NORMAN|BROADBENT

BOARD | SEARCH | INTERIM | CONSULTING | INSIGHT | SOLUTIONS

Annual Report and Financial Statements
For the year ended 31 December 2021

Contents

The Norman Broadbent Group

The Norman Broadbent Group is a leading professional services firm focussing on executive search and senior interim management solutions. We also offer market leading advisory services, providing bespoke intelligence to clients in the rapidly changing business, social and technological environment of today.

Our Portfolio of Services

Board Advisory: Helping you recruit and build a diverse and impactful Board which is 'future-fit'

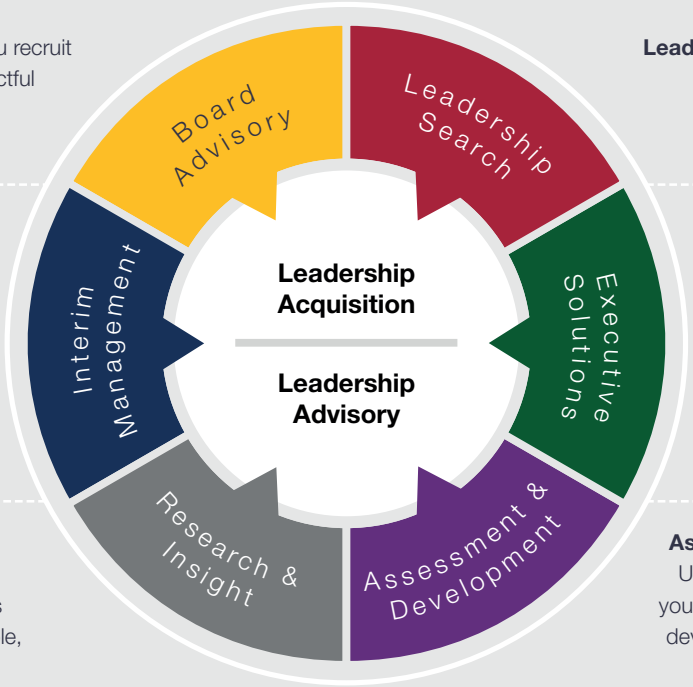
Leadership Search: Helping you recruit business-critical, high-impact leadership talent

Interim Management: Connecting you with immediately available high-calibre Interim Executives, teams, and Independent Consultants to deliver specific programmes of change and transformation

Executive Solutions: A range of 'agile, progressive and alternative' solutions for Executive appointments and succession hires, team-builds, long-term hiring programmes, and recovering failing projects

Research & Insight: Delivering bespoke, value-added research and business intelligence on markets, people, and competitors, helping you make better, more informed decisions

Assessment & Development: Using data and insight, helping you mitigate risk, inform strategy, develop/retain people, and build business cases to achieve optimal outcomes



We have a simple and straightforward objective: to help our clients manage and successfully drive change, mitigate risk, grow, and succeed. This, coupled with our #ClientFirst philosophy, collaborative innovative culture, and trusted brand, makes us a proven business partner.

Increasingly, clients see us as a problem-solving partner offering a bespoke mix of high-quality Search, Interim Management, Research & Insight, and Assessment & Development solutions.

Chairman's Statement

Since my appointment in July 2021 the business has undergone significant and very positive change, setting it on the path to profitable growth.

Following the arrival of the new CEO (Kevin Davidson) in September 2021, a new Leadership team has been appointed and already delivered very positive results in their first few months in terms of culture, headcount, vision and financial performance.

A culture of genuine inclusion and an unwavering commitment to customer service and delivery has been installed. The customer facing team has been significantly enhanced by a number of experienced new hires and the research foundations of the business are developing and expanding to keep pace.

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

As the board's strategy for sustained profitable growth unfolds over the coming year we should see this translate quickly to the bottom line.

Peter Searle
Chair Norman Broadbent plc

24 May 2022

CEO's Review

for the year ended 31 December 2021

Results for the financial year

The table below summarises the results of the Group:

Continuing operations	Year ended 31 December 2021 £000's	Year ended 31 December 2020 £000's
Revenue	**6,549**	**7,816**
Cost of sales	(690)	(1,530)
Net fee income (gross profit)	**5,859**	**6,286**
Operating expenses	(5,854)	(6,217)
ADJUSTED EBITDA PRE RESTRUCTURING COSTS	**5**	**69**
Restructuring costs	(308)	–
EBITDA	**(303)**	**69**
Depreciation and amortisation	(229)	(222)
Group operating profit/(loss)	**(532)**	**(153)**
Net finance cost	(41)	(40)
Profit/(loss) before tax	**(573)**	**(193)**
Income tax	(69)	–
Profit/(loss) after tax	**(642)**	**(193)**

Strategic review

Since my appointment in September 2021, we have achieved a great deal. Following a very difficult period for Norman Broadbent Group, we stabilised the business, delivered a very strong Q4 (£1.8m NFI; a 20% improvement on prior year Q4 (£1.5m) and 38% increase on Q1 to Q3 2021 (average of £1.3m) whilst also beginning the process of reshaping culture, considerably strengthening leadership capability and starting to rebuild across functions and service lines.

There has been unwavering commitment from across the team to this process and I would like to acknowledge all of their efforts and support. There is a very high level of engagement and growing momentum within the business which is generating better outcomes for clients, higher net fee income per individual whilst also enhancing our employer brand proposition through a more cohesive, dynamic and energised culture.

Our growth agenda has now very much kicked into gear and we are working on our longer term strategic plan which will involve domestic and international expansion in 2022 and considerable headcount growth across executive search and senior interim leadership as well as the other research and support functions. Since my taking up position in September, we have already made 15 very high calibre appointments.

We target a return to sustainable profitability in 2022 whilst also building the foundations for rapidly accelerated performance improvements in 2023 and beyond.

Purpose, Vision and Values

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

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

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

Values/Pledge:

We Promote a Culture of Excellence

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

CEO's Review

continued

We Embody Genuine Curiosity

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

We Champion Collective Success

- *we support and challenge one another to deliver and celebrate success in an inclusive environment*

We Care

- *about ourselves, each other, our clients, our communities and the world in which we live in*

2021 trading and business review

2021 saw a significant restructure to the business. As a result, Group turnover reduced to £6,549,000 (2020: £7,816,000) whilst overall net revenues after associate and interim costs in the continuing businesses reduced to £5,859,000 (2020: £6,286,000). Although we continued to invest in talent, a focus on cost management ensured that operating expenses reduced significantly to £5,854,000 (2020: £6,217,000). The business incurred restructuring costs of £308,000 associated with the exit of members of the former Executive and Leadership Consulting team. Adjusted EBITDA pre these restructuring costs has reduced from £69,000 in 2020 to £5,000 in 2021.

Financial position

As at 31 December 2021, consolidated net assets were £836,000 (2019: £1,106,000) with net current liabilities of (£505,000) (2020: Net Current Liabilities of (£504,000). Group cash amounted to £459,000 (2020: £367,000).

Net cash outflow from operations in 2021 was £446,000 (2020 inflow: £515,000). Net cash inflow from financing activities amounted to £607,000 (2020: outflow £492,000) which includes £372,000 relating to a successful subscription equity raise that was supported by the Group's existing shareholders.

At 31 December 2021 the Group had £952,000 (2020: £577,000) of funds drawn down against the revolving invoice discounting facility against UK trade receivables of £1,732,000 (2020: £1,449,000).

The Directors continue to monitor and manage the Group's working capital carefully.

Arrangements for AGM

The AGM will take place on 23 June 2022 at 10am. Shareholders are invited to attend in person at our Register Office or via Zoom conferencing software. Shareholders attending via Zoom who wish to vote on the AGM's resolutions will need to do so by proxy. Full details on how to gain access to the meeting and vote by proxy are provided in the notes to the notice of AGM set out on page 54.

Summary

2021 was another challenging year for Norman Broadbent. However, since the appointment of a new Chair in July and my appointment as CEO in September, the business is on a very different and much more positive trajectory.

We delivered a very robust Q4 whilst greatly strengthening leadership and fashioning the changes needed to bring Norman Broadbent back to a leading position in executive search and interim management in the UK and internationally. Great strides have been made and we are excited about the future at a resurgent Norman Broadbent.

The Board and I would like to thank the entire team for their dedication, our shareholders for their continuing support, and our clients for placing their trust in us. We look forward to the future together.

Kevin Davidson
Group Chief Executive

24 May 2022

Strategic Report

The business model

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

Strategy and objectives

The Group's strategy is to further develop, strengthen and scale our complementary portfolio of services. As one of the oldest executive search firms in the UK there will be a particular focus on re-establishing our market leading position in board and leadership search whilst also building our senior interim management offering. The foundation across our business is now solid in terms of people, culture and brand. Our mission in 2022 and beyond is one of rapid growth, in the UK and internationally, whilst also driving productivity improvements through more disciplined process adherence and the adoption and combination of new technologies where appropriate.

Earnings per share

The retained loss for 2021 has resulted in a reported loss per share of 1.14 pence (2020: loss per share 0.59 pence).

Going concern

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

Directors' duties

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

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

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

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

Monitoring, risk and KPIs

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

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

Key performance indicators	2021	2020
NFI	£5,859,000	£6,286,000
Adjusted EBITDA pre restructuring costs	£5,000	£69,000
Days Sales Outstanding (DSO)	66 days	63 days

Strategic Report

continued

The Directors monitor revenue against annual targets, which are adjusted each year to ensure the Group remains on target to achieve its strategic growth plan. Further, given the significant restructuring and refocus of the group in the recent past, the Directors expect Group revenues and operating profits to improve over the next few years.

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

Financial – The main financial risks arising from the Group's operations are the adequacy of working capital, interest rate, liquidity and credit risk. These are monitored regularly by the Board and are disclosed further in notes 2 and 17 of the financial statements.

The business is in the later stages of the turnaround process and is budgeted to be self-funding. In turnarounds there is always a risk that the process could take longer than anticipated which could lead to short term working capital pressures. In the event of such an occurrence the Company anticipates working closely with its supportive shareholders to access short term working capital funding.

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

The Group attempts to mitigate this risk by operating across various diverse sectors where demand for such services is stronger.

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

Cautionary statement

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

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

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006. The Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Norman Broadbent plc and its subsidiary undertakings when viewed as a whole.

Kevin Davidson
Director

24 May 2022

Steve Smith
Director

24 May 2022

Group Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

General information

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

Review of developments and future prospects

The CEO's Review on pages 4 to 5 reviews the activities of the Group including updates on recent and future developments and a full business review can be found in the Strategic Report on page 6 to 7.

Results and dividends

The results of the Group for the year ended 31 December 2021 are set out in the Consolidated Statement of Comprehensive Income.

The Directors do not recommend payment of any dividends (2020: £Nil).

Loss after tax for the year amounted to £642,000 (2020: loss after tax of £193,000).

Directors

The Directors who served during the year are as follows:

Peter Searle (appointed 25 June 2021)
Kevin Davidson (appointed 6 September 2021)
Stephen Smith
Fiona McAnena
Angela Hickmore (appointed 12 August 2021, resigned 11 May 2022)
Devyani Vaishampayan (appointed 7 February 2022)
Michael Brennan (resigned 12 July 2021)
Alan Howarth (resigned 25 June 2021)

The Directors' interests in the shares of the Company are shown in the Directors' Remuneration Report on pages 11 to 12.

Substantial share interests

As at 23 May 2022, the Company had been notified of the following significant interests in its issued share capital:

	Ordinary shares of 1.0p each	%
Downing LLP	10,916,872	17.97%
Ennismore Fund Management Ltd	10,560,188	17.38%
Moulton Goodies Ltd	8,392,353	13.82%
P Casey	7,430,599	12.22%
Premier Miton Group Plc	4,038,935	6.65%
P Searle	3,723,929	6.13%

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

Employee involvement

The Group has well-established communications and consultation procedures with all employees. These continually evolve to meet the changing needs of the business and are considered valuable by both management and staff.

Employment of disabled persons

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

Streamlined energy and carbon reporting (SECR)

The Group has reached the thresholds for providing SECR disclosures for the first time this year. The Group is a serviced-based organisation with no manufacturing facilities and limited transportation requirements. As explained further below, each entity within the Group is exempt from the disclosure requirements and consequently no overall SECR disclosures have been provided.

Norman Broadbent Executive Search Limited is excluded from the SECR requirements as it does not meet the reporting thresholds. Norman Broadbent PLC is exempt from preparing the disclosure since it qualifies as being a low energy user (below 40,000 kWh per annum).

Group Directors' Report

continued

Diversity policy

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

Statement of directors' responsibilities

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

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

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

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

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

Website publication

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

Matters covered in the strategic report

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

Statement of disclosure to auditor

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

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

Auditors

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

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

Kevin Davidson
Director

24 May 2022

Corporate Governance

The Company is quoted on the Alternative Investment Market ('AIM') and is therefore not required to comply with the provisions of UK Corporate Governance Code. However, from the 28th of September 2018, under AIM rule 26, the Company has adopted as far as possible the principles of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The QCA Code identifies ten principles to be followed in order for companies to deliver growth in long-term shareholder value, encompassing an efficient, effective and dynamic management framework accompanied by good communication to promote confidence and trust. Set out below is a summary of how, at 31 December 2021, the Company was complying with the key requirements of the QCA code

Board committees

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

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

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

Internal controls and risk management

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

a) Safeguarding the Group's assets.

b) Ensuring proper accounting records are maintained.

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

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

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

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

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

Directors' Remuneration Report

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

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

Unaudited information

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

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

In formulating its remuneration policy, the Remuneration Committee has given full consideration to the relevant sections of UK Corporate Governance Code issued by the Committee on Corporate Governance. There follows the full text of the Remuneration Report for the year ended 31 December 2021 which has been approved and adopted by the Board of Directors for submission to the shareholders.

Composition

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

Policy for Executive Directors

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

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

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

c) **Benefits**
When appropriate, Executives are provided with medical insurance and life assurance.

d) **Pension**
The Company's defined contribution pension scheme is available to all Executive Directors.

e) **Share Options**
The former Chief Executive Officer (Michael Brennan) and the former Chief Financial Officer (Will Gerrard) held share options.

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

Policy for Non-Executive Directors

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

Directors' Remuneration Report

continued

Directors' Interest in Shares and Share Options

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

(a) **Ordinary Shares**

	31 December 2021		31 December 2020	
	Ordinary Shares of 1.0p each	%	Ordinary Shares of 1.0p each	%
Kevin Davidson	223,636	0.37	–	–
Fiona McAnena	138,222	0.23	63,333	0.11
Stephen Smith	124,889	0.21	50,000	0.09
Peter Searle	3,723,929	6.13	–	–
Angela Hickmore	1,416,666	2.33	1,416,666	2.55
Michael Brennan	1,135,487	1.87	1,135,487	2.06

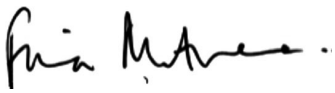
Audited information:

Directors' Emoluments

The emoluments of the Directors of the Company for the year ended 31 December 2021 were as follows:

	Salary and fees £000	Bonus £000	Benefits £000	Pensions £000	Total 2021 £000	Total 2020 £000
Executive Directors						
Michael Brennan	107	–	2	11	120	201
Kevin Davidson	62	32	1	5	100	–
Peter Searle	35	–	–	–	35	–
Will Gerrard	–	–	–	–	–	41
Stephen Smith	132	–	3	9	144	93
Total	**336**	**32**	**6**	**25**	**399**	**335**
Non-Executive Directors						
Alan Howarth	20	–	–	–	20	13
Fiona McAnena	19	–	–	–	19	16
Brian Stephens	–	–	–	–	–	9
Angela Hickmore	7	–	1	–	8	–
Total	**46**	**–**	**1**	**–**	**47**	**38**

* Note, in light of the Covid-19 crisis, from April 2020 through March 2021 Michael Brennan took a temporary 30% reduction in salary, Stephen Smith, took a temporary 20% reduction and Fiona McAnena took a temporary 40% reduction. From August 2020, Alan Howarth took a 40% reduction in salary. From April 2021, all salaries were returned to contracted levels.



Fiona McAnena
Chair of the Remuneration Committee

24 May 2022

Independent Auditor's Report

to the Members of Norman Broadbent plc

Opinion

We have audited the financial statements of Norman Broadbent plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated and company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2021, and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included discussion with management and interrogating their forecasts for the periods up until 31 December 2023 for mathematical accuracy and reasonableness, carrying out sensitivity analysis on the forecasts and comparing previously prepared forecasts to actual results. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Independent Auditor's Report

continued

An overview of the scope of our audit

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

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

Our audit approach is consistent with the previous year.

Key audit matters

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THIS MATTER
Going concern The Group reported an operating loss from continued operations in the year to 31 December 2021 of £0.5m compared with an operating loss of £0.2m in 2020. The Consolidated Statement of Financial Position shows a net asset position at 31 December 2021 of £0.9m (2020: £1.1m) with cash at bank of £0.5m (2020: £0.4m). At the year end the Group's only borrowings were its receivable finance (Metro Invoicing) which is 100% secured by the Group's trade receivables and a CBILS loan with Metro Bank. Subsequent to the year end, the Group has entered into a new loan facility arrangement with two of its shareholders. In light of the historic loss-making position of the Group, the uncertain economic climate and the potential liquidity issues facing the Group, going concern was considered a key audit risk area.	We reviewed the Group's results and financial position and assessed the ability of the Group to meet its future financial obligations based upon its available resources. We obtained management's trading and cash flow forecasts which cover the periods to 31 December 2023 and which support management's assessment of the Group's ability to continue as a going concern. Our audit work on the forecasts included assessing the reasonableness of assumptions used, checking their mathematical accuracy, carrying out sensitivity analysis primarily on differing levels of revenue to assess the impact on the forecasts and considering the accuracy of previously prepared forecasts to actual results achieved. We discussed the forecasts with management in order to gain an understanding of their plans for the financing of the Group and evaluated their achievability. We assessed the going concern disclosure in the financial statements for accuracy and reasonableness. Based upon the audit work performed we have been able to reach our conclusions relating to going concern included in this report.

Independent Auditor's Report

continued

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THIS MATTER
Revenue recognition The Group has four main sources of revenue: (A) Executive search placement fees which are generated through high level executive search recruitment services with the positions generally being at senior management level. (B) Interim management placement fees which are generated through placing candidates into Board positions for short periods of time. (C) Leadership and consulting fees which are generated through consultative services in relation to recruitment. (D) Solutions placement fees which are generated through less complex searches to fill less senior roles. As revenue is a key driver of the Group's performance and represents a higher risk of misstatement, we determined this was a key audit risk area.	We discussed the Group's revenue recognition policies with management and independently with sales staff clarifying any discrepancies noted. We considered whether the Group's accounting policies complied with IFRS 15. We tested revenue recognition during the year by undertaking directional testing on a sample of transactions, carrying out analytical review procedures and testing invoice posting around the year end to ensure revenue was being recorded in the correct period. Based upon the audit work performed no matters came to our attention to indicate that revenue is materially misstated.
Valuation of Investments Included within the parent company accounts are fixed asset investments of £1.2m (2020: £1.7m) representing the carrying value of its investment in the Group's subsidiaries. This represents one of the most significant amounts in the statement of financial position. Investments are tested annually for impairment by management using estimation techniques which may have a high degree of inherent uncertainty. During the year, a further impairment provision of £0.5m was recorded by the directors. Based on the carrying value of the investments in the parent company accounts, the judgment involved in determining whether any provision for impairment is required due to continuing losses in the trading subsidiary, the valuation of investments was considered a key audit risk area.	An analysis of the investments by subsidiary company was obtained and agreed to the nominal ledger. We compared the carrying value of the investments with the net assets of each subsidiary company to build an assessment of any potentially required provisions. We obtained management's report on the valuation of each investment which was based on each subsidiary's current net asset value and their trading forecasts for a period of 5 years up to December 2026. Our audit work on the forecasts included discussion with management, assessing the reasonableness of assumptions used, checking their mathematical accuracy, carrying out sensitivity analysis primarily on differing levels of revenue to assess the impact on the forecasts and considering the accuracy of previously prepared forecasts to actual results achieved. We assessed the going concern disclosure in the financial statements for accuracy and reasonableness. Based upon the audit work performed no matters came to our attention to indicate that investments are materially misstated.

Independent Auditor's Report

continued

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THIS MATTER
Carrying Value of Goodwill Goodwill which comprises the brand name and client loyalty arose on the acquisition of subsidiaries in previous years. It is included in the consolidated statement of financial position at a carrying value of £1.4m (2020: £1.4m). This represents one of the most significant amounts in the consolidated statement of financial position. Goodwill is tested annually for impairment by management using estimation techniques which may have a high degree of inherent uncertainty. Based on the carrying value of goodwill, the judgment involved in determining whether any further provision for impairment is required due to continuing losses in the trading subsidiary, the carrying value of investments was considered a key audit risk area.	An analysis of the goodwill was obtained from management and we compared this to our expectations. We obtained management's report on the valuation of goodwill which was based on the Group's trading forecasts for a period of 5 years up to December 2026, discounted to their present value. Our audit work on the forecasts included discussion with management, assessing the reasonableness of assumptions used, checking their mathematical accuracy, carrying out sensitivity analysis primarily on differing levels of revenue to assess the impact on the forecasts and considering the accuracy of previously prepared forecasts to actual results achieved. We also assessed the reasonableness of the discount rate used in the present value calculations. We assessed the goodwill disclosures in the financial statements for accuracy and reasonableness. Based upon the audit work performed no matters came to our attention to indicate that the carrying value of goodwill is materially misstated.
Recoverability of Intercompany Debtors Included within the parent company accounts are debtors of £1.7m (2020: £5.4m) owed by other Group companies. This represents one of the most significant amounts in the statement of financial position. As certain of the Group companies are incurring losses, the recoverability of the balances is assessed annually by the directors and any amounts that are considered irrecoverable are written off as a bad debt. During the year, an amount of £3.7m was written off by the directors. Based on the carrying value of the intercompany debtors in the parent company accounts, the judgment involved in determining whether any provision for impairment or bad debt write off was required due to continuing losses in the trading subsidiary, the recoverability of intercompany debtors was considered a key audit risk area.	An analysis of intercompany balances owed by each Group company was obtained and agreed to the nominal ledger and the respective balances in the Group company's accounts. We compared the debtor balances in the parent company with the trading performance and net assets of each respective Group company. We obtained management's assessment of the recoverability of the intercompany debtors which was based on each subsidiary's current net asset value and their trading forecasts for a period of 5 years up to December 2026. Our audit work on the forecasts included discussion with management, assessing the reasonableness of assumptions used, checking their mathematical accuracy, carrying out sensitivity analysis primarily on differing levels of revenue to assess the impact on the forecasts and considering the accuracy of previously prepared forecasts to actual results achieved. We also assessed the reasonableness of the discount rate used in the present value calculations Based upon the audit work performed no matters came to our attention to indicate that intercompany debtors are materially misstated.

Independent Auditor's Report

continued

How we tailored the audit scope

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

For the year ended 31 December 2021 we determined there to be two entities in scope for our Group audit, Norman Broadbent PLC, the parent entity of the Group, and Norman Broadbent Executive Search Limited, a subsidiary entity.

Our application of materiality

We determined materiality for the Group to be £87,900. We reported all audit differences found in excess of £4,300 to the directors and the management board.

For each company within the scope of our Group audit, we allocated a materiality that was less than our overall Group materiality. For both the parent company and the principal subsidiary company we allocated a materiality £87,800.

We determined Group materiality to be £87,900 based on a calculation of 1.5% of Group net fee income (NFI) for the year. As the Group's principal activity is that of the provision of recruitment services, NFI is considered by the directors to be a key metric of Group performance. The Group's parent company is AIM listed and therefore the number of users and the level of interest in the financial statements is expected to be higher than for a non-quoted company. Therefore, the significance of balances is expected to be greater and consequently 1.5% of Group NFI has been assessed as the most appropriate basis for materiality.

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

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

Other information

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

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

Independent Auditor's Report

continued

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Independent Auditor's Report

continued

Capability of the audit in detecting irregularities, including fraud

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

- Detailed discussions were held with management to identify any known or suspected instances of non-compliance with laws and regulations; and
- Assessment of identified fraud risk factors; and
- Testing of internal controls procedures relating to expenditure potentially more susceptible to fraud and other irregularities including cash and payroll; and
- Challenging assumptions and judgements made by management in its significant accounting estimates, concentrating on the calculations used in the Group's assessment of possible impairment of the carrying value of goodwill and investments; and
- Obtaining confirmation from management of related parties and related party transactions, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- Using data analytics to enable interrogation of the entire nominal ledger to identify transactions that exhibit unusual or unexpected characteristics that merit further investigation.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

continued

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Use of our report

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

Kreston Reeves LLP

Graham Hunt BA FCA (Senior Statutory Auditor)
For and on behalf of Kreston Reeves LLP,
Statutory Auditors and Chartered Accountants
London

24 May 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

Continuing operations	Note	2021 £'000	2020 £'000
Revenue	1	**6,549**	7,816
Cost of sales		**(690)**	(1,530)
Gross profit	3	**5,859**	6,286
Operating expenses		**(6,391)**	(6,439)
Operating profit/(loss) from continued operations		**(532)**	(153)
Net finance cost	7	**(41)**	(40)
Profit/(loss) on ordinary activities before income tax	4	**(573)**	(193)
Income tax expense	6	**(69)**	–
Profit/(loss) from continuing operations		**(642)**	(193)
Profit/(loss) for the period		**(642)**	(193)
Total comprehensive income/(loss) for the year		**(642)**	(193)
Profit/(loss) attributable to:			
– Owners of the Company		**(642)**	(322)
– Non-controlling interests		**–**	129
Profit/(loss) for the year		**(642)**	(193)
Total comprehensive income/(loss) attributable to:			
– Owners of the Company		**(642)**	(322)
– Non-controlling interests		**–**	129
Total comprehensive income/(loss) for the year		**(642)**	(193)
Profit/(loss) per share			
– Basic	8	**(1.14)p**	(0.59)p
– Diluted		**(1.14)p**	(0.59)p
Adjusted profit/(loss) per share			
– Basic	8	**(1.14)p**	(0.59)p
– Diluted		**(1.14)p**	(0.59)p
profit/(loss) per share – continuing operations			
– Basic	8	**(1.14)p**	(0.59)p
– Diluted		**(1.14)p**	(0.59)p

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

Consolidated Statement of Financial Position

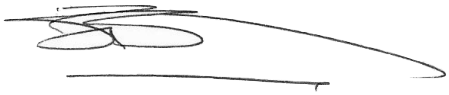
as at 31 December 2021

	Notes	2021 £'000	2020 £'000
Non-Current Assets			
Intangible assets	10	**1,363**	1,363
Property, plant and equipment	11	**526**	332
Prepayments and accrued income	13	**–**	145
Deferred tax assets	6	**–**	69
Total non-current assets		**1,889**	1,909
Current Assets			
Trade and other receivables	13	**1,915**	1,547
Cash and cash equivalents	14	**459**	367
Total current assets		**2,374**	1,914
Total assets		**4,263**	3,823
Current Liabilities			
Trade and other payables	15	**1,727**	1,645
Bank overdraft and interest bearing loans	16	**952**	577
Provisions	21	**–**	–
Lease Liabilities	20	**200**	196
Total current liabilities		**2,879**	2,418
Net current liabilities		**(505)**	(504)
Non Current Liabilities			
Bank Loans	16	**250**	250
Lease Liabilities	20	**298**	49
Total non-current liabilities		**548**	299
Total liabilities		**3,427**	2,717
Total assets less total liabilities		**836**	1,106
Equity			
Issued share capital	18	**6,334**	6,279
Share premium account	18	**14,080**	13,763
Retained earnings		**(19,578)**	(18,936)
Equity attributable to owners of the company		**836**	1,106
Non-controlling interests		**–**	–
Total equity		**836**	1,106

These financial statements were approved by the Board of Directors on 24 May 2022

Signed on behalf of the Board of Directors

K Davidson
Director



S Smith
Director

Company No 00318267

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

Company Statement of Financial Position

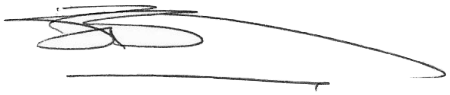
as at 31 December 2021

	Notes	2021 £'000	2020 £'000
Non-Current Assets			
Investments	12	**1,200**	1,686
Prepayments and accrued income	13	**—**	66
Total non-current assets		**1,200**	1,752
Current Assets			
Trade and other receivables	13	**1,385**	5,383
Cash and cash equivalents	14	**170**	12
Total current assets		**1,555**	5,395
Total assets		**2,755**	7,147
Current Liabilities			
Trade and other payables	15	**1,248**	1,605
Total current liabilities		**1,248**	1,605
Net current assets		**307**	3,790
Non Current Liabilities			
Bank Loans	16	**250**	250
Total non-current liabilities		**250**	250
Total liabilities		**1,498**	1,855
Total assets less total liabilities		**1,257**	5,292
Equity			
Issued share capital	18	**6,334**	6,279
Share premium account	18	**14,080**	13,763
Retained earnings		**(19,157)**	(14,750)
Total equity		**1,257**	5,292

These financial statements were approved by the Board of Directors on 24 May 2022

Signed on behalf of the Board of Directors

K Davidson
Director



S Smith
Director

Company No 00318267

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

	Attributable to owners of the Company					
Consolidated Group	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000	Non-controlling interests £000	Total equity £000
Balance at 1 January 2020	**6,266**	**13,706**	**(18,632)**	**1,340**	**25**	**1,365**
Loss for the year	–	–	(322)	(322)	129	(193)
Total comprehensive income for the year	**–**	**–**	**(322)**	**(322)**	**129**	**(193)**
Credit to equity for share based payments	–	–	3	3		3
Issue of ordinary shares	13	57	–	70	–	70
Total transactions with owners of the Company, recognised directly in equity	**13**	**57**	**3**	**73**	**–**	**73**
Purchase of non-controlling interests	–	–	15	15	(154)	(139)
Total transactions with owners of the Company	**13**	**57**	**18**	**88**	**(154)**	**(66)**
Balance at 31 December 2020	**6,279**	**13,763**	**(18,936)**	**1,106**	**–**	**1,106**
Balance at 1 January 2021	**6,279**	**13,763**	**(18,936)**	**1,106**	**–**	**1,106**
Loss for the year	–	–	(642)	(642)	–	(642)
Total comprehensive income for the year	**–**	**–**	**(642)**	**(642)**	**–**	**(642)**
Transactions with owners of the Company, recognised directly in equity:						
Issue of ordinary shares	55	317	–	372	–	372
Total transactions with owners of the Company	**55**	**317**	**–**	**372**	**–**	**372**
Purchase of non-controlling interests	–	–	–	–	–	–
Total transactions with owners of the company	**55**	**317**	**–**	**372**	**–**	**372**
Balance at 31 December 2021	**6,334**	**14,080**	**(19,578)**	**836**	**–**	**836**

Share Capital

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

Share Premium

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

Retained Earnings

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

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

Company Statement of Changes in Equity

for the year ended 31 December 2021

	Attributable to owners of the Company			
Company	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020	**6,266**	**13,706**	**(14,624)**	**5,348**
Loss for the year	–	–	(129)	(129)
Total comprehensive income for the year	**–**	**–**	**(129)**	**(129)**
Transactions with owners of the Company, recognised directly in equity:				
Credit to equity for share based payments	–	–	3	3
Issue of ordinary shares	13	57	–	70
Balance at 31 December 2020	**6,279**	**13,763**	**(14,750)**	**5,292**
Balance at 1 January 2021				
Loss for the year	–	–	(4,407)	(4,407)
Total comprehensive income for the year	**–**	**–**	**(4,407)**	**(4,407)**
Transactions with owners of the Company, recognised directly in equity:				
Credit to equity for share based payments	–	–	–	–
Issue of ordinary shares	55	317	–	372
Balance at 31 December 2021	**6,334**	**14,080**	**(19,157)**	**1,257**

Share Capital

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

Share Premium

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

Retained Earnings

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

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Net cash inflow/(used) in operating activities	(i)	**(446)**	515
Cash flows from investing activities and servicing of finance			
Net finance cost		**(14)**	(23)
Payments to acquire tangible fixed assets	11	**(55)**	(65)
Net cash used in investing activities		**(69)**	(88)
Cash flows from financing activities			
Repayment of borrowings	16	**–**	(119)
New Loans received		**–**	250
Payment of finance lease liabilities		**(140)**	(180)
Proceeds from issue of share capital	18	**372**	(70)
Increase/(Decreased) invoice discounting	16	**375**	(373)
Net cash from financing activities		**607**	(492)
Net increase/(decrease) in cash and cash equivalents		**92**	(65)
Net cash and cash equivalents at beginning of period		**367**	432
Effects of exchange rate changes on cash balances held in foreign currencies		**–**	–
Net cash and cash equivalents at end of period		**459**	367
Analysis of net funds			
Cash and cash equivalents		**459**	367
Borrowings due within one year		**(952)**	(577)
Borrowings due within more than one year		**(250)**	(250)
Net debt	(ii)	**(743)**	(460)

Note(i) **Reconciliation of operating profit/(loss) to net cash from operating activities**	2021 £'000	2020 £'000
Operating profit/(loss) from continued operations	**(532)**	(153)
Depreciation/impairment of property, plant and equipment	**227**	222
Share based payment charge	**–**	7
Fixed Asset Write Off	**–**	3
Decrease/(Increase) in trade and other receivables	**(223)**	1,321
(Decrease)/Increase in trade and other payables	**82**	(670)
Decrease in Provisions	**–**	(215)
Taxation paid	**–**	–
Net cash generated from operating activities	**(446)**	515

Note (ii) **Reconciliation of movement of debt**	2021 £'000	2020 £'000
Net increase/(decrease) in cash and cash equivalents	**92**	(65)
New Borrowings	**–**	(250)
Repayment of Borrowings	**–**	119
Decrease/(Increase) invoice discounting	**(375)**	373
Exchange difference on cash and cash equivalents	**–**	–
Movement in Borrowings for the Period	**(283)**	177
Net Borrowings at the Start of the Period	**(460)**	(637)
Net Borrowings at the end of the Period	**(743)**	(460)

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

Company Statement of Cash Flows

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Net cash used in operating activities	(i)	**(214)**	(151)
Cash flows from investing activities and servicing of finance			
Interest paid		**–**	(8)
Disposal of Investments		**–**	(44)
Net cash used in investing activities		**–**	(52)
Cash flows from financing activities			
Proceeds/(Repayment) of borrowings	16	**–**	(119)
New Loans		**–**	250
Net cash inflows from equity placing	18	**372**	70
Net cash from financing activities		**372**	201
Net (decrease) in cash and cash equivalents		**158**	(2)
Net cash and cash equivalents at beginning of period		**12**	14
Net cash and cash equivalents at end of period		**170**	12
Analysis of net funds			
Cash and cash equivalents		**170**	12
Borrowings due within one year		**–**	–
Borrowings due after one year		**(250)**	(250)
Borrowings after one year			
Net funds	(ii)	**(80)**	(238)

Note (i) **Reconciliation of operating profit/(loss) to net cash from operating activities**	2021 £'000	2020 £'000
Operating profit/(loss)	**(4,407)**	(120)
Share based payment charge	**–**	3
Write off investments	**486**	–
Decrease/(Increase) in trade and other receivables	**4,064**	6
(Decrease)/Increase in trade and other payables	**(357)**	(40)
Net cash used operating activities	**(214)**	(151)

Note (ii) **Reconciliation of movement of debt**	2021 £'000	2020 £'000
Net (decrease)/increase in cash and cash equivalents	**158**	(2)
New Borrowings	**–**	(250)
Repayment of Borrowings	**–**	119
Movement in Borrowings for the Period	**158**	(133)
Net Borrowings at the Start of the Period	**(238)**	(105)
Net Borrowings at the end of the Period	**(80)**	(238)

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

Notes to the Financial Statements

for the year ended 31 December 2021

1. Significant accounting policies

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

1.1 Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.20.

1.1.1 Going concern

The Group reported an operating loss from continued operations in the year to 31 December 2021 of £0.6m compared with an operating loss of £0.2m in 2020. Consolidated net current liabilities are £0.5m (2020 : £0.5m).

The Consolidated Statement of Financial Position shows a net asset position at 31 December 2021 of £0.8m (2020: £1.1m) with cash at bank of £0.5m (2020: £0.4m). At the date that these financial statements were approved the Group had no overdraft facility, a CBILS loan of £0.25m and its receivable finance facility (Metrobank) which is 100% secured by the Group's trade receivables.

Early 2020 saw the outbreak of the Covid-19 pandemic. This resulted in significant global economic disruption and recovery is expected to be relatively slow and uncertain. Despite this, the Group traded through the difficult conditions and raised £372,000 through a majority shareholder supported share issues in September and December 2021. Additionally, a convertible loan note instrument issued by two major shareholders in May 2022 has provided a further £400,000 of funding.

In light of the current financial position of the Group and on consideration of the business' forecasts and projections which have taken account of the impact of Covid-19 and of trading performance, the Directors have a reasonable expectation that the Group has adequate available resources to continue as a going concern for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing their annual report and financial statements.

1.1.2 Changes in accounting policy and disclosures

a) **New standards, interpretations and amendments effective**
The following have been applied for the first time from 1 January 2021 but did not have a material impact on the financial statements:

- IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39 (amendments) Interest Rate Benchmark Reform Phase 2

Notes to the Financial Statements

continued

1. Significant accounting policies continued

1.1.2 Changes in accounting policy and disclosures continued

b) **New standards or amendments and interpretations to existing standards that are not yet effective**
The following are newly issued but not yet effective standards, interpretations and amendments, Mandatory for accounting periods commencing on or after 1 April 2021:

- IFRS 16 (amendment) Covid 19 Related Rent Concessions beyond 30 June 2021

The following are newly issued but not yet effective standards, interpretations and amendments, Mandatory for accounting periods commencing on or after 1 January 2022:

- Annual Improvements to IFRS Standards 2018-2020 Cycle. Minor amendments to IFRS , IRFS 9 and IAS 41
- IAS 16 (amendments) Property, Plant and Equipment : Proceeds before Intended Use
- IAS 37 (amendment) Onerous Contracts : Costs of Fulfilling a Contract
- IFRS 3 (amendments) Reference to Conceptual Framework
- IAS 1 (amendment) Classification of Liabilities as Current or Non Current
- IAS 1 and IFRS Practice Statement 2 (amendments) Disclosure of Accounting Policies
- IAS 8 (amendments) Definition of Accounting Estimates
- IAS 12 (amendments) Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17 Insurance Contracts

The Directors do not expect that the adoption of the Standards and amendments listed above will have a material impact on the financial statements of the Company in future periods. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these Standards until a detailed review has been completed.

1.2 Basis of consolidation and business combinations

1.2.1 Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

The subsidiaries financial statements were not prepared under IFRS but adjustments were made to bring all the accounting policies in line with IFRS.

Notes to the Financial Statements

continued

1. Significant accounting policies continued

1.2.2 Non-controlling interests

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

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

1.2.3 Subsidiaries

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

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

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

1.3 Goodwill

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

1.4 Impairment of non-financial assets

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

1.5 Financial assets and liabilities

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

Notes to the Financial Statements

continued

1. Significant accounting policies continued

1.6 Property, plant and equipment

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

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

Office and computer equipment	–	25% – 50% per annum on cost
Fixtures and fittings	–	25% – 33% per annum on cost (or over the life of the lease whichever is shorter)
Land and buildings leasehold	–	over 3 – 5 years straight line
Right of use asset	–	straight line over shorter of estimated useful life and lease term

1.7 Trade receivables

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

1.8 Cash and cash equivalents

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

1.9 Investments

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

1.10 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is recognised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

1.11 Invoice discounting facility

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

1.12 Trade payables

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

1.13 Operating segments

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

Notes to the Financial Statements

continued

1. Significant accounting policies continued

1.14 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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

1.15 Taxation

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

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

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

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

1.16 Revenue Recognition

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

a) Executive search services

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

Notes to the Financial Statements

continued

1. Significant accounting policies continued

1.16 Revenue Recognition continued

b) Short-term contract and interim business

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

c) Assessment, career coaching and talent management

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

d) Interest income

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

1.17 Pensions

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

1.18 Leases

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

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

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

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

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

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

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

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

Notes to the Financial Statements

continued

1. Significant accounting policies continued

1.18 Leases continued

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

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

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

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

1.19 Share Option Schemes

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

1.20 Critical accounting judgements and estimates

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

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

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

Notes to the Financial Statements

continued

2 Financial Risk Management

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

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

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

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

2.1 Interest rate risk

The Group's interest rate risk arises from short term borrowings issued at a variable interest rate. At 31 December 2021 the balance outstanding on the invoice discounting facility was £1.0 million (2020: £0.6 million) and this balance increases and decreases in line with the outstanding trade receivables.

2.2 Liquidity risk

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

2.3 Credit risk

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

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

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

2.4 Capital risk management

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

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

Notes to the Financial Statements

continued

3 Segmental analysis

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

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

i) Class of Business:

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

	2021 £000	**2020 £000**
Revenue – Search	4,330	3,771
Revenue – Interim Management	1,949	3,724
Revenue – Leadership Consulting	270	321
	6,549	7,816
Cost of sales	(690)	(1,530)
Gross profit	**5,859**	**6,286**
Operating expenses	(5,854)	(6,217)
Depreciation and amortisation	(229)	(222)
Restructuring costs	(308)	–
Finance costs	(41)	(40)
Profit/(Loss) before tax	**(573)**	**(193)**

ii) Revenue and gross profit by geography

	2021 Revenue £000	2020 Revenue £000	**2021 Gross Profit £000**	2020 Gross Profit £000
United Kingdom	5,717	7,143	5,027	5,613
Rest of the world	832	673	832	673
Total	**6,549**	**7,816**	**5,859**	**6,286**

Notes to the Financial Statements

continued

4 Profit/(loss) on ordinary activities before taxation

	2021 £000	2020 £000
Profit/(Loss) on ordinary activities before taxation is stated after charging:		
Depreciation and impairment of property, plant and equipment	**227**	222
Gain on foreign currency exchange	**–**	–
Staff costs (see note 5)	**4,555**	4,853
Operating lease rentals:		
Land and buildings	**–**	–
Auditors' remuneration:		
Audit work	**43**	38
Non-audit work	**–**	–

The Company audit fee for the year was £43,000 (2020: £38,000).

5 Staff costs

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

	2021 No.	2020 No.
Sales and related services	**30**	34
Administration	**15**	13
	45	47

Staff costs (for the above persons):

	£000	£000
Wages and salaries	**3,952**	4,165
Social security costs	**419**	550
Defined contribution pension cost	**184**	138
	4,555	4,853

The emoluments of the Directors are disclosed as required by the Companies Act 2006 on page 12 in the Directors' Remuneration Report. The table of Directors' emoluments has been audited and forms part of these financial statements. This also includes details of the highest paid Director.

Notes to the Financial Statements

continued

6 Tax expense

(a) Tax charged in the income statement

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

	2021 £000	2020 £000
Current tax:		
United Kingdom corporation tax at 19% (2020: 19%) based on loss for the year	–	–
Foreign Tax	–	–
Total current tax	–	–
Deferred tax:		
Origination and reversal of temporary differences	69	–
Tax charge/(credit)	69	–

(b) Reconciliation of the total tax charge

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

	2021 £000	2020 £000
Profit/(Loss) on ordinary activities before taxation	(573)	(193)
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 19% (2020: 19%)	(109)	(37)
Effects of:		
Expenses not deductible	7	9
Depreciation in excess of capital allowances	32	(2)
Provision Movement	1	3
Group Relief	–	1
Release of deferred tax asset	69	–
Adjustment to losses carried forward	69	26
Current tax charge for the year	69	–

(c) Deferred tax

	Tax losses £000	Total £000
At 1 January 2021	(69)	(69)
Charged to the income statement in 2021	69	–
At 31 December 2021	–	(69)

At 31 December 2021 the Group had capital losses carried forward of £8,129,000 (2020: £8,129,000). A deferred tax asset has not been recognised for the capital losses as the recoverability in the near future is uncertain. The Group also has £14,497,676 (2020: £14,131,421) trading losses carried forward, which includes £8,987,000 losses transferred from BNB Recruitment Consultancy Ltd in 2011. A deferred tax asset of £1,273,838 (2020: £1,277,079) has not been recognised in the financial statements due to the inherent uncertainty as to the quantum and timing of its utilisation.

Notes to the Financial Statements

continued

6 Tax expense continued

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

	2021 £000	2020 £000
Deferred tax assets:		
Tax losses carried forward	–	69
Total	–	69

7 Net finance cost

	2021 £000	2020 £000
Interest payable on Leases and Invoicing facility	**41**	40
Total	**41**	40

8 Earnings per share

i) Basic earnings per share

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

	2021	2020
Profit/(Loss) attributable to owners of the company	**£(642,000)**	£(322,000)
Weighted average number of ordinary shares	**56,487,344**	54,217,990
Total	**56,487,344**	54,217,990

ii) Diluted earnings per share

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

	2021	2020
Profit/(Loss) attributable to owners of the company	**£(642,000)**	£(322,000)
Weighted average number of ordinary shares	**56,487,344**	54,217,990
Total	**56,487,344**	54,217,990

Notes to the Financial Statements

continued

8 Earnings per share continued

iii) Adjusted earnings per share

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

	2021	**Basic**	**Diluted**	2020	Basic	Diluted
	£000	**pence per share**	**pence per share**	£000	pence per share	pence per share
Basic earnings						
Profit/(Loss) after tax	**(642)**	**(1.14)**	**(1.14)**	(322)	(0.59)	(0.59)
Adjustments						
Share based payment charge	**–**	**–**	**–**	–	–	–
Adjusted earnings	**(642)**	**(1.14)**	**(1.14)**	(322)	(0.59)	(0.59)

9 Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these accounts. The parent company's loss for the year amounted to £4,407,000 (2020: £128,000) of which £3,730,000 (2020: £Nil) related to write off of intercompany balances with Norman Broadbent Executive Search Limited.

10 Intangible assets

	Goodwill arising on consolidation £000
Group	
Balance at 1 January 2020	3,690
Balance at 31 December 2020	3,690
Balance at 31 December 2021	**3,690**
Provision for impairment	
Balance at 1 January 2020	2,327
Balance at 31 December 2020	2,327
Balance at 31 December 2021	**2,327**
Net book value	
At 1 January 2019	1,363
At 31 December 2019	1,363
At 31 December 2020	1,363
At 31 December 2021	**1,363**

Notes to the Financial Statements

continued

10 Intangible assets continued

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

	Norman Broadbent £000	Norman Broadbent Leadership Consulting £000	Total £000
At 1 January 2020	1,303	60	1,363
At 31 December 2020	1,303	60	1,363
At 31 December 2021	**1,303**	**60**	**1,363**

In line with International Financial Reporting Standards, goodwill has not been amortised from the transition date, but has instead been subject to an impairment review by the Directors of the Group. As set out in accounting policy note 1 on page 30, the Directors test the goodwill for impairment annually. The recoverable amount of the Group's CGUs are calculated on the present value of their respective expected future cash flows, applying a weighted average cost of capital in line with businesses in the same sector. Pre-tax future cash flows for the next five years are derived from the approved forecasts for the 2022 financial year.

The key assumption applied to the forecasts for the business is that return on sales for Norman Broadbent is expected to be a minimum of 5% per annum for the foreseeable future (2020: 4%) and 42% for Norman Broadbent Leadership Consulting (2020: 5%). Return on sales is defined as the expected profit before tax on net revenue. There are only minimal non cash flows included in profit before tax. The rate used to discount the forecast cash flows is 10% (2020: 8%).

Notes to the Financial Statements

continued

11. Property, plant and equipment

Group	Land and buildings – leasehold £'000	Right of Use asset £'000	Office and computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost					
Balance at 1 January 2020	84	–	206	206	496
Additions	10	408	48	7	473
Disposals	–	–	–	(163)	(163)
Balance at 31 December 2020	94	408	254	50	806
Additions	–	366	55	–	421
Disposals	–	–	–	–	–
Balance at 31 December 2021	**94**	**774**	**309**	**50**	**1,227**
Accumulated depreciation					
Balance at 1 January 2020	83	–	159	167	409
Charge for the year	4	163	18	37	222
Disposals	–	–	–	(157)	(157)
Balance at 31 December 2020	**87**	**163**	**177**	**47**	**474**
Charge for the year	5	169	50	3	227
Disposals	–	–	–	–	–
Balance at 31 December 2021	**92**	**332**	**227**	**50**	**701**
Net book value					
At 1 January 2020	1	–	47	39	87
At 31 December 2020	7	245	77	3	332
At 31 December 2021	**2**	**442**	**82**	**–**	**526**

The Group had no capital commitments as at 31 December 2021 (2020 : £Nil).

Notes to the Financial Statements

continued

12 Investments

Company	Shares in subsidiary undertakings £000
Cost	
Balance at 1 January 2020	5,935
Balance at 31 December 2020	5,935
Balance at 31 December 2021	**5,935**
Provision for impairment	
Balance at 1 January 2020	4,249
Impairment for the year	–
Balance at 31 December 2020	**4,249**
Impairment for the year	486
Balance at 31 December 2021	**4,735**
Net book value	
At 1 January 2020	1,686
At 31 December 2020	1,686
At 31 December 2021	**1,200**

At 31 December 2021 the Company held the following ownership interests:

Principal Group investments	Country of incorporation or registration and operation	Principal activities	Description and proportion of shares held by the Company
Norman Broadbent Executive Search Ltd	England and Wales	Executive search	100% ordinary shares
Norman Broadbent Overseas Ltd	England and Wales	Non Trading	100% ordinary shares
Norman Broadbent Leadership Consulting Limited	England and Wales	Assessment, coaching and talent mgmt.	100% ordinary shares
Norman Broadbent Solutions Ltd	England and Wales	Mezzanine level search	100% ordinary shares
Bancomm Ltd **	England and Wales	Dormant	100% ordinary shares
Norman Broadbent Ireland Ltd* **	Republic of Ireland	Dormant	100% ordinary shares
Norman Broadbent Interim Management Ltd	England and Wales	Interim Management	100% ordinary shares

* 100 % of the issued share capital of this company is owned by Norman Broadbent Overseas Ltd.

** These companies are exempt from audit by virtue of provisions in the Companies Act 2006.

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

Notes to the Financial Statements

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13 Trade and other receivables

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Trade receivables	**1,746**	1,509	**–**	–
Less: provision for impairment	**(14)**	(60)	**–**	–
Trade receivables – net	**1,732**	1,449	**–**	–
Other debtors	**127**	88	**–**	66
Prepayments and accrued income	**56**	155	**14**	15
Due from Group undertakings	**–**	–	**1,371**	5,368
Total	**1,915**	1,692	**1,385**	5,449
Non-Current	**–**	145	**–**	66
Current	**1,915**	1,547	**1,385**	5,383
	1,915	1,692	**1,385**	5,449

Non-current trade receivables are in relation to the cash consideration due from the sale of SMS in 2016.

As at 31 December 2021, Group trade receivables of £967,000 (2020: £797,000), were past their due date but not impaired, save as referred to below. They relate to customers with no default history. The ageing profile of these receivables is as follows:

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Up to 3 months	**811**	595	**–**	–
3 to 6 months	**136**	128	**–**	–
6 to 12 months	**20**	74	**–**	–
Total	**967**	797	**–**	–

The largest amount due from a single trade debtor at 31 December 2021 represents 9% (2020: 8%) of the total trade receivables balance outstanding.

As at 31 December 2021, £14,000 of group trade receivables (2020: £60,000) were considered impaired. A provision for impairment has been recognised in the financial statements. Movements on the Group's provision for impairment of trade receivables are as follows:

	2021 £000	**2020 £000**
At 1 January	**60**	49
Provision for receivable impairment	**–**	11
Receivables written-off as uncollectable	**(46)**	–
At 31 December	**14**	60

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

Notes to the Financial Statements

continued

14 Cash and cash equivalents

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Cash at bank and in hand	**459**	367	**170**	12
Total	**459**	367	**170**	12

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

15 Trade and other payables

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Trade payables	**184**	150	**26**	18
Due to Group undertakings	**–**	–	**1,157**	1,518
Other taxation and social security	**344**	535	**(4)**	–
Other payables	**151**	30	**–**	–
Accruals	**1,048**	930	**69**	69
Total	**1,727**	1,645	**1,248**	1,605

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

16 Borrowings

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Maturity profile of borrowings				
Current				
Bank overdrafts and interest bearing loans:				
Invoice discounting facility (see note (a) below)	**952**	577	**–**	–
Non Current				
Bank Loans (see note (b) below)	**250**	250	**250**	250
Total	**1,202**	827	**250**	250

Notes to the Financial Statements

continued

16 Borrowings continued

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

	Carrying amount		Fair value	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Bank overdrafts and interest bearing loans:				
Invoice discounting facility	**952**	577	**952**	577
Bank Loans (see note (b) below)	**250**	250	**250**	250
Total	**1,202**	827	**1,202**	827

a) **Invoice discounting facilities:**

For the full year 2020 through February 2021 Norman Broadbent Executive Search Limited, Norman Broadbent Solutions Ltd, Norman Broadbent Interim Management Ltd and Norman Broadbent Leadership Consulting Ltd operated independent invoice discounting facilities, provided by Bibby Financial Services Limited. Bibby Financial Services Limited held all assets debentures for each company (fixed and floating charges) and also a cross-corporate guarantee and indemnity deed dated 20 August 2019.

In February 2021 the Group terminated the contract with Bibby Financial Services Limited and opened a new invoice discounting facility with Metro Bank. All Group invoices were raised through Norman Broadbent Executive Search Ltd from start of 2021 and as such Metrobank (SME Invoice Finance Ltd) holds an all asset debenture for Norman Broadbent plc and Norman Broadbent Executive Search Limited. Funds are available to be drawn down at an advance rate of 88% against trade receivables of Norman Broadbent Executive Search Ltd that are aged less less than 120 days with the facility capped at £1,500,000. At December 31 2021, the outstanding balance on the facility of £951,995 was secured by trade receivables of £1,720,507. Interest is charged on the drawn down funds at a rate of 2.4% above the bank base rate.

b) **Bank Loans**

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

Notes to the Financial Statements

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17 Financial instruments

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

	Amortised Cost	
	2021	2020
Group	**£000**	£000
Financial Assets		
Trade and other receivables	**1,732**	1,449
Other debtors	**127**	36
	1,859	1,485
Financial Liabilities		
Trade creditors	**184**	150
Accrual and deferred income	**1,049**	929
Other creditors	**151**	30
Bank Loans – Current	**952**	577
Bank Loans – Greater than one year	**250**	250
	2,586	1,936

	Amortised Cost	
	2021	2020
Company	**£000**	£000
Financial Assets		
Trade and other receivables	**–**	66
Amounts owed by group undertakings	**1,371**	5,368
Financial Liabilities		
Trade and other payables	**26**	18
Amounts owed to group undertakings	**1,157**	1,518
Accruals and deferred income	**69**	69
Bank loans – Greater than one year	**250**	250

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

Notes to the Financial Statements

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18 Share capital and premium

	2021 £000	2020 £000
Allotted and fully paid:		
Ordinary Shares:		
60,740,757 Ordinary shares of 1.0p each (2020: 55,218,870)	**607**	552
Deferred Shares:		
23,342,400 Deferred A shares of 4.0p each (2020: 23,342,400)	**934**	934
907,118,360 Deferred shares of 0.4p each (2020: 907,118,360)	**3,628**	3,628
1,043,566 Deferred B shares of 42.0p each (2020: 1,043,566)	**438**	438
2,504,610 Deferred C shares of 29.0p each (2020: 2,504,610)	**727**	727
Total	**6,334**	6,279

Deferred A Shares of 4.0p each

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

Deferred Shares of 0.4p each

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

Deferred B Shares of 42.0p each

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

Deferred C Shares of 29.0p each

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

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

	Number of ordinary shares (000s)	Ordinary shares £(000s)	Deferred shares £(000s)	Share premium £(000s)	Total £(000s)
At 1 January 2020	53,885	539	5,727	13,706	19,972
Issued during the year	1,333	13	–	57	70
At 31 December 2020	**55,218**	**552**	**5,727**	**13,763**	**20,042**
Issued during the year	5,523	55	–	317	372
At 31 December 2021	**60,741**	**607**	**5,727**	**14,080**	**20,414**

During the year 5,521,854 Ordinary Shares were issued at a consideration of 6.75 pence per share

Notes to the Financial Statements

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19 Share based payments

The Company has an approved EMI share option scheme for full time employees and Directors. The exercise price of the granted options is equal to the market price of the shares on the date of the grant. The Company has no legal or constructive obligation to repurchase or settle the options or warrants in cash.

Options under the Company EMI scheme are conditional on the employee completing three years' service (the vesting period). The EMI options vest in three equal tranches on the first, second and third anniversary of the grant. The options have a contractual option term of either seven or ten years.

Movements in the number of share options and their related weighted average exercise prices are as follows:

	Approved EMI share option scheme	
	Average exercise price per share (p)	Number of options
At 1 January 2020	**14.41**	**3,549,147**
Granted	–	–
Forfeited	13.50	(1,643,614)
At 31 December 2020	**14.41**	**1,905,533**
Granted	–	–
Forfeited	–	(1,905,533)
At 31 December 2021	**–**	**–**

20 Leases

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

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

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

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

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

Notes to the Financial Statements

continued

20 Leases continued

Consolidation Statement	2021 £'000	2020 £'000
Depreciation expense	(169)	(163)
Operating profit	**(169)**	**(163)**
Finance costs	(27)	(17)
Profit before tax	**(196)**	**(180)**

Consolidated Statement of Financial Position As at 1 January 2020	Right of use assets £000	Lease Liabilities £000
As at 1 January 2020	–	–
Additions	408	(408)
Disposals	–	–
Depreciation expense	(163)	–
Interest expense	–	(17)
Payments	–	180
At 31 December 2020	**245**	**(245)**
Additions	366	(366)
Disposals	–	–
Depreciation expense	(169)	–
Interest expense	–	(27)
Payments	–	140
As at 31 December 2021	**442**	**(498)**

Impact on Consolidated Statement of Financial Position	2021 £'000	2020 £'000
Right-of-use assets	442	245
Total Assets	**442**	**245**
Lease liabilities – less than one year	(200)	(196)
Lease liabilities – more than one year	(298)	(49)
Total Liabilities	**(498)**	**(245)**
Equity	**(56)**	**–**

Notes to the Financial Statements

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21 Provisions

	Group 2021 £000	Group 2020 £000
At 1 January	–	215
Provisions made during the year	–	–
Provisions Utilised during the year	–	(215)
At 31 December	–	–
Current liability	–	–
Non-current liability	–	–
At 31 December	–	–

The Group moved its headquarters in March 2020 to Millbank Tower, London. There are no dilapidations requirements under the lease and therefore no provision for dilapidations has been made.

The liability relating to dilapidations in the previous headquarters was settled in full during 2020.

22 Pension costs

The Group operates several defined contribution pension schemes for the business. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Group to the funds and amounted to £184,000 (2020: £195,000). At the year-end £19,000 of contributions were outstanding (2020: £16,000).

23 Related party transactions

The following transactions were carried out with related parties:

Key management compensation:

Key management includes Executive and Non-Executive Directors. The compensation paid or payable to the directors can be found in the Directors' Remuneration Report on pages 11 to 12.

24 Contingent liability

The Company is a member of the Norman Broadbent plc Group VAT scheme. As such it is jointly accountable for the combined VAT liability of the Group. The total VAT outstanding in the Group at the year-end was £205,000 (2020: £383,000).

Notice of Annual General Meeting

Notice is hereby given that the 83rd Annual General Meeting ("AGM") of Norman Broadbent plc will be held at 10am at 7th Floor Millbank Tower, 21-24 Millbank, London SW1P 4QP (and by Zoom conference software meeting) on 23 June 2022 to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolution 9 will be proposed as a special resolution:

Ordinary Resolutions

1 To receive and adopt the statement of accounts of the Company for the year ended 31 December 2021 together with the reports of the Directors and Auditors thereon.

2 To re-elect Stephen Smith, who is retiring by rotation in accordance with the articles of the Company and who offers himself for re-election as a Director of the Company.

3 To re-elect Peter Searle, who only holds office until the date of this AGM in accordance with the articles of the Company and who automatically offers himself up for election.

4 To re-elect Kevin Davidson, who only holds office until the date of this AGM in accordance with the articles of the Company and who automatically offers himself up for election.

5 To re-elect Devyani Vaishampayan, who only holds office until the date of this AGM in accordance with the articles of the Company and who automatically offers herself up for election.

6 To appoint Kreston Reeves LLP as Auditors to act as such until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors of the Company to fix their remuneration.

7 That in substitution for all existing and unexercised authorities and powers, the directors of the Company be generally and unconditionally authorised for the purpose of section 551 Companies Act 2006 (the Act):

(a) to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (those shares and rights being together referred to as Relevant Securities) up to a total nominal value of £200,444 to those persons at the times and generally on the terms and conditions as the directors may determine (subject always to the articles of association of the Company); and further;

(b) to allot equity securities (as defined in section 560 of the Act) up to a total nominal value of £ 406,962 (that amount to be reduced by the nominal value of any Relevant Securities allotted under the authority in paragraph a above) in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to those exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory,

PROVIDED THAT this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is six months after the next accounting reference date of the Company (if earlier) save that the directors of the Company may, before the expiry of that period, make an offer or agreement which would or might require relevant securities or equity securities (as the case may be) to be allotted after the expiry of that period and the directors of the Company may allot relevant securities or equity securities (as the case may be) under that offer or agreement as if the authority conferred by this resolution had not expired.

Notice of Annual General Meeting

continued

Special Resolutions

8 That if resolution 7 above is passed, the directors of the Company be authorised to allot equity securities (as defined in section 560 of the Act) for cash under the authority given by that resolution 7 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to that allotment or sale, the authority to be limited to:

8.1 the allotment of equity securities or sale of treasury shares in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to those exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory; and

8.2 the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 8.1 above) up to a total nominal amount of £60,741 representing approximately 10% of the current share capital of the Company,

that authority to expire at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on the date that is 15 months following the date of this meeting) but, in each case, before its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the directors of the Company may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

9 That subject to the passing of resolution 7 above, the directors of the Company be authorised to allot equity securities (as defined in section 560 of the Act) under the authority given by resolution 7 as if section 561 of the Act did not apply to that allotment up to a total nominal amount of £31,429 in connection with the loan notes of £200,000 nominal each issued to each of Downing Strategic Micro-Cap Investment Trust Plc and Moulton Goodies Limited 50% of which (plus compounded interest) becoming convertible upon the passing of this resolution pursuant to and in accordance with the terms of the secured loan instrument dated 20 May 2022 (a copy of which is available for inspection at the Company's registered office and is also available on the Company's website at www.normanbroadbent.com) under which such loan notes have been issued.

By order of the Board:

R Robinson FCA
Company Secretary

Registered Office
Millbank Tower
21-24 Millbank
London SW1P 4QP
www.normanbroadbent.com

24 May 2022

Notice of Annual General Meeting

continued

Notes:

1 The Company has arranged for a quorum to be present in person at the General Meeting, and all Shareholders are strongly encouraged to vote on the Resolutions by appointing the Chair of the meeting (who will be present in person) as their proxy before the deadline of 10.00 a.m. on 20 June 2022.

For shareholders not wishing to attend the AGM in person, the Company intends to provide access to the AGM by using the conferencing software, Zoom. Shareholders will need to register to attend the meeting by writing to Ms Stephanie Alexander (EA to the CEO) at the Companies registered address, or by emailing to stephanie.alexander@normanbroadbent.com. Deadline for registration is 20 June 2022 and instructions for access to the Zoom meeting will be sent or emailed by 21 June 2022 at the latest. The Company is keen to improve communications with Shareholders and therefore Shareholders are advised to send any questions for the Board at the AGM prior to the meeting in accordance with the instructions included within the Notice of Annual General Meeting. Shareholders will not be able to vote via Zoom, and are therefore strongly urged to vote by appointing the Chair of the meeting as their proxy by completing their form of proxy in accordance with the instructions printed on the form of proxy. This measure is designed to promote the health and wellbeing of the Company's Shareholders, its employees and the wider community, which is of upmost importance.

2 A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to exercise his rights to attend, speak and vote at the meeting instead of him/her. The proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member, but a member may not appoint more than one proxy to exercise rights attached to any one share. A form of proxy is enclosed with this notice for use at the meeting.

3 In order to be valid an appointment of proxy (together with any authority under which it is executed or a copy of the authority certified notarial) must be returned by one of the following methods:

- in hard copy form by post, by courier or by hand to the Company's registrars: Link Group, Central Square, 10th Floor, 29 Wellington Street, Leeds, LS1 4DL.
- via www.signalshares.com; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below and in each case must be received by the Company not less than 48 hours before the time of the meeting.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment, or instruction, made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA 10) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001. CREST members and where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy instructions. It is therefore the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is

Notice of Annual General Meeting

continued

transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

4 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

5 In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.

6 Copies of all contracts of service and letters of appointment of any Director with the Company are available for inspection at the Company's registered office during business hours on any weekday (Saturdays and public holidays excluded) and will be available for inspection at the place of the meeting 30 minutes before it is held until its conclusion.

7 A copy of this notice and other information required by s311A Companies Act 2006 can be found at www.normanbroadbent.com. You may not use any electronic address provided in the Notice of AGM or any related document to communicate with the Company for any purpose other than as expressly stated.

8 The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those shareholders registered in the register of members at close of business two days priors to the meeting shall be entitled to attend and vote, whether in person or by proxy, at the meeting, in respect of the member of ordinary shares registered in their name at that time. Changes to entries in the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting. If the meeting is adjourned, entitlements to attend and vote will be determined by reference to the register of members of the Company at close of business two days prior to the adjourned meeting.

9 Any member attending the meeting (or viewing by Zoom) has the right to ask questions. The Company must cause to be answered any such questions relating to the business being dealt with at the meeting but no answer needs to be given if to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or if the answer has already been given on a website in the form of an answer to a question or, finally, if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

10 Votes can be registered online via the registrar's website at www.signalshares.com

Officers and Professional Advisors

Board of Directors

PETER SEARLE
Group Chair

KEVIN DAVIDSON
Group CEO

STEPHEN SMITH
Group CFO/COO

FIONA McANENA
Non-Executive Director

DEVYANI VAISHAMPAYAN
Non-Executive Director

Professional Advisers

COMPANY SECRETARY
Richard Robinson

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