



REC

Recruitment
& Employment
Confederation

REC Annual Report and Accounts 2021

Our performance over
the last 12 months

Helping you succeed every step of the way



Company information

Directors

Jeanette Barrowcliffe
Neil Carberry
Mark Edwards
Michelle Mellor
Sakhila Mirza
Dr. Gopa Nair
Simone Payne (appointed 23 June 2021)
Jane Rumble
Heather Salway
Jon Sibson
Sarah Thewlis (Chair of the Board)

Company secretary

David Vallance

Registered number

03895053

Registered office

Dorset House,
Stamford Street,
London,
SE1 9NT

The Recruitment and Employment Confederation Limited

(A company limited by guarantee)

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Chair's welcome

While 2021 was another year deeply affected by the global pandemic, the challenges for recruitment businesses and for the REC were quite different to those we faced in 2020.

Instead of the cessation of much of our activity, last year saw a world of opportunity as the economy opened and demand from companies for new or temporary staff reached record highs. Meeting this need, while still navigating the effects of a pandemic, developing labour shortages and strained cashflows tested all our mettle.

As a sector, we met the challenge. One impact of the pandemic is that recruitment firms in the UK are now viewed as a strategic partner for clients more than ever before, because of the work we have done over the past two years. The REC's standout 2021 Recruitment for Recovery campaign made that clear – recruitment is worth just as much to the UK as the legal sector, or accountancy.

The REC has been at the side of recruiters throughout this tumultuous time. Not only keeping firms safe with the best legal advice and speaking up for the sector – but also expanding our support for members.

In 2021, we invested in getting closer to members with a new regional structure, hosting regular regional get-togethers all over the UK, even if the first ones had to be virtual. At the same time, we stretched our international wings through our work with the World Employment Confederation, making sure that our members get the best international advice, as well as local and sectoral work here in the UK.

In this era of candidate shortage, the importance of inclusion is an economic as well as a moral imperative. The REC's work on diversity in the industry took a big step forward last year, with new work on diversity monitoring, plus advice and guidance – but there is more to come, with our new programme lead on equality, diversity, and inclusion now in place. Watch this space!

Sarah
REC Chair

Sarah Thewlis

@ThewlisGraham

Chief Executive's welcome

2021 was a big year of change for the REC. We restructured the business in the early part of the year to focus on better digital delivery, regional engagement, and enhanced member care. That agenda is about three things: speaking up for members, helping you grow, and setting high standards for our industry.

Taking each of these in turn, our campaigns work, led by Recruitment for Recovery, secured record media coverage and a hugely increased reach with governments across the UK. As well as positioning our industry as “part of the solution” on key economic challenges, this also aided us in securing key campaigning goals – like the extension of digital Right to Work checks.

The new business advice hub, along with a burgeoning podcast library and our must-attend annual conference, also contributed to our turnover bouncing back, and a surplus achieved – despite freezing member fees to support recruiters in the recovery. Taken together with new training courses, our market-leading legal support, and relevant offers from key business partners, we are building a service that supports continued growth for members, whatever part of the market they serve.

But it is not about growth at all costs. The REC stands for doing things the right way – because that is the standard our members rightly expect. In 2021 we had a hugely successful round of the Compliance Test that all corporate members must take, demonstrating again the commitment that being a member represents. Going forward, we are extending our work on standards to support good practice. We are not just about setting minimum standards.

Taken together, these three areas have helped to reposition the REC – in the public debate, and in the industry. And we see the fruits of that in the healthy financial statements delivered in this report, with turnover bouncing back, and a healthy surplus. As ever, that surplus will be re-invested for the good of our industry.

Thank you for your support of the REC in 2021. And thank you to the REC team for everything they have done to help our sector through the past two years. The future is bright.

Neil
Chief Executive Officer



Neil Carberry

@RECNeil

The impact of our campaigns work

We speak up for great recruiters. 2021 was a year of recovery for recruiters and we kept our fight going to help them navigate new opportunities that have been created by the restructured labour market.

Recruitment and recovery

We launched our landmark *Recruitment and Recovery Report* which received over 7,000 views, resulting in significant media coverage and meetings with parliamentary stakeholders.

Right to work

As a result of REC campaigning, the Home Office announced a permanent system of digital Right to Work (RTW) checks. We were shortlisted for “Outstanding Advocacy” a global award, by the World Employment Confederation, for this campaign work.

Labour and skills shortages

Using data gathered from a survey of members, we launched a successful campaign on labour and skills shortages, securing 14 meetings with parliamentarians and three ministerial meetings. We had eight written questions tabled in parliament and were invited to give oral evidence to two Select Committees. We've built and strengthened new and existing relationships with key stakeholders and enhanced the industry's reputation within parliament.

Equality, diversity, and inclusion

We appointed two ED&I Ambassadors to help promote our work on ED&I. We published a range of guides and reports including the *UK Recruitment Diversity & Inclusion Index*, a guide on AI and data ethics for recruitment, and a guide on *Good Recruitment for Older Workers*. As a result of our work on this, we were invited to join two government-led taskforces helping to inform policy.

Our influence and reach

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

2021 was the REC's **most successful year ever** for media coverage, driven by our leading insight on labour and skills shortages.

We had nearly **7,800 media hits** in 2021, almost **twice** as many as in 2020.



We had stories on the **front page of two national papers:** the *Metro* and the *Financial Times*.



We were interviewed on **TV and radio 58 times** in 2021, a **29% increase** from 2020.

We have **70,273 LinkedIn followers.** Grown by **10%** over the past year.

We have **27,760 Twitter followers** across our accounts, a **3% increase** compared to the previous year.

Our **Talking Recruitment podcast** was listened to by **more than 15,500 people** in 2021 and our audience continues to grow each month.

Meeting member needs – and bringing them together

We are proud to support such a dynamic and resilient industry. In 2021 we added new members to our network and provided legal advice, strategic guidance and insight into government to support your businesses.

The REC website had
over **1.61m** visits
during 2021 – that is
over **31,000** visits
per week.

We welcomed
465
new corporate
members
in 2021.

REC members logged
into the website
more than 3,000
times every month
to access member-only resources.

Our **Covid-19, Brexit, IR35**
and **'Back to the workplace'**
hubs provided support to
over 64,406 visitors
over the course of 2021.

The REC Awards returned in 2021
after a hiatus during the pandemic.



More than
600 people
attended **REC2021**,

our flagship annual conference,
demonstrating the willingness to
engage in industry leadership as
we came out of the pandemic.



How we supported our members to succeed in 2021



Our **legal resources** on our **website** had **353,338 visits** in 2021, a **53% increase** compared to 2020.



Our **Legal Helpline** received over **9,600 calls** and enquires in 2021.



Our members **downloaded 22,032 pieces of REC content** including legal resources, research papers, white papers, industry reports, careers advice, infographic summaries and much more.



Our **research website** area gained **36,436 views** – more than **double** compared to 2020 – keeping our members up-to-date on the latest job figures and employment trends.



We launched a **new business advice department** and online guides for start-ups, growing businesses and owners wishing to exit the industry.



Our new **business support** webpages received **39,500 visits** in 2021, and we have continued to build on these resources in 2022.



4,231 people attended our events over the course of the year.





Improving professionalism and industry standards



We received **95 complaints** against REC members in 2021, which were resolved by the REC complaints team or passed to the Professional Standards Committee for a hearing.



We ran **61 training courses** helping recruitment business owners to train over **420 of their staff** to succeed.



We conducted the bi-annual Compliance Test of members resulting in **97.5% success rate**, with 51 members being expelled for not passing the test.



Our team successfully **audited 75 companies**, allowing them to demonstrate the **highest levels of compliance** in their work through the REC Audited mark.



403 students gained **professional recruitment qualifications** (Level 2 to 5) through us.

The shape of our industry

Industry contribution to UK economy

during the period January-December 2020:

£35.9 billion

Total industry direct GVA in 2020
↓ **11.5%** on 2019.

Placements

- **450,400 permanent placements** were made by the recruitment industry in 2020.
- On any given day in 2020, there were **980,100 temporary/contract workers** on assignment.

Post-pandemic impact on industry in 2021 (forecasts)

- ↑ **1.2%** in direct GVA
- ↑ **16.3%** growth in permanent placements made year-on-year
- ↑ **6.7%** in the number of temporary/contract workers on assignment each day year-on-year.

£32.7 billion

(**91%**) was achieved through **temporary/contract placement activity**

£3.2 billion

(**9%**) was achieved through **permanent placements**

Enterprises and workforce

- **30,295 enterprises** operating across the UK recruitment industry at the start of 2021.
(↓ 2% on the number at the start of 2020)
- **110,300** is the total number of **staff employed** by the broader recruitment industry (including those furloughed throughout the pandemic).
(↓ 8% on the previous year).

Source: UK recruitment industry status report 2020/21, p.5.

Trading update 2022

2021 saw the UK's GDP grow by 7.4%, largely recovering the ground lost in 2020 at the onset of the Coronavirus pandemic. This was reflected in the recruitment and staffing sector, with a strong 2021 recovery being followed by an exceptional first few months of 2022. Levels of demand have been driven by the bounce back from the pandemic and by labour and skills shortages that have underpinned growing pay rates for temporary workers and those taking on new permanent roles.

Slower progress in late 2022 was always anticipated – but expectations have been downgraded in recent months. Rising business and household costs seem likely to act as a drag on growth through the rest of 2022. These have been exacerbated by the effects of Coronavirus controls on the global supply chain and of the war in Ukraine. Energy prices are a particular challenge and are likely to lead to less robust consumer demand later in the year and a recession cannot be ruled out. Despite this, the tight nature of the UK labour market at this time gives recruiters greater comfort at this stage of the cycle than they would have had in many previous cycles.

The REC returned to profit strongly in 2021, despite a freeze in membership subscription rates designed to support the industry in its recovery. In 2020, the Board was clear that the role of the REC was to be at the side of the industry during the crisis, and so we maintained services throughout the slowdown. Over the course of the pandemic, we also restructured the business to focus more on the future needs of members. This allowed for a stronger digital skills base within the firm, and dedicated resourcing for online learning, regional activities, and work to support the industry on equality, diversity, and inclusion.

During 2021 we also completed the regular Compliance Test cycle. Pleasingly, this was completed in a timely and effective manner, with 51 companies expelled for failing to pass or failing to complete the test. This is in line with long-term trends. Membership remains an option for these firms, but only after a cooling off period and based on demonstrating their compliance on re-application.

The REC office at Dorset House was open throughout the year when Coronavirus regulations permitted. Until September 2021 this was based on voluntary attendance from staff, who could work at home if they wished. From September, apart from the 2021-2022 winter “Plan B” period, the organisation trialled hybrid working, with the expectation that all staff would attend the office for some of the week. The review of this is taking place in the spring of 2022.

Update on the position at May 2022

The Board and Executive of REC again set a break-even budget for 2022 and total sales are expected to be approximately 10% above 2021 levels. Subscriptions were increased by 3.5% after last year's freeze – still lower than the rate of inflation. Progress to date has been good, with corporate membership retention exceeding 92% (compared to 88% in 2021, and a pre-pandemic norm of around 90%) and a better than anticipated performance on Learning and Development products. Costs are within original budget expectations.

REC has been in its current offices at Dorset House since July 2012, and we are now nearing the end of the lease (December 2022). We believe new premises have the potential to support member service, reduce costs and engage staff. It is also likely that our current landlord will not want to extend. While rental rates are far higher now than in 2012, hybrid makes reducing the square footage of our office space attractive and sustainable. This should allow establishment costs to decrease from 2023. The additional gross profit arising from the sales growth is therefore being used to set aside a provision for the upcoming office relocation.

We are also continuing to develop our digital offering, moving from occasional “big-bang” investments to a more consistent and sustained approach. In addition, we are investing in our staff, ensuring our pay rates remain competitive when compared to similar types of organisations in London, as well as bringing in new skills to further improve the services and benefits members get.



D Vallance
Secretary

2022 has seen a record renewal rate for corporate members.

Directors' report and financial statements

for the year ended 31 December 2021

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 member 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.

Having achieved the reserves policy in 2017 under the previous accounting policies (reference notes to the Financial Statements 2.2) the Board has now implemented a new 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 Covid-19 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 profit for the year, after taxation, amounted to **£89,851** (2020 – loss £303,234).

Directors

The directors who served during the year were:

Jeanette Barrowcliffe

Neil Carberry

Mark Edwards

Rebekah Handford (resigned 23 June 2021)

Michelle Mellor

Sakhila Mirza

Dr. Gopa Nair

Simone Payne (appointed 23 June 2021)

Jane Rumble

Heather Salway

Jon Sibson

Sarah Thewlis

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- ▶ so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- ▶ the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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 27 April 2022 and signed on its behalf.



D Vallance
Secretary

Independent auditors' report to the shareholders of 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 2021, 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 2021 and of its profit 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.

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
27 April 2022

Income Statement

for the year ended 31 December 2021

	Notes	2021	2020
		£	£
Income		6,369,864	6,052,218
Direct Costs		(1,107,663)	(1,034,319)
Gross profit		5,262,201	5,017,899
Administrative expenses		(5,319,402)	(5,488,626)
Other operating income	3	87,317	113,973
Fair value movements		73,170	40,048
Operating (loss)/profit		103,286	(316,706)
Interest receivable and similar income		25,809	24,809
(Loss)/profit before tax		129,095	(291,897)
Tax on (loss)/profit	5	(39,244)	(11,337)
(Loss)/profit for the financial year		89,851	(303,234)

There were no recognised gains and losses for 2021 or 2020 other than those included in the income statement.

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

Statement of Financial Position

as at 31 December 2021

	Note	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	6		686,803		1,008,127
Tangible assets	7		82,372		76,252
Investments	8		1,391,517		1,331,418
			2,160,692		2,415,797
Current assets					
Debtors: amounts falling due within one year	9	916,959		1,142,487	
Cash at bank and in hand	10	285,467		189,472	
		1,202,426		1,331,959	
Creditors: amounts falling due within one year	11	(1,817,288)		(2,334,972)	
Net current liabilities			(614,862)		(1,003,013)
Total assets less current liabilities			1,545,830		1,412,784
Provisions for liabilities					
Deferred tax	12	(45,745)		(22,550)	
Other provisions	13	(60,000)		(40,000)	
			(105,745)		(62,550)
Net assets			1,440,085		1,350,234
Capital and reserves					
Profit and loss account			1,440,085		1,350,234
			1,440,085		1,350,234

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 27 April 2022.

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 2021

1. General information

The Recruitment and Employment Confederation is a private company limited by guarantee incorporated in England and Wales. The registered office is Dorset House, Stamford Street, London SE1 9NT.

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. With the impact of Covid-19, Reserves were reduced during 2020, and a conservative

budget was therefore set for 2021 which allowed for some funds to be returned to Reserves. The budgeted profit was exceeded and Reserves therefore remain well above the level required under the Policy. These Reserves continue to be held in liquid assets.

The financial budget for 2022 has again been set at a prudent level, with a modest profit figure predicted for the end of the year. However, the organisation will be relocating to new premises late in 2022, and whilst no significant Profit & Loss impact is anticipated, it is likely that there will be a requirement for a drawdown of some of the cash Reserves to help fund the capital investment.

Budgets for this are still to be proposed and reviewed by the Board, and these will be accompanied by a repayment plan to return the cash to Reserves over a period no later than by the end of 2024.

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 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.

During the year the company received revenue grants in relation to the Coronavirus Job Retention Scheme (CJRS) and they have been recognised as Other Income in the Income Statement.

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

	2021	2020
	£	£
Other operating income	66,527	36,843
Government grants receivable*	20,790	77,130
	87,317	113,973

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 67 (2020 - 70).

5. Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on profits for the year	16,049	5,035
	16,049	5,035
Total current tax	16,049	5,035
Deferred tax		
Origination and reversal of timing differences	23,195	6,302
Total deferred tax	23,195	6,302
Taxation on profit on ordinary activities	39,244	11,337

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%).

The differences are explained below:

	2021	2020
	£	£
Profit/(loss) on ordinary activities before tax	129,095	(291,897)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	24,528	(55,460)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,240	73,668
Adjustments to tax charge in respect of prior periods	-	(510)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(14,038)	(11,008)
Non-taxable income	(2,348)	(2,081)
Changes in provisions leading to an increase (decrease) in the tax charge	10,978	1,912
Chargeable gains	14,884	4,816
Total tax charge for the year	39,244	11,337

6. Intangible fixed assets

	Website development	CRM system	Total
	£	£	£
Cost			
At 1 January 2021	499,268	774,755	1,274,023
At 31 December 2021	499,268	774,755	1,274,023
Amortisation			
At 1 January 2021	110,945	154,951	265,896
Charge for the year on owned assets	166,416	154,908	321,324
At 31 December 2021	277,361	309,859	587,220
Net book value			
At 31 December 2021	221,907	464,896	686,803
At 31 December 2020	388,323	619,804	1,008,127

7. Tangible fixed assets

	Short term leasehold property	Office equipment	Computer equipment	Total
	£	£		£
Cost or valuation				
At 1 January 2021	291,185	229,328	302,864	823,377
Additions	–	–	58,122	58,122
At 31 December 2021	291,185	229,328	360,986	881,499
Depreciation				
At 1 January 2021	268,266	221,434	257,425	747,125
Charge for the year on owned assets	11,352	7,087	33,563	52,002
At 31 December 2021	279,618	228,521	290,988	799,127
Net book value				
At 31 December 2021	11,567	807	69,998	82,372
At 31 December 2020	22,920	7,893	45,439	76,252

8. Fixed asset investments

	Listed investments	
	£	
Cost or valuation		
At 1 January 2021	1,331,418	
Additions	79,340	
Disposals	(102,441)	
Revaluations	83,200	
At 31 December 2021	1,391,517	

9. Debtors

	2021	2020
	£	£
Trade debtors	525,969	639,148
Other debtors	74,048	83,160
Prepayments and accrued income	316,942	420,179
	916,959	1,142,487

10. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	285,467	189,472
	285,467	189,472

11. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	26,504	255,038
Corporation tax	38,600	4,982
Other taxation & social security	362,547	712,144
Other creditors	72,724	110,141
Accruals and deferred income	1,316,913	1,252,667
	1,817,288	2,334,972

12. Deferred taxation

	2021	2020
	£	
At beginning of year	(22,550)	
Charged to profit or loss	(23,195)	
At end of year	(45,745)	

The provision for deferred taxation is made up as follows:

Accelerated capital allowances	(45,745)	(22,550)
	(45,745)	(22,550)

13. Provisions

	Dilapidation provision
	£
At 1 January 2021	40,000
Charged to profit or loss	20,000
At 31 December 2021	60,000

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. Commitments under operating leases

	2021	2020
	£	£
At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:		
Land and buildings		
Not later than 1 year	277,212	282,632
Later than 1 year and not later than 5 years	-	211,974
	277,212	494,606
Other		
Not later than 1 year	13,415	13,415
	13,415	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)
Paul Sharpe	(REC 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)
Carolyn Grant	(REC Member)
David Frankish	(Independent, CBI representative)
Jayne Hambling	(Chair, REC Member)
Jacqueline Hilton	(REC Member)
Lucie Jones	(REC Member)
Jon Sibson	(Board Member)
Gary Taylor	(REC 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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