

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

Report on the audit of the Financial Statements Opinion

In our opinion:

- Hays plc's Group Financial Statements and Company Financial Statements (the 'Financial Statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2022 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Annual Report & Financial Statements (the 'Annual Report'), which comprise: the Consolidated and Company Balance Sheets as at 30 June 2022; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than those disclosed in note 6, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

Our audit approach Overview



Audit scope

- 84% of Group net fees and 82% of Group profit before tax subject to full scope audit procedures. In addition, we performed specified procedures over a further two trading countries that were not the subject of full scope audit procedures, representing 7% of Group net fees and 1% of Group profit before tax.
- Australia, UK and Germany were considered to be financially significant due to their relative contributions to the Group's net fees and profit before tax.
- As the Group and UK audit team, we maintained regular contact with significant component teams in Germany and Australia. This included visiting those locations during the year end audit process to help direct and supervise audit procedures performed by those teams.

Key audit matters

- Recoverability of trade receivables (Group)
- Carrying value of investments (Parent)

Materiality

- Overall Group materiality: £10.2 million (2021: £9.0 million) based on 5% of profit before tax.
- Overall Company materiality: £8.7 million (2021: £8.3 million) based on 1% of total assets, restricted by the amount of materiality available for allocation.
- Performance materiality: £7.7 million (2021: £6.8 million) (Group) and £6.5 million (2021: £6.2 million) (Company).

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgment, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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.

Covid-19, which was a key audit matter for the last two years, is no longer included because this key audit matter was to address the response to the initial years impacted by Covid-19. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables (Group) Refer to page 93 (Audit Committee Report), note 2, note 3 and note 17 to the Financial Statements for the Directors' disclosures of the related accounting policies, judgments and estimates. At 30 June 2022, total trade receivables balances included in note 17 were £663.2 million (2021: £510.2 million), net of provisions of £17.6 million (2021: £16.6 million). The recoverability of trade receivables and the level of provisions for expected credit losses are considered to be a key risk due to the significance of these balances to the Financial Statements and the judgments required in making appropriate provisions.	In order to test the recoverability of trade receivables, we performed the following procedures: i) We evaluated the Group's credit control procedures and assessed and validated the ageing profile of trade receivables; ii) We assessed recoverability on a sample basis by reference to cash received subsequent to year end, agreement to the terms of the contract in place and issue of credit notes post year end, as necessary; iii) We considered the appropriateness of estimates regarding the level of expected credit loss for trade receivables and assessed whether the associated provisions were calculated in accordance with the Group's provisioning policies and/or whether there was evidence of management bias in provisioning, obtaining supporting evidence as necessary; iv) Considering the current global energy crisis, inflationary conditions and recent levels of insolvencies and its potential impact on the customer debt book, we challenged management as to whether the expected credit loss provisions appropriately reflected the level of risk in the total receivables balance with consideration given to individual counterparty credit risk and the general economic conditions in each jurisdiction; and v) We also challenged management as to whether the methodology applied in determining the appropriate expected credit loss provisions appropriately reflected the level of risk in the total receivables balance, with consideration given to individual counterparty credit risk and the general economic conditions in each jurisdiction. We did not encounter any material issues through these audit procedures that indicated that provisioning in respect of trade receivables was inappropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

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Carrying value of investments (Parent)

Refer to note 1 and note 4 of the Company Financial Statements. The Company holds investments in its subsidiaries of £744 million (2021: £744 million). We focused on this area due to the size of the investment balances.

Management has performed an assessment of the recoverable amount of the investments and compared this to the carrying value using the same cash flow methodology applied in the impairment test for goodwill. The results showed that no impairment was required against these investments.

How our audit addressed the key audit matters

We obtained management's assessment of the carrying value of the investments and we challenged:

- i) the key assumptions for short- and long-term growth rates in the forecast cash flows for those businesses underpinning the investees' recoverable amounts, comparing them with historical results;
- ii) the discount rate used in the calculations by assessing the cost of capital for the Group and comparable organisations;
- iii) the recoverability of investment in subsidiaries by comparing the net asset values of these subsidiaries against the carrying value of the investment; and
- iv) we also considered the market value of the Group compared to the carrying value of the investments.

There were no indications of impairment identified.

We performed sensitivity analysis on the key assumptions within the cash flow forecasts. This included sensitising the discount rate applied to the future cash flows, and the short- and longer-term growth rates and operating profit forecast.

Following the conclusion of our procedures above, we are satisfied that no impairment is required.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group's 32 trading countries are structured across four reporting segments, Australia & New Zealand (ANZ), Germany, UK & Ireland (UK&I) and Rest of World (RoW).

Of the 32 trading countries, certain companies in the UK, Germany and Australia together represent 63% of the Group's net fees and 55% of the Group's profit before tax, excluding intercompany operating income and expenses and calculated on an absolute basis. Within these three countries we considered certain companies to be financially significant to the Group and were therefore subject to full scope audit procedures by local component audit teams.

A further 18 other reporting units, including 16 trading countries, were also subject to full scope audits by PwC teams in each of these countries, representing 21% of Group net fees and 27% of Group profit before tax, excluding intercompany operating income and expenses and calculated on an absolute basis. In total, our full scope audit procedures covered 84% of the Group's net fees and 82% of the Group's profit before tax, excluding intercompany operating income and expenses and calculated on an absolute basis. In addition to this, the Group audit team performed specified audit procedures in two other countries, representing 7% of Group net fees and 1% of Group profit before tax, excluding intercompany operating income and expenses and calculated on an absolute basis.

Two holding company reporting units were subject to limited scope audit of tax balances.

Central review procedures were performed by the Group audit team on the remaining 11 countries that were not subject to full scope or specified audit procedures. These countries represented the remaining 9% of net fees and 17% of Group profit before tax, excluding intercompany operating income and expenses and calculated on an absolute basis. We ensured that we maintained appropriate oversight of our component teams through visiting our significant component teams in Germany and Australia this year in addition to the regular remote communications with all component teams. This included regular video conferences and remote working paper reviews to direct and supervise the work of these teams, and to satisfy ourselves as to the appropriateness of the audit work performed.

The Group audit team also joined the audit clearance meetings for each of the 19 countries that were subject to full scope audit procedures, as well as holding calls with the regional management teams responsible for the 11 countries subject to central review procedures.

Climate change

As part of the audit, we made enquiries of management to understand and evaluate the Group's risk assessment process in relation to climate change. We reviewed management's paper which sets out its assessment of climate change risk to the Group and the impact on the Financial Statements. In evaluating the completeness of the risks identified, we reviewed management's assessment and challenged management on how it considered the potential financial impacts of the Group's commitment to halving its GHG emissions by 2026 and becoming a Net Zero Company. Management concluded there are no significant financial reporting risks arising. Based on our evaluation of this assessment, we concluded this was appropriate. We also read the disclosures in relation to climate change made in the Strategic Report section of the Annual Report to ascertain whether the disclosures are materially consistent with the Financial Statements and our knowledge from our audit. Our responsibility over other information is further described in the 'Reporting on other information' section of this report.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual Financial Statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgment, we determined materiality for the Financial Statements as a whole as follows:

	Financial Statements – Group	Financial Statements – Company
Overall materiality	£10.2 million (2021: £9.0 million).	£8.7 million (2021: £8.3 million).
How we determined it	5% of profit before tax.	1% of total assets, restricted by the amount of materiality available for allocation.
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by management and the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	We believe that total assets is the most appropriate measure to assess a holding company, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £0.6 million and £8.7 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £7.7 million (2021: £6.8 million) for the Group Financial Statements and £6.5 million (2021: £6.2 million) for the Company Financial Statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £500,000 (Group audit) (2021: £445,000) and £435,000 (Company audit) (2021: £445,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to Going Concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the Going Concern basis of accounting included:

- Obtaining the Directors' cash flow forecasts for the Going Concern period and validating the underlying cash flow projections by challenging the basis of the judgments applied and verifying that it is consistent with our existing knowledge and understanding of the business;
- Reviewing the sensitivity analysis carried out by the Directors to assess the impact of the key assumptions underlying the forecast such as reduction in net fees, increase in working capital and expected level of operating expenses;
- Assessing the impact of the Directors' severe but plausible downside scenarios on the headroom available on liquidity;
- Reviewing the Directors' identified available mitigating factors where required and included within the cash flow forecast;
- Testing the mathematical accuracy of the Directors' cash flow forecast and validating the opening cash position; and
- Assessing the adequacy of the disclosure provided in note 2 of the Consolidated and Company Financial Statements.

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 and the Company's ability to continue as a Going Concern for a period of at least 12 months from when the Financial Statements are authorised for issue.

In auditing the Financial Statements, we have concluded that the Directors' use of the Going Concern basis of accounting in the preparation of the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a Going Concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the Going Concern basis of accounting.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

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Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2022 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate Governance Statement

The Listing Rules require us to review the Directors' statements in relation to Going Concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the Corporate Governance Statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

- The Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the Going Concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least 12 months from the date of approval of the Financial Statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial Statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the Financial Statements and the audit

Responsibilities of the Directors for the Financial Statements

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

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern and using the Going Concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK Listing Rules, employment legislation and data protection regulations, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the Financial Statements such as the Companies Act 2006 and tax regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to the posting of unusual journals to increase revenue and therefore increase profits and management bias in determining accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with senior management, Group legal counsel, Internal Audit, and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions and judgments made by management in its significant accounting estimates;
- Reviewing the Financial Statement disclosures and agreeing to underlying supporting documentation;
- Reviewing Executive management's incentives and bonus schemes to understand and review drivers that could lead to higher fraud risks;
- Performing unpredictable procedures; and
- Identifying and testing journal entries, in particular, journal entries which had unexpected account combinations, posted by unexpected users, with unusual descriptions or descriptions referring to Directors or key management personnel.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 9 November 2016 to audit the Financial Statements for the year ended 30 June 2017 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 30 June 2017 to 30 June 2022.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these Financial Statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard (ESEF RTS). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Jonathan Sturges

Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 August 2022

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

(In £s million)	Note	2022	2021
Turnover	4, 5	6,588.9	5,648.4
Net fees⁽¹⁾	4, 5	1,189.4	918.1
Administrative expenses ⁽²⁾	5	(979.3)	(823.0)
Operating profit from continuing operations	4	210.1	95.1
Net finance charge	8	(5.8)	(7.0)
Profit before tax		204.3	88.1
Tax	9	(50.1)	(26.6)
Profit from continuing operations after tax		154.2	61.5
Profit attributable to equity holders of the parent company		154.2	61.5
Earnings per share from continuing operations (pence)			
– Basic	11	9.22p	3.67p
– Diluted	11	9.11p	3.64p

(1) Net fees comprise turnover less remuneration of temporary workers and other recruitment agencies.

(2) Administrative expenses include impairment loss on trade receivables of £2.4 million (2021: £1.9 million).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

(In £s million)	2022	2021
Profit for the year	154.2	61.5
Items that will not be reclassified subsequently to profit or loss:		
Actuarial remeasurement of defined benefit pension schemes	39.6	(24.2)
Tax relating to components of other comprehensive income	(8.6)	8.5
	31.0	(15.7)
Items that may be reclassified subsequently to profit or loss:		
Currency translation adjustments	10.5	(28.9)
Other comprehensive income for the year net of tax	41.5	(44.6)
Total comprehensive income for the year	195.7	16.9
Attributable to equity shareholders of the parent company	195.7	16.9

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2022

(In £s million)	Note	2022	2021
Non-current assets			
Goodwill	12	202.3	199.9
Other intangible assets	13	47.1	44.8
Property, plant and equipment	14	29.3	27.4
Right-of-use assets	15	171.7	190.3
Deferred tax assets	16	18.5	20.6
Retirement benefit surplus	22	102.0	46.6
		570.9	529.6
Current assets			
Trade and other receivables	17	1,205.1	927.7
Corporation tax debtor		5.2	5.6
Cash and cash equivalents	18	296.2	410.6
		1,506.5	1,343.9
Total assets		2,077.4	1,873.5
Current liabilities			
Trade and other payables	21	(1,029.8)	(753.2)
Lease liabilities	15	(39.8)	(36.9)
Corporation tax liabilities		(34.5)	(22.9)
Derivative financial instruments	19	(0.1)	-
Provisions	23	(12.7)	(10.0)
		(1,116.9)	(823.0)
Non-current liabilities			
Deferred tax liabilities	16	(10.0)	(4.9)
Lease liabilities	15	(145.3)	(164.2)
Provisions	23	(9.0)	(9.6)
		(164.3)	(178.7)
Total liabilities		(1,281.2)	(1,001.7)
Net assets		796.2	871.8
Equity			
Called up share capital	24	16.7	16.8
Share premium		369.6	369.6
Merger reserve	25	43.8	193.8
Capital redemption reserve		2.7	2.7
Retained earnings		268.2	207.8
Cumulative translation reserve		73.6	63.1
Equity reserve		21.6	18.0
Total equity		796.2	871.8

The Consolidated Financial Statements of Hays plc, registered number 2150950, as set out on pages 136 to 176 were approved by the Board of Directors and authorised for issue on 24 August 2022.

Signed on behalf of the Board of Directors

A R Cox

P Venables

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

(In £s million)	Called up share capital	Share premium	Merger reserve ⁽¹⁾	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve ⁽²⁾	Total equity
At 1 July 2021	16.8	369.6	193.8	2.7	207.8	63.1	18.0	871.8
Currency translation adjustments	-	-	-	-	-	10.5	-	10.5
Remeasurement of defined benefit pension schemes	-	-	-	-	39.6	-	-	39.6
Tax relating to components of other comprehensive income	-	-	-	-	(8.6)	-	-	(8.6)
Net income recognised in other comprehensive income	-	-	-	-	31.0	10.5	-	41.5
Profit for the year	-	-	-	-	154.2	-	-	154.2
Total comprehensive income for the year	-	-	-	-	185.2	10.5	-	195.7
Dividends paid	-	-	(150.0)	-	(36.4)	-	-	(186.4)
Purchase of own shares	(0.1)	-	-	-	(94.7)	-	-	(94.8)
Share-based payments	-	-	-	-	6.3	-	3.6	9.9
At 30 June 2022	16.7	369.6	43.8	2.7	268.2	73.6	21.6	796.2

FOR THE YEAR ENDED 30 JUNE 2021

(In £s million)	Called up share capital	Share premium	Merger reserve ⁽¹⁾	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve ⁽²⁾	Total equity
At 1 July 2020	16.8	369.6	193.8	2.7	161.0	92.0	17.5	853.4
Currency translation adjustments	-	-	-	-	-	(28.9)	-	(28.9)
Remeasurement of defined benefit pension schemes	-	-	-	-	(24.2)	-	-	(24.2)
Tax relating to components of other comprehensive income	-	-	-	-	8.5	-	-	8.5
Net expense recognised in other comprehensive income	-	-	-	-	(15.7)	(28.9)	-	(44.6)
Profit for the year	-	-	-	-	61.5	-	-	61.5
Total comprehensive income for the year	-	-	-	-	45.8	(28.9)	-	16.9
Purchase of own shares	-	-	-	-	(6.4)	-	-	(6.4)
Share-based payments	-	-	-	-	7.4	-	0.5	7.9
At 30 June 2021	16.8	369.6	193.8	2.7	207.8	63.1	18.0	871.8

(1) The Merger reserve was generated under section 612 of the Companies Act 2006, as a result of the cash box structure used in the equity placing of new shares issued during the year ended 30 June 2020.

(2) The Equity reserve is generated as a result of IFRS 2 'Share-based payments'.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

(In £s million)	2022	2021
Operating profit	210.1	95.1
Adjustments for:		
Depreciation of property, plant and equipment	10.0	11.6
Depreciation of right-of-use assets	44.0	45.1
Amortisation of intangible assets	10.1	11.3
Loss on disposal of business assets	1.5	0.4
Loss on closure of Russian business	4.2	-
Net movements in provisions	2.1	1.2
Share-based payments	10.9	8.7
	82.8	78.3
Operating cash flow before movement in working capital	292.9	173.4
Movement in working capital:		
Increase in receivables	(259.4)	(80.7)
Increase/(decrease) in payables ⁽¹⁾	194.4	(30.2)
Movement in working capital	(65.0)	(110.9)
Cash generated by operations	227.9	62.5
Cash paid in respect of exceptional items from the year ended 30 June 2020	-	(8.0)
Pension scheme deficit funding	(17.2)	(16.7)
Income taxes paid	(39.0)	(31.8)
Net cash inflow from operating activities	171.7	6.0
Investing activities		
Purchase of property, plant and equipment	(12.1)	(9.2)
Purchase of own shares	(38.0)	(6.4)
Purchase of intangible assets	(12.3)	(9.6)
Interest received	0.8	0.4
Net cash used in investing activities	(61.6)	(24.8)
Financing activities		
Interest paid	(1.3)	(1.3)
Lease liability principal repayment	(45.0)	(50.0)
Equity dividends paid	(186.4)	-
Net cash used in financing activities	(232.7)	(51.3)
Net decrease in cash and cash equivalents	(122.6)	(70.1)
Cash and cash equivalents at beginning of year	410.6	484.5
Effect of foreign exchange rate movements	8.2	(3.8)
Cash and cash equivalents at end of year	296.2	410.6

(1) The decrease in payables in the year ended 30 June 2021 includes the payment of £118.3 million of short-term taxes deferred at 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Hays plc is a Company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales and its registered office and principal place of business is 4th Floor, 20 Triton Street, London NW1 3BF.

The Consolidated Financial Statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in its Consolidated Financial Statements on 1 July 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The Consolidated Financial Statements are presented in sterling, the functional currency of Hays plc.

New standards and interpretations

The Consolidated Financial Statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ended 30 June 2022. These accounting policies are consistent with those applied in the preparation of the Consolidated Financial Statements for the year ended 30 June 2021. There have been no new standards or improvements to existing standards that are mandatory for the first time in the Group's accounting period beginning on 1 July 2021 and no new standards have been early adopted.

The Group's accounting policies align to the requirements of IAS 1 and IAS 8.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are only effective for the Group accounting periods beginning on or after 1 July 2022. These new pronouncements are listed as follows:

- IFRS 17 'Insurance contracts' (effective 1 January 2023); and
- IAS 1 (amendments), 'Presentation of Financial Statements', on classification of liabilities (effective 1 January 2023).

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

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

2. Significant accounting policies

a. Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis with the exception of financial instruments, pension assets and share-based payments. Financial instruments have been recorded initially on a fair value basis and then at amortised cost. Pension assets and share-based payments have been measured at fair value.

b. Going Concern

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. The financial position of the Group, its cash flows and liquidity position are described in the Finance Director's Review, with details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk included in notes 18 to 20 to the Consolidated Financial Statements.

As in prior years, the Board undertook a strategic business review in the current year which took into account the Group's current financial position and the potential impact of the principal risks set out in the Annual Report.

In addition, and in making this statement, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten the Group's business model, future performance and liquidity. While the review has considered all the principal risks identified by the Group, the resilience of the Group to the occurrence of these risks in severe yet plausible scenarios has been evaluated.

Financial position

At 30 June 2022, the Group had cash of £296.2 million compared to cash of £410.6 million at 30 June 2021, with share repurchases of £38.0 million and dividends of £186.4 million being paid during the year. In addition, the Group currently has an unsecured revolving credit facility of £210 million that reduces in November 2024 to £170 million, and expires in November 2025. The facility has remained undrawn throughout the current year. Despite the excellent growth achieved during the year, the Group had a strong working capital performance; with significant management focus on cash collection, average trade debtor days remained consistent in the year at 33 days (2021: 33 days).

Stress testing

The Board approves an annual budget and reviews monthly management reports and quarterly forecasts. The output of the planning and budgeting processes has been used to perform a sensitivity analysis of the Group's cash flow to model the potential effects should principal risks actually occur, either individually or in unison.

The sensitivity analysis modelled scenarios in which the Group incurred a sustained loss of business arising from a prolonged global downturn, with a range of recovery scenarios considered. The Group's 'Stress Case' scenario assumes that the Group experiences another severe downturn similar in scale to the one caused by the Covid-19 pandemic in the year ended 30 June 2020, followed by a period of gradual recovery, as opposed to the significant recovery the Group experienced through the year ended 30 June 2021 and excellent growth achieved in the year ended 30 June 2022. The Stress Case scenario forecasts a strong cash position in excess of £140 million throughout the Going Concern period, being at least 12 months from the date of approval of the Consolidated Financial Statements, with the revolving credit facility remaining undrawn with significant headroom against its banking covenants.

Set against these downside trading scenarios, the Board considered key mitigating factors including the geographic and sectoral diversity of the Group, its balanced business model across Temporary, Permanent and Contract recruitment services, and the significant working capital inflows which arise in periods of severe downturn, particularly in the Temporary recruitment business, thus protecting liquidity as was the case during the Global Financial Crisis of 2008/09, and which we again experienced during the Covid-19 pandemic in the year ended 30 June 2020.

In addition, the Group's strong balance sheet position and history of strong cash generation, tight cost control and flexible workforce management provides further protection. The Group also has in place its £210 million revolving credit facility which is currently undrawn. This facility is in place until November 2025, although at the lower value of £170 million in its final year due to reduced lender commitments received.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. The Group is therefore well-placed to manage its business risks. After making enquiries, the Directors have formed the judgment at the time of approving the Consolidated Financial Statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence throughout the Going Concern period, being at least 12 months from the date of approval of the Consolidated Financial Statements. For this reason, they continue to adopt the Going Concern basis of accounting in preparing the Consolidated Financial Statements.

c. Basis of consolidation

Subsidiaries are fully consolidated from the date on which power to control is transferred to the Group. They are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group whereby the identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The Consolidated Financial Statements consolidate the accounts of Hays plc and all of its subsidiaries. The results of subsidiaries acquired or disposed during the year are included from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Due to the conflict in Ukraine, the Group announced on 3 March 2022 that it had taken the decision to close its offices in Moscow and St Petersburg, cease trading with immediate effect and exit Russia. The Directors consider that control was lost at this date, although the exit was completed in June 2022. In the year ended 30 June 2022, Russia generated £7.8 million of net fees (2021: £9.1 million) and £1.2 million of operating profit (2021: £1.0 million). The total one-off cost of closing the Russian business was £4.2 million and, due to the amount being immaterial to the Group, was incurred as an expense within operating profit and not reported as a discontinued operation.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

d. Turnover

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

Turnover arising from the placement of permanent candidates, including turnover arising from Recruitment Process Outsourcing (RPO) services, is recognised at the point in time the candidate commences employment. Where a permanent candidate starts employment but does not work for the specified contractual period, an adjustment is made, based on experience, in respect of the expected required refund or credit note due to the client. The revenue recognised from a permanent placement is typically based on a percentage of the candidate's remuneration package.

Turnover arising from temporary placements, including turnover arising from Managed Service Programme (MSP) services, is recognised starting at the point in time that temporary workers are provided and continues through the duration of the placement. In nearly all contract arrangements the Group acts as principal. Where the Group is acting as a principal, turnover represents the amounts billed for the services of the temporary workers, including the remuneration costs of the temporary workers. The commission included within the revenue recognised arising from temporary placements is typically based on a percentage of the placement's hourly rate.

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

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

Revenue recognition

Revenue is recognised for permanent placements at the point in time the candidate commences employment. Revenue is recognised for temporary placements at the point in time that temporary workers are provided and continues through the duration of the placement.

The factors considered by management on a contract by contract basis when concluding the Group is acting as principal (gross basis) rather than agent (net basis) are as follows:

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

e. Net fees

Net fees represent turnover less the remuneration costs of temporary workers for temporary assignments and remuneration of other recruitment agencies. For the placement of permanent candidates, net fees are equal to turnover.

f. Foreign currencies

On consolidation, the tangible and intangible assets and liabilities of subsidiaries denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Income and expense items are translated into sterling at average rates of exchange for the period. Any exchange differences which have arisen from an entity's investment in a foreign subsidiary, including long-term loans, are recognised as a separate component of equity and are included in the Group's cumulative translation reserve.

On disposal of a subsidiary, any amounts transferred to the translation reserve are included in the calculation of profit and loss on disposal. All other translation differences are dealt with in the Consolidated Income Statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

g. Retirement benefit costs

The expense of defined benefit pension schemes and other post-retirement employee benefits is determined using the projected-unit credit method and charged to the Consolidated Income Statement as an expense, based on actuarial assumptions reflecting market conditions at the beginning of the financial year. All remeasurement gains and losses are recognised immediately in reserves and reported in the Consolidated Statement of Comprehensive Income in the period in which they occur. Past service costs, curtailments and settlements are recognised immediately in the Consolidated Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. Significant accounting policies continued

g. Retirement benefit costs continued

The Group chose under IFRS 1 to recognise in retained earnings all cumulative remeasurement gains and losses as at 1 July 2004, the date of transition to IFRS. The Group has chosen to recognise all remeasurement gains and losses arising subsequent to 1 July 2004 in reserves and reported in the Consolidated Statement of Comprehensive Income.

The retirement benefit surplus recognised in the Consolidated Balance Sheet represents the fair value of scheme assets less the present value of the defined benefit obligation.

The Hays Pension Scheme Definitive Deed and Rules is considered to provide Hays with an unconditional right to a refund of surplus assets and therefore the recognition of a net defined benefit scheme asset is not restricted and agreements to make funding contributions do not give rise to any additional liabilities in respect of the Scheme.

Payments to defined contribution schemes are charged as an expense in the Consolidated Income Statement as they fall due.

h. Share-based payments

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

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

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

i. Borrowing costs

Interest costs are recognised as an expense in the Consolidated Income Statement in the period in which they are incurred. Arrangement fees incurred in respect of borrowings are amortised over the term of the agreement.

j. Taxation

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

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

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

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

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

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

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

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

Uncertain tax positions

The Group operates in many countries and is therefore subject to tax laws in a number of different tax jurisdictions. The amount of tax payable or receivable on profits or losses for any period is subject to the agreement of the tax authority in each respective jurisdiction and the tax liability or asset position is open to review for several years after the relevant accounting period ends. In determining the provisions for income taxes, management is required to make judgments and estimates based on interpretations of tax statute and case law, which it does after taking account of professional advice and prior experience.

Uncertainties in respect of enquiries and additional tax assessments raised by tax authorities are measured in accordance with IFRIC 23 using the method that in management's view, best predicts the resolution of the uncertainty. The amounts ultimately payable or receivable may differ from the amounts of any provisions recognised in the Consolidated Financial Statements as a result of the estimates and assumptions used.

k. Goodwill

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

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

On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS (1 July 2004) has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date. Goodwill arising on acquisitions prior to 1 July 1998 was written off direct to reserves under UK GAAP. This goodwill has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

I. Intangible assets

Intangible assets acquired as part of a business combination are stated in the Consolidated Balance Sheet at their fair value as at the date of acquisition less accumulated amortisation and any provision for impairment. The Directors review intangible assets for indicators of impairment annually. There are no significant intangible assets other than computer software.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group are recognised as intangible assets. Directly attributable costs that are capitalised as part of the software include employee costs and appropriate overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Internally generated intangible assets are stated in the Consolidated Balance Sheet at the directly attributable cost of creation of the asset, less accumulated amortisation. Intangible assets are amortised on a straight-line basis over their estimated useful lives up to a maximum of 10 years. Software incorporated into major Enterprise Resource Planning (ERP) implementations that support the recruitment and financial reporting processes is amortised over a life of up to seven years. Other software is amortised between three and five years.

m. Property, plant and equipment

Property, plant and equipment is recorded at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight-line basis over the anticipated useful working lives of the assets, after they have been brought into use, at the following rates:

Leasehold properties	– The cost is written off over the unexpired term of the lease
Plant and machinery	– At rates varying between 5% and 33%
Fixtures and fittings	– At rates varying between 10% and 25%

n. Trade and other receivables

Trade and other receivables are initially measured at the transaction price and then at amortised cost after appropriate allowances for estimated irrecoverable amounts have been recognised in the Consolidated Income Statement. An allowance for impairment is made to both trade receivables and accrued income based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and economic environment, as evidence of a likely reduction in the recoverability of the cash flows.

o. Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

p. Trade payables

Trade payables are measured initially at transaction price and then at amortised cost.

q. Bank borrowings

Interest-bearing bank loans and overdrafts are recorded initially at fair value and subsequently measured at amortised cost.

Finance charges, including premiums payable on settlement or redemption and direct-issue costs, are accounted for on an accrual basis in the Consolidated Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

r. Derivative financial instruments

The Group may use certain derivative financial instruments to reduce its exposure to foreign exchange movements. The Group held five foreign exchange contracts at the end of the current year (2021: none) to facilitate cash management within the Group. The Group does not hold or use derivative financial instruments for speculative purposes.

The fair values of foreign exchange swaps are measured using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. It is the Group's policy not to seek to designate these derivatives as hedges. All derivative financial instruments not in a hedge relationship are classified as derivatives at fair value in the Consolidated Income Statement.

Fair value measurements

The information below sets out how the Group determines fair value of various financial assets and financial liabilities.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

s. Leases

Set out below are the accounting policies of the Group upon adoption of 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 lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. Significant accounting policies continued

s. Leases continued

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its leases of property, motor vehicles and equipment where leases have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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

t. Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

u. Government grants

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

3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Consolidated Financial Statements requires judgments, estimations and assumptions to be made that affect the reported value of assets, liabilities, revenues and expenses. Judgments, estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

In preparing the Consolidated Financial Statements, the Directors have considered the impact of climate change on the Group and have concluded that there is no material impact on financial reporting judgments and estimates (further information is provided in the Strategic Report on page 62). This is consistent with the assertion that risks associated with climate change are not expected to have a material impact on the longer-term viability of the Group. Furthermore, there is not considered to be a material impact on the carrying value of goodwill, other intangibles or on property, plant and equipment.

In applying the Group's accounting policies, the Directors have identified that the following areas are the critical accounting judgments and key sources of estimation uncertainty:

Critical accounting judgments

Management does not consider there to be any critical accounting judgments in either the current or prior years.

Estimation uncertainty

Goodwill impairment

Goodwill is tested for impairment at least annually. In performing these tests, assumptions are made in respect of future growth rates and the discount rate to be applied to the future cash flows of cash-generating units (CGUs). These assumptions are set out in note 12 to the Consolidated Financial Statements.

Management has determined that there is no impairment required to any of the CGUs in the year ended 30 June 2022 and that there are no reasonably possible changes to key assumptions that could result in an impairment being required.

Pension accounting

Under IAS 19 'Employee Benefits', the Group has recognised a pension surplus of £102.0 million (2021: £46.6 million). A number of assumptions have been made in determining the pension position and these are described in note 22 to the Consolidated Financial Statements.

Provisions in respect of recoverability of trade receivables

As described in note 17 to the Consolidated Financial Statements, provisions for impairment of trade receivables and accrued income have been made. In reviewing the appropriateness of these provisions, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current and future economic conditions.

4. Segmental information

IFRS 8 'Operating Segments'

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker to allocate resources to the segment and to assess their performance.

As a result, the Group segments the business into four regions, Australia & New Zealand, Germany, United Kingdom & Ireland and Rest of World. There is no material difference between the segmentation of the Group's turnover by geographic origin and destination.

The Group's operations comprise one class of business, that of qualified, professional and skilled recruitment.

Turnover, net fees and operating profit

The Group's Executive Board, which is regarded as the chief operating decision-maker, uses net fees by segment as its measure of revenue in internal reports, rather than turnover. This is because net fees exclude the remuneration of temporary workers, and payments to other recruitment agencies where the Group acts as principal, which are not considered relevant in allocating resources to segments. The Group's Executive Board considers net fees for the purpose of making decisions about allocating resources. The Group does not report items below operating profit by segment in its internal management reporting. The full detail of these items can be seen in the Group Consolidated Income Statement on page 136. The reconciliation of turnover to net fees can be found in note 5 to the Consolidated Financial Statements.

(In £s million)	Note	2022	2021
Turnover			
Australia & New Zealand		1,638.8	1,502.4
Germany		1,621.9	1,409.1
United Kingdom & Ireland		1,657.2	1,561.1
Rest of World		1,671.0	1,175.8
Group	5	6,588.9	5,648.4

(In £s million)	Note	2022	2021
Net fees			
Australia & New Zealand		195.7	159.9
Germany		313.9	244.8
United Kingdom & Ireland		263.3	201.1
Rest of World		416.5	312.3
Group	5	1,189.4	918.1

(In £s million)	2022	2021
Operating profit		
Australia & New Zealand	51.6	39.7
Germany	75.6	31.4
United Kingdom & Ireland	43.4	11.5
Rest of World	39.5	12.5
Group	210.1	95.1

Net trade receivables

For the purpose of monitoring performance and allocating resources from a balance sheet perspective, the Group's Executive Board monitors trade receivables net of provisions for impairment only on a segmental basis. These are monitored on a constant currency basis for comparability through the year. These are shown below and reconciled to the totals as shown in note 17 to the Consolidated Financial Statements.

(In £s million)	As reported internally	Exchange adjustments	2022	As reported internally	Exchange adjustments	2021
Australia & New Zealand	75.5	4.9	80.4	83.3	(2.3)	81.0
Germany	204.3	0.6	204.9	166.8	(8.7)	158.1
United Kingdom & Ireland	149.8	0.1	149.9	134.1	(0.3)	133.8
Rest of World	214.3	13.7	228.0	146.7	(9.4)	137.3
Group	643.9	19.3	663.2	530.9	(20.7)	510.2

Major customers

In the current year and prior year there was no customer that exceeded 10% of the Group's turnover.

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5. Operating profit

The following costs are deducted from turnover to determine net fees:

(In £s million)	2022	2021
Turnover	6,588.9	5,648.4
Remuneration of temporary workers	(4,784.1)	(4,422.7)
Remuneration of other recruitment agencies	(615.4)	(307.6)
Net fees	1,189.4	918.1

The increase in remuneration of other recruitment agencies during the year is primarily caused by a large contract win in the US, which included a significant amount of pre-existing other agency supply. Management expects that this will, over time, transition to the direct remuneration of temporary workers. Excluding this contract, remuneration of other recruitment agencies increased by c.£54 million.

Operating profit is stated after charging the following items to net fees of £1,189.4 million (2021: £918.1 million):

(In £s million)	2022	2021
Staff costs (note 7)	766.5	624.5
Amortisation of intangible assets (note 13)	10.1	11.3
Depreciation of property, plant and equipment (note 14)	10.0	11.6
Depreciation of right-of-use assets (note 15)	44.0	45.1
Loss on closure of Russian business	4.2	–
Short-term leases and leases of low-value assets	3.1	2.1
Impairment loss on trade receivables (note 17)	2.4	1.9
Auditor's remuneration (note 6):		
– for statutory audit services	1.8	1.6
– for other services	0.2	0.1
Other external charges	137.0	124.8
Administrative expenses	979.3	823.0

Due to the conflict in Ukraine, the Group announced on 3 March 2022 that it had taken the decision to close its offices in Moscow and St Petersburg, cease trading with immediate effect and exit Russia. The Directors consider that control was lost at this date, although the exit was completed in June 2022. In the year ended 30 June 2022, Russia generated £7.8 million of net fees (2021: £9.1 million) and £1.2 million of operating profit (2021: £1.0 million). The total one-off cost of closing the Russian business was £4.2 million and, due to the amount being immaterial to the Group, was incurred as an expense within operating profit and not reported as a discontinued operation.

The Group has not received any income in the current year in respect of job support schemes following the Covid-19 pandemic. Operating profit in the prior year is stated net of £3.9 million income received from governments globally in respect of job support schemes, which was received entirely from governments outside of the United Kingdom.

6. Auditor's remuneration

(In £s million)	2022	2021
Fees payable to the Company's Auditor for the audit of the Company's annual Financial Statements	0.5	0.4
Fees payable to the Company's Auditor and its associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	1.3	1.2
Total audit fees	1.8	1.6
Audit-related assurance services	0.2	0.1
Total non-audit fees	0.2	0.1

7. Staff costs

The aggregate staff remuneration (including Executive Directors) was as follows:

(In £s million)	2022	2021
Wages and salaries	654.1	531.3
Social security costs	81.5	67.8
Other pension costs	20.0	16.7
Share-based payments	10.9	8.7
Staff costs	766.5	624.5

Average number of persons employed during the year (including Executive Directors) was as follows:

(Number)	2022	2021
Australia & New Zealand	1,563	1,274
Germany	2,568	2,231
United Kingdom & Ireland	3,430	3,059
Rest of World	4,552	3,640
Group	12,113	10,204

Closing number of persons employed at the end of the year (including Executive Directors) was as follows:

(Number)	2022	2021
Australia & New Zealand	1,672	1,391
Germany	2,885	2,297
United Kingdom & Ireland	3,764	3,201
Rest of World	4,913	3,889
Group	13,234	10,778

8. Net finance charge

(In £s million)	2022	2021
Interest received on bank deposits	0.8	0.4
Interest payable on bank loans and overdrafts	(1.2)	(1.0)
Other interest payable	-	(0.1)
Interest on lease liabilities (note 15)	(3.9)	(5.0)
Pension Protection Fund levy	(0.1)	(0.2)
Net interest expense on defined benefit pension schemes (note 22)	(1.4)	(1.1)
Net finance charge	(5.8)	(7.0)

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9. Tax

The tax expense for the year comprises the following:

(In £s million)	2022	2021
Current tax		
Current tax expense in respect of the current year	(54.8)	(31.0)
Adjustments recognised in the current year in relation to the current tax of prior years	4.0	(2.4)
	(50.8)	(33.4)
Deferred tax		
Deferred tax credit in respect of the current year	0.2	5.1
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(0.2)
Adjustments to deferred tax in relation to prior years	0.5	1.9
	0.7	6.8
Total income tax expense recognised in the current year	(50.1)	(26.6)

Current tax expense for the year comprises the following:

(In £s million)	2022	2021
United Kingdom	(3.8)	(4.1)
Overseas	(51.0)	(26.9)
Group	(54.8)	(31.0)

The income tax expense for the year can be reconciled to the accounting profit as follows:

(In £s million)	2022	2021
Profit before tax	204.3	88.1
Income tax expense calculated at 19.0% (2021: 19.0%)	(38.8)	(16.7)
Net effect of items that are non-deductible in determining taxable profit	(5.6)	(3.2)
Effect of unused tax losses not recognised for deferred tax assets	(1.1)	(2.3)
Effect of tax losses not recognised for deferred tax utilised in the year	0.8	-
Effect of tax losses now recognised for deferred tax	3.1	2.4
Effect of other timing differences not recognised for deferred tax assets	2.4	(0.7)
Effect of other timing differences previously unrecognised for deferred tax assets	0.9	4.0
Effect of different tax rates of subsidiaries operating in other jurisdictions	(15.7)	(9.1)
Effect of changes in tax rates	-	(0.2)
Effect of share-based payment charges and share options	(0.6)	(0.3)
Income tax recognised in the current year	(54.6)	(26.1)
Adjustments recognised in the current year in relation to the current tax of prior years	4.0	(2.4)
Adjustments to deferred tax in relation to prior years	0.5	1.9
Income tax expense recognised in the Consolidated Income Statement	(50.1)	(26.6)
Effective tax rate for the year	24.5%	30.2%

The tax rate used for the reconciliation above for the year ended 30 June 2022 is the corporation tax rate of 19.0% (2021: 19.0%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction. In the Spring Budget 2021, the UK Government announced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This was substantially enacted in May 2021.

Income tax recognised in other comprehensive income

(In £s million)	2022	2021
Current tax		
Contributions in respect of defined benefit pension scheme	–	3.0
Tax on foreign exchange movements	(1.8)	0.6
Effect of tax losses previously recognised, utilised in the year	1.8	–
Deferred tax		
Actuarial (gain)/loss in respect of defined benefit pension scheme	(9.9)	6.0
Contributions in respect of defined benefit pension scheme	–	(3.9)
Impact of rate change on opening balances	–	(1.3)
Effect of tax losses previously recognised, utilised in the year	(1.8)	–
Effect of tax losses recognised for deferred tax	3.1	4.1
Total income tax (charge)/credit recognised in other comprehensive income	(8.6)	8.5

10. Dividends

The following dividends were paid by the Group and have been recognised as distributions to equity shareholders in the year:

	2022 (pence per share)	2022 (£s million)	2021 (pence per share)	2021 (£s million)
Prior year final dividend	1.22	20.5	–	–
Prior year special dividend	8.93	150.0	–	–
Current year interim dividend	0.95	15.9	–	–
Total	11.10	186.4	–	–

The following dividends have been proposed by the Group in respect of the accounting year presented:

	2022 (pence per share)	2022 (£s million)	2021 (pence per share)	2021 (£s million)
Interim dividend (paid)	0.95	15.9	–	–
Final dividend (proposed)	1.90	31.4	1.22	20.5
Special dividend (proposed)	7.34	121.2	8.93	150.0
Total	10.19	168.5	10.15	170.5

The final dividend for 2022 of 1.90 pence per share (£31.4 million) along with a special dividend of 7.34 pence per share (£121.2 million) will be proposed at the Annual General Meeting on 9 November 2022. Neither the final dividend nor the special dividend have been included as a liability. If approved, the final and special dividends will be paid on 11 November 2022 to shareholders on the register at the close of business on 30 September 2022.

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11. Earnings per share

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
For the year ended 30 June 2022			
Basic earnings per share	154.2	1,671.7	9.22
Dilution effect of share options	–	20.7	(0.11)
Diluted earnings per share	154.2	1,692.4	9.11

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
For the year ended 30 June 2021			
Basic earnings per share	61.5	1,677.3	3.67
Dilution effect of share options	–	15.2	(0.03)
Diluted earnings per share	61.5	1,692.5	3.64

The weighted average number of shares in issue for the current and prior years exclude shares held in treasury.

12. Goodwill

(In £s million)	2022	2021
At 1 July	199.9	209.0
Exchange adjustments	2.4	(9.1)
At 30 June	202.3	199.9

Goodwill arising on business combinations is reviewed and tested on an annual basis or more frequently if there is an indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU), including goodwill, with the recoverable amount. The recoverable amounts of the CGUs are determined from value-in-use calculations.

The key assumptions for the value-in-use calculations are as follows:

Assumption	How determined
Operating profit	The operating profit is based on the latest one-year forecasts for the CGUs approved by the Group's Executive Board, and medium-term forecasts over a two- to five-year period which are compiled using expectations of fee growth, consultant productivity and operating costs, from past experience. The Group prepares cash flow forecasts derived from the most recent one-year financial forecasts approved by the Group's Executive Board, and extrapolates cash flows in perpetuity based on the long-term growth rates and expected cash conversion rates. Cash flow projections used to measure value-in-use do not include any cash inflows or outflows expected from any future restructurings or asset enhancements.
Discount rates	The pre-tax rates used to discount the forecast cash flows range between 12.7% and 16.0% (2021: 7.0% and 11.7%) reflecting current market assessments of the time value of money and the country risks specific to the relevant CGUs. The discount rate applied to the cash flows of each of the Group's operations is based on the weighted average cost of capital (WACC), taking into account adjustments to the risk-free rate for 20-year bonds issued by the government in the respective market. Where government bond rates contain a material component of credit risk, high-quality local corporate bond rates may be used. These rates are adjusted for a risk premium to reflect the increased risk of investing in equities and, where appropriate, the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the increased return required over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.
Growth rates	The medium-term growth rates are based on management's current forecasts for a period of two to five years. Following the immediate impact of the Covid-19 pandemic, the demand for recruitment services across the Group declined significantly. However, the Group has achieved strong sequential net fee growth throughout both the current and prior years and therefore the medium-term growth rates reflect an expectancy of a continuation of net fee growth over the next five years. The growth estimates reflect a combination of both past experience and the macroeconomic environment, including GDP expectations driving fee growth. The long-term growth rates are based on management forecasts, which are consistent with external sources of an average estimated growth rate of 2.0% (2021: 2.0%), reflecting a combination of GDP expectations and long-term wage inflation driving fee growth. GDP growth is a key driver of our business, and is therefore a key consideration in developing long-term forecasts. Wage inflation is also an important driver of net fees, as net fees are derived directly from the salary level of candidates placed into employment. Based on past experience a combination of these two factors is considered to be an appropriate basis for assessing long-term growth rates.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments. The carrying amount of goodwill has been allocated as follows:

(In £s million)	2022	2021
Germany	49.9	49.8
United Kingdom & Ireland	93.1	93.1
Rest of World	59.3	57.0
Group	202.3	199.9

Information about the performance of the individual CGUs is provided in the Divisional Operating Reviews, within the Strategic Report on pages 44 to 48.

Impairment reviews were performed at the year end by comparing the carrying value of goodwill with the recoverable amounts of the CGUs to which goodwill has been allocated. In the current year, management has determined that there has been no requirement to impair to any of the CGUs and in respect of these a sensitivity analysis has been performed in assessing recoverable amounts of goodwill. This has been based on changes in key assumptions considered to be reasonably possible by management. This included a change in the pre-tax discount rate of up to 3% and changes in the medium- and long-term growth rates of between 0% and 2% in absolute terms. The sensitivity analysis shows that no impairment would arise in isolation under each scenario for any of the CGUs. The average headroom across all the CGUs was 480% and the lowest level of headroom on an individual CGU was 130%.

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13. Other intangible assets

(In £s million)	2022	2021
Cost		
At 1 July	164.9	160.1
Exchange adjustments	2.7	(4.7)
Additions	12.3	9.6
Disposals	(0.7)	(0.1)
At 30 June	179.2	164.9
Amortisation		
At 1 July	120.1	111.2
Exchange adjustments	2.0	(2.4)
Charge for the year	10.1	11.3
Disposals	(0.1)	-
At 30 June	132.1	120.1
Net book value		
At 30 June	47.1	44.8
At 1 July	44.8	48.9

All other intangible assets relate mainly to computer software, and of the additions in the current year, £5.4 million relate to internally generated assets (2021: £4.5 million).

The estimated average useful life of the computer software related intangible assets is seven years (2021: seven years). Software incorporated into major Enterprise Resource Planning (ERP) implementations is amortised on a straight-line basis over a life of up to seven years. Other software is amortised on a straight-line basis between three and five years.

There were no capital commitments at 30 June 2022 (2021: £nil).

14. Property, plant and equipment

(In £s million)	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost				
At 1 July 2021	26.8	51.4	30.4	108.6
Exchange adjustments	1.2	0.9	0.5	2.6
Additions	1.5	9.2	1.4	12.1
Disposals	(1.4)	(6.7)	(0.9)	(9.0)
At 30 June 2022	28.1	54.8	31.4	114.3
Accumulated depreciation				
At 1 July 2021	18.9	39.2	23.1	81.2
Exchange adjustments	0.8	0.7	0.4	1.9
Charge for the year	2.3	5.8	1.9	10.0
Disposals	(1.3)	(6.0)	(0.8)	(8.1)
At 30 June 2022	20.7	39.7	24.6	85.0
Net book value				
At 30 June 2022	7.4	15.1	6.8	29.3
At 1 July 2021	7.9	12.2	7.3	27.4

There were no capital commitments at 30 June 2022 (2021: £nil).

(In £s million)	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost				
At 1 July 2020	26.9	52.5	32.0	111.4
Exchange adjustments	(1.2)	(1.7)	(1.2)	(4.1)
Additions	1.4	6.6	1.2	9.2
Disposals	(0.3)	(6.0)	(1.6)	(7.9)
At 30 June 2021	26.8	51.4	30.4	108.6
Accumulated depreciation				
At 1 July 2020	17.1	40.1	22.8	80.0
Exchange adjustments	(0.8)	(1.3)	(0.8)	(2.9)
Charge for the year	2.9	6.2	2.5	11.6
Disposals	(0.3)	(5.8)	(1.4)	(7.5)
At 30 June 2021	18.9	39.2	23.1	81.2
Net book value				
At 30 June 2021	7.9	12.2	7.3	27.4
At 1 July 2020	9.8	12.4	9.2	31.4

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15. Lease accounting under IFRS 16

(In £s million)	Right-of-use assets			Total lease assets	Lease liabilities
	Property	Motor vehicles	Other assets		
At 1 July 2021	181.8	8.3	0.2	190.3	(201.1)
Exchange adjustments	2.5	0.2	–	2.7	(2.4)
Lease additions	32.0	6.6	–	38.6	(38.6)
Lease disposals	(15.7)	(0.2)	–	(15.9)	15.9
Depreciation of right-of-use assets	(38.2)	(5.7)	(0.1)	(44.0)	–
Lease liability principal repayments	–	–	–	–	45.0
Interest on lease liabilities	–	–	–	–	(3.9)
At 30 June 2022	162.4	9.2	0.1	171.7	(185.1)

Included within property lease disposals, under both right-of-use assets and lease liabilities, is £12.6 million (2021: £nil) in relation to lease modifications. These have arisen following an assessment by management of property lease terms, which concluded that the lease termination date for several properties across the Group will be earlier than had previously been estimated.

(In £s million)	Right-of-use assets			Total lease assets	Lease liabilities
	Property	Motor vehicles	Other assets		
At 1 July 2020	205.6	10.7	0.3	216.6	(228.7)
Exchange adjustments	(8.7)	(0.4)	–	(9.1)	10.5
Lease additions	27.7	4.6	–	32.3	(32.3)
Lease disposals	(4.0)	(0.4)	–	(4.4)	4.4
Depreciation of right-of-use assets	(38.8)	(6.2)	(0.1)	(45.1)	–
Lease liability principal repayments	–	–	–	–	50.0
Interest on lease liabilities	–	–	–	–	(5.0)
At 30 June 2021	181.8	8.3	0.2	190.3	(201.1)

Maturity analysis

(In £s million)	2022	2021
Less than one year	(39.8)	(36.9)
One to two years	(37.1)	(33.1)
Two to three years	(29.9)	(28.5)
Three to four years	(20.7)	(24.2)
Four to five years	(14.4)	(17.3)
More than five years	(43.2)	(61.1)
Total lease liabilities	(185.1)	(201.1)

(In £s million)	2022	2021
Current	(39.8)	(36.9)
Non-current	(145.3)	(164.2)
Total lease liabilities	(185.1)	(201.1)

16. Deferred tax

Deferred tax assets and liabilities in relation to:

(In £s million)	1 July 2021	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	Exchange adjustments	30 June 2022
Accelerated tax depreciation	(3.4)	(0.3)	–	(0.1)	(3.8)
Retirement benefit surplus	(11.6)	(4.0)	(9.9)	–	(25.5)
Share-based payments	1.6	0.1	–	–	1.7
Provisions	8.4	–	–	0.1	8.5
Tax losses	12.2	3.4	1.3	0.3	17.2
Other short-term timing differences	8.5	1.5	–	0.4	10.4
Net deferred tax	15.7	0.7	(8.6)	0.7	8.5

(In £s million)	1 July 2020	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	Exchange adjustments	30 June 2021
Accelerated tax depreciation	(6.3)	2.4	–	0.5	(3.4)
Retirement benefit surplus	(10.5)	(1.9)	0.8	–	(11.6)
Share-based payments	1.2	0.4	–	–	1.6
Provisions	9.0	(0.3)	–	(0.3)	8.4
Tax losses	3.1	5.3	4.1	(0.3)	12.2
Other short-term timing differences	7.7	0.9	–	(0.1)	8.5
Net deferred tax	4.2	6.8	4.9	(0.2)	15.7

Deferred tax assets and liabilities are offset where the Group has a legal enforceable right to do so. The analysis of the deferred tax balances (after offset) for financial reporting purposes are as follows:

(In £s million)	2022	2021
Deferred tax assets	18.5	20.6
Deferred tax liabilities	(10.0)	(4.9)
Net deferred tax	8.5	15.7

The deferred tax asset of £18.5 million (2021: £20.6 million) as at 30 June 2022 primarily arises from the Group's Australian business and the deferred tax liability of £10.0 million mainly arises from the Group's German and UK businesses.

The reduction in the overall deferred tax balance is primarily explained by the increase in the deferred tax liability driven by an increase in the retirement benefit surplus, partially offset by the recognition of a deferred tax asset in relation to previously unrecognised tax losses. This is on the basis that the asset can be recovered against the deferred tax liability relating to the retirement benefit surplus when the latter unwinds in the future.

Deferred tax assets can, inter alia, be recognised where the potential asset can offset the future unwind of a deferred tax liability. Therefore, when considering the recognition of certain deferred tax assets, management must consider the level of the deferred tax liability recognised in relation to the retirement benefit surplus and the manner in which that deferred tax liability will unwind.

Management considers a buy-out of the defined benefit pension scheme to be the most probable manner of recovery of the retirement benefit surplus, based on the progress of the Group's stated long-term objective of achieving a buy-out of the scheme within the next seven years. On this basis, the retirement benefit surplus would unwind as a one-off event, rather than over time, and hence the associated deferred tax liability would unwind simultaneously at that point in time.

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16. Deferred tax continued

As such, the extent to which a deferred tax asset can be recognised against this deferred tax liability is capped to the amount of that potential asset that can be utilised in the one period in which the pension related deferred tax liability unwinds.

If management were to judge that the retirement benefit surplus would unwind over a number of years, rather than as a one-off event, the deferred tax asset recognised at 30 June 2022 would be £6.2 million higher.

The basis for measurement will be assessed at each reporting period based on the latest position in relation to the defined benefit pension scheme as a change in the basis of recovery would result in a different measurement basis and impact the quantum of the deferred tax balance recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse – being the rates enacted or substantively enacted for those relevant periods applicable for each jurisdiction. Following the legislated increase in the main UK corporation tax rate from 19% to 25% which has effect from 1 April 2023, the UK deferred tax balances were remeasured as at 30 June 2021 and continue to be measured at the tax rates that would apply in the period they are expected to reverse.

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

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

(In £s million)	Gross 2022	Tax 2022	Gross 2021	Tax 2021
Tax losses (revenue in nature)	97.8	26.5	122.9	31.8
Tax losses (capital in nature)	22.1	5.5	22.1	5.5
Total tax losses	119.9	32.0	145.0	37.3

(In £s million)	Gross 2022	Tax 2022	Gross 2021	Tax 2021
Unrecognised deductible temporary differences	41.9	10.2	57.0	14.0

In tax losses (revenue in nature) £0.5 million is due to expire by 2024. The remaining tax losses have no fixed expiry date. The capital losses can be carried forward indefinitely but can only be offset against capital gains.

Unrecognised taxable temporary differences associated with investments and interests

Taxable temporary differences in relation to investments in subsidiaries, for which deferred tax liabilities have not been recognised are attributable to the following:

(In £s million)	2022	2021
Foreign subsidiaries	28.3	26.3
Tax thereon	1.8	1.7

17. Trade and other receivables

(In £s million)	2022	2021
Net trade receivables	663.2	510.2
Net accrued income	495.9	377.1
Prepayments and other receivables	46.0	40.4
Trade and other receivables	1,205.1	927.7

Due to their short-term nature, the Directors consider that the carrying amount of trade receivables approximates to their fair value. The average credit period taken is 33 days (2021: 33 days).

Accrued income primarily arises where temporary workers have provided their services but the amount incurred and margin earned thereon has yet to be invoiced on to the client due to timing.

The Group's exposure to foreign currency translation is primarily in respect of the euro and the Australian dollar. The sensitivity of a 1 cent change in the year-end closing exchange rates in respect of the euro and Australian dollar would result in a £2.5 million and £0.6 million movement in trade receivables respectively.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and the risk of customer default, although the Group is also subject to credit risk on its accrued income. The amounts presented in the Consolidated Balance Sheet for both trade receivables and accrued income are net of allowances for doubtful receivables. An impairment analysis is performed centrally using a provision matrix to measure the expected credit losses, in which the allowance for impairment increases as balances age. Expected credit losses are measured using historical losses for the past five years, adjusted for forward-looking factors impacting the economic environment, such as the GDP growth outlook (based on the IMF's World Economic Outlook data), and commercial factors deemed to have a significant impact on expected credit loss rates. The provision matrix used to measure the expected credit losses is:

As at 30 June 2022

(In £s million)	Gross	Expected Credit Loss	Provision	Net
Not yet due	570.0	0.4%	(2.0)	568.0
Up to one month past due	78.5	2.8%	(2.2)	76.3
One to three months past due	22.2	19.4%	(4.3)	17.9
Greater than three months past due	10.1	90.1%	(9.1)	1.0
Trade receivables	680.8	2.6%	(17.6)	663.2
Accrued income	499.0	0.6%	(3.1)	495.9

As at 30 June 2021

(In £s million)	Gross	Expected Credit Loss	Provision	Net
Not yet due	452.7	0.4%	(1.8)	450.9
Up to one month past due	52.2	6.9%	(3.6)	48.6
One to three months past due	13.2	26.5%	(3.5)	9.7
Greater than three months past due	8.7	88.5%	(7.7)	1.0
Trade receivables	526.8	3.2%	(16.6)	510.2
Accrued income	378.2	0.3%	(1.1)	377.1

The Group reduces risk through its credit control process and by contractual arrangements with other recruitment agencies in situations where the Group invoices on their behalf. The Group's exposure is spread over a large number of customers.

The movement on the provision for impairment of trade receivables is as follows:

(In £s million)	2022	2021
At 1 July	16.6	21.7
Exchange movement	0.2	(0.6)
Charge for the year	2.4	1.9
Uncollectable amounts written off	(1.6)	(6.4)
At 30 June	17.6	16.6

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17. Trade and other receivables continued

Sensitivity

The key sensitivity for credit risk is the movement in recoverability of trade receivables, measured by Days Sales Outstanding (DSO). Sensitivity analysis is performed for both an increase and decrease of one DSO, based on actual DSO of 33 days at 30 June 2022 (30 June 2021: 33 days). The sensitivity analysis shows that an increase of one DSO will result in an additional £0.9 million impairment allowance, whereas a decrease of one DSO will result in a £0.8 million decrease in impairment allowance. The impact of forward-looking factors on the required provision is immaterial at 30 June 2022, including the impact on the required provision on accrued income. The results of the sensitivity analysis of DSO is shown below:

One additional DSO

(In £s million)	Adjusted Gross	Expected Credit Loss	Required Provision
Not yet due	601.9	0.4%	(2.1)
Up to one month past due	82.9	2.8%	(2.3)
One to three months past due	23.4	19.4%	(4.5)
Greater than three months past due	10.7	90.1%	(9.6)
Trade receivables	718.9	2.6%	(18.5)

One fewer DSO

(In £s million)	Adjusted Gross	Expected Credit Loss	Required Provision
Not yet due	541.4	0.4%	(1.9)
Up to one month past due	74.5	2.8%	(2.1)
One to three months past due	21.0	19.4%	(4.1)
Greater than three months past due	9.7	90.1%	(8.7)
Trade receivables	646.6	2.6%	(16.8)

The risk disclosures contained on pages 68 to 74 within the Strategic Report form part of these Consolidated Financial Statements.

18. Cash and cash equivalents

(In £s million)	2022	2021
Cash and cash equivalents	296.2	410.6

The effective interest rate on short-term deposits was 0.1% (2021: 0.3%). The average maturity of short-term deposits was 19 days (2021: 28 days).

Capital management

The Group's business model remains highly cash-generative. The Board's free cash flow priorities are to fund the Group's investment and development, maintain a strong balance sheet, deliver a sustainable and appropriate core dividend and to return surplus capital to shareholders via special dividends and share buybacks.

The Group's target core full-year dividend cover range remains 2.0 to 3.0x earnings. The Group's policy for special dividends is based on returning capital above the cash buffer of £100 million at each financial year end, plus any residual amounts outstanding on the share buyback programme, subject to a positive economic outlook.

The capital structure of the Group consists of net cash/(debt), which is represented by cash and cash equivalents, bank loans and overdrafts (note 20) and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings.

The Group is not restricted to any externally imposed capital requirements.

Risk management

A description of the Group's treasury policy and controls is included in the Finance Director's Review on page 43.

Cash management and foreign exchange risk

The Group's cash management policy is to minimise interest payments by closely managing Group cash balances and external borrowings. Euro-denominated cash positions are managed centrally using a cash concentration arrangement which provides visibility over participating country bank balances on a daily basis. Any Group surplus balance is used to repay any maturing loans under the Group's revolving credit facility or invested in money market funds. As the Group holds a sterling-denominated debt facility and generates significant foreign currency cash flows, the Board considers it appropriate in certain cases to use derivative financial instruments as part of its day-to-day cash management to reduce the Group's exposure to foreign exchange risk.

The Group's operating profit exposure to foreign currency translation is primarily in respect of the euro and the Australian dollar. The sensitivity of a 1 cent change in the average exchange rates for the year in respect of the euro and Australian dollar would result in a £1.1 million and £0.3 million change in operating profit respectively.

The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

Interest rate risk

The Group is exposed to interest rate risk on floating rate bank loans and overdrafts. It is the Group's policy to limit its exposure to fluctuating interest rates by selectively hedging interest rate risk using derivative financial instruments, however there were no interest rate swaps held by the Group during the current or prior year. Cash and cash equivalents carry interest at floating rates based on local money market rates.

Counterparty credit risk

Counterparty credit risk arises primarily from the investment of surplus funds. Risks are closely monitored using credit ratings assigned to financial institutions by international credit rating agencies. The Group restricts transactions to banks and money market funds that have an acceptable credit profile and limits its exposure to each institution accordingly.

19. Derivative financial instruments

(In £s million)	2022	2021
Net derivative liability	(0.1)	–

As set out in note 18 to the Consolidated Financial Statements and in the treasury management section of the Finance Director's Review on page 43, in certain cases the Group uses derivative financial instruments to manage its foreign exchange exposures as part of its day-to-day cash management.

As at 30 June 2022, the Group had entered into five forward exchange contract arrangements with a counterparty bank (2021: no forward contracts). The fair market value of the contracts as at 30 June 2022 gave rise to a loss resulting in the presentation of a net derivative liability of £0.1 million (2021: £nil) in the Consolidated Balance Sheet.

In the current year, some of the derivative assets and liabilities met the offsetting criteria of IAS 32 paragraph 42. Consequently, the qualifying gross derivative assets were set off against the qualifying gross derivative liabilities.

The Group does not use derivatives for speculative purposes and all transactions are undertaken to manage the risks arising from underlying business activities. These instruments are classified as Level 2 in the IFRS 7 fair value hierarchy.

Categories of financial assets and liabilities held by the Group are as follows:

(In £s million)	2022	2021
Financial assets		
Net trade receivables	663.2	510.2
Net accrued income	495.9	377.1
Cash and cash equivalents	296.2	410.6
Total financial assets	1,455.3	1,297.9

(In £s million)	2022	2021
Financial liabilities		
Trade payables	279.5	151.1
Other payables	84.2	72.5
Other financial liabilities	56.8	–
Accruals	518.9	444.3
Derivative financial instruments	0.1	–
Total financial liabilities	939.5	667.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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20. Bank loans and overdrafts

In accordance with the general removal of LIBOR as a benchmark by authorities, and the subsequent issuance of replacement reference rates in most financial markets, Hays plc has made amendments where necessary to its financial agreements to reflect this change.

Risk management

A description of the Group's treasury policy and controls is included in the Finance Director's Review on page 43.

Committed facilities

On 19 October 2020, the Group extended the maturity of its £210 million unsecured revolving credit facility by one year to November 2025 at the lower value of £170 million in its final year due to reduced lender commitments received. The financial covenants within the facility remain unchanged and require the Group's interest cover ratio to be at least 4:1 and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1. The interest rate of the facility is based on a ratchet mechanism with a margin payable over SONIA in the range of 0.70% to 1.50%.

At 30 June 2022, £210 million of the committed facility was undrawn (2021: £210 million undrawn).

Interest rates

The weighted average interest rates paid were as follows:

	2022	2021
Bank borrowings	1.7%	1.1%

For every 25 basis points fall or rise in the average SONIA rate in the year, there would be a reduction or increase in profit before tax by approximately £0.1 million.

21. Trade and other payables

(In £s million)	2022	2021
Trade payables	279.5	151.1
Other tax and social security	90.4	85.3
Other payables	84.2	72.5
Other financial liabilities	56.8	–
Accruals	518.9	444.3
Trade and other payables	1,029.8	753.2

The Directors consider that the carrying amount of trade payables approximates to their fair value. The average credit period taken for trade purchases is 28 days (2021: 23 days).

As announced on 28 April 2022, the Group commenced a £75.0 million share buyback programme, to be completed over a 12-month period. By 30 June 2022 the Group had purchased and cancelled 15.4 million shares (£18.2 million) under this programme. Due to the nature of the cancellation terms in the agreement being not substantive, the outstanding balance under the programme of £56.8 million has been recognised as other financial liabilities as at 30 June 2022.

Accruals primarily relate to the remuneration costs for temporary workers and other agencies that have provided their services but remuneration has yet to be made due to timing.

22. Retirement benefit surplus

The Group operates a number of retirement benefit schemes in the UK and in other countries. The Group's principal schemes are within the UK where the Group operates one defined contribution scheme and two defined benefit schemes. The majority of overseas arrangements are either defined contribution or government-sponsored schemes and these arrangements are not material in the context of the Group results. The total cost charged to the Consolidated Income Statement in relation to these overseas arrangements was £15.1 million (2021: £11.7 million).

UK Defined Contribution Scheme

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

The total cost charged to the Consolidated Income Statement of £4.9 million (2021: £5.0 million) represents employer's contributions payable to the money purchase arrangements. There were no contributions outstanding at the end of the current or prior year. The assets of the money purchase arrangements are held separately from those of the Group.

UK Defined Benefit Schemes

The Group's principal defined benefit schemes are the Hays Pension Scheme and the Hays Supplementary Scheme, both in the UK. The Hays Pension Scheme is a funded final salary defined benefit scheme providing pensions and death benefits to members. The Hays Supplementary Scheme is an unfunded unapproved retirement benefit scheme for employees who were subject to HMRC's earnings cap on pensionable salary. The Schemes were closed to future accrual from 30 June 2012 with pensions calculated up until the point of closure. The Schemes are governed by a Trustee Board, which is independent of the Group, and are subject to full actuarial valuation on a triennial basis.

The last formal actuarial valuation of the Hays Pension Scheme was performed at 30 June 2021 and quantified the deficit at £23.9 million. A revised deficit funding schedule, in line with the Group's strategy to achieve an eventual buy-out of the Scheme, was agreed with effect from 1 July 2021 and maintained the annual contribution at its previous level, subject to a 3% per annum fixed uplift over a period of five and a half years. During the year ended 30 June 2022, the Group made a contribution of £16.7 million to the Hays Pension Scheme (2021: £16.3 million) in accordance with the agreed deficit funding schedule. The cash contributions made during the year mainly related to deficit funding payments.

In respect of IFRIC 14, The Hays Pension Scheme Definitive Deed and Rules is considered to provide Hays with an unconditional right to a refund of surplus assets and therefore the recognition of a net defined benefit scheme asset is not restricted and agreements to make funding contributions do not give rise to any additional liabilities in respect of the Scheme.

The defined benefit schemes expose the Group to actuarial risks, such as longevity risk, inflation risk, interest rate risk and market (investment) risk. The Group is not exposed to any unusual, entity-specific or scheme-specific risks.

The net amount included in the Consolidated Balance Sheet arising from the Group's obligations in respect of its defined benefit pension schemes is as follows:

(In £s million)	2022	2021
Present value of defined benefit obligations	(573.5)	(855.8)
Less fair value of defined benefit scheme assets:		
Bonds and gilts	218.4	232.4
Absolute return funds	31.2	32.0
LDI funds	139.7	292.2
Real estate	65.9	60.9
Buy-in policy and other insurance policies	191.6	258.1
Cash	28.7	26.8
Total fair value of defined benefit scheme assets	675.5	902.4
Net asset arising from defined benefit obligations	102.0	46.6

(In £s million)	Quoted	Unquoted	2022
Asset category			
Bonds and gilts	–	218.4	218.4
Absolute return funds	31.2	–	31.2
LDI funds	383.5	(243.8)	139.7
Real estate	1.4	64.5	65.9
Buy-in policy and other insurance policies	–	191.6	191.6
Cash	30.6	(1.9)	28.7
Total scheme assets	446.7	228.8	675.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22. Retirement benefit surplus continued

The Trustee Board is responsible for determining the Hays Pension Scheme's investment strategy, after taking advice from the Schemes' investment advisor Mercer Limited. The investment objective for the Trustee of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the defined benefit scheme as they fall due. The current strategy is to hold investments that share characteristics with the long-term liabilities of the Scheme. The majority of assets are invested in a Liability Driven Investments (LDI) portfolio and corporate bonds and gilts. The Scheme also holds a bulk purchasing annuity policy (buy-in) contract with Canada Life Limited in respect of ensuring all future payments to existing pensioners of the Hays defined benefit Scheme as at 31 December 2017. The Scheme assets do not include any directly held shares issued by the Company or property occupied by the Company.

The fair value of financial instruments has been determined using the fair value hierarchy. Where such quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted if necessary, is used. Where quoted prices are not available and recent transactions of an identical asset on their own are either unavailable or not a good estimate of fair value, valuation techniques are employed using both observable market data and non-observable data.

In relation to the LDI funds the valuations have been determined as follows:

- Repurchase agreements (where the Scheme has sold assets with the agreement to repurchase at a fixed date and price) are included in the Consolidated Financial Statements at the fair value of the repurchase price as a liability. The assets sold are reported at their fair value reflecting that the Scheme retains the risks and rewards of ownership of those assets;
- The fair value of the forward currency contracts is based on market forward exchange rates at the year end and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract; and
- Swaps represent the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.

The analysis of the LDI funds included within the pension scheme assets is as follows:

(In £s million)	Quoted	Unquoted	2022
LDI funds summary valuation			
Government bonds	20.0	-	20.0
Government index-linked	355.8	-	355.8
Interest rate swaps	-	(14.7)	(14.7)
Fixed income futures	27.0	-	27.0
Liquidity	7.7	-	7.7
Gross funds	410.5	(14.7)	395.8
Repurchase agreements	-	(226.8)	(226.8)
RPI swaps	-	(2.3)	(2.3)
Futures	(27.0)	-	(27.0)
Gross liabilities	(27.0)	(229.1)	(256.1)
Total LDI funds	383.5	(243.8)	139.7

The LDI portfolio is managed by Insight (a Bank of New York Mellon company) under an active mandate and uses government bonds and derivative instruments (such as interest rate swaps, inflation swaps and gilt repurchase transactions) to hedge the impact of interest rate and inflation movements in relation to the long-term liabilities.

Under the Schemes' LDI strategy, if interest rates fall, the value of LDI investments will rise to help match the increase in actuarial liabilities arising from the fall in discount rate. Similarly if interest rates rise, the LDI investments will fall in value, as will the liabilities, because of the increase in the discount rate. The extent to which the liability interest rate and inflation risk is not fully matched by the LDI funds represents the residual interest rate and inflation risk the Scheme remains exposed to.

In addition to the above risk, the LDI portfolio forms part of a diversified investment portfolio for the Scheme, with this diversification seeking to reduce investment risk.

The Scheme is subject to direct credit risk because it invests in segregated mandates with the LDI portfolio. Credit risk arising on bonds held directly within the LDI portfolio is mitigated by investing mostly in government bonds where the credit risk is minimal.

Credit risk arising on the derivatives held in the LDI mandate depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps held in the LDI portfolio is reduced by collateral arrangements.

The change in the present value of defined benefit obligations is as follows:

(In £s million)	2022	2021
Opening defined benefit obligation at 1 July	(855.8)	(893.2)
Administration costs	(2.5)	(2.1)
Interest on defined benefit scheme liabilities	(16.3)	(14.1)
Net remeasurement (losses)/gains – change in experience assumptions	(12.3)	0.5
Net remeasurement gains – change in demographic assumptions	17.6	–
Net remeasurement gains – change in financial assumptions	256.8	23.4
Benefits and expenses paid	39.0	29.7
Closing defined benefit obligation at 30 June	(573.5)	(855.8)

The analysis of the defined benefit obligations is shown below:

(In £s million)	2022	2021
Plans that are wholly or partly funded	(565.9)	(843.5)
Plans that are wholly unfunded	(7.6)	(12.3)
Total	(573.5)	(855.8)

The defined benefit schemes' liability comprises 57% (2021: 63%) in respect of deferred benefit scheme participants and 43% (2021: 37%) in respect of retirees.

The weighted average duration of the UK defined benefit scheme liabilities at the end of the reporting year is 17 years (2021: 21 years).

The change in the fair value of defined benefit scheme assets is as follows:

(In £s million)	2022	2021
Fair value of plan assets at 1 July	902.4	948.4
Interest income on defined benefit scheme assets	17.4	15.1
Return on scheme assets	(222.5)	(48.1)
Employer contributions (towards funded and unfunded schemes)	17.2	16.7
Benefits and expenses paid	(39.0)	(29.7)
Fair value of plan assets at 30 June	675.5	902.4

During the year the Company made deficit funding contributions of £16.7 million (2021: £16.3 million) into the funded Hays Pension Scheme, and made pension payments amounting to £0.5 million (2021: £0.4 million) in respect of the unfunded Hays Supplementary Scheme. The amount of deficit funding contributions expected to be paid into the funded Hays Pension Scheme in the year to 30 June 2023 is £17.2 million. Following the closure of the schemes in 2012 future service contributions are no longer payable.

The net interest expense recognised in the Consolidated Income Statement comprised:

(In £s million)	2022	2021
Net interest income	1.1	1.0
Administration costs	(2.5)	(2.1)
Net expense recognised in the Consolidated Income Statement	(1.4)	(1.1)

The net interest income and administration costs in the current year and prior year were recognised within finance costs.

The amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

(In £s million)	2022	2021
Return on plan assets (excluding amounts included in net interest expense)	(222.5)	(48.1)
Actuarial remeasurement:		
Net remeasurement (losses)/gains – change in experience assumptions	(12.3)	0.5
Net remeasurement gains – change in demographic assumptions	17.6	–
Net remeasurement gains – change in financial assumptions	256.8	23.4
Remeasurement of the net defined benefit surplus	39.6	(24.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22. Retirement benefit surplus continued

A roll-forward of the actuarial valuation of the Hays Pension Scheme to 30 June 2022 and the valuation of the Hays Supplementary Pension Scheme has been performed by an independent actuary, who is an employee of Deloitte LLP.

The key assumptions used at 30 June are as follows:

	2022	2021
Discount rate	3.90%	1.95%
RPI inflation	3.15%	3.20%
CPI inflation	2.45%	2.50%
Rate of increase of pensions in payment	3.05%	3.10%
Rate of increase of pensions in deferment	2.45%	2.50%

The discount rate has been constructed to reference the Deloitte AA corporate bond curve (which fits a curve to iBoxx sterling AA corporate data). The corporate bond yield curve has been used to discount the Scheme cash flows using the rates available at each future duration and this had been converted into a single flat rate assumption to give equivalent liabilities to the Schemes' cash flows. The duration of the Schemes' liabilities using this approach is 17 years.

The RPI inflation assumption has been set as gilt market implied RPI appropriate to the duration of the liabilities (17 years) less a 0.2% per annum inflation risk premium. The CPI inflation assumption has been determined as 0.7% per annum below the RPI assumption (2021: 0.7%).

The life expectancy assumptions have been updated and calculated using bespoke 2021 Club Vita base tables along with CMI 2021 projections (smoothing factor of 7 and assuming improvements have peaked) and a long-term improvement rate of 1.3% per annum. On this basis a 65-year-old current pensioner has a life expectancy of 22.3 years for males (2021: 23.0 years) and 23.8 years for females (2021: 24.4 years). Also on the same basis, the life expectancy from age 65 years of a current 45-year-old deferred member is 23.2 years for males (2021: 25.0 years) and 25.8 years for females (2021: 27.3 years).

A sensitivity analysis on the principal assumptions used to measure the Schemes' liabilities at the year end is:

	Change in assumption	Impact on Schemes
Discount rate	+/- 0.5%	-£45m/+£50m
Inflation and pension increases (allowing for caps and collars)	+/- 0.5%	+£30m/-£30m
Assumed life expectancy at age 65	+/- 1 year	+£20m/-£20m

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation; it is unlikely that the change in assumptions would occur in isolation to one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Consolidated Balance Sheet.

23. Provisions

(In £s million)	Restructuring	Other	Total
At 1 July 2021	3.3	16.3	19.6
Amounts provided during the year	-	7.0	7.0
Utilised	(1.5)	(3.4)	(4.9)
At 30 June 2022	1.8	19.9	21.7

(In £s million)	2022	2021
Current	12.7	10.0
Non-current	9.0	9.6
Total provisions	21.7	19.6

Other provisions relate to exposures arising from business operations overseas and £9.5 million for certain tax-related exposures.

24. Called up share capital

Called up, allotted and fully paid Ordinary shares of 1 pence each

	Share capital number (thousand)	Share capital (£s million)
At 1 July 2021	1,682,117	16.8
Cancelled in the year	(15,444)	(0.1)
At 30 June 2022	1,666,673	16.7

In accordance with the Companies Act 2006, the Company no longer has an authorised share capital. The Company is allowed to hold 10% of issued share capital in treasury.

As announced on 28 April 2022, the Group commenced a £75 million share buyback programme, to be completed over a 12-month period. By 30 June 2022 the Group had purchased and cancelled 15.4 million shares under this programme. On 25 August 2022 the Board announced that it increased this programme by a further £18.2 million, which means that there is £75 million available for buybacks during the year ended 30 June 2023.

As at 30 June 2022, the Company held 16.4 million (2021: 5.7 million) Hays plc shares in treasury. The shares held in treasury are used to satisfy the exercises in relation to equity-settled share-based payment awards.

25. Merger reserve

(In £s million)	Total
At 1 July 2021	193.8
Special dividend paid during the year	(150.0)
At 30 June 2022	43.8

The special dividend for the year ended 30 June 2021 of 8.93 pence per share, paid on 12 November 2021, was paid out of the merger reserve, which was generated under Section 612 of the Companies Act 2006, as a result of the cash box structure used in the equity placing of new shares issued during the year ended 30 June 2020.

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26. Share-based payments

During the year, £10.9 million (2021: £8.7 million) was charged to the Consolidated Income Statement in relation to equity-settled share-based payments.

Share options

At 30 June 2022 the following options had been granted and remained outstanding in respect of the Company's Ordinary shares of 1 pence each under the Company's share option schemes:

	Number of shares	Nominal value of shares (£)	Subscription price (pence/share)	Date normally exercisable
Hays UK Sharesave Scheme				
	651,179	6,512	171	2022
	–	–	–	2023
	898,214	8,982	143	2024
	2,791,029	27,910	117	2025
	4,340,422	43,404		
Hays International Sharesave Scheme				
	472,616	4,726	171	2022
	–	–	–	2023
	570,675	5,707	143	2024
	741,616	7,416	117	2025
	1,784,907	17,849		
Total Sharesave options outstanding	6,125,329	61,253		

The Hays International Sharesave Scheme is available to employees in Australia, New Zealand, Germany, the Republic of Ireland, Canada, Hong Kong SAR, Singapore and the United Arab Emirates.

Details of the share options outstanding during the year are as follows:

	2022 Number of share options (thousand)	2022 Weighted average exercise price (pence)	2021 Number of share options (thousand)	2021 Weighted average exercise price (pence)
Sharesave				
Outstanding at the beginning of the year	4,679	145	3,098	146
Granted during the year	3,622	117	2,741	143
Forfeited during the year	(1,716)	144	(383)	147
Exercised during the year	(3)	159	(6)	162
Expired during the year	(457)	171	(771)	144
Outstanding at the end of the year	6,125	127	4,679	145
Exercisable at the end of the year	1,124	135	653	171

The weighted average share price for all options exercised during the year was 171 pence (2021: 166 pence).

The options outstanding as at 30 June 2022 had a weighted average remaining contractual life of 2.4 years.

Performance Share Plan (PSP) and Deferred Annual Bonus (DAB)

The PSP is designed to link reward to the key long-term value drivers of the business and to align the interests of the Executive Directors and approximately 360 of the global senior management population with the long-term interests of shareholders. PSP awards are discretionary and vesting is dependent upon the achievement of performance conditions measured over either a three-year period with a two-year holding period or a one-year period with a two-year holding period. The fair value of both the PSP and DAB awards are calculated using the share price as at the date the shares are granted.

Only the Executive Directors and other members of the Executive Board participate in the DAB which promotes a stronger link between short-term and long-term performance through the deferral of annual bonuses into shares for a three-year period.

Further details of the schemes for the Executive Directors can be found in the Remuneration Report on pages 97 to 125.

Details of the share awards outstanding during the year are as follows:

	2022 Number of share options (thousand)	2022 Weighted average fair value at grant (pence)	2021 Number of share options (thousand)	2021 Weighted average fair value at grant (pence)
Performance Share Plan				
Outstanding at the beginning of the year	19,404	145	17,915	170
Granted during the year	8,285	147	9,476	119
Exercised during the year	(2,210)	206	(3,256)	187
Lapsed during the year	(1,455)	191	(4,731)	159
Outstanding at the end of the year	24,024	137	19,404	145

The weighted average share price on the date of exercise was 167 pence (2021: 119 pence).

The options outstanding as at 30 June 2022 had a weighted average remaining contractual life of 2.2 years.

	2022 Number of share options (thousand)	2022 Weighted average fair value at grant (pence)	2021 Number of share options (thousand)	2021 Weighted average fair value at grant (pence)
Deferred Annual Bonus				
Outstanding at the beginning of the year	1,703	180	2,353	181
Granted during the year	1,274	164	–	–
Exercised during the year	(949)	206	(651)	184
Outstanding at the end of the year	2,028	157	1,702	180

The weighted average share price on the date of exercise was 167 pence (2021: 118 pence).

The options outstanding as at 30 June 2022 had a weighted average remaining contractual life of 1.5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

27. Related parties

Remuneration of key management personnel

The remuneration of the Executive Board and non-executive directors, who are key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures' and represents the total compensation costs incurred by the Group in respect of remuneration, not the benefit to the individuals. Further information about the remuneration of Executive and non-executive Directors is provided in the Directors' Remuneration Report on pages 97 to 125.

(In £s million)	2022	2021
Short-term employee benefits	11.4	11.8
Share-based payments	5.0	3.9
Remuneration of key management personnel	16.4	15.7

28. Disaggregation of net fees

IFRS 15 requires entities to disaggregate revenue recognised from contracts with customers into relevant categories that depict how the nature, amount and cash flows are affected by economic factors. As a result, we consider the following information relating to net fees to be relevant:

	Australia & New Zealand	Germany	United Kingdom & Ireland	Rest of World	Group
Temporary placements	62%	83%	55%	32%	55%
Permanent placements	38%	17%	45%	68%	45%
Total	100%	100%	100%	100%	100%
Private sector	66%	87%	72%	99%	85%
Public sector	34%	13%	28%	1%	15%
Total	100%	100%	100%	100%	100%
Technology	15%	38%	17%	26%	26%
Accountancy & Finance	10%	16%	19%	12%	14%
Construction & Property	19%	4%	16%	9%	11%
Engineering	0%	25%	1%	6%	9%
Office Support	11%	0%	11%	5%	6%
Other	45%	17%	36%	42%	34%
Total	100%	100%	100%	100%	100%

29. Subsequent events

The final dividend for 2022 of 1.90 pence per share (£31.4 million) along with a special dividend of 7.34 pence per share (£121.2 million) will be proposed at the Annual General Meeting on 9 November 2022. Neither the final dividend nor the special dividend have been included as a liability. If approved, the final and special dividends will be paid on 11 November 2022 to shareholders on the register at the close of business on 30 September 2022.

HAYS PLC COMPANY BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2022

(In £s million)	Note	Company 2022	Company 2021
Non-current assets			
Other intangible assets		1.9	0.8
Property, plant and equipment		0.7	0.8
Investment in subsidiaries	4	743.9	743.9
Trade and other receivables	5	138.4	61.3
Deferred tax assets	6	2.3	2.3
Retirement benefit surplus	9	102.0	46.6
		989.2	855.7
Current assets			
Trade and other receivables	7	13.6	9.6
Cash and cash equivalents		4.0	225.0
		17.6	234.6
Total assets		1,006.8	1,090.3
Current liabilities			
Trade and other payables	8	(99.6)	(110.8)
Provisions		(2.2)	-
Net current (liabilities)/assets		(84.2)	123.8
Total assets less current liabilities		905.0	979.5
Non-current liabilities			
Deferred tax liabilities	6	(12.1)	(5.2)
Provisions	10	(9.0)	(9.3)
		(21.1)	(14.5)
Total liabilities		(122.9)	(125.3)
Net assets		883.9	965.0
Equity			
Called up share capital	11	16.7	16.8
Share premium		369.6	369.6
Merger reserve	12	43.8	193.8
Capital redemption reserve		2.7	2.7
Retained earnings		429.5	364.2
Equity reserve		21.6	17.9
Total equity		883.9	965.0

The profit for the financial year in the Hays plc Company Financial Statements is £157.3 million (2021: loss of £7.0 million).

The Financial Statements of Hays plc, registered number 2150950, set out on pages 169 to 176 were approved by the Board of Directors and authorised for issue on 24 August 2022.

Signed on behalf of the Board of Directors

A R Cox

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HAYS PLC COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

(In £s million)	Called up share capital	Share premium	Merger reserve ⁽¹⁾	Capital redemption reserve	Retained earnings	Equity reserve ⁽²⁾	Total equity
At 1 July 2021	16.8	369.6	193.8	2.7	364.2	17.9	965.0
Remeasurement of defined benefit pension schemes	–	–	–	–	39.6	–	39.6
Tax relating to components of other comprehensive income	–	–	–	–	(6.8)	–	(6.8)
Net income recognised in other comprehensive income	–	–	–	–	32.8	–	32.8
Profit for the year	–	–	–	–	157.3	–	157.3
Total comprehensive income for the year	–	–	–	–	190.1	–	190.1
Dividends paid	–	–	(150.0)	–	(36.4)	–	(186.4)
Share-based payments	–	–	–	–	6.3	3.7	10.0
Purchase of own shares	(0.1)	–	–	–	(94.7)	–	(94.8)
At 30 June 2022	16.7	369.6	43.8	2.7	429.5	21.6	883.9

FOR THE YEAR ENDED 30 JUNE 2021

(In £s million)	Called up share capital	Share premium	Merger reserve ⁽¹⁾	Capital redemption reserve	Retained earnings	Equity reserve ⁽²⁾	Total equity
At 1 July 2020	16.8	369.6	193.8	2.7	388.3	17.4	988.6
Remeasurement of defined benefit pension schemes	–	–	–	–	(24.2)	–	(24.2)
Tax relating to components of other comprehensive income	–	–	–	–	6.2	–	6.2
Net expense recognised in other comprehensive income	–	–	–	–	(18.0)	–	(18.0)
Loss for the year	–	–	–	–	(7.0)	–	(7.0)
Total comprehensive expense for the year	–	–	–	–	(25.0)	–	(25.0)
Share-based payments	–	–	–	–	7.3	0.5	7.8
Purchase of own shares	–	–	–	–	(6.4)	–	(6.4)
At 30 June 2021	16.8	369.6	193.8	2.7	364.2	17.9	965.0

(1) The Merger reserve was generated under section 612 of the Companies Act 2006, as a result of the cash box structure used in the equity placing of new shares issued during the year ended 30 June 2020.

(2) The Equity reserve is generated as a result of IFRS 2 'Share-based payments'.

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

1. Accounting policies

Basis of accounting

The Company Financial Statements have been prepared under the historical cost convention, in accordance with Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by Section 408 of the Companies Act 2006, the Company's Income Statement has not been presented. The Company, as permitted by FRS 101, has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, certain disclosures regarding the Company's capital, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, certain related party transactions and the effect of future accounting standards not yet adopted. Where required, equivalent disclosures are provided in the Consolidated Financial Statements of Hays plc.

New and amended accounting standards effective during the year

There have been no new or amended accounting standards or interpretations adopted during the year that have had a significant impact on the Company Financial Statements.

The significant accounting policies and significant judgments and key estimates relevant to the Company are the same as those set out in note 2 and note 3 to the Consolidated Financial Statements with the addition of the accounting policies set out below.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are held at cost less any provision for impairment. The subsidiary undertakings which the Company held at 30 June 2022 are described in note 4 to the Company Financial Statements.

Financial guarantee arrangements

Where the Company enters into financial guarantee arrangements to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Intercompany and other receivables

Intercompany and other receivables are initially measured at fair value. Subsequent to initial recognition these assets are measured at amortised cost less any provision for impairment losses. The Company measures impairment losses using the expected credit loss model in accordance with IFRS 9.

2. Employee information

There are no staff employed by the Company (2021: none), therefore no remuneration has been disclosed. Details of Directors' emoluments and interests are included in the Remuneration Report on pages 97 to 125 of the Annual Report.

3. Profit/(loss) for the year

Hays plc has not presented its own Income Statement and related notes as permitted by Section 408 of the Companies Act 2006. The profit for the financial year in the Hays plc Company Financial Statements is £157.3 million (2021: loss of £7.0 million).

4. Investment in subsidiaries

(In £s million)	2022	2021
Cost		
At 1 July	743.9	743.9
Provision for impairment		
Charge during the year	-	-
Total		
At 30 June	743.9	743.9

Investments in subsidiaries are stated at cost less any impairment in recoverable value.

The subsidiary undertakings of the Company are listed in note 13 to the Company Financial Statements.

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

CONTINUED

5. Trade and other receivables: amounts falling due after more than one year

(In £s million)	2022	2021
Prepayments	1.3	1.0
Amounts owed by subsidiary undertakings	137.1	60.3
Trade and other receivables: amounts falling due after more than one year	138.4	61.3

The Company charges interest on amounts owed by subsidiary undertakings at a rate of three-month SONIA plus 1%. The amounts owed by subsidiary undertakings are unsecured.

6. Deferred tax

(In £s million)	2022	2021
Deferred tax assets	2.3	2.3
Deferred tax liabilities	(12.1)	(5.2)
Net deferred tax	(9.8)	(2.9)

The reduction in the overall deferred tax balance is primarily explained by the increase in the deferred tax liability driven by an increase in the retirement benefit surplus, partially offset by the recognition of a deferred tax asset in relation to previously unrecognised tax losses.

7. Trade and other receivables: amounts falling due within one year

(In £s million)	2022	2021
Corporation tax debtor	–	6.1
Amounts owed by subsidiary undertakings	9.5	–
Prepayments	4.1	3.5
Trade and other receivables: amounts falling due within one year	13.6	9.6

The amounts owed by subsidiary undertakings relate to a corporation tax debtor, which is expected to be settled via group relief from UK subsidiary undertakings.

8. Trade and other payables

(In £s million)	2022	2021
Accruals	32.2	27.0
Other financial liabilities	56.8	–
Amounts owed to subsidiary undertakings	10.6	83.8
Trade and other payables	99.6	110.8

As announced on 28 April 2022, the Group commenced a £75.0 million share buyback programme, to be completed over a 12-month period. By 30 June 2022 the Group had purchased and cancelled 15.4 million shares (£18.2 million) under this programme. Due to the nature of the cancellation terms in the agreement being not substantive, the outstanding balance under the programme of £56.8 million has been recognised as other financial liabilities as at 30 June 2022.

Amounts owed to subsidiary undertakings are repayable on demand. The Company is charged interest on amounts owed to subsidiary undertakings at a rate of three-month SONIA less 1%.

9. Retirement benefit surplus

(In £s million)	2022	2021
Net asset arising from defined benefit obligations	102.0	46.6

The details of these UK schemes, for which Hays plc is the sponsoring employer, are set out in note 22 to the Consolidated Financial Statements.

10. Provisions

(In £s million)	
At 1 July 2021	9.3
Charged to the income statement	2.0
Utilised during the year	(0.1)
At 30 June 2022	11.2

(In £s million)	2022	2021
Current	2.2	–
Non-current	9.0	9.3
Total provisions	11.2	9.3

Provisions comprise potential exposures arising as a result of business operations. It is not possible to estimate the timing of payments against the provisions.

11. Called up share capital

Called up, allotted and fully paid Ordinary shares of 1 pence each

	Share capital number (thousand)	Share capital (£s million)
At 1 July 2021	1,682,117	16.8
Cancelled in the year	(15,444)	(0.1)
At 30 June 2022	1,666,673	16.7

In accordance with the Companies Act 2006, the Company no longer has an authorised share capital. The Company is allowed to hold 10% of issued share capital in treasury.

As announced on 28 April 2022, the Group commenced a £75.0 million share buyback programme, to be completed over a 12-month period. By 30 June 2022 the Group had purchased and cancelled 15.4 million shares under this programme. On 25 August 2022 the Board announced that it increased this programme by a further £18.2 million, which means that there is £75.0 million available for buybacks during the year ended 30 June 2023.

As at 30 June 2022, the Company held 16.4 million (2021: 5.7 million) Hays plc shares in treasury. The shares held in treasury are used to satisfy the exercises in relation to equity-settled share-based payment awards.

12. Merger reserve

(In £s million)	Total
At 1 July 2021	193.8
Special dividend paid during the year	(150.0)
At 30 June 2022	43.8

The special dividend for the year ended 30 June 2021 of 8.93 pence per share, paid on 12 November 2021, was paid out of the merger reserve, which was generated under Section 612 of the Companies Act 2006, as a result of the cash box structure used in the equity placing of new shares issued during the year ended 30 June 2020.

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

CONTINUED

13. Subsidiaries

	Registered Address and Country of Incorporation
Hays Specialist Recruitment (Australia) Pty Limited	Level 13, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia
James Harvard Newco Pty Limited	Level 13, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia
Hays Österreich GmbH	Europaplatz 3/5, 1150 Wien, Austria
Hays Professional Solutions Österreich GmbH	Europaplatz 3/5, 1150 Wien, Austria
Hays NV	B – 8500 Kortrijk, Brugsesteenweg 255 box 2, Belgium
Hays Services NV	B – 8500 Kortrijk, Brugsesteenweg 255 box 2, Belgium
Hays Alocação Profissional Ltda	Rua Pequetita, No.215, 13th Floor, São Paulo, Brazil
Hays Recruitment and Selection Ltda	Rua Pequetita, No.215, 13th Floor, São Paulo, Brazil
Hays Trabalho Temporário Ltda	Rua Pequetita, No.215, 13th Floor, São Paulo, Brazil
Hays Specialist Recruitment (Canada) Inc.	1500 Don Mills Road, Suite 402, North York, Ontario, M3B 3K4, Canada
Hays Especialistas En Reclutamiento Limitada	Cerro El Plomo 5630, Of. 1701, Las Condes, P.O. 7560742, Santiago, Chile
Hays Specialist Recruitment (Shanghai) Co. Limited* (90% owned)	Unit 0304, 19/F Shui On Plaza, 333 Huaihai Road, Lot No.7 Luwan District, Shanghai 200020, China
Hays Colombia SAS	AK 45 No. 108-27 Torre 2 Oficina 1105, Bogotá, Colombia
Hays Czech Republic s.r.o	Olivova 4/2096, 110 00 Praha 1, Czech Republic
Hays Information Technology s.r.o	Olivova 4/2096, 110 00 Praha 1, Czech Republic
Hays Specialist Recruitment (Denmark) A/S	Kongens Nytorv 8, 1050 København K, Denmark
H101 Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Commercial Services Limited (in liquidation)	55 Baker Street, London, W1U 7EU, UK
Hays Group Holdings Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Healthcare Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Holdings Ltd †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays International Holdings Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Life Sciences Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Nominees Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Overseas Holdings Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Pension Trustee Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Recruitment Services Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Social Care Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Specialist Recruitment (Holdings) Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Specialist Recruitment Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Stakeholder Life Assurance Trustee Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
James Harvard Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Krooter Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Oval (1620) Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Paperstream Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Recruitment Solutions Group Limited (IOM)	First Names House, Victoria Road, Douglas, IM2 4DF, Isle of Man
Hays Clinical Research SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Corporate SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Executive SASU	147 boulevard Haussmann, 75008 Paris, France
Hays France SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Life Sciences Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Media SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Portage	147 boulevard Haussmann, 75008 Paris, France
Hays SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Talent Solutions SASU	23 rue Lafayette, 31000 Toulouse, France
James Harvard France SASU	149 boulevard Haussmann, 75008 Paris, France
Hays AG	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Beteiligungs GmbH & Co. KG	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Holding GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Professional Solutions GmbH	Völklinger Straße 4, 40219 Düsseldorf, Germany

	Registered Address and Country of Incorporation
Hays Talent Solutions GmbH	Völklinger Straße 4, 40219 Düsseldorf, Germany
Hays Technology Solutions GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Verwaltungs GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Paladine GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Hong Kong Limited	Unit 6604-06, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Hays Specialist Recruitment Hong Kong Limited	Unit 6604-06, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Hays Hungary Kft.	1054 Budapest, Szabadság tér 7, Bank Center, Hungary
Hays Professional Services Kft	1054 Budapest, Szabadság tér 7, Bank Center, Hungary
Hays Business Solutions Private Limited (Gurgaon)	Buildings 9B, 11th Floor, DLF Cyber City, Gurgaon, Haryana-HR, 122002, India
Hays Specialist Recruitment Private Limited	Office No. 2102, Space Inspire Hub, Adani Western Height, J.P. Road, Four Bungalows, Andheri West, Mumbai, Maharashtra, 400053, India
Hays Business Services Ireland Limited	26/27a Grafton St, Dublin 2, Ireland
Hays Specialist Recruitment (Ireland) Limited	26/27a Grafton St, Dublin 2, Ireland
James Harvard (Ireland) Limited	26/27a Grafton St, Dublin 2, Ireland
Hays Professional Services S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays Solutions S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays Resource Management Japan K.K.	Izumi Garden Tower 28F 1-6-1 Roppongi, Minato-ku, Tokyo 106-6028, Japan
Hays Specialist Recruitment Japan K.K.	Izumi Garden Tower 28F 1-6-1 Roppongi, Minato-ku, Tokyo 106-6028, Japan
Hays Finance (Jersey) Limited	44 Esplanade, St Helier, Jersey JE4 9WG
Hays S.a.r.l	65 Avenue de la Gare – L 1611, Luxembourg
Hays Travail Temporaire Luxembourg	65 Avenue de la Gare – L 1611, Luxembourg
Agensi Pekerjaan Hays (Malaysia) Sdn. Bhd.* (49% owned)	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Solution Sdn. Bhd.	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Specialist Recruitment Holdings Sdn. Bhd.	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Flex. S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México, CD.MX.
Hays Servicios S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México, CD.MX.
Hays, S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México, CD.MX.
Hays B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Holdings B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Services B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Temp B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Specialist Recruitment (NZ) Limited	Level 12, Pwc Tower, 188 Quay Street, Auckland, 1010, New Zealand
Hays Document Management (Private) Limited (in liquidation)	6th Floor, AWT Plaza, I.I Chundrigar Road, Karachi, Pakistan
Hays Outsourcing Sp. z.o.o.	ul. Marszałkowska 126/134, 00-008 Warszawa, Poland
Hays Poland Sp. z.o.o.	ul. Marszałkowska 126/134, 00-008 Warszawa, Poland
Hays Poland Centre of Excellence sp. z.o.o.	ul. Marszałkowska 126/134, 00-008 Warszawa, Poland
Hays Business Services Portugal	Avenida da Republica, no 90 – 1º andar, fração 4, 1600-206 – Lisbon, Portugal
HaysP Recrutamento Seleccion e Empresa de Trabalho Temporario Unipessoal LDA	Avenida da Republica, no 90 – 1º andar, fração 4, 1600-206 – Lisbon, Portugal
Hays Specialist Recruitment Romania SRL	Premium Plaza 63-69 Dr. Iacob Felix Street, 7th floor Bucharest 011033 Romania
Hays Professional Services SRL	Premium Plaza 63-69 Dr. Iacob Felix Street, 7th floor Bucharest 011033 Romania
Hays Technology Solutions Romania S.R.L.	Premium Plaza 63-69 Dr. Iacob Felix Street, 7th floor Bucharest 011033 Romania
Hays Specialist Recruitment P.T.E Limited	80 Raffles Place, #27-20 UOB Plaza 2, Singapore
Hays Business Services S.L.	Paseo de la Castellana 81, 28046 Madrid, Spain

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

CONTINUED

13. Subsidiaries continued

	Registered Address and Country of Incorporation
Hays Personnel Espana Empresa de Trabajo Temporal SA	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Personnel Services Espana SA	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Talent Solutions Espana SL	Madrid, C / Zurbano nº 23, 1º Dcha (C.P. 28010)
Hays AB	Stureplan 4 C, 114 35, Stockholm, Sweden
Hays (Schweiz) AG	Nüscherstrasse 32, CH-8001 Zürich, Switzerland
Hays Talent Solutions (Schweiz) GmbH	Nüscherstrasse 32, CH-8001 Zürich, Switzerland
Hays Holdings (Thailand) Ltd * (49% owned)	No.725, Metropolis Building Level 20, Sukhumvit Road, Klongton Nuea, Wattana, Bangkok, 10110, Thailand
Hays Human Resource (Thailand) Ltd * (74% owned)	No.725, Metropolis Building Level 20, Sukhumvit Road, Klongton Nuea, Wattana, Bangkok, 10110, Thailand
Hays FZ-LLC	Block 19, 1st Floor, Office F-02, Knowledge Village, Dubai 500340, United Arab Emirates
3 Story Software LLC	63 Bridge Street New Milford, CT, 06776 USA
Hays Holding Corporation	160 Greentree Dr. Suite 101 Dover DE 19904 USA
Hays Specialist Recruitment LLC	4350 W Cypress Street Suite 1000 Tampa FL 33607 USA
Hays Talent Solutions LLC	4350 W Cypress Street Suite 1000 Tampa FL 33607 USA
Hays U.S. Corporation	4350 W Cypress Street Suite 1000 Tampa FL 33607 USA
Hays Holdings U.S. Inc.	4350 W Cypress Street Suite 1000 Tampa FL 33607 USA

As at 30 June 2022, Hays plc and/or a subsidiary or subsidiaries in aggregate owned 100% of each class of the issued shares of each of these companies with the exception of companies marked with an asterisk (*) in which case each class of issued shares held was as stated.

Shares in companies marked with a (*) were owned directly by Hays plc. All other companies were owned by a subsidiary or subsidiaries of Hays plc.

14. Other related party transactions

Hays plc has taken advantage of the exemption granted under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into and trading balances outstanding that were owed to Hays plc at 30 June 2022 with other related parties were £3.8 million (2021: £2.1 million).