



NORMAN BROADBENT

Annual Report and Financial Statements

For the year ended 31 December 2022

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NORMAN BROADBENT

Shaping leadership for over 40 years.

40+ years

Established in 1979, the first UK headquartered search firm

3000 + CLIENTS

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

76 COUNTRIES

Our team has placed directors, executives and leaders in 76 countries around the world

56

Employees

4

UK Offices



Norman Broadbent at a glance

Norman Broadbent (AIM: NBB), a leading professional services firm focusing on executive search, senior interim management solutions and bespoke leadership advisory services announces its audited results for the year ended 31st December 2022 ("FY2022" of the "Period").

Whilst growing headcount considerably, the business delivered a strong financial performance in FY22, achieving significant organic growth and strengthening the platform to drive and support accelerated growth in the future.



Purpose, vision & values

Following an in-depth process of engagement across the entire business, the team arrived at a refreshed purpose, vision and set of values which will shape the Norman Broadbent culture in the future. We are proud of these and they provide a framework within which we all operate and hold ourselves and one another accountable.

PURPOSE

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

VISION

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



**We Promote
a Culture of
Excellence**

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



**We Embody
Genuine
Curiosity**

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



**We Champion
Collective
Success**

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



We Care

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

Results

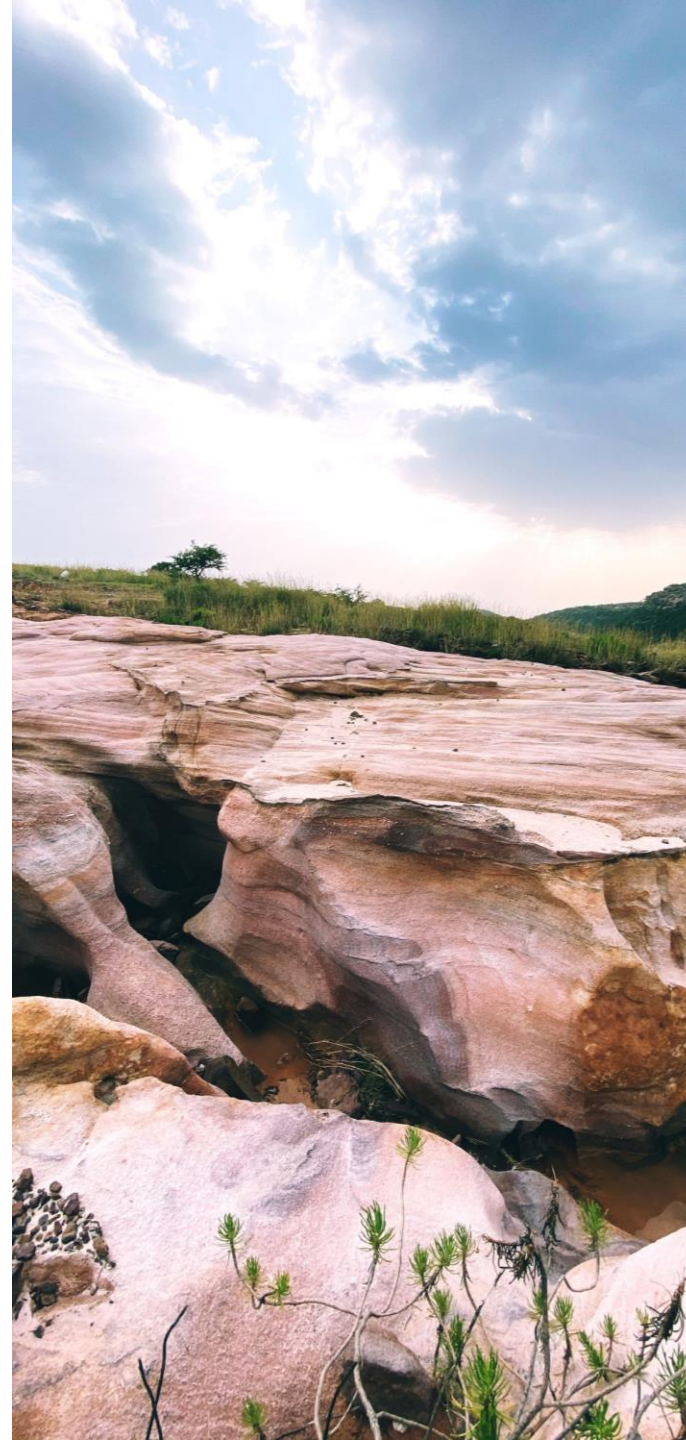
Financial Year

"I am delighted with the dedication of the entire team with FY22 representing a turning point in the performance of the business bringing it back to pre-pandemic levels with considerable forward momentum. A refreshed culture based on values and performance with a substantially larger fee generating and support team along with investments in new technology, business processes and a greatly enhanced brand image, reflected through our new logo, website and collateral, coalesce to form a very strong platform and engine for future growth, both organic and inorganic.

With average fee levels up 50% within FY22, Norman Broadbent is rapidly re-establishing its position at the senior end of the executive search and interim management industry, realigning with the brands incredibly strong and trusted heritage."



Kevin Davidson
Group Chief Executive
30th May 2023



Organic revenue growth of **33% in 2022**



Net Fee Income ('NFI') in **2022** grew by **25%**



Positive underlying EBITDA¹ of **£93,000** for the year

The table below summarises the Group's audited final results for the year ended 31 December 2022:

	Year ended 31-Dec 2022 £000's	Year ended 31-Dec 2021 £000's
CONTINUING OPERATIONS		
REVENUE	8,697	6,549
Cost of sales	(1,350)	(690)
NET FEE INCOME (GROSS PROFIT)	7,347	5,859
Operating expenses	(7,254)	(6,162)
UNDERLYING EBITDA¹	93	(303)
Share based payment charge	(131)	-
LBITDA	(38)	(303)
Depreciation and amortisation	(223)	(229)
GROUP OPERATING LOSS	(261)	(532)
Net finance cost	(77)	(41)
LOSS BEFORE TAX	(338)	(573)
Income tax	-	(69)
LOSS AFTER TAX	(338)	(642)

¹ Underlying EBITDA excludes share based payment charges

FINANCIAL HIGHLIGHTS

- Organic revenue growth of 33% to £8.70 million (2021: £6.55 million). Search revenue increased year-on-year by 30.9%, and interim revenue by 49.8% with focus on delivering core services
- Net Fee Income ('NFI') grew by 25% to £7.35 million (2021: £5.86 million)
- Positive underlying EBITDA¹ of £93,000, up £396,000 (2021: LBITDA £303,000)
- Improvement in debtor days to 56 days (2021: 66 days)
- At 31 December 2022, £483,000 (2021: £952,000) of funds drawn down against the revolving invoice discounting facility against UK trade receivables of £2,133,000 (2021: £1,732,000)
- Group cash at 31 December 2022 of £50,000 (2021: £459,000). Net cash outflow from operations in 2022 reduced to £33,000 (2021 outflow: £446,000)

STRATEGIC HIGHLIGHTS

- Reset and reinforced values and performance-based culture whilst substantially growing fee generating and research headcount in both search and senior interim leadership
- Average fees up 50% over the previous year
- Investment in upgrading marketing team and brand refresh to reflect modern and dynamic business
- Expanded and developed research and delivery team to improve capability and capacity through improved processes and support technologies
- Platform now in place to fuel and support accelerated growth

¹ Underlying EBITDA excludes share based payment charges



Chairman's Statement

“There is a palpable shift in energy and optimism across the business and the future is exciting”

Peter Searle

Non-Executive Chairman



Since my appointment as Chair in June 2021, the Company has undergone significant and very positive change which has put it back onto a path of profitable growth.

Following the subsequent arrival of Kevin Davidson as CEO in September 2021 and the appointment of Mehr Malik as CFO in January 2023, an exceptional leadership team has been appointed. Huge steps forward have been made in defining our culture, growing the headcount with quality hires and creating a clear vision for the future.

This has translated into significant business growth and positive underlying EBITDA in 2022.

A culture of genuine inclusion with a focus on Equality, Diversity and Inclusion (ED&I) and an unwavering commitment to customer service and delivery has been installed. The client facing team has been enhanced by a significant number of experienced new hires and the research team has been expanded to keep pace.

I am extremely pleased with the ongoing performance of the new team and their actions to date. There is a palpable shift in energy and optimism across the business and the future is exciting.

The Board's strategy for sustainably profitable expansion has been vindicated and will be continued through the remainder of 2023 and into 2024.

Pleasingly, the Company's accelerated growth continued in the first quarter of 2023 both at the top and bottom lines. With a number of new hires still to join, we expect this trend to continue for the remaining quarters of the year.

I would like to thank the entire team for their unwavering commitment, our clients for partnering with us and our shareholders for their continued support.

A handwritten signature in dark ink, appearing to read 'Peter Searle'.

Peter Searle

Chair

30th May 2023



CEO'S Review

2022 was a pivotal year in the turnaround of Norman Broadbent. Our strategic objective was to establish the platform necessary to support and accelerate sustainable growth, whilst also delivering improved revenues and to report a positive underlying EBITDA¹ for the year. I am delighted that all of these objectives were met and, with considerable forward momentum taking us into 2023, I am confident that we have the business back on a very positive trajectory.

Net Fee Income ('NFI') in 2022 grew by 25% to £7.347 million (2021: £5.859 million) and the Company generated underlying EBITDA¹ of £93,000 which represents a positive swing of £396,000 (2021: LBITDA of £303,000). The strategic pillars of the business were all appropriately redefined and considerably strengthened during 2022. This refreshed platform will drive and support the Company's rapid growth projections, organically and inorganically, should appropriate opportunities arise.

The 5 strategic priorities for the year ahead continue to be the following:

Culture

**Market
positioning**

**Research and
delivery**

**Financial
stability and
performance**

**Business
focus**

CULTURE

Culture is the fundamental building block of any organisation, necessary to drive performance, improve employee retention and attraction, and deliver positive outcomes for all stakeholders. We have invested heavily in the culture reset which was necessary towards the end of 2021 and the beginning of 2022. We have now established a values driven, ambitious, collaborative and growth oriented culture, underpinned by trust and a commitment to exceptional performance.

Following this reset, we undertook independent quarterly employee engagement surveys throughout 2022, with the results showing an 'engaged' or 'highly engaged' workforce in every period. Our results were consistently above average for businesses of a similar size.

Furthermore, we had virtually zero regretted leavers in 2022 whilst recruiting 17 very high calibre and culturally aligned colleagues across fee generation, research and marketing.

MARKET POSITIONING

The level of mandates in terms of both seniority and fee levels has grown consistently throughout 2022 which is demonstrated by our average fee levels having increased by 50% during the year. This was a clear mission that we set when I joined the Company and a necessary journey that we are on in re-establishing Norman Broadbent plc as the pre-eminent executive search and interim leadership partner across our chosen markets. Our board practice also delivered a growing number of high-quality mandates throughout the year across plc, the private (private equity and family owned) and public sectors – a trend which is reflective of our brand elevation and supportive of our future ambitions.

We recruited an experienced Head of Marketing & Business Development in the summer of 2022 and following the culture reset, refreshed the Company's logo, redesigned the website and all collateral to better represent the modern, dynamic and values-based consultancy which we are. We are also investing in software and staff training to ensure that we have the capacity, without compromising the high levels of quality, necessary to support the rapid increase in demand for client materials.

“

We have now established a values driven, ambitious, collaborative and growth oriented culture, underpinned by trust and a commitment to exceptional performance.

”

Kevin Davidson
Chief Executive Officer



RESEARCH AND DELIVERY

In 2022, the research team more than doubled in size and a new breed of Principals was recruited and developed who are capable of handling complex project management and delivery tasks, thereby freeing up fee generating capacity. In addition, the Company invested in a new CRM and assignment management software platform to support improvements in internal processes.

As a result of investments in our team and processes, the productivity, quality and consistency of our research function has improved considerably and we are now in a position to scale much more smoothly and effectively given the more defined processes, divisions of labour and career paths adopted.

The appointment of a Chief Operating Officer to drive improvements in service levels, productivity and consistency across the organisation has delivered considerable value in 2022 with a number of further strengthening initiatives underway for 2023.

FINANCIAL STABILITY AND PERFORMANCE

In 2022, net cash outflow from operating activities was closer to neutral with a net outflow of £33,000 representing an improvement of £413,000 (2021 outflow: £446,000). Our focus in the year has been on improving working capital management; which continues into 2023.

As at 31 December 2022, the Group had consolidated net assets of £670,000 (2021: £836,000) with £483,000 (2021: £952,000) of funds drawn down against the revolving invoice discounting facility against UK trade receivables of £2,133,000 (2021: £1,732,000).

Whilst investing in growth, we have been disciplined over costs and I am delighted that in December 2022 we were able to sub-let some space in the London office to absorb some of the overcapacity. The income from this entirely offsets the ongoing costs associated with the new Aberdeen and Edinburgh offices which were opened in August 2022 and October 2022 respectively.

We have an excellent new CFO in Mehr Malik who joined on 16 January 2023 and is having an immediate impact. Under her stewardship, in 2023, the support and finance functions will be modernised with better use of technology to ensure the platform is efficient and scalable.

BUSINESS FOCUS

Whilst continuing to offer a full range of leadership advisory services, the Company has had a clear focus on its executive search brand and re-establishing its position at the forefront of this increasingly fragmented market. Norman Broadbent is still recognised as a leader in the field of executive search but, in recent years one which had dropped off the radar of many. Executive search will continue to be the core of the business as we also grow interim management (represented 21% of NFI in 2022) and our other leadership advisory service offerings.

The fee generation hires made in 2022 meaningfully expand the Company's position in the following sectors: Industrial, Retail & Consumer, Private Equity/Venture Capital, HR, Legal and Change & Transformation across executive search and senior interim management.

During 2022, Norman Broadbent placed leaders across the UK, Europe, the US and Middle East. Placements were also made in Asia and leadership advisory projects completed in Africa. The Company has established itself on a number of Preferred Supplier Lists ('PSLs') with substantial blue-chip clients operating internationally, especially in the Natural Resources and burgeoning Energy sectors. Norman Broadbent has a considerable track record across these value chains from nuclear and conventional hydrocarbon through energy transition to renewables of all descriptions, including wind, solar, carbon capture and storage and the emerging hydrogen economy. Working with asset owners, developers, constructors, equipment and service providers, technology innovators and investors, the Company is well placed to capitalise on the continued and forecast buoyancy of each of these sectors.

Our growing Retail & Consumer practice is also well positioned with particular strength and brand recognition across procurement, supply chain and commercial leadership where there is considerable focus throughout the industry with associated investment. The Company has also secured a position on a number of significant PSLs in this sector and is leveraging its deep functional expertise to support a broad range of executive search and interim leadership requirements across the market.



CURRENT TRADING AND OUTLOOK

Norman Broadbent is very much back on track compared to where the business has been for a number of years. We have ambitious, but achievable organic growth targets over the next couple of years which we are confident will double NFI to £15 million by 2025. The Board continues to focus on overheads and productivity improvements as the Company grows which will enable it to deliver a target EBITDA of £1.25 million in 2025 as growth becomes ever more accretive through seniority of mandates, economies of scale and efficiency improvements. The lease on the Company's London office ends in September 2024. This should enable the Company to seamlessly relocate to a more appropriately sized and better located office, suitable for modern working practices by late 2024. The Board anticipates office relocation would provide annual cost savings.

The previously announced regional growth in Scotland is progressing well with a team leader appointed and an established team of six seasoned executive search and interim management professionals hired. The Edinburgh and Aberdeen offices are now open and, adding to the Company's existing locations in London and Knutsford, these will provide excellent national coverage in major decision making and HQ hubs. As our work overseas continues to grow, it remains our intention to establish international offices in order to better capitalise on our expanding track record and client network.

The Company is managing its resources carefully in order to strike the optimal balance between pace of organic growth, short-term profitability and cash generation. As the business is now on a more stable footing and sustainable growth trajectory, corporate development activity will be increased in 2023 to identify and assess the potential for smaller, strategic acquisitions and large-scale transformational opportunities in the future.

The Board continues to monitor carefully the evolving macro-economic climate and it believes that the Company is well positioned in stable and growing markets, notably across Industrials and, in particular, Energy, Power, Chemicals, Transport & Infrastructure, including Civil Aviation. All of these sectors continue to attract significant capital investment whilst also experiencing extreme imbalances in the supply of, and demand for, senior leadership talent. The Company is also effectively leveraging its functional expertise across these markets, particularly in Digital & Tech, Finance, Change & Transformation, HR and Legal.

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

SUMMARY

2022 marked the beginning of the turnaround of Norman Broadbent plc; returning to pre-pandemic levels, delivering 25% growth in NFI and a positive underlying EBITDA¹ with very strong forward momentum into 2023.

With the team, culture, tools and processes in place to re-establish our place at the forefront of the executive search and interim leadership market, the Board is looking to the future with great optimism and excitement.

A handwritten signature in black ink, appearing to read 'Kevin Davidson', with a stylized, flowing script.

Kevin Davidson
Group Chief Executive
30th May 2023

¹ Underlying EBITDA excludes share based payment charges

Strategic Report

THE BUSINESS MODEL

The Norman Broadbent Group is a leading professional services firm focussing on executive search, senior interim management and advisory services. Since our formation over 40 years ago we have developed a range of complementary services consisting of board and leadership search, senior interim management, research and insight and leadership consulting. With a range of services designed to meet client needs at different stages in their growth or the economic cycle, our innovative and flexible approach enables us to help clients in a creative and bespoke way.

STRATEGY AND OBJECTIVES

The Group's strategy is to further develop, strengthen and scale our complementary portfolio of services. As one of the oldest executive search firms in the UK there has been focus on re-establishing our market leading position in board and leadership search whilst also building our senior interim management offering. The foundation across our business is now solid in terms of people, culture and brand. During 2023, we will continue to focus on delivering profitable growth, driving productivity improvements through more disciplined processes and the adoption and combination of new technologies where appropriate.

As we acquire new clients and candidates, and grow our relationship with existing ones, we seek to deliver business

impact. The Group has built exceptional business acumen and is able to provide clients with a high-quality service that yields significant value as the relationship grows.

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

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

EARNINGS PER SHARE

The retained loss for 2022 has resulted in a reported loss per share of 0.56 pence (2021: loss per share 1.14 pence).

GOING CONCERN

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

DIRECTORS' DUTIES

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

'A Director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to :

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

As part of their induction, a Director is briefed on their duties and they can access professional advice on these, from the Company Secretary, Nomad, or if they judge it necessary, from an independent advisor. The following paragraphs summarise how the Directors fulfil their duties.

MONITORING, RISK AND KPIs

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

The most important KPIs used in monitoring the business are set out in the following table:

Key performance indicators	2022	2021
NFI	£7,347,000	£5,859,000
Underlying EBITDA	£93,000	£(303,000)
Days Sales Outstanding (DSO)	56 days	66 days

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

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



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

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

The Group attempts to mitigate this risk by operating across various diverse sectors and monitors the macro-economic climate as described within the CEO’s review on page 9.

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



CAUTIONARY STATEMENT

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

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

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

Kevin Davidson
Group Chief Executive
30th May 2023

Directors'

Report

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

GENERAL INFORMATION

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

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The CEO's Review on pages 9 to 12 reviews the activities of the Group including updates on recent and future developments and a review of the business, KPIs and principal risks can be found in the Strategic Report on page 13 to 15.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2022 are set out in the Consolidated Statement of Comprehensive Income.

The Directors do not recommend payment of any dividends (2021: £Nil).

Loss after tax for the year amounted to £338,000 (2021: loss after tax of £642,000).

DIRECTORS

The Directors who served during the year are as follows:



**PETER
SEARLE**



**FIONA
MCANENA**



**KEVIN
DAVIDSON**



**DEVYANI
VAISHAMPAYAN**
(appointed 7th February 2022)



Stephen Smith
(resigned 23rd August 2022)



Angela Hickmore
(resigned 11th May 2022)



The Directors' interests in the shares of the Company are shown in the Directors' Remuneration Report on pages 20 to 22.

SUBSTANTIAL SHARE INTERESTS

As at 30 May 2023, the Company had been notified of the following significant interests in its issued share capital:

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

	Ordinary shares of 1.0p each	%
Ennismore Fund Management Ltd	10,560,888	17.08%
P Casey	8,795,243	14.23%
Moulton Goodies Ltd	8,392,353	13.58%
Downing LLP	7,426,252	12.01%
Foresight LLP	3,840,620	6.21%
P Searle	3,723,929	6.02%
Premier Miton Group Plc	3,151,660	5.10%

EMPLOYEE INVOLVEMENT

The Group places considerable value on the involvement of its employees and achieves this through formal and informal channels across our offices together with an active social events calendar. The executive leadership has well-established communications and consultation procedures with all employees so employees are informed on matters directly affecting them and wider developments. Arrangements continually evolve to encourage employee involvement and to meet the changing needs of the business.

EMPLOYMENT OF DISABLED PERSONS

It is the Group's policy to give a full and fair consideration to the employment and promotion of disabled persons where they appear suitable, having regard to their particular aptitudes and abilities. In the event existing employees become disabled, it is the Group's policy to find them alternative suitable employment within the Group where possible.

ENVIRONMENTAL IMPACT

We are committed to creating a sustainable business and reduce our carbon footprint through an ongoing review of our activities. The Group is a serviced-based organisation with no manufacturing facilities and limited transportation requirements.

Each entity within the Group is exempt from the streamlined energy and carbon reporting (SECR) disclosure requirements and consequently no overall SECR disclosures have been provided. Norman Broadbent Executive Search Limited is excluded from the SECR requirements as it does not meet the reporting thresholds. Norman Broadbent PLC is exempt from preparing the disclosure since it qualifies as being a low energy user (below 40,000 kWh per annum).

The COVID-19 pandemic has shown us how effectively we can operate using virtual technology and our skills in delivering every aspect of our work this way have increased hugely as a result. At the same time, hybrid working has brought to light the value that a certain level of in-person interaction can bring: to help build relationships with our colleagues, partners and other organisations that may help further our work.

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

The Group encourages sustainable working practices which includes conservation of energy usage and recycling. In our offices, resource saving measures such as low energy and movement sensor lighting and the provision of user enabled printing to support decreased printing and paper waste.

DIVERSITY POLICY

The Group is committed to promoting equal opportunities both as an employer and as a provider of services. The Group makes every effort to prevent discrimination or other unfair treatment against any of its staff, potential staff or users of its services regardless of sex, race, colour, nationality, ethnic or national origins, marital status, family circumstances, disability, sexual orientation, political or religious belief. The Group is opposed to racist and sexist practices and attitudes and is committed to translating this into all aspects of its everyday work.

The gender balance of the Board was 40% women and with the appointment of Mehr Malik during 2023 it is now 60% women. We remain committed to continuing to review and introduce policies that reflect the changing nature of the world of work, and to nurturing a more inclusive culture.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the UK. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company

and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

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

MATTERS COVERED IN THE STRATEGIC REPORT

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

STATEMENT OF DISCLOSURE TO AUDITOR

- a) Each of the Directors at the date of approval of this report confirms there is no relevant information of which the Group's auditors are unaware; and
- b) The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITORS

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

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



Kevin Davidson
Director
30th May 2023

Corporate Governance

The Company is quoted on the Alternative Investment Market ('AIM') and is therefore not required to comply with the provisions of UK Corporate Governance Code. However, from the 28th of September 2018, under AIM rule 26, the Company has adopted as far as possible the principles of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The QCA Code identifies ten principles to be followed in order for companies to deliver growth in long-term shareholder value, encompassing an efficient, effective and dynamic management framework accompanied by good communication to promote confidence and trust. Set out below is a summary of how, at 31 December 2022, the Company was complying with the key requirements of the QCA code.

BOARD COMMITTEES

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

The Remuneration Committee consists of the Non-Executive Directors. Fiona McAnena chairs the committee. The remuneration of the Non-Executive Directors is determined by the Board. At present the committee annually reviews the level of Directors' and other senior employees' remuneration packages. Disclosure of Directors' remuneration is provided in the Directors' Remuneration Report.

The AIM Compliance Committee consists of all Directors. In

accordance with AIM Rule 31 the Group is required to have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules; seek advice from its nominated adviser ("Nomad") regarding its compliance with the AIM Rules whenever appropriate and take that advice into account; provide the Group's Nomad with any information it requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisers; ensure that each of the Group's Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and ensure that each Director discloses without delay all information which the Group needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the Director. Having reviewed relevant Board papers and met with the Group's Executive Board and the Nomad to ensure that such is the case, the AIM Committee is satisfied that the Group's obligations under AIM Rule 31 have been satisfied during the period under review.

INTERNAL CONTROLS AND RISK MANAGEMENT

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

- a) Safeguarding the Group's assets.
- b) Ensuring proper accounting records are maintained.

- c) Ensuring that the financial information used within the business and for publication is reliable.

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

- a) The Board meets monthly to review all aspects of the Group's performance concentrating mainly on financial performance, business risks and development.
- b) A number of matters are reserved for the Board's specific approval including major capital expenditure, banking and dividend policy.

In establishing the systems of internal control, the Directors have implemented a control environment, risk management procedures and reporting processes appropriate to the size of the Group. The system of internal control is designed to manage rather than eliminate risk. Further procedures will continue to be adopted in respect of all the Group's activities to further improve financial control. Trading and cash flows can be unpredictable. However, after making appropriate enquiries the Directors have formed a judgement that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors'

Remuneration Report

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

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

UNAUDITED INFORMATION

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

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

In formulating its remuneration policy, the Remuneration Committee has given full consideration to the relevant sections of the UK Corporate Governance Code issued by the Committee on Corporate Governance. There follows the full text of the Remuneration Report for the year ended 31 December 2022 which has been approved and adopted by the Board of Directors for submission to the shareholders.

COMPOSITION

Fiona McAnena chairs the Remuneration Committee and Devyani Vaishampayan is the second member.

POLICY FOR EXECUTIVE DIRECTORS

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

a) Salary

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

b) Bonus

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

c) Benefits

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

d) Pension

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

e) Share Options

The Chief Executive (Kevin Davidson) and the Chairman (Peter Searle) have share options.

f) Service Contracts

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

POLICY FOR NON-EXECUTIVE DIRECTORS

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

DIRECTORS' INTEREST IN SHARES AND SHARE OPTIONS

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

a) Ordinary Shares:

	31-Dec-22		31-Dec-21	
	Ordinary Shares of 1.0p Each	%	Ordinary Shares of 1.0p Each	%
Kevin Davidson	449,100	0.73	223,636	0.37
Fiona McAnena	201,555	0.33	138,222	0.23
Stephen Smith	124,889	0.20	124,889	0.21
Peter Searle	3,723,929	6.02	3,723,929	6.13
Angela Hickmore	-	-	1,416,666	2.33

b) Share options:

The following share options were granted in March 2022, disclosed further in note 19. None of the options had vested as at the year end.

	31-Dec-22
	No of share options
Kevin Davidson	1,950,000
Stephen Smith	1,450,000
Peter Searle	1,000,000





AUDITED INFORMATION:

Directors' Emoluments

The emoluments of the Directors of the Company for the year ended 31 December 2022 were as follows:

	Salary and fees £000	Bonus £000	Benefits £000	Pensions £000	Total 2022 £000	Total 2021 £000
Executive Directors						
Kevin Davidson	190	20	3	20	233	100
Peter Searle (until Oct22)	87	—	1	—	88	35
Stephen Smith	133	—	4	14	151	144
Mike Brennan	—	—	—	—	—	120
Total	410	20	8	34	472	399
Non-Executive Directors						
Fiona McAnena	20	—	—	—	20	19
Angela Hickmore (to Jun 22)	12	—	2	—	14	8
D. Vaishampayan	17	—	—	—	17	—
Peter Searle (From Nov22)	17	—	1	—	18	—
Alan Howarth	—	—	—	—	—	20
Total	66	—	3	—	69	47

Fiona McAnena

Chair of the Remuneration Committee
30th May 2023

Independent Auditors Report

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

OPINION

We have audited the financial statements of Norman Broadbent plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated and company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

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 2022, and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included discussion with the directors and assessment of their forecasts for the periods up until 31 December 2024 for mathematical accuracy and reasonableness, and carrying out sensitivity analysis on the

forecasts and comparing previously prepared forecasts to actual results achieved. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

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

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

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

KEY AUDIT MATTERS

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

identified by our audit.

KEY AUDIT MATTER

Going Concern

The Group reported an operating loss from continued operations in the year to 31 December 2022 of £0.3m compared with an operating loss of £0.5m in 2021.

The Consolidated Statement of Financial Position shows a net asset position at 31 December 2022 of £0.7m (2021: £0.8m) with cash at bank of £0.05m (2021: £0.5m).

At the year end the Group's borrowings comprised its receivable finance (Metro Invoicing), which is secured on the Group's trade receivables, a CBILS loan with Metro Bank and a loan facility arrangement with two of its shareholders.

In light of the historic loss-making position of the Group, the uncertain economic climate and the potential liquidity issues facing the Group, going concern was considered a key audit risk area.

HOW OUR AUDIT ADDRESSED THIS MATTER

We reviewed the Group's results and financial position and assessed the ability of the Group to meet its future financial obligations based upon its available resources.

We obtained the directors' trading and cash flow forecasts which covered the periods to 31 December 2024, and which support their assessment of the Group's ability to continue as a going concern.

Our audit work on the forecasts included checking their mathematical accuracy, assessing the reasonableness of

assumptions used and carrying out sensitivity analysis primarily on differing levels of revenue to assess the impact on the forecasts and considering the accuracy of previously prepared forecasts to actual results achieved.

We discussed the forecasts with the directors to gain an understanding of their plans for the financing of the Group and evaluated their achievability.

We assessed the going concern disclosure in the financial statements for accuracy and reasonableness.

Based upon the audit work performed we have been able to reach our conclusions relating to going concern included in this report.

KEY AUDIT MATTER

Valuation of Investments

Included within the parent company statement of financial position are fixed asset investments of £1.2m (2021: £1.2m) which comprise the carrying value of its investment in the Group's subsidiaries. This balance represents one of the most significant balances in the statement of financial position.

Investments are tested annually for impairment by the directors using estimation techniques which have a high degree of inherent uncertainty.

Based on the carrying value of the investments in the parent company financial statements and the judgment involved in determining whether any provision for impairment is required due to continuing losses in the trading subsidiary, the valuation of investments was considered a key audit risk area.

HOW OUR AUDIT ADDRESSED THIS MATTER

An analysis of the investments in each subsidiary company was obtained and agreed to the nominal ledger. We compared the carrying value of the investments with the net assets of each subsidiary company to build an assessment of whether any provisions against the carrying value were required.

We obtained the directors' calculations supporting the valuation of each investment. These were based on each subsidiary's current net asset value and their trading forecasts for a period of 4 years up to December 2026.

Our audit work on the trading forecasts included discussion with the directors, assessing the reasonableness of their assumptions used, checking their mathematical accuracy,

carrying out sensitivity analysis primarily on differing levels of revenue to assess the impact on the forecasts and considering the accuracy of previously prepared forecasts to actual results achieved.

Based upon the audit work performed no matters came to our attention to indicate that investments are materially misstated.

KEY AUDIT MATTER

Carrying Value of Goodwill

Goodwill, which comprises the brand name and client loyalty, arose on the acquisition of subsidiaries in previous years. It is included in the consolidated statement of financial position at a carrying value of £1.4m (2021: £1.4m). This balance represents one of the most significant balances in the consolidated statement of financial position.

Goodwill is tested annually for impairment by the directors using estimation techniques which have a high degree of inherent uncertainty.

Based on the carrying value of goodwill and the judgment involved in determining whether any further provision for impairment against its carrying value was required due to continuing losses in the trading subsidiary, the carrying value of goodwill was considered a key audit risk area.

HOW OUR AUDIT ADDRESSED THIS MATTER

An analysis of the goodwill was obtained from the directors, and we compared this to our expectations.

We obtained the directors' assessment of the valuation of goodwill which was based on the Group's trading forecasts for a period of 4 years up to December 2026, discounted to

their present value.

Our audit work on the forecasts included discussion with the directors, assessing the reasonableness of assumptions supporting the forecasts, checking their mathematical accuracy, carrying out sensitivity analysis primarily on differing levels of revenue to assess the impact on the forecasts and considering the accuracy of previously prepared forecasts to actual results achieved. We also assessed the reasonableness of the discount rate used in the present value calculations.

We assessed the goodwill disclosures in the financial statements for accuracy and reasonableness.

Based upon the audit work performed no matters came to our attention to indicate that the carrying value of goodwill is materially misstated.

KEY AUDIT MATTER

Revenue Recognition

The Group has four main sources of revenue:

- (A) Executive search placement fees which are generated through high level executive search recruitment services with the positions generally being at senior management level.
- (B) Interim management placement fees which are generated through placing candidates into Board positions for short periods of time.
- (C) Leadership and consulting fees which are generated through consultative services in relation to recruitment.
- (D) Solutions placement fees which are generated through less complex searches to fill less senior roles.

As revenue is a key driver of the Group’s performance, and represents a higher risk of misstatement, we determined this was a key audit risk area.

HOW OUR AUDIT ADDRESSED THIS MATTER

We discussed the Group’s revenue recognition policies with the directors and, independently, with sales staff clarifying any discrepancies noted. We considered whether the Group’s accounting policies complied with IFRS 15 – Revenue from Contracts with Customers.

We tested revenue recognition during the year by undertaking directional testing on a sample of transactions, carrying out analytical review procedures and testing invoice posting around the year end to ensure revenue was being recorded in the correct period.

Based upon the audit work performed no matters came to our attention to indicate that revenue is materially misstated.

KEY AUDIT MATTER

Recoverability of Intercompany Debtors

Included within the parent company statement of financial position are debtors of £1.6m (2021: £1.4m) owed by other Group companies. This balance represents one of the most significant balances in the statement of financial position.

As certain of the Group companies are incurring losses, the recoverability of the balances is assessed annually by the directors and any amounts that are considered irrecoverable are written off as a bad debt. During the year, an amount of £0.1m was written off as a bad debt by the directors.

Based on the carrying value of the intercompany debtors in the parent company financial statements, the judgment involved in determining whether any provision for impairment or bad debt write off was required due to continuing losses in the trading subsidiary, the recoverability of intercompany debtors was considered a key audit risk area.

HOW OUR AUDIT ADDRESSED THIS MATTER

An analysis of intercompany balances owed by each Group company was obtained and agreed to the nominal ledger and the balances in the respective Group company’s accounts. We compared the debtor balances in the parent company with the trading performance and net assets of each respective Group company.

We obtained the directors’ assessment of the recoverability

of the intercompany debtors which was based on each subsidiary’s current net asset value and their trading forecasts for a period of 4 years up to December 2026.

Our audit work on the forecasts included discussion with the directors, assessing the reasonableness of assumptions supporting the forecasts, checking their mathematical accuracy, carrying out sensitivity analysis primarily on differing levels of revenue to assess the impact on the forecasts and considering the accuracy of previously prepared forecasts to actual results achieved. We also assessed the reasonableness of the discount rate used in the present value calculations.

Based upon the audit work performed no matters came to our attention to indicate that intercompany debtors are materially misstated.

HOW WE TAILORED THE AUDIT SCOPE

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

For the year ended 31 December 2022 we determined there were two entities in scope for our Group audit, Norman Broadbent PLC, the parent entity of the Group, and Norman Broadbent Executive Search Limited, a subsidiary entity.

OUR APPLICATION OF MATERIALITY

We determined materiality for the Group to be £110,200. We reported all audit differences found in excess of £5,500 to the directors and the management board.

For each company within the scope of our Group audit, we allocated a materiality that was less than our overall Group materiality. For the parent company we allocated a materiality £75,300 and for the principal subsidiary company we allocated a materiality £104,700.

We determined Group materiality of £110,200 based on a calculation of 1.5% of Group net fee income (NFI) for the year. As the Group's principal activity is that of the provision of recruitment services, NFI is considered by the directors to be a key metric of Group performance. As the Group's parent company is AIM listed, the number of users and the level of interest in the financial statements is expected to be higher than it would be for a non-quoted company. Therefore, the significance of balances is expected to be greater and consequently 1.5% of Group NFI has been assessed as the most appropriate basis for materiality.

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

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006:

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

- the information given in the strategic report and the Group 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 Group directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Group 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 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design

procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and taxation legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment in subsidiaries and goodwill. Audit procedures performed by the Group engagement team included:

- Detailed discussions were held with the directors and management to identify any known or suspected instances of non-compliance with laws and regulations; and
- Assessment of identified fraud risk factors; and

- Testing of internal controls procedures relating to expenditure potentially more susceptible to fraud and other irregularities including cash and payroll; and
- Challenging assumptions and judgements made by the directors in their significant accounting estimates, concentrating on the calculations supporting the carrying value of goodwill and investments; and
- Obtaining confirmation from management of related parties and related party transactions, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

USE OF OUR REPORT

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



Graham Hunt BA FCA (Senior Statutory Auditor)

For and on behalf of Kreston Reeves LLP,
Statutory Auditor and Chartered Accountants
London
30th May 2023

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

CONTINUING OPERATIONS

Revenue

Cost of sales

Gross profit

Operating expenses

Operating profit / (loss) from continued operations

Net finance cost

PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE INCOME TAX

Income tax expense

PROFIT / (LOSS) FROM CONTINUING OPERATIONS

PROFIT / (LOSS) FOR THE PERIOD

TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR

Profit / (loss) attributable to:

– Owners of the Company

– Non-controlling interests

Loss for the year

Total comprehensive income / (loss) attributable to:

– Owners of the Company

– Non-controlling interests

Total comprehensive income / (loss) for the year

Profit / (loss) per share

– Basic

– Diluted

Adjusted profit / (loss) per share

– Basic

– Diluted

profit / (loss) per share – continuing operations

– Basic

– Diluted

Note	2022 £'000	2021 £'000
1	8,697	6,549
	(1,350)	(690)
3	7,347	5,859
	(7,608)	(6,391)
	(261)	(532)
7	(77)	(41)
4	(338)	(573)
6	—	(69)
	(338)	(642)
	(338)	(642)
	(338)	(642)
	(338)	(642)
	(338)	(642)
	(338)	(642)
8	(0.56)p	(1.14)p
	(0.56)p	(1.14)p
8	(0.34)p	(1.14)p
	(0.34)p	(1.14)p
8	(0.56)p	(1.14)p
	(0.56)p	(1.14)p

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

Consolidated Statement of Financial Position

For the year ended 31 December 2022

These financial statements were approved by the Board of Directors on 30th May 2023

Signed on behalf of the Board of Directors



K Davidson
Director
Company No 00318267

	Notes	2022 £'000	2021 £'000
Non-Current Assets			
Intangible assets	10	1,363	1,363
Property, plant and equipment	11	402	526
TOTAL NON-CURRENT ASSETS		1,765	1,889
Current Assets			
Trade and other receivables	13	2,320	1,915
Cash and cash equivalents	14	50	459
TOTAL CURRENT ASSETS		2,370	2,374
TOTAL ASSETS		4,135	4,263
Current Liabilities			
Trade and other payables	15	2,006	1,727
Bank overdraft and interest bearing loans	16	483	952
Lease liabilities	20	203	200
TOTAL CURRENT LIABILITIES		2,692	2,879
NET CURRENT LIABILITIES		(322)	(505)
Non-Current Liabilities			
Bank and other loans	16	618	250
Lease liabilities	20	155	298
TOTAL NON-CURRENT LIABILITIES		773	548
TOTAL LIABILITIES		3,465	3,427
TOTAL ASSETS LESS TOTAL LIABILITIES		670	836
Equity			
Issued share capital	18	6,345	6,334
Share premium account	18	14,110	14,080
Retained earnings		(19,785)	(19,578)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		670	836
Non-controlling interests		-	-
TOTAL EQUITY		670	836

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

Company Statement of Financial Position

For the year ended 31 December 2022

These financial statements were approved by the Board of Directors on 30th May 2023

Signed on behalf of the Board of Directors



K Davidson
Director
Company No 00318267

	Notes	2022 £'000	2021 £'000
Non-Current Assets			
Investments	12	1,200	1,200
TOTAL NON-CURRENT ASSETS		1,200	1,200
Current Assets			
Trade and other receivables	13	1,557	1,385
Cash and cash equivalents	14	6	170
TOTAL CURRENT ASSETS		1,563	1,555
TOTAL ASSETS		2,763	2,755
Current Liabilities			
Trade and other payables	15	52	1,248
Bank loans	16	46	-
TOTAL CURRENT LIABILITIES		98	1,248
NET CURRENT ASSETS		1,465	307
Non Current Liabilities			
Bank and other loans	16	572	250
TOTAL NON-CURRENT LIABILITIES		572	250
TOTAL LIABILITIES		670	1,498
TOTAL ASSETS LESS TOTAL LIABILITIES		2,093	1,257
EQUITY			
Issued share capital	18	6,345	6,334
Share premium account	18	14,110	14,080
Retained earnings		(18,362)	(19,157)
TOTAL EQUITY		2,093	1,257

	Attributable to owners of the Company					
	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000	Non-controlling interests £'000	Total Equity £'000
CONSOLIDATED GROUP						
Balance at 1 January 2021	6,279	13,763	(18,936)	1,106	—	1,106
Loss for the year	—	—	(642)	(642)	—	(642)
Total comprehensive income for the year	—	—	(642)	(642)	—	(642)
Issue of ordinary shares	55	317	—	372	—	372
Transactions with owners of the Company, recognised directly in equity	55	317	—	372	—	372
Transactions with owners of the Company	55	317	—	372	—	372
Balance at 31 December 2021	6,334	14,080	(19,578)	836	—	836
Balance at 1 January 2022	6,334	14,080	(19,578)	836	—	836
Loss for the year	—	—	(338)	(338)	—	(338)
Total comprehensive income for the year	—	—	(338)	(338)	—	(338)
Transactions with owners of the Company, recognised directly in equity						
Credit to equity for share based payments	—	—	131	131	—	131
Issue of ordinary shares	11	30	—	41	—	41
Transactions with owners of the Company	11	30	131	172	—	172
Balance at 31 December 2022	6,345	14,110	(19,785)	670	—	670

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

SHARE CAPITAL

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

SHARE PREMIUM

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

RETAINED EARNINGS

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

Company Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company			
	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2021	6,279	13,763	(14,750)	5,292
Loss for the year	—	—	(4,407)	(4,407)
Total comprehensive income for the year	—	—	(4,407)	(4,407)
Issue of ordinary shares	55	317	—	372
Transactions with owners of the Company, recognised directly in equity	55	317	—	372
Balance at 31 December 2021	6,334	14,080	(19,157)	1,257
Balance at 1 January 2022	6,334	14,080	(19,157)	1,257
Profit for the year	—	—	664	664
Total comprehensive income for the year	—	—	664	664
Transactions with owners of the Company, recognised directly in equity				
Credit to equity for share based payments	—	—	131	131
Issue of ordinary shares	11	30	—	41
Total transactions with owners of the Company	11	30	131	172
Balance at 31 December 2022	6,345	14,110	(18,362)	2,093

SHARE CAPITAL

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

SHARE PREMIUM

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

RETAINED EARNINGS

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

Consolidated Statement of Cash Flow

For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Net cash inflow/(used) in operating activities	(i)	(33)	(446)
Cash flows from investing activities and servicing of finance			
Net finance cost		(51)	(14)
Payments to acquire tangible fixed assets	11	(65)	(55)
Net cash used in investing activities		(116)	(69)
Cash flows from financing activities			
New loans received		400	-
Repayments of borrowings		(32)	-
Payment of finance lease liabilities		(200)	(140)
Proceeds from issue of share capital	18	41	372
Increase/(decreased) invoice discounting	16	(469)	375
Net cash from financing activities		(260)	607
Net (decrease)/increase in cash and cash equivalents		(409)	92
Net cash and cash equivalents at beginning of period		459	367
Net cash and cash equivalents at end of period		50	459
Analysis of net funds			
Cash and cash equivalents		50	459
Borrowings due within one year		(483)	(952)
Borrowings due within more than one year		(618)	(250)
Net debt	(ii)	(1,051)	(743)

Note(i)	2022	2021
	£'000	£'000
Reconciliation of operating profit / (loss) to net cash from operating activities		
Operating profit /(loss) from continued operations	(261)	(532)
Depreciation/impairment of property, plant and equipment	223	227
Share based payment charge	131	-
Decrease/(increase) in trade and other receivables	(405)	(223)
(Decrease)/increase in trade and other payables	279	82
Taxation paid	-	-
Net cash generated from operating activities	(33)	(446)

Note(ii)	2022	2021
	£'000	£'000
Reconciliation of movement of debt		
Net increase/(decrease) in cash and cash equivalents	(409)	92
New loans received	(400)	-
Repayments of borrowings	32	-
Decrease/(increase) invoice discounting	469	(375)
Exchange difference on cash and cash equivalents	-	-
Movement in borrowings for the period	(308)	(283)
Net borrowings at the start of the period	(743)	(460)
Net borrowings at the end of the Period	(1,051)	(743)

Consolidated Statement of Cash Flow

Continued

For the year ended 31 December 2022

Company Statement of Cash Flow

For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Net cash used in operating activities	(i)	(548)	(214)
Cash flows from investing activities and servicing of finance			
Interest paid		(25)	-
Net cash used in investing activities		(25)	-
Cash flows from financing activities			
New loans received		400	-
Repayments of borrowings		(32)	-
Proceeds from issue of share capital	18	41	372
Net cash from financing activities		409	372
Net (decrease)/increase in cash and cash equivalents		(164)	158
Net cash and cash equivalents at beginning of period		170	12
Net cash and cash equivalents at end of period		6	170
Analysis of net funds			
Cash and cash equivalents		6	170
Borrowings due within one year		(46)	—
Borrowings due after one year		(572)	(250)
Net funds	(ii)	(612)	(80)

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

Note(i)	2022	2021
Reconciliation of operating profit / (loss) to net cash from operating activities	£'000	£'000
Operating profit/(loss)	689	(4,407)
Share based payment charge	131	-
Write off investments	-	486
Decrease/(increase) in trade and other receivables	(172)	4,064
(Decrease)/increase in trade and other payables	(1,196)	(357)
Net cash used operating activities	(548)	(214)

Note(ii)	2022	2021
Reconciliation of movement of debt	£'000	£'000
Net (decrease)/increase in cash and cash equivalents	(164)	158
New loans received	(400)	-
Repayment of borrowings	32	-
Movement in borrowings for the period	(532)	158
Net borrowings at the start of the period	(80)	(238)
Net borrowings at the end of the period	(612)	(80)

Company Statement of Cash Flow

Continued

For the year ended 31 December 2022

Notes to the Financial Statements

For the year ended 31 December 2022:

1. SIGNIFICANT ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's

accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.20.

1.1.1 GOING CONCERN

The Group reported an operating loss from continued operations in the year to 31 December 2022 of £0.3m compared with an operating loss of £0.6m in 2021. Consolidated net current liabilities are £0.3m (2021: £0.5m).

The Consolidated Statement of Financial Position shows a net asset position at 31 December 2022 of £0.7m (2021: £0.8m) with cash at bank of £0.05m (2021: £0.5m). At the date that these financial statements were approved the Group had no overdraft facility, a CBILS loan of £0.20m and its receivable finance facility (Metrobank) which is 100% secured by the Group's trade receivables. A convertible loan note instrument issued by two major shareholders in May 2022 has provided a further £400,000 of funding.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. In light of the current financial position of the Group and on consideration of the business' forecasts and projections

which have taken account of trading performance, the Directors have a reasonable expectation that the Group has adequate available resources to continue as a going concern for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing their annual report and financial statements.

1.1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

a) New and amended accounting standards adopted by the Company

There are no new standards impacting the Company that will be adopted in the financial statements for the period ended 31 December 2022, and which have given rise to changes in the Company's accounting policies.

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

There are a number of standards, amendments to standards, and interpretations which have been issued by IASB that are effective in future accounting periods that the Company has decided not to adopt early. The following standards and amendments are effective after 31 December 2022:

- IFRS 17 Insurance Contracts – Applicable to annual reporting periods beginning on or after 1 January 2023
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) – Annual reporting periods beginning on or after 1 January 2023
- Amendments to IFRS 17 – Annual reporting periods beginning on or after January 2023
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – Annual reporting periods beginning on or after 1 January 2023
- Definition of Accounting Estimates (Amendments to IAS 8) – Annual reporting periods beginning on or after 1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – Annual reporting periods beginning on or after 1 January 2023

The Company is currently assessing the impact of the new accounting standards and amendments. The Company

does not believe that these amendments will have a significant impact on the financial statements of the Company.

OTHER

The Company does not expect any other standards issued by IASB, but not yet effective, to have material impact on the Company.

1.2 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS

1.2.1 BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

1.2.2 NON-CONTROLLING INTERESTS

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either at fair value or at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

1.2.3 SUBSIDIARIES

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing if the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

1.3 GOODWILL

Goodwill arising on acquisition of subsidiaries is included in the Consolidated Statement of Financial Position as an asset at cost less impairment. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

1.4 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

1.5 FINANCIAL ASSETS AND LIABILITIES

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

1.6 PROPERTY, PLANT AND EQUIPMENT

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

Depreciation is calculated so as to write off the cost of the assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Office and computer equipment - 25% – 50% per annum on cost

Fixtures and fittings - 25% – 33% per annum on cost (or over the life of the lease whichever is shorter)

Land and buildings leasehold - over 3 – 5 years straight line

Right of use asset - straight line over shorter of estimated useful life and lease term

1.7 TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.8 CASH AND CASH EQUIVALENTS

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

1.9 INVESTMENTS

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

1.10 BORROWINGS

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

1.11 INVOICE DISCOUNTING FACILITY

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

1.12 TRADE PAYABLES

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

1.13 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Committee that makes strategic decisions.

1.14 FOREIGN CURRENCY TRANSLATION

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

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

recognised in the Consolidated Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'net finance income'. All other foreign exchange gains and losses are presented in the income statement within 'operating expenses'.

1.15 TAXATION

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

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

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

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

1.16 REVENUE RECOGNITION

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

a) Executive search services

Executive Search services are provided on a retained basis and the Group generally invoices the client at pre-specified milestones agreed in advance at a specific point in time. Typically, this will be in three stages; retainer, shortlist and completion fee. Revenue is recognised on completion of defined stages of work during the recruitment process including the completion of a candidate shortlist and placement of a candidate. Revenue is deferred for any invoices raised but unearned at the year end.

b) Short-term contract and interim business

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

c) Assessment, career coaching and talent management

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

d) Interest income

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

1.17 PENSIONS

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

1.18 LEASES

The Group leases its offices and various office equipment. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extension options.

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

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

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

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

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

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

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

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

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

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

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets (items less than £1,000) are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

1.19 SHARE OPTION SCHEMES

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

1.20 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

- a) Impairment of goodwill – determining whether goodwill is impaired requires an estimation of the value in use of cash-generating units (CGUs) to which goodwill has been allocated. The value in use calculation requires an estimation of the future profitability expected to arise from the CGU and a suitable discount rate in order to calculate present value.
- b) Impairment of investments – determining whether investments are impaired requires an estimation of the value in use of each subsidiary. The value in use calculation requires an estimation of the future profitability expected to arise from each subsidiary and a suitable discount rate in order to calculate present value.
- c) Revenue recognition – revenue is recognised based on estimated timing of delivery of services based on the assignment structure and historical experience. Were these estimates to change then the amount of revenue recognised would vary.
- d) Share-based payments – the expense recognised for the share-based payments scheme, reflects the number of share options granted that will vest and management's expectations regarding share lapses and non-market performance conditions. All options are subject to both time vesting and performance conditions.

2 FINANCIAL RISK MANAGEMENT

The financial risks that the Group is exposed to through its operations are interest rate risk, liquidity risk and credit risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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

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

The Board receives monthly reports from the Group Chief Financial Officer, through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible, without unduly affecting the Group's competitiveness and flexibility. Further details regarding specific policies are set out below:

2.1 INTEREST RATE RISK

The Group's interest rate risk arises from short term borrowings issued at a variable interest rate. At 31 December 2022 the balance outstanding on the invoice discounting facility was £0.5 million (2021: £1.0 million) and this balance increases and decreases in line with the outstanding trade receivables.

2.2 LIQUIDITY RISK

Liquidity risk arises from the Group's management of working capital and the finance charges. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Group monitors its requirements on a rolling monthly basis. The Board receives cash flow projections as well as monthly information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under reasonably expected circumstances.

2.3 CREDIT RISK

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

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

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

2.4 CAPITAL RISK MANAGEMENT

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

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

3 SEGMENTAL ANALYSIS

Management has determined the operating segments based on the reports reviewed regularly by the Board for use in deciding how to allocate resources and in assessing performance. The Board considers Group operations from both a class of business and geographic perspective. Each class of business derives its revenues from the supply of a particular recruitment related service, from retained executive search through to executive assessment and coaching. Business segment results are reviewed primarily to revenue level.

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

i) Class of Business:

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

	2022 £'000	2021 £'000
Revenue - Search	5,666	4,330
Revenue - Interim Management	2,920	1,949
Revenue - Leadership Consulting	111	270
	8,697	6,549
Cost of sales	(1,350)	(690)
Gross profit	7,347	5,859
Operating expenses	(7,254)	(5,854)
Depreciation and amortisation	(223)	(229)
Restructuring costs	—	(308)
Share based payment charge	(131)	—
Finance costs	(77)	(41)
Profit/(Loss) before tax	(338)	(573)

ii) Revenue and gross profit by geography

	2022 Revenue £'000	2021 Revenue £'000	2022 Gross Profit £'000	2021 Gross Profit £'000
United Kingdom	6,660	5,717	5,627	5,027
Rest of the world	2,037	832	1,720	832
Total	8,697	6,549	7,347	5,859

4 PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2022 £'000	2021 £'000
Profit / (Loss) on ordinary activities before taxation is stated after charging:		
Depreciation and impairment of property, plant and equipment	223	227
Staff costs (see note 5)	6,004	4,555
Auditors' remuneration:		
Audit work	51	43
Non-audit work	—	—

The Company audit fee for the year was £50,800 (2021: £43,000).

5 STAFF COSTS

The average number of full time equivalent persons (including Directors) employed by the Group during the year was as follows:

	2022 No.	2021 No.
Sales and related services	36	30
Administration	9	15
	45	45
Staff costs (for the above persons):		
	£'000	£'000
Wages and salaries	5,095	3,952
Social security costs	586	419
Defined contribution pension cost	192	184
Share based payment	131	—
	6,004	4,555

The emoluments of the Directors are disclosed as required by the Companies Act 2006 on page 22 in the Directors' Remuneration Report. The table of Directors' emoluments has been audited and forms part of these financial statements. This also includes details of the highest paid Director.

6 TAX EXPENSE

a) Tax charged in the income statement

Taxation is based on the loss for the year and comprises:

	2022 £'000	2021 £'000
Current tax:		
United Kingdom corporation tax at 19% (2021: 19%) based on loss for the year	—	—
Foreign tax	—	—
Total current tax	—	—
Deferred tax:		
Origination and reversal of temporary differences	—	69
Tax charge/(credit)	—	69

b) Reconciliation of the total tax charge

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

	2022 £'000	2021 £'000
Profit / (Loss) on ordinary activities before taxation	(338)	(573)
Tax on profit / (loss) on ordinary activities at standard UK corporation tax rate of 19% (2021: 19%)	(64)	(109)
Effects of:		
Expenses not deductible	6	7
Share option costs	25	—
Depreciation in excess of capital allowances	(6)	32
Provision movement	(1)	1
Group relief	—	—
Release of deferred tax asset	—	69
Adjustment to losses carried forward	40	69
Current tax charge for the year	—	69

6 TAX EXPENSE continued

c) Deferred tax

	Tax losses	Total
	£'000	£'000
At 1 January 2022	-	-
Charged to the income statement in 2022	-	-
At 31 December 2022	-	-

At 31 December 2022 the Group had capital losses carried forward of £8,129,000 (2021: £8,129,000) and trading losses carried forward of £14,879,676 (2021: £14,497,676). A deferred tax asset has not been recognised as their utilisation in the near future is uncertain.

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

	2022	2021
	£'000	£'000
Deferred tax assets:		
Tax losses carried forward	-	-
Total	-	-

7 NET FINANCE COST

	2022	2021
	£'000	£'000
Interest payable on leases, invoicing facility and other loans	77	41
Total	77	41

8 EARNINGS PER SHARE

i) Basic earnings per share

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

	2022	2021
Profit/(loss) attributable to owners of the company	£(338,000)	£(642,000)
Weighted average number of ordinary shares	60,879,205	56,487,344
Total	60,879,205	56,487,344

ii) Diluted earnings per share

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

	2022	2021
Profit/(Loss) attributable to owners of the company	£(338,000)	£(642,000)
Weighted average number of ordinary shares	60,879,205	56,487,344
Total	60,879,205	56,487,344

8 EARNINGS PER SHARE continued

iii) Adjusted earnings per share

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

	2022	2022	2022	2021	2021	2021
		Basic	Diluted		Basic	Diluted
	£'000	pence	pence	£'000	pence	pence
		per	per		per	per
		share	share		share	share
Basic earnings						
Profit/(Loss) after tax	(338)	(0.56)	(0.56)	(642)	(1.14)	(1.14)
Adjustments						
Share based payment charge	131	0.22	0.22	-	-	-
Adjusted earnings	(207)	(0.34)	(0.34)	(642)	(1.14)	(1.14)

9 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these accounts. The parent company's profit for the year amounted to £664,000 (2021: Loss £4,407,000).

10 INTANGIBLE ASSETS

Group

Balance at 1 January 2021

Balance at 31 December 2021

Balance at 31 December 2022

Provision for impairment

Balance at 1 January 2021

Balance at 31 December 2021

Balance at 31 December 2022

Net book value

At 1 January 2021

At 31 December 2021

At 31 December 2022

Goodwill arising on consolidation £'000

Balance at 1 January 2021	3,690
Balance at 31 December 2021	3,690
Balance at 31 December 2022	3,690
Provision for impairment	
Balance at 1 January 2021	2,327
Balance at 31 December 2021	2,327
Balance at 31 December 2022	2,327
Net book value	
At 1 January 2021	1,363
At 31 December 2021	1,363
At 31 December 2022	1,363

Goodwill acquired through business combinations is allocated to cash-generating units (CGU) identified at divisional level. The carrying value of intangible assets allocated by CGU is shown below:

	Norman Broadbent £'000	Norman Broadbent Leadership Consulting £'000	Total £'000
At 1 January 2021	1,303	60	1,363
At 31 December 2021	1,303	60	1,363
At 31 December 2022	1,303	60	1,363

In line with International Financial Reporting Standards, goodwill has not been amortised from the transition date, but has instead been subject to an impairment review by the Directors of the Group. As set out in accounting policy note 1 on page 41, the Directors test the goodwill for impairment annually. The recoverable amount of the Group's CGUs are calculated on the present value of their respective expected future cash flows, applying a weighted average cost of capital in line with businesses in the same sector. Pre-tax future cash flows for the next five years are derived from the approved forecasts for the 2023 financial year.

The key assumption applied to the forecasts for the business is that return on sales for Norman Broadbent is expected to be a minimum of 5% per annum for the foreseeable future (2021: 5%). Return on sales is defined as the expected profit before tax on net revenue. There are only minimal non cash flows included in profit before tax. The rate used to discount the forecast cash flows is 10%-12.5% (2021: 10%).

11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings – leasehold £'000	Right- of-use asset £'000	Office and computer equipment £'000	Fixtures and fittings £'000	Total £'000
Group Cost					
Balance at 1 January 2021	94	408	254	50	806
Additions	—	366	55	—	421
Disposals	—	—	—	—	—
Balance at 31 December 2021	94	774	309	50	1,227
Additions	6	34	59	—	99
Disposals	—	—	—	—	—
Balance at 31 December 2022	100	808	368	50	1,326
Accumulated depreciation					
Balance at 1 January 2021	87	163	177	47	474
Charge for the year	5	169	50	3	227
Disposals	—	—	—	—	—
Balance at 31 December 2021	92	332	227	50	701
Charge for the year	8	168	47	—	223
Disposals	—	—	—	—	—
Balance at 31 December 2022	100	500	274	50	924
Net book value					
At 1 January 2021	7	245	77	3	332
At 31 December 2021	2	442	82	—	526
At 31 December 2022	—	308	94	—	402

The Group had no capital commitments as at 31 December 2022 (2021 : £Nil).

12 INVESTMENTS

	Shares in subsidiary undertakings £'000
Company Cost	
Balance at 1 January 2021	5,935
Balance at 31 December 2021	5,935
Balance at 31 December 2022	5,935
Provision for impairment	
Balance at 1 January 2021	4,249
Impairment for the year	486
Balance at 31 December 2021	4,735
Impairment for the year	—
Balance at 31 December 2022	4,735
Net book value	
At 1 January 2021	1,686
At 31 December 2021	1,200
At 31 December 2022	1,200

12 INVESTMENTS continued

During the year to 31 December 2022 the Company held the following ownership interests:

Principal Group investments:	Country of incorporation or registration and operation	Principal activities	Description and proportion of shares held by the Company
Norman Broadbent Executive Search Ltd	England and Wales	Executive search	100% ordinary shares
Norman Broadbent Overseas Ltd	England and Wales	Non Trading (Dissolved 11 th Oct 2022)	100% ordinary shares
Norman Broadbent Leadership Consulting Limited	England and Wales	Assessment, coaching and talent management (Dissolved 11 th Oct 2022)	100% ordinary shares
Norman Broadbent Solutions Ltd	England and Wales	Mezzanine level search (Dissolved 11 th Oct 2022)	100% ordinary shares
Bancomm Ltd	England and Wales	Dormant (Dissolved 4 th Oct 2022)	100% ordinary shares
Norman Broadbent Ireland Ltd	Republic of Ireland	Dormant	100% ordinary shares
Norman Broadbent Interim Management Ltd	England and Wales	Interim Management (Dissolved 11 th October 2022)	100% ordinary shares

The registered office for the subsidiaries are Millbank Tower, 21-24 Millbank London SW1P 4QPP with the exception of Norman Broadbent Ireland Limited.

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade receivables	2,135	1,746	—	—
Less: provision for impairment	(2)	(14)	—	—
Trade receivables – net	2,133	1,732	—	—
Other debtors	48	127	—	—
Prepayments and accrued income	139	56	7	14
Due from Group undertakings	—	—	1,550	1,371
Total	2,320	1,915	1,557	1,385
Non-Current	—	—	—	—
Current	2,320	1,915	1,557	1,385
	2,320	1,915	1,557	1,385

As at 31 December 2022, Group trade receivables of £935,000 (2021: £967,000), were past their due date but not impaired, save as referred to below. They relate to customers with no default history. The ageing profile of these receivables is as follows:

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Up to 3 months	765	811	—	—
3 to 6 months	115	136	—	—
6 to 12 months	55	20	—	—
Total	935	967	—	—

The largest amount due from a single trade debtor at 31 December 2022 represents 15% (2021: 9%) of the total trade receivables balance outstanding.

As at 31 December 2022 group trade receivables considered impaired were £2,000 (2021: £14,000). Movements on the Group's provision for impairment of trade receivables are as follows:

	2022	2021
	£'000	£'000
At 1 January	14	60
Provision for receivable impairment	—	—
Receivables written-off as uncollectable	(12)	(46)
At 31 December	2	14

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

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash at bank and in hand	50	459	6	170
Total	50	459	6	170

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

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade payables	212	184	8	26
Due to Group undertakings	—	—	—	1,157
Other taxation and social security	330	344	(2)	(4)
Other payables	24	151	—	—
Accruals	1,440	1,048	46	69
Total	2,006	1,727	52	1,248

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

16 BORROWINGS

Current

Invoice discounting facility (see note (a) below)

Loans (see note (b) below)

Non-Current

Loans (see note (b) below)

Total

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

	Carrying amount		Fair value	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank overdrafts and interest bearing loans:				
Invoice discounting facility	483	952	483	952
Loans (see note (b) below)	618	250	618	250
Total	1,101	1,202	1,101	1,202

a) Invoice discounting facilities:

The Group operates an invoice discounting facility with Metro Bank. All Group invoices are raised through Norman Broadbent Executive Search Ltd and as such Metrobank (SME Invoice Finance Ltd) holds an all asset debenture for Norman Broadbent plc and Norman Broadbent Executive Search Limited. Funds are available to be drawn down at an advance rate of 88% against trade receivables of Norman Broadbent Executive Search Ltd that are aged less than 120 days with the facility capped at £1,500,000. At December 31 2022, the outstanding balance on the facility of £0.5m was secured by trade receivables of £2.1m. Interest is charged on the drawn down funds at a rate of 2.4% above the bank base rate.

b) Loans

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

On 20th May 2022 convertible loan notes of £400,000 nominal value were issued to Downing Strategic Micro-Cap Investment Trust Plc and Moulton Goodies Limited, each of whom subscribed £200,000. The loan notes are only convertible after the first anniversary date, up to 50% of the outstanding amount plus any compounded interest in accordance with the terms of the secured loan instrument and security provided by Norman Broadbent Executive Search Ltd.

17 FINANCIAL INSTRUMENTS

The principal financial instruments used by the Group and Company, from which financial instrument risk arises, are summarised below. All financial assets and liabilities are measured at amortised cost which is not considered to be materially different from fair value.

	Amortised Cost	
	2022	2021
Group	£'000	£'000
Financial assets		
Trade and other receivables	2,133	1,732
Other debtors	48	127
	2,181	1,859
Financial liabilities		
Trade creditors	212	184
Accrual and deferred income	1,440	1,048
Other creditors	24	151
Bank loans – current	483	952
Bank loans – greater than one year	618	250
	2,777	2,585
	Amortised Cost	
	2022	2021
Company	£'000	£'000
Financial assets		
Amounts owed by group undertakings	1,550	1,371
	1,550	1,371
Financial liabilities		
Trade and other payables	8	26
Amounts owed to group undertakings	-	1,157
Accruals and deferred income	46	69
Bank loans – greater than one year	572	250
	626	1,502

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

18 SHARE CAPITAL AND PREMIUM

Allotted and fully paid:

Ordinary Shares:

61,817,510 Ordinary shares of 1.0p each
(2021: 60,740,757)

Deferred Shares:

23,342,400 Deferred A shares of 4.0p each
(2021: 23,342,400)

907,118,360 Deferred shares of 0.4p each
(2021: 907,118,360)

1,043,566 Deferred B shares of 42.0p each
(2021: 1,043,566)

2,504,610 Deferred C shares of 29.0p each
(2021: 2,504,610)

Total

	2022	2021
	£'000	£'000
	618	607
	934	934
	3,628	3,628
	438	438
	727	727
	6,345	6,334

Deferred A Shares of 4.0p each

The Deferred A Shares carry no right to dividends or distributions or to receive notice of or attend general meetings of the Company. In the event of a winding up, the shares carry a right to repayment only after the holders of Ordinary Shares have received a payment of £10,000 per Ordinary Share. The Company retains the right to cancel the shares without payment to the holders thereof. The rights attaching to the shares shall not be varied by the creation or issue of shares ranking pari passu with or in priority to the Deferred A Shares.

Deferred Shares of 0.4p each

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

Deferred B Shares of 42.0p each

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

Deferred C Shares of 29.0p each

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

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

	No. of ordinary shares (000s)	Ordinary shares £(000s)	Deferred shares £(000s)	Share premium £(000s)	Total £(000s)
At 1 January 2021	55,218	552	5,727	13,763	20,042
Issued during the year	5,523	55	-	317	372
At 31 December 2021	60,741	607	5,727	14,080	20,414
Issued during the year	1,076	11	-	30	41
At 31 December 2022	61,817	618	5,727	14,110	20,455

During the year 1,076,753 Ordinary Shares were issued at a consideration of 3.75 pence per share.

19 SHARE BASED PAYMENTS

The Company operates an equity-settled share-based payment scheme for employees of the group. The scheme is an executive Enterprise Management Incentive (“EMI”) share option scheme. The company granted 9,950,000 options as part of the scheme on 17 March 2022. All options are subject to both time vesting conditions and performance conditions. 50% of the Options are subject to market-based share price performance conditions (the “Share Price Options”) and 50% are subject to certain EBITDA performance conditions (the “EBITDA Options”).

Time vesting conditions

A quarter of the options vest on each anniversary of the grant date up to the fourth anniversary (17 March 2026). No options can be exercised until at least the second anniversary of the grant date (24 months).

EBITDA performance conditions

Subject to the time vesting conditions, the EBITDA Options will vest subject to the achievement of certain EBITDA targets in any financial year from the grant date to the year ending 31 December 2025.

The EBITDA performance conditions are classed as non-market performance conditions. As such, these are not directly captured in the option valuation but are considered when calculating the associated P&L charge of the EBITDA Options.

Share Price performance condition

Subject to the time vesting condition, the Share Price Options will vest in quarters subject to the Company’s 3-month average share price meeting certain targets at any time from the grant date up to 30 June 2026.

The share price performance conditions are classified as a market-based performance condition.

The Share Price Option can only vest following the achievement of both the relevant time based and Share Price performance conditions. The date on which a Share Price condition could be met may differ to the applicable time vesting date.

19 SHARE BASED PAYMENTS continued

EBITDA Options				
	2022	2022	2021	2021
	Weighted average		Weighted average	
	Exercise price		Exercise price	
	(£)	Number	(£)	Number
Outstanding at 1 January	-	-	-	-
Granted during the year	-	4,975,000	-	-
Forfeited during the year	-	-	-	-
Outstanding at 31 December	-	4,975,000	-	-

The exercise price of the options outstanding at 31 December 2022 was £nil (2022: n/a) and their weighted average remaining contractual life was 6.2 years (2021 n/a).

None of the options outstanding at 31 December 2022 had vested (2021: n/a).
The weighted average fair value of each option granted during 2022 was £0.07.

Share Price Option				
	2022	2022	2021	2021
	Weighted average		Weighted average	
	Exercise price		Exercise price	
	(£)	Number	(£)	Number
Outstanding at 1 January	-	-	-	-
Granted during the year	-	4,975,000	-	-
Forfeited during the year	-	-	-	-
Outstanding at 31 December	-	4,975,000	-	-

The exercise price of the options outstanding at 31 December 2022 was £nil (2022: n/a) and their weighted average remaining contractual life was 6.2 years (2021 n/a).

None of the options outstanding at 31 December 2022 had vested (2021: n/a).
The weighted average fair value of each option granted during 2022 ranged between £0.039 -£0.058.

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share-based payment schemes operated by the Company

Equity-settled - EBITDA Option		2022 £
Option pricing model used		Binomial option model
Weighted average share price at grant date		0.07
Exercise price		-
Weighted average contractual life of the options (in years)		7 years
Expected volatility		58.9%
Expected dividend yield		0.0%
Risk-free interest rate		1.31%

Equity-settled - Share Price Option		2022 £
Option pricing model used		Monte Carlo simulation
Weighted average share price at grant date		0.07
Exercise price		-
Weighted average contractual life of the options (in years)		7 years
Expected volatility		58.9%
Expected dividend yield		0.0%
Risk-free interest rate		1.31%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a weighted average statistical analysis of the company's daily share price over a 4-year basis.

19 SHARE BASED PAYMENTS continued

The share-based remuneration expense disclosed in key management personnel compensation comprises:

	2022 £	2021 £
Share-based payment recognised in the income statement	130,581	nil

20 LEASES

The Group has adopted IFRS Leases 16 for its treatment of the lease properties in Millbank Tower, London, and Booth Park, Knutsford and Rubislaw Terrace, Aberdeen.

Under IFRS 16, the Group has recognised within the Consolidated Balance Sheet a right-of-use asset and a lease liability for all applicable leases. Within the Consolidated Income Statement, operating lease rental charges have been replaced with depreciation and interest expense.

Set out below are the accounting policies of the Group under IFRS 16, which have been applied from the date of initial application.

Right-of-use assets: The Group recognises right-of-use assets at the commencement date of the lease and they are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight line basis over the shorter of its estimated useful

life and the lease term. Right-of-use assets are subject to impairment.

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

	2022 £'000	2021 £'000
Consolidation Statement		
Depreciation expense	(168)	(169)
Operating Profit	(168)	(169)
Finance Costs	(25)	(27)
Profit before Tax	(193)	(196)

Consolidated Statement of Financial Position

As at 1 January 2021

	Right-of-use assets £'000	Lease liabilities £'000
	245	(245)
Additions	366	(366)
Disposals	-	-
Depreciation expense	(169)	-
Interest expense	-	(27)
Payments	-	140

At 31 December 2021

	442	(498)
Additions	34	(34)
Disposals	-	-
Depreciation expense	(168)	-
Interest expense	-	(25)
Payments	-	200

At 31 December 2022

	308	(357)
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Impact on Consolidated Statement of Financial Position

	2022 £'000	2021 £'000
Right-of-use assets	308	442
Total Assets	308	442
Lease liabilities – less than one year	(203)	(200)
Lease liabilities – more than one year	(155)	(298)
Total Liabilities	(358)	(498)
Equity	(50)	(56)

21 PENSION COSTS

The Group operates several defined contribution pension schemes for the business. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Group to the funds and amounted to £192,000 (2021: £184,000). At the year end £14,000 of contributions were outstanding (2021: £19,000).

22 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

Key management compensation:

Key management includes Executive and Non-Executive Directors. The compensation paid or payable to the directors can be found in the Directors' Remuneration Report on pages 20-22.

23 CONTINGENT LIABILITY

The Company is a member of the Norman Broadbent plc Group VAT scheme. As such it is jointly accountable for the combined VAT liability of the Group. The total VAT outstanding in the Group at the year end was £123,000 (2021: £205,000).

24 POST BALANCE SHEET EVENT

The Company repaid half of the funds raised by the issue of the Convertible Loan Notes of £400,000 on 19th May 2023. Downing Strategic Micro-Cap Investment Trust Plc and Moulton Goodies Limited each received a repayment of £100,000 (plus interest).



Officers & Professional Advisors

BOARD OF DIRECTORS

PETER SEARLE

Group Chair

KEVIN DAVIDSON

Group CEO

MEHR MALIK

Group CFO

FIONA McANENA

Non-Executive Director

DEVYANI VAISHAMPAYAN

Non-Executive Director

COMPANY SECRETARY

MEHR MALIK

REGISTERED OFFICE

Millbank Tower
21- 24 Millbank
London SW1P 4QP

COMPANY NUMBER

00318267

NOMINATED ADVISER & BROKER

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

REGISTRARS

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

SOLICITORS

Gateley PLC
1 Paternoster Square
London EC4M 7DX

PRINCIPAL BANKERS

Metro Bank plc
One Southampton Row
London WC1B 5HA

AUDITORS

Kreston Reeves LLP
168 Shoreditch High Street
London E1 6RA





NORMAN BROADBENT

**Annual
Report and
Financial
Statements**

For the year ended 31 December 2022