vietnam Holdings Limited	'A' Ordinary	**80**	80
EMR1000 Limited[1]	Ordinary	**100**	100
FastTrack Management Services Limited[2]	Ordinary	**–**	100
Global Crew UK Limited	Ordinary	**90**	90
Greycoat Placements Limited[1]	'A' Ordinary	**90**	90
Interim Management International Limited[1]	Ordinary	**100**	100
LMA Recruitment Limited[1]	'A' and 'C' Ordinary	**94**	94
Mansion House Recruitment Limited	Ordinary	**94**	94
McCall Limited[1]	'A' Ordinary	**98**	98
Oval (888) Limited[1]	Ordinary	**100**	100
Teamsales Recruitment Limited	Ordinary	**100**	100
Team Resourcing Limited[1]	'A' Ordinary	**97**	97
The Recruitment Business Holdings Limited[1]	Ordinary	**100**	100
The Recruitment Business Limited	Ordinary	**100**	100
Registered office: Stanley & Williamson, Level 1 34 Burton Street, Kirribilli NSW 2061, Australia			
The Recruitment Business Pty Limited	Ordinary	**100**	100
Registered office: Durisolstraße 1/WDZ II, 4600 Wels, Austria			
headwayaustria GesmbH	Ordinary	**100**	100
Registered office: Ave. Isidora Goyenechea 3250, 13th Floor, Santiago, District of Las Condes, Chile			
Empresaria Group Chile Limitada[1]	Ordinary	**100**	100
Registered office: Alcade Jorge Monckeberg 77, Santiago, Chile			
A–Consulting Limitada	Ordinary	**56**	56
Alternattiva Empresa De Servicios Transitorios Limitada	Ordinary	**56**	56
Instituto De Capacitacion Complementaria De La Empresa Limitada	Ordinary	**56**	56
Marketing y Promociones S.A.	Ordinary	**56**	56
Registered office: Cerro El Plomo #5420, Oficina 703, 7th Floor, Las Condes, Santiago, 7560742, Chile			
Monroe Chile S.A.	Ordinary	**55**	55
Registered office: Room 16F02, No. 828-838, Zhangyang Road, Pudong New Area, Shanghai, China			
Monroe Consulting Group China	Ordinary	**90**	90

Notes to the Parent Company financial statements continued

Company	Class of share held	2023 Effective % holding	2022 Effective % holding
Registered office: Lemminkäisenkatu 14-18 B, 4.krs 20520Hämeenkatu 30 C 32 20700, Turku, Finland			
Medikumppani Oy[1]	Ordinary	**100**	100
Registered office: Brokenheimer Anlarge 2, 60322, Frankfurt am Main, Germany			
ConSol Partners GmbH	Ordinary	**100**	100
Registered office: Dekan-Wagner-Str. 4a, 84032 Altdorf, Germany			
headwaylogistic administration GmbH	Series A and Series B	**84**	84
headwayindustrie GmbH	Ordinary	**84**	84
Registered office: Herner Strasse 35, D-45657 Recklinghausen, Germany			
headwaylogistic GmbH	Ordinary	**84**	84
Registered office: Mendelstrasse 4, 84030 Ergolding, Germany			
Empresaria Holding Deutschland GmbH[1]	Ordinary	**100**	100
headwaypersonal GmbH	Series A and Series B	**100**	100
Registered office: Rooms 2702-3, 27th Floor Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong			
The Recruitment Business Limited	Ordinary	**100**	100
Registered office: Unit 1002, Unicorn Trade Centre, 127-131 Des Voeux Road Central, Hong Kong			
LMA Recruitment (HK) Limited	Ordinary	**100**	100
Registered office: 211, 212 & 213, 2nd Floor, Indraprasth Business Park, Makarba, Ahmedabad, Gujurat 380051, India			
IMS Manpower Solutions Private Limited[1]	Ordinary	**72**	72
Registered office: 211, 212 & 213, 2nd Floor, Indraprasth Business Park, Makarba, Ahmedabad, Gujurat 380051, India			
Interactive Manpower Solutions Private Limited[1]	Ordinary	**72**	72
Registered office: Ground Floor, 001 Raghupati Niketan, Opp. Ishita Appartments, Navrangpura, Ahmedabad, Gujarat, 380 009, India			
IMS Workforce Solutions Private Limited	Ordinary	**72**	72
IMS Oneworld Private Limited	Ordinary	**72**	72
IMS Payroll Solutions Private Limited	Ordinary	**72**	72
Registered office: South Quarter Building, Tower C, Level 10, Jl. RA. Kartini, Kav. 8, Cilandak, Jakarta, SELATAN 12430, Indonesia			
PT. Monroe Consulting Group	'A' Ordinary	**100**	100
Registered office: Daiwa Daikanyama Building, 8–7 Daikanyamacho, Shibuya-ku, Tokyo, Japan			
FINES K.K.	Ordinary	**51**	51
FINES Tokyo K.K.	Ordinary	**51**	51

Company	Class of share held	2023 Effective % holding	2022 Effective % holding
Registered office: 8-27 Toranomon 3-chome, Minato-ku, Tokyo, Japan			
Skillhouse Staffing Solutions K.K.	Ordinary	**90**	90
Registered office: 14A Jalan Tun Mohd Fuad, Taman Tun Dr Ismail, 60000, Kuala Lumpur, Wilayah Persektuan, Malaysia			
Agensi Pekerjaan Monroe Consulting Group Malaysia Sdn. Bhd.	Ordinary	**100**	100
Registered office: Insurgentes 1796 4to Piso, Colonia Florida, DF 01030, Mexico			
Monroe Consulting Mexico, S.A. de C.V.	Class I and Class II Ordinary	**100**	100
Registered office: De Cuserstraat 93, tweede en derde verdieping, 1081 CN, Amsterdam, Netherlands			
Global Crew Netherlands B.V.	Ordinary	**90**	90
Registered office: GVW Accountants Limited, Level 1, 109 Carlton Gore Road, Newmarket, 1023 New Zealand			
Global Resources Asia Limited	Ordinary	**90**	90
Rishworth Holdco Limited	Ordinary	**90**	90
Rishworth Aviation Asia Limited	Ordinary	**90**	90
Rishworth Aviation Asia Pacific Limited	Ordinary	**90**	90
Rishworth Aviation Europe Limited	Ordinary	**90**	90
Rishworth Aviation Limited	Ordinary	**90**	90
Rishworth Aviation International Limited	Ordinary	**90**	90
Rishworth Aviation Services Limited	Ordinary	**90**	90
Rishworth Solutions Limited	Ordinary	**90**	90
Registered office: Gilligan Sheppard Limited, Level 4 Smith & Caughey Building, 253 Queen Street, Auckland, 1010 New Zealand			
The Recruitment Business Limited	Ordinary	**100**	100
Registered office: Av. Alfredo Benavides No 1551, Office No 901, District of Miraflores, province and dept of Lima, Peru			
Grupo Solimano S.A.C.	Ordinary	**60**	60
People Intermediacion S.A.C.	Ordinary	**60**	60
People Outsourcing S.A.C.	Ordinary	**60**	60
Solimano Asociados S.A.C.	Ordinary	**60**	60
Talentos, Servicios & Ingenieria S.A.C.	Ordinary	**60**	60
Registered office: Unit 605 Richville Corporate Tower, 1107 Alabang-Zapote Road, Madrigal Business Park, Alabang, Muntinlupa C, 1780, Philippines			
HR Philippines Holdings, Inc.	Ordinary	**100**	100
Registered office: Unit 1814 Cityland Condominium 10, Tower 1, 156 H.V. Dela Costa Street, Brgy, Bel-Air, Makati City, Philippines			
IMS Outsourcing Solutions Inc.	Ordinary	**72**	72

Notes to the Parent Company financial statements continued

Company	Class of share held	2023 Effective % holding	2022 Effective % holding
Registered office: High Street South Corporate Plaza, Tower 1, Unit 906 – 908, Bonifacio Global City, Manila, 1634, Philippines			
Monroe Consulting Philippines, Inc.	Ordinary	**100**	100
Registered office: 101 Cecil Street, #17-09 Tong Eng Building, 069533, Singapore			
Global Crew Asia Pte Ltd	Ordinary	**90**	90
Global Resources Aviation Singapore PTE Ltd	Ordinary	**90**	90
Registered office: 168 Robinson Road, #19-01 Capital Tower, 068912, Singapore			
LMA Recruitment Singapore Pte. Limited	Ordinary	**100**	70
Registered office: Postova 3, 811 06, Bratislava, Slovakia			
Gate1234 s.r.o.	Ordinary	**100**	100
Registered office: Global Redovisning, Rehnsgatan 5, 11357, Stockholm, Sweden			
Rishworth Aviation AB	Ordinary	**90**	90
Registered office: 28th Floor, Lake Rajada Office Complex Bldg, 193/119 Ratchadapisek Rd, Klongtoey, Bangkok, 10110, Thailand			
Monroe Holdings (Thailand) Company Limited	Ordinary	**80**	80
Monroe Recruitment Consulting Group Company Limited	Ordinary	**80**	80
Registered office: 850 New Burton Road, Suite 201, Dover, Kent, Delaware 19904, USA			
ConSol Partners LLC	Ordinary	**100**	100
Registered office: 251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware 19808-1674, USA			
Empresaria Americas Services Inc	Common Stock	**100**	100
Empresaria USA Inc.	Common Stock	**100**	88
LMA Recruitment USA, Inc.	Common Stock	**100**	–
Registered office: 8 The Green Ste B, Dover, Kent, DE 19901, USA			
IMS Oneworld Inc.	Ordinary	**72**	72
Registered office: 477 Main Street, Stoneham, MA 02180, USA			
Medical Recruitment Strategies, LLC	'A' and 'B' Ordinary	**100**	88
Pharmaceutical Strategies, LLC	'A' and 'B' Ordinary	**100**	88
Recruitment Strategies Group, LLC	'A' and 'B' Ordinary	**100**	88
Registered office: SFC Building, Floor 4, No.9, Dinh Tien Hoang Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam			
Monroe Consulting Group Vietnam Limited Liability Company	Ordinary	**80**	80

1 These companies are directly held by Empresaria Group plc. The remaining investments are indirectly held. The percentage shown is as at 31 December.
2 Dissolved 27 June 2023.

The nature of each investment is the provision of staffing services and each entity operates in its country of incorporation.

7 Debtors

	2023 £m	2022 £m
Amounts owed by subsidiary undertakings	**8.1**	6.3
Other debtors	**0.4**	0.3
Corporation tax	**0.2**	0.4
Deferred tax asset	**2.6**	1.5
Prepayments and accrued income	**0.6**	0.8
	11.9	9.3

£2.6m of the deferred tax asset is expected to be recoverable after one year (2022: £0.5m).

8 Creditors: amounts falling due within one year

	2023 £m	2022 £m
Bank overdraft and loans due within one year	**8.2**	13.7
Trade creditors	**0.4**	0.4
Amounts owed to subsidiary undertakings	**8.6**	7.9
Other creditors	**0.1**	0.1
Accruals	**1.3**	1.8
	18.6	23.9

9 Creditors: amounts falling due after more than one year

	2023 £m	2022 £m
Bank loans	**9.0**	–

At 31 December 2023, the UK revolving credit facility of £15.0m (2022: £15.0m), expiring in March 2026, had a balance of £9.0m (2022: £8.0m). This facility is based on the SONIA (Sterling Over Night Index Average) interest rate. The margin on the facility is based on the Group's net debt to EBITDA ratio and ranges from 2.0% to 2.75%. This facility was refinanced March 2023 as detailed in note 19 of the Group accounts.

The interest rate on the UK bank overdraft was fixed during the year at 1.0% above applicable currency base rates.

	2023 £m	2022 £m
Bank loans		
Repayable within one year	**–**	8.0
Repayable after more than two years	**9.0**	–
	9.0	8.0

10 Called up share capital

	Number of shares	2023 £m	Number of shares	2022 £m
Issued, allotted and fully paid				
Ordinary Shares of 5p each	**49,853,001**	**2.5**	49,853,001	2.5

Please see note 22 of the Group accounts for details on the share capital.

11 Contingent liabilities

The Company is part of a bank overdraft arrangement that operates across a number of subsidiaries of the Company. This facility gives the Company greater access to readily available cash resources. Cross guarantees exist between the companies within this facility. The total amount owed by the Group under this arrangement as at 31 December 2023 was £8.0m (2022: £6.3m).

12 Related party transactions

Please see note 27 of the Group accounts for details on related party transactions.

Officers and professional advisers

Directors

Penny Freer
Zach Miles
Steve Bellamy
Ranjit de Sousa
Rhona Driggs
Tim Anderson

Secretary

James Chapman

Registered office

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Crawley Down
Crawley
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RH10 4HS

Company registration number

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Bankers

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Independent auditor

CLA Evelyn Partners Limited
45 Gresham Street
London
EC2V 7BG

Registrars

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

Glossary

Adjusted earnings per share

Earnings per share adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items, fair value charges on acquisition of non-controlling shares and related tax.

Adjusted net debt

Borrowings less cash and cash equivalents excluding cash held in respect of pilot bonds.

Adjusted operating profit

Operating profit adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items and fair value charges on acquisition of non-controlling shares.

Adjusted profit before tax

Profit before tax adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items and fair value charges on acquisition of non-controlling shares.

Change in constant currency

Year-on-year movement assessed after converting prior year amounts at the current year exchange rates.

Conversion ratio

Adjusted operating profit as a percentage of net fee income.

Debt to debtors ratio

Adjusted net debt as a percentage of trade receivables.

Free cash flow

Free cash flow measures the amount of cash generated that is available for investing in the business, reducing debt or returning to shareholders. It is measured as the net cash from operating activities per the cash flow statement adjusted to exclude movements in pilot bonds and after deducting payments made under lease agreements.

Free cash (pre-tax)

Free cash flow excluding cash outflows on income taxes.

Managed Service Provider ('MSP')

An outsourced agency that manages the staffing requirements of an end client by managing its preferred staffing agencies.

Net fee income

Revenue less cost of sales. Cost of sales includes the remuneration cost of temporary and contract workers and the cost of staff directly providing offshore services. For permanent placements, net fee income is typically equal to revenue with only limited costs of sales in some cases.

Offshore Services

Outsourced services provided from our Offshore Services operations in India and Philippines to clients operating in the staffing sector and based in other countries, primarily in the UK and US. Services are tailored to our clients needs and include any stage of the recruitment process, compliance and credentialling, and accounting, finance and back-office.

Pilot bonds

Pilot bonds are sometimes required by airline clients to be taken at the start of a pilot's contract. These are returned to pilots or paid to clients through the course of the pilot's contract or when it ends in line with the terms of the agreement.

Roadmap to £20m

The Group's ambition to double adjusted operating profit to £20m in the medium term as communicated in the October 2022 Capital Markets Day.

RPO

Recruitment Process Outsourcing ('RPO') is where an employer transfers all or part of its recruitment process to an external provider.

SIA

Staffing Industry Analysts ('SIA') is a global adviser on staffing and workforce solutions and a provider of data and publications related to the staffing industry.

Staff productivity

Net fee income divided by total staff costs within administrative costs.

Vendor Management System ('VMS')

Technology used by MSPs to enable them to deliver services to their end clients. This is used to manage the end-to-end process including the distribution of roles to staffing agencies, collection of candidate submissions, coordination of interviews, job offers, billing and timesheets.

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Stronger together

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