



REC

Recruitment
& Employment
Confederation

REC Annual Report and Accounts 2022

Our performance over
the last 12 months

We're making great work happen



Company information

Directors

Neil Carberry
Laura Clark (appointed 22 June 2022)
Michelle Mellor
Sakhila Mirza
Dr. Gopa Nair
Simone Payne
Jane Rumble
Heather Salway
Sharon Seville (appointed 22 June 2022)
Jon Sibson
Sarah Thewlis (Chair of the Board)

Company secretary

David Vallance

Registered number

03895053

Registered office

Fourth Floor
1-2 Paris Garden
London
SE1 8ND

Registered office (from July 2023)

20 Queen Elizabeth Street
London
SE1 2RJ



The Recruitment & Employment Confederation Limited

(A company limited by guarantee)

Contents

Company information	2
Chair's welcome	4
Chief Executive's welcome	5
The impact of our campaigns work	6
Our influence and reach	8
Growing our membership	10
Bringing our members together	11
Supporting our member community	12
Improving professionalism and industry standards	15
The shape of our industry	16
Trading update 2023	18
Directors' report and financial statements	20
Our governance committees	38





Sarah Thewlis

@ThewlisGraham

Chair's welcome

Welcome to this year's REC Annual Report. After three years in the role, this is my last as your Chair. I look forward to handing the role on to my successor with the REC in good shape to deliver for you, our members.

Looking back to 2020 when I took on the role of Chair, so much has changed as we emerged from the pandemic. Over this past year, I have particularly enjoyed the ability to get around the country to meet REC members in person and to discuss their hopes and concerns. Now that we can host them regularly, our more regular regional meetings and engagements have become very popular with members and deliver on the commitment we made back in 2020. Big events, like our awards each November, also emphasise the vibrancy of our industry and the importance of in-person connection.

The other main priority I set on becoming Chair was around the role and standing of recruitment. From the progress that the REC is making with equality, diversity, and inclusion (EDI) and hiring dedicated resources to better support members, to the way in which the REC has become a go-to voice on key people issues, the impact of the organisation has grown significantly. Our Overcoming Shortages report, for instance, has opened up a wide range of new discussions - not just with governments and the media, but with the wider business community too.

This last point is an important one for us. The standing of our industry has risen with the focus on talent that the last few years have brought. As businesses, the opportunity exists to sell and deliver as the professional services sector we are. That is a big change - from the seniority of our client relationships, to the nature of our delivery. But I know the REC is already working to support you with it. I pass on your organisation in good health.

Many thanks for all your support over these past three years. I want to particularly mention my fellow REC Directors on this, who continue to ensure the REC is developing in your best interests.

Sarah

REC Chair

Chief Executive's welcome

For recruiters, 2022 was dominated by the sheer scale of demand from clients as the economy normalised after the pandemic. Much of our work focused on helping members to meet this tide of demand and framing the debate about how to tackle shortages with both government and clients.

Personal highlights for me included the annual conference, which focused on helping members navigate a unique market, and the strong relations the REC was able to build with both front benches in the House of Commons. On the Government side, autumn was a unique challenge as we had three Prime Ministers in just a few weeks. Attendance by senior politicians at our Parliamentary Reception, in January this year, served to emphasise how far we have come. Finally, identifying a new, fit-for-purpose home for the organisation was a special moment - delivering both value for members and a great workplace for our team from the middle of 2023.

Last year was also notable for the REC delivering its highest-ever rate of renewal amongst our company members. Thank you - we never take your support for granted. I'm pleased to say that the REC's core services to members - from legal advice and contracts, to training and awarding - also drew strong member support during the year. This left us with revenue growth of over 8.5% in the year despite constraining rises in membership and service fees to well below the rate of inflation again. As members would expect, we put every penny of this to work in support of members in such a challenging market, leaving the business in a break-even position overall, despite the impact of inflation on our costs.

Finally, on a personal note, I want to thank Sarah for all her work to support the REC over the past decade, but especially since becoming Chair in 2020. Every Chief Executive knows the value of having a good Chair, and Sarah is one of the best.

All the best to you and your business.

Neil

REC Chief Executive



Neil Carberry

@RECNeil



The impact of our campaigns work

We continue to work tirelessly as the voice of our members and profession, speaking out for great recruiters. Throughout 2022 we helped recruiters navigate a turbulent market and built relationships across government to inform policy changes and shape our industry.



left to right: Kate Shoemith on BBC News, 21 June 2022; Memcom Excellence Awards 2022; Agency Workers campaign, Financial Times

Overcoming shortages

In 2022, we commissioned a landmark study that identified the true cost of labour and skills shortages. Our economic modelling found that, without action, these shortages could cost the UK economy up to £39 billion per year from 2024. We also set out the proposed solutions to the issue, which cemented the REC's and our members' reputations as labour market experts. A key part of this was offering insight to businesses as well as clients – positioning recruiters as the professional advisers that firms need.

- Several mentions of the REC and our report in parliamentary debates and questions (Commons and Lords).
- We were invited to give oral evidence to five select committees on labour and skills shortages in 2022.
- Dozens of meetings with MPs, civil servants, peers, and regional politicians, in addition to our highly successful parliamentary reception.
- Numerous presentations to groups of employers to share the message from our industry, working with sector trade associations.
- Print coverage beyond the broadsheets in the *Metro*, *Daily Express*, *Daily Star*, *i*, *The Scotsman* and regional papers from across the country in launch week.
- Three broadcast interviews on launch morning including BBC World News (also broadcast on BBC One and News Channel), Times Radio and LBC News. Since then, it has been profiled on all key media, from BBC Radio4's *Today* programme to *The Sun*.



Over 3,600 web page views and report downloads since the report publication in July 2022.

Digital 'Right to Work' checks

We campaigned tirelessly to represent members' views to government on digital 'Right to Work' checks. Although there is still much to be done to enhance the way the checks work in practice, government listened to our calls to make digital checks the norm, and the REC won 'Best Campaign on a Shoestring' and was highly commended for 'Best Lobbying Campaign' at the 2022 Memcom Excellence Awards.

Equality, diversity and inclusion

2022 saw the appointment of the REC's first Equality, diversity and inclusion (EDI) Lead, Dr. Olga Frańczak, working alongside our EDI staff committee. We saw our first EDI staff survey take place, leading to a comprehensive action plan – ensuring we practice what we preach, and a suite of resources were developed for our members. From a dedicated EDI webpage and member blogs during Pride and Black History Month, through to providing tailored advice on an individual basis. And this is just the start of things to come.

Using agency workers during strikes

With one eye on the possibility of a general election at any time, the REC campaigns team was quick to respond to the former Business Secretary's repealing Regulation 7 of the Conduct Regs. This could have placed agencies in the firing line but our swift action made sure all political parties, especially Labour, had an informed dialogue with the REC and our campaign made the front page of the *Financial Times*. We maintained positive relations with the Government while raising concerns and strengthened our links with the Opposition.

Our influence and reach

We used our network and reach to help successfully campaign for what recruiters need.



The profile of the REC in the media continued to grow in 2022, with the media keen to hear recruiters' views on key issues. Offering insight, not just commentary, is at the heart of this success and it achieves a key outcome for our members – shaping client expectations of the market, and positioning recruiters as the professional experts clients need.

We have been mentioned in **trade and industry press** more than **1,960 times**

in 2022, which is even higher than the year before.

We made **front page news** in 2022 and were regular expert guests on broadcast media from national channels like the **BBC**, to specialist business channels like **Bloomberg** and **CNBC**.

The REC was featured **672 times** on **radio and television** in 2022 – an average of **twice a day**.

We have **73,674 LinkedIn followers** a **5% increase** from the previous year.

We have **over 85k followers** across all of our **social media** accounts, which resulted in **over 1.2m impressions** in 2022.





Growing our membership

In 2022 our member community continued to grow as we welcomed new members into our network, whilst welcoming back existing members who once again opted to remain part of our community.

We achieved a record **renewal rate** for **corporate members** of **92.5%.**

Given the nature of recruitment as an enterprise sector with many start-ups, this represents a remarkable level of support from our members. Thank you.

We also added **444 new corporate members** in 2022, meaning as we entered 2023 our community had **grown by a net 75 members.**



Bringing our members together

We relished the opportunity to get back to meeting with our members in person and to continue building our community.



The **REC Awards** went from strength-to-strength as we shortlisted **104 entries**, across **21 categories**, and celebrated excellence with **520 people** at the awards ceremony.

We met with members all over the UK, welcoming members to over **24 forums** across all four nations and in every English region, including an additional **14 CEO spotlights.**

More than **600 people** attended **REC 2022**, our flagship annual conference, as we were joined by over **42 industry expert** speakers.

Supporting you, and your growing business

We're proud to continue to provide support through our legal and business advice, strategic guidance and insight into government – all with the view of supporting you, and your business in your growth.



The **REC website** had over **1.4m views** during 2022, that's over **27,000 views** per week.



We created the Harpur and Brazel holiday pay hub – containing all the crucial legal updates and guidance to support members to **manage the impact of this Supreme Court decision on holiday pay**.



REC members logged into the website more than **2,258 times** every month to access member-only resources.



We launched **new business support resources**, including guides such as 'How to futureproof your recruitment business', which was **viewed over 1,200 times**.



Our legal resources and business support hub were accessed **over 239,969** times by members



Our **legal team** helped members with over **8,378 queries**, both through our helpline and over email.



Our members downloaded over **16,000 pieces of REC content**, including legal resources, research papers, white papers, industry reports, careers advice, infographic summaries and much more.



We launched a new **Legal Timeline tool** giving members a rolling 12 month look ahead of new legislation, pending case law decisions and other key legal and compliance issues to be aware of.



Our **research hub** gained over **30,000 views** – keeping our members up-to-date on the latest job figures and employment trends.



Our **Talking Recruitment podcast** was listened to by more than **18,400 people** in 2022 (an increase of **15%** from 2021), sharing the latest topical insight and featuring renowned experts from across the industry.



We ran **six Talking Recruitment webinars** across the year, sharing the latest industry insights.



Our work on the **Restart scheme**, in partnership with Maximus, saw us place over **250 people** into roles with over 20 of our members – all within the first year. It received global recognition, too – **winning the World Employment Confederation (WEC) global award for social innovation**. Helping members source candidates and people find their way out of long-term unemployment, it has also been a positive example of the difference that recruiters and the REC can make.





Improving professionalism and industry standards



We received **41 complaints** against REC members in 2022. The majority of these were resolved by the REC complaints team, with 3 referred to the Professional Standards Committee for a hearing.



We introduced our new regular **Standards Webinar** – run twice a year for the essential spring and autumn legal and compliance updates.



464 learners successfully gained **professional recruitment qualifications** (Level 2-5) or an Apprenticeship through our Awarding Body.



We ran **58 training courses**, helping business owners to train over **406 of their staff** to succeed.



We launched our **Management and Recruitment Mastery Academies**; a suite of training courses designed to help nurture talent and deliver success.



Our team successfully **audited 35 companies**, allowing them to demonstrate the **highest levels of compliance** in their work through the REC Audited mark.

The shape of our industry



UK contribution to UK economy

- Industry contribution to the UK economy during the period January-December 2021: **£42.9 billion**
- Total industry direct GVA in 2021: **↑ 21.7%** on 2020.
- **£36.4 billion** (85%) was achieved through temporary/contract placement activity
- **£6.5 billion** (15%) was achieved through permanent placement activity
- **69%** of income came solely from UK-based placements

Placements

- **547,692** permanent placements were made by the recruitment industry in 2021.
- **22.4 million** temporary/contract placements were made by the recruitment industry in 2021.
- On any given day there were **1,035,018** temporary/contract workers on assignment, a **5.6%** increase compared to 2020 (980,100)

Enterprises and workforce

- **30,035** enterprises were operating across the UK recruitment industry at the start of 2022. (**↓ 1.9%** on the number at the start of 2021)
- **201,154** staff were employed in recruitment activities in 2021. (**↑ 6.5%** on the previous year)

Industry forecasts

- **↑ 6%** in direct GVA in 2022
- **↑ 7.4%** in fees in 2022
- **↑ 14.3%** in volume of clients in 2022



Source: UK Recruitment Industry Status Report 2021/22

Trading update 2023

Numbers of new members joining REC in the first quarter of 2023 exceeded expectations

UK GDP growth in 2022 was 4.1%, with most of that growth occurring in the first quarter of the year (later quarters being impacted by the war in Ukraine which caused large increases in energy costs and in turn lead to other price increases). Forecasts for 2023 suggest a small contraction in GDP is likely as the effects of high inflation levels and rising interest rates seen in the second part of last year continue to bite.

The recruitment industry has remained resilient, with skills and labour shortages meaning that 2022 was a very strong year for the industry, building on the bounce-back of 2021, especially in permanent recruitment which was slower to take off after the pandemic.

REC operating profit, plus investment income, gave us a break-even position, with the only negative being the fall in the value of the investment portfolio (wiping out the gains seen in 2021). However, this disguises the ongoing investment in the business as we continue to modernise our ways of working and engaging with members. Plans for our office move (due to end of lease) progressed in the latter half of 2022, with a new home being found for the REC, although it will not be ready for occupation until mid-2023. Temporary office space was therefore sourced, to enable staff to meet up as and when required.

The business plan and budget for 2023 show a modest profit for the year, after factoring in an allowance for inflationary cost increases. The balance sheet remains healthy, with a good, and improving, level of liquid reserves.

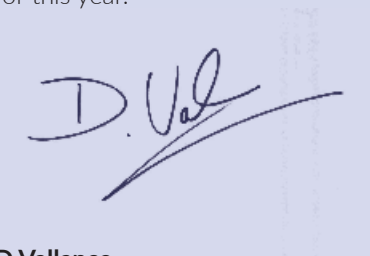
Update on the position at May 2023

We saw a modest growth in corporate membership volumes in 2022 and are expecting more of the same in 2023. The year has started well on this front, with the retention rate again at over 91% and numbers of new members joining REC in the first quarter exceeding expectations. Other income streams (e.g. learning & development, and business services) are also performing at, or above, budget.

With the office relocation (still underway at the time of writing) we have managed to significantly reduce our establishment costs. This has been achieved through the change to a permanent hybrid-working culture, allowing us to halve the required floor space. Thus, although rental prices per square foot are much higher now compared to our last rent review, this has been more than offset by the savings on overall space, as well as lower business rates and service charges. Delays to the actual relocation have meant additional savings as we have been in smaller serviced offices as a temporary measure since the end of last year. However, all being well, we should be in the new office in July.

We continue to invest in improving our services to members, with particular emphasis on our digital presence. Recently we implemented push notifications, enabling members to have more control over the subject matter that they receive from us and opening a new channel for delivery. We are also looking at a member-engagement scoring system that will help us to develop our products and services to meet our members' requirements in an even better way.

At the same time, we are ensuring that the REC's balance sheet remains healthy, with a modest increase in cash reserves planned for this year.



D Vallance
Company Secretary

Directors’ report and financial statements

for the year ended 31 December 2022

Directors’ responsibilities statement

The directors are responsible for preparing the Directors’ 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’. 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- ▶ select suitable accounting policies for the Company’s financial statements and then apply them consistently;
- ▶ make judgments and accounting estimates that are reasonable and prudent;
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The principal activities of REC are:

- ▶ Representation of members’ needs and views in Whitehall, devolved capitals and in English regions, as well as influential organisations and individuals in the UK and overseas.
- ▶ Provision of members services and benefits to businesses and individuals able to meet strict entry criteria and to conform to the REC Code of Best Recruitment Practice, including offering legal advice helplines.
- ▶ Provision of vocational qualifications and training courses for those who work in the industry, or wish to find employment within the industry.
- ▶ Research and distribution of information demonstrating the social and economic contribution of the recruitment industry to the UK economy.

Reserves policy

The directors have adopted a reserves policy.

This recognises that it is prudent to hold appropriate reserves to enable the company to properly plan its activities and to protect itself against business risk including the loss or serious curtailment of one or more income streams and of serious business interruption. In addition, it is felt necessary to maintain a “fighting fund” to employ expert advisors to protect the interest of members as and when the need arises.

Since 2018, the Board has implemented a reserves policy linked to the organisation’s risk register, where the value of reserves held in liquid funds is sufficient to meet the combined value of the major risks identified in the risk register. These risks include the impact of any known external factors on the anticipated trading performance for the current financial period.

The Board reviews the reserves policy and the level of reserves at least once a year in light of current and anticipated levels of income and the company’s planned activities..

Results and dividends

The loss for the year, after taxation, amounted to **£70,683** (2021 – profit £89,851).

Directors

The directors who served during the year were:

J Barrowcliffe (resigned 22 June 2022)

N Carberry

L Clark (appointed 22 June 2022)

M Edwards (resigned 22 June 2022)

P Mellor

S Mirza

Dr. G Nair

S Payne

J Rumble

H Salway

S Seville (appointed 22 June 2022)

J Sibson

S Thewlis

Disclosure of information to auditors

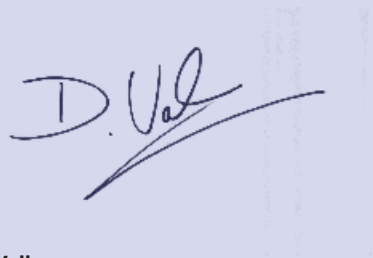
Auditors

The auditors, Haysmacintyre LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 26 April 2023 and signed on its behalf.



D Vallance
Company Secretary

Independent auditors’ report to the members of The Recruitment and Employment Confederation

Opinion

We have audited the financial statements of The Recruitment and Employment Confederation (the ‘Company’) for the year ended 31 December 2022, which comprise the Income Statement, the Statement of Financial Position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Company’s affairs as at 31 December 2022 and of its deficit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Auditors’ responsibilities for the audit of the financial statements section of our report. We are independent of the Company 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 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

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 Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

Opinion 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 Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the Directors’ Report has 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the 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; or
- ▶ the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies’ exemptions in preparing the Directors’ Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors’ Responsibilities Statement set out on page 20, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, employment laws and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

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 revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- ▶ Inspecting correspondence with regulators and tax authorities;
- ▶ Discussions with management including consideration of known or suspected instances of non- compliance with laws and regulation and fraud;
- ▶ Evaluating management’s controls designed to prevent and detect irregularities;
- ▶ Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- ▶ Challenging assumptions and judgements made by management in their critical accounting estimates, in particular judgements made in calculating provisions and accruals.

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. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors’ Report.

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 Auditors’ 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.

Jeremy Beard (Senior Statutory Auditor)

for and on behalf of

Haysmacintyre LLP
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

Date: 5 May 2023

Income Statement
for the year ended 31 December 2022

	Note	2022	2021
		£	£
Income		6,916,745	6,369,864
Direct Costs		(1,224,635)	(1,107,663)
Gross profit		5,692,110	5,262,201
Administrative expenses		(5,843,761)	(5,319,402)
Other operating income	3	123,317	87,317
Operating (loss)/profit		(28,334)	30,116
Interest receivable and similar income		28,874	25,809
Fair value movements		(111,980)	73,170
(Loss)/profit before tax		(111,440)	129,095
Tax on (loss)/profit	5	40,757	(39,244)
(Loss)/profit for the financial year		(70,683)	89,851

There are no items of other comprehensive income for 2022 or 2021 other than the (loss)/profit for the year. As a result, no separate Statement of Comprehensive Income has been presented.

The notes on pages 29 to 37 form part of these financial statements.

Statement of Financial Position

as at 31 December 2022

	Note	2022	2021
		£	£
Fixed assets			
Intangible assets	6	365,479	686,803
Tangible assets	7	354,566	82,372
Investments	8	1,266,901	1,391,517
		1,986,946	2,160,692
Current assets			
Debtors: amounts falling due within one year	9	1,161,719	916,959
Cash at bank and in hand	10	367,330	285,467
		1,529,049	1,202,426
Creditors: amounts falling due within one year	11	(2,025,569)	(1,817,288)
Net current liabilities		(496,520)	(614,862)
Total assets less current liabilities		1,490,426	1,545,830
Provisions for liabilities			
Deferred tax	12	(21,024)	(45,745)
Other provisions	13	(100,000)	(60,000)
		(121,024)	(105,745)
Net assets		1,369,402	1,440,085
Capital and reserves			
Profit and loss account		1,369,402	1,440,085

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 April 2023.

S Thewlis, Director

The notes on pages 29 to 37 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2022

1. General information

The Recruitment and Employment Confederation is a private company limited by guarantee incorporated in England and Wales. The registered office is 1-2 Paris Garden, London SE1 8ND.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

In assessing the company's ability to continue as a going concern, the directors have considered the company's liquidity position and reviewed cash flow forecasts for the next 12 months.

The Reserves Policy operated by REC over recent years, designed to build Reserves to a level sufficient to keep the business operating even in times of severe economic disruption, has continued. Over the last few years, the impacts of global events such as Covid, the war in Ukraine, high energy costs and high inflation have all been felt, but Reserves have been maintained at a relatively constant level significantly above the level required under the Policy. These Reserves continue to be held in liquid assets.

The financial budget for 2023 has been set to return a modest surplus. The relocation due at the end of 2022 has meant REC has been able to take action to significantly reduce the fixed cost base of the organisation, by moving to smaller premises. Whilst this has meant additional investment in fit-out, furniture and equipment costs, these are all being funded from working capital, with no drawdown from Reserves required. Note that this is a change from the notes to the 2021 accounts, where a drawdown was anticipated.

The directors continue to adopt the going concern basis in preparing the accounts.

2.3 Revenue

Revenue represents subscriptions receivable from corporate members, subscriptions received from individual members, fees from professional training and qualifications, insurance commissions, sales of literature, event fees and business partner income net of VAT.

Membership Income

Corporate membership is accounted for in line with the year it relates to being the calendar year.

Individual subscriptions are accounted for over the period to which they relate being one year from renewal.

Professional training, qualifications and event income

These income streams are recognised in the year in which the training, event or qualification takes place.

Sales of literature and insurance commissions

These incomes streams are accounted for on sale of goods/service.

Business partnership income

Business partnership income is accounted for over the period of provision of benefits to the customer. Income in respect of the service element is recognised straight line over the period of the business partnership.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Website	33% straight line
CRM System	20% straight line

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	Over the term of the lease
Office equipment	20% straight line
Computer equipment	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Valuation of investments

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.9 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

In the previous years, the Company received revenue grants in relation to the Coronavirus Job Retention Scheme (CJRS) and they had been recognised as Other Income in the Income Statement. No CJRS grant received in the current year

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.13 Current and deferred taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The company is liable to taxation on its investment income and other income derived from non-members.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

2.14 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will

generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Other operating income

	2022	2021
	£	£
Other operating income	123,317	66,527
Government grants receivable*	–	20,790
	123,317	87,317

Government grants receivable relates to income receivable under the Coronavirus Job Retention Scheme.

4. Employees

The average monthly number of employees, including directors, during the year was 74 (2021 – 67).

5. Taxation

	2022	2021
		£
Corporation tax		
Current tax on profits for the year	(16,036)	16,049
	(16,036)	16,049
Total current tax	(16,036)	16,049
Deferred tax		
Origination and reversal of timing differences	(24,721)	23,195
Total deferred tax	(24,721)	23,195
Taxation on profit on ordinary activities	(40,757)	39,244

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%).

The differences are explained below:

	2022	2021
		£
Profit/(loss) on ordinary activities before tax	(111,440)	129,095
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(21,174)	24,528
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	26,384	5,240
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	–	(14,038)
Non-taxable income	(2,584)	(2,348)
Changes in provisions leading to an increase (decrease) in the tax charge	(29,750)	10,978
Chargeable gains	(13,633)	14,884
Total tax charge for the year	(40,757)	39,244

6. Intangible assets

	Website	CRM system	Total
	£	£	£
Cost			
At 1 January 2022	499,268	774,755	1,274,023
At 31 December 2022	499,268	774,755	1,274,023
Amortisation			
At 1 January 2022	277,361	309,859	587,220
Charge for the year on owned assets	166,416	154,908	321,324
At 31 December 2022	443,777	464,767	908,544
Net book value			
At 31 December 2022	55,491	309,988	365,479
At 31 December 2021	221,907	464,896	686,803

7. Tangible fixed assets

	Short term leasehold property	Office equipment	Computer equipment	Assets under construction	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2022	291,185	229,328	360,986	–	881,499
Additions	–	–	73,685	253,565	327,250
Disposals	(291,185)	(229,328)	(284,925)	–	(805,438)
At 31 December 2022	–	–	149,746	253,565	403,311
Depreciation					
At 1 January 2022	279,618	228,521	290,988	–	799,127
Charge for the year on owned assets	11,567	806	42,643	–	55,016
Disposals	(291,185)	(229,327)	(284,886)	–	(805,398)
At 31 December 2022	–	–	48,745	–	48,745
Net book value					
At 31 December 2022	–	–	101,001	253,565	354,566
At 31 December 2021	11,567	807	69,998	–	82,372

8. Fixed asset investments

	Listed investments
	£
Cost or valuation	
At 1 January 2022	1,391,517
Additions	186,426
Disposals	(346,324)
Revaluations	35,282
At 31 December 2022	1,266,901

9. Debtors

	2022	2021
	£	£
Trade debtors	833,415	525,969
Other debtors	77,120	74,048
Prepayments and accrued income	251,184	316,942
	1,161,719	916,959

10. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	367,330	285,467
	367,330	285,467

11. Creditors: Amounts falling due within one year

	2022	2021
		£
Trade creditors	94,733	26,504
Corporation tax	7,184	38,600
Other taxation & social security	356,746	362,547
Other creditors	37,536	72,724
Accruals and deferred income	1,529,370	1,316,913
	2,025,569	1,817,288

12. Deferred taxation

	2022
	£
At beginning of year	(45,745)
Charged to profit or loss	24,721
At end of year	(21,024)

The provision for deferred taxation is made up as follows:

	2022	2021
Accelerated capital allowances	(21,024)	(45,745)
	(21,024)	(45,745)

13. Provisions

	Dilapidation provision
	£
At 1 January 2022	60,000
Charged to profit or loss	40,000
At 31 December 2022	100,000

14. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

15. Capital and other commitments

The Company had capital commitments of £408,078 as at 31 December 2022 (2021: £nil).

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Land and buildings		
Not later than 1 year	-	277,212
Later than 1 year and not later than 5 years	1,367,979	-
More than 5 years	1,457,195	-
	2,825,174	277,212
Other		
Not later than 1 year	3,271	13,415
	3,271	13,415

Our Governance Committees

Our Board is guided by recommendations from three governing committees, the Advisory Council, and an Employment Policy Committee.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee oversees appointments, performance, and remuneration policy in relation to the Board, non-executives, and staff of the REC; it makes recommendations to the Board on these matters.

Current members:

Andrew Harvey	(Chair, Independent)
Paul Jacobs	(REC Member)
Nik Pratap	(REC Member)
Fiona Rodford	(Independent)
Sarah Thewlis	(Chair of the REC Board)

Audit and Risk Committee

The role of the Audit and Risk Committee is to provide external advice and expertise to inform the REC management of risk and audit, providing advice to the management team.

Current members:

Simon Connington	(REC Member)
Karen Davison-Renouf	(Chair, REC Member)
Christine Kanu	(Independent)
Simon Moore	(Independent)
Heather Salway	(Board Member)

Our Governance Committees *(continued)*

Professional Standards Committee

The REC Board has delegated authority to the Professional Standards Committee (PSC) to consider complaints and evidence of non-compliance with respect of the REC Codes by any REC member.

Current members:

Matthew Creagh	(Independent, TUC Representative)
Aideen Duggan	(REC Member)
David Frankish	(Independent, Employer representative)
Carolyn Grant	(REC Member)
Jayne Hambling	(Chair, REC Member)
Jacqueline Hilton	(REC Member)
Lucie Jones	(REC Member)
Jon Sibson	(Board Member)

Advisory Council

The REC Advisory Council members bring valuable expertise, knowledge, and understanding of matters within their specialisms and regions. Their contributions are input into strategy, policy, and the future direction of the REC.

Employment Policy Committee

The REC's Employment Policy Committee is a forum for REC members to review government policy, its impact on recruitment businesses and inform the campaign priorities of the REC. Stakeholders from government and public policy are regularly invited to join meetings of this committee to present updates and hear feedback from members.



REC

Recruitment
& Employment
Confederation




The Recruitment & Employment Confederation is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower UK recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy.

Find out more about the REC at www.rec.uk.com

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