

Manpower UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2017

Registered number: 03841918



Manpower UK Limited

Annual report and financial statements for the year ended 31 December 2017

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Manpower UK Limited

Annual report and financial statements for the year ended 31 December 2017

Officers and professional advisers

Directors

C Arthur
M A Cahill
M J Donnelly
J Hick
D P Whitham

Company Secretary and Registered Office

L Graham
Capital Court
Windsor Street
Uxbridge
Middlesex
UB8 1AB

Banker

National Westminster Bank Plc
118 High Street
Slough
Berkshire
SL1 1JQ

Lawyer

Osborne Clarke Solicitors
1 London Wall
London
EC2Y 5EB

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Manpower UK Limited

Strategic report

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Review of the business

The Company's principal activity is to provide a full range of human resources services that support clients to complete work efficiently, cost effectively and to high standards of quality. There have not been any significant changes in the Company's principal activity during the year under review and the directors are not aware at the date of this report of any likely major changes in either the nature or level of the Company's activities in the next year.

The Company has always employed the majority of its temporary staff, whilst many of our competitors do not. We believe this sustains our significant competitive advantage with reference to a number of different stakeholders. Employees receive above average benefits and enhanced job security. Our clients benefit from a committed and secure workforce, adding value through higher retention rates.

During 2017 the Company's annual turnover decreased by 6.7% from £608,653,000 to £567,756,000 (2016 – decrease 26.9%). As a result of continuing competitive pressures and a change in the mix of revenue streams there was a decrease in the Company's overall gross margin of 0.33% (2016 – increase 0.25%). The Company's operating profit excluding intra-group royalty charges and intra-group management charges (see note 3) amounted to £7,374,000 (2016 - £12,014,000).

As shown in the profit and loss account on page 10, the Company's profit after taxation was £1,708,000 (2016 - £5,850,000).

During 2017, the Company's cash position reduced from £21,955,000 to £14,566,000 primarily as a result of increased working capital requirements.

The balance sheet on page 12 of the financial statements shows that the Company's financial position at the year end has, in net assets terms, decreased by 0.8% (2016 – increase 4.3%).

Key performance indicators

All data used in key performance indicators is derived from the Company's financial statements.

	2017	2016
Gross margin (1)	3.13%	3.46%
Operating profit margin (2)	0.28%	0.95%

(1) Gross margin = gross profit as a percentage of turnover.

(2) Operating profit margin = operating profit as a percentage of turnover.

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the Company, which could result in it losing sales to its key competitors. The Company manages this risk by providing added value services to its customers, building and maintaining strong customer relationships and operating efficient supply and account handling procedures.

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund obligations arising from liabilities as they fall due. The most important components of financial risk are credit risk, liquidity risk, cash flow risk and price risk.

Strategic report (continued)

Principal risks and uncertainties (continued)

Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the directors consider the only significant risk to be that of credit risk in regard to the Company's trade debtors.

In order to maintain liquidity, to ensure sufficient funds are available for ongoing operations and future developments, the Company uses third party short-term debt finance available to all ManpowerGroup Inc group companies. The interest rate risks are set at market rates by the third party and managed by central treasury functions within ManpowerGroup Inc.

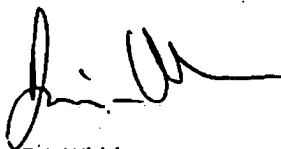
Future developments

There has been margin pressure in the recruitment industry for a number of years, particularly in larger contracts and this is expected to continue for the foreseeable future.

At the time of this report, both employment trends and the use of temporary staff in the UK continue to remain uncertain. However, with a strong pipeline and an efficient operation, the directors believe that the Company is well positioned to take market share from its competitors and return a stable performance in the coming year.

The directors expect the general level of activity to remain consistent with 2017 in the forthcoming year.

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



D P Whitham
Director

28 September 2018

**Capital Court
Windsor Street
Uxbridge
Middlesex
UB8 1AB**

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2017.

Directors and their interests

The directors, who served throughout the year except as noted, were as follows:

C Arthur	
M A Cahill	
M J Donnelly	
J Hick	
D P Whitham	
C Davies	- resigned 30 November 2017
H A Piper	- resigned 30 November 2017

None of the directors had a material interest in any contract entered into by the Company during the year under review or the prior year.

Future developments

Details of future developments can be found in the strategic report on page 3.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Information in respect of financial risk management and liquidity risks is set out in the strategic report on pages 2 and 3 of the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements (see note 1).

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the strategic report on pages 2 and 3, "principal risks and uncertainties".

Employees

Details of the number of employees and related costs can be found in note 7 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Directors' report (continued)

Employee consultation

The directors recognise the importance of communicating effectively with all levels of employees on matters which affect their current occupations and future prospects. Communications with employees is achieved through regular individual meetings at local level and through information briefing sessions and discussions with wider groups of employees.

Special emphasis is placed on training of staff and a full range of internally organised training courses is provided for this purpose.

The Company offers a range of employee benefits to staff who qualify by reason of seniority and length of service including a pension scheme, death-in-service benefits and private medical insurance.

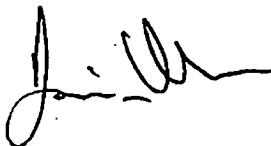
Information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 the Companies Act 2006.

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



D P Whitham
Director

28 September 2018

Capital Court
Windsor Street
Uxbridge
Middlesex
UB8 1AB

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the audited 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Independent auditor's report to the members of Manpower UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Manpower UK Limited (the 'company') which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 17; and
- the appendix

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

Independent auditor's report to the members of Manpower UK Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the strategic report or the directors' report.

**Independent auditor's report to the members of
Manpower UK Limited (continued)**

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



**Timothy Steel ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom**

28/9 2018

Manpower UK Limited

Profit and loss account For the year ended 31 December 2017

	Note	2017 £000	2016 *Restated £000
Turnover		567,756	608,653
Cost of sales		(549,972)	(587,576)
Gross profit		17,784	21,077
Other operating expenses	3	(16,189)	(15,300)
Operating profit		1,595	5,777
Finance income (net)	4	669	963
Profit before taxation	5	2,264	6,740
Tax on profit	9	(556)	(890)
Profit for the financial year attributable to equity shareholder of the Company		1,708	5,850

All activities relate to continuing operations.

* See Appendix

**Statement of comprehensive income
For the year ended 31 December 2017**

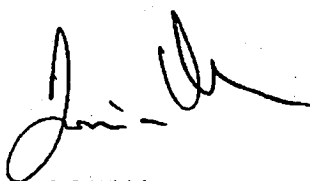
	2017	2016
	£000	£000
Profit for the financial year	<u>1,708</u>	<u>5,850</u>
Re-measurement of net defined benefit asset	(2,764)	(3,358)
Tax relating to components of other comprehensive income	<u>497</u>	<u>445</u>
Other comprehensive expense	<u>(2,267)</u>	<u>(2,913)</u>
Total comprehensive (expense)/income attributable to equity shareholder of the Company	<u>(559)</u>	<u>2,937</u>

Manpower UK Limited

Balance sheet As at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	10	1,399	1,162
Current assets			
Debtors	11		
- due within one year		184,829	181,189
- due after one year		803	1,251
Cash at bank and in hand		14,566	21,955
		200,198	204,395
Creditors: amounts falling due within one year	12	(146,029)	(151,227)
Net current assets		54,169	53,168
Defined benefit pension asset	16	18,674	20,865
Provisions for liabilities	13	(3,361)	(3,755)
Net assets		70,881	71,440
Capital and reserves			
Called up share capital	14	950	950
Share premium account	14	44,556	44,556
Profit and loss account	14	25,375	25,934
Shareholder's funds		70,881	71,440

The financial statements of Manpower UK Limited, a company registered in England and Wales, registered number 03841918, were approved by the Board of Directors and authorised for issue on 28 September 2018. They were signed on its behalf by:



D P Whitham
Director

**Statement of changes in equity
For the year ended 31 December 2017**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 January 2016	<u>950</u>	<u>44,556</u>	<u>22,988</u>	<u>68,494</u>
Profit for the financial year	-	-	5,850	5,850
Other comprehensive expense	-	-	(2,913)	(2,913)
Total comprehensive income	-	-	<u>2,937</u>	<u>2,937</u>
Other distributions	-	-	9	9
At 31 December 2016	<u>950</u>	<u>44,556</u>	<u>25,934</u>	<u>71,440</u>
Profit for the financial year	-	-	1,708	1,708
Other comprehensive expense	-	-	(2,267)	(2,267)
Total comprehensive expense	-	-	<u>(559)</u>	<u>(559)</u>
At 31 December 2017	<u>950</u>	<u>44,556</u>	<u>25,375</u>	<u>70,881</u>

Other distributions comprise amounts paid to ManpowerGroup Inc., calculated by reference to the difference between the fair value of stock options at the date of exercise and the estimated fair value attributed to such options under the Black-Scholes option pricing model.

Notes to the financial statements For the year ended 31 December 2017

1. Accounting policies

The principal accounting policies are summarised below. These have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Manpower UK Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of Manpower UK Limited's operation and its principal activities are set out in the strategic report on pages 2 and 3.

The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Manpower UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Manpower UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Manpower UK Limited is consolidated in the financial statements of its ultimate parent, ManpowerGroup Inc., which may be obtained at 100 Manpower Place, Milwaukee, Wisconsin 53212, USA. Exemptions have been taken in these separate company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra group transactions and remuneration of key management personnel.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 and 3. The financial position of the Company is described in the strategic report.

The Company has considerable financial resources together with long term contracts with a number of customers across different industries. The business model facilitates the flexibility to move quickly and efficiently with changing environmental conditions and as a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Company has significant net current assets and net assets and has access to third party short term debt finance that is available to all ManpowerGroup Inc. group companies.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

**Notes to the financial statements
For the year ended 31 December 2017**

1. Accounting policies (continued)

Financial instruments (continued)

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over their estimated useful lives as follows:

Furniture and equipment	3-8 years
-------------------------	-----------

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset was already of an age and in the condition expected at the end of its useful life.

Taxation

Current tax, comprising UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date.

Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred taxation is measured on a non-discounted basis using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**Notes to the financial statements
For the year ended 31 December 2017**

1. Accounting policies (continued)

Turnover

Turnover is derived entirely in the United Kingdom and is stated net of VAT and trade discounts. Turnover is recognised when the significant risks and rewards are considered to have been transferred to the buyer. When the company does not have exposure to the significant risks and rewards associated with the rendering of services and is in substance acting as an agent, revenue is recorded net based on the amount of commission earned. Turnover arising from temporary placements is recognised over the period that temporary staff is provided. Turnover arising from the placement of permanent candidates is recognised at the time the candidate commences employment.

Leases

Rentals paid under operating leases are charged on a straight line basis over the lease term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term. Further information on charges in the year and future commitments is given in notes 5 and 15 respectively. The terms of all operating leases are continually reviewed and a provision is made for the discounted value of future onerous lease payments where appropriate.

Employee benefits

The Company participates in both a defined benefit scheme and defined contribution scheme with assets held in separate trustee administered funds.

The Company participates in the Manpower Pension Plan (see note 16). This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group. The Company recognises a cost equal to its contribution payable for the period in its profit and loss account.

It is the policy of the Manpower Pension Plan to fund pension liabilities on the advice of external actuaries, by payments to an independent trust. Independent actuarial valuations on a going concern basis are carried out on the Group defined benefit scheme every three years.

Contributions to the defined contribution scheme are charged to the profit and loss account as incurred.

Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals in the balance sheet.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

**Notes to the financial statements
For the year ended 31 December 2017**

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue recognition

A critical judgement relates to the timing revenue. Revenue is recognised for permanent placements on the day a candidate starts work and temporary placement income is recognised over the duration of the placement.

The company records revenue net where in substance it is acting as an agent. The directors have taken consideration of a certain segment of the business being in Managed Service Provider contracts, where the company manage all the temporary labour suppliers for a business for a fixed percentage fee. In this growing segment the directors have determined that the nature of the company's services are in substance that of an agent and as such under the guidance of FRS 102 the revenues for this segment are shown net, with only the fixed percentage fees for providing the service being shown as revenue and gross profit. The impact of this in 2017 was to exclude £266m (2016 - £180m) of gross billings from revenue. Refer also to prior year adjustment described in the appendix.

Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below.

Bad debt provision

At each balance sheet date, management evaluate the collectability of trade receivable and record a provision based on the anticipated recoverable cash flow and the past due date.

3. Other operating expenses

	2017	2016
	£000	£000
Administrative expenses	10,410	9,064
Intra-group royalty charge	5,192	5,536
Intra group management charge	587	700
Other operating expenses	16,189	15,300

Notes to the financial statements
For the year ended 31 December 2017

4. Finance income (net)

	2017	2016
	£000	£000
Interest payable and similar charges	21	31
Investment income	(117)	(107)
Other finance income	(573)	(887)
Finance income (net)	(669)	(963)
Interest payable and similar charges		
Bank loans and overdrafts	21	31
Investment income		
Other interest receivable	(117)	(107)
Other finance income		
Net interest on defined benefit asset	(573)	(887)

5. Profit before taxation

	2017	2016
	£000	£000
Profit before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	285	273
(Loss)/gain on disposal of furniture and equipment	264	(96)
Restructuring costs of branch network consolidation	805	-
Operating lease rentals		
- plant and machinery	426	553
- Other	407	730

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £104,000 (2016 - £91,000).

Fees paid to Deloitte LLP and their associates for the audit of the annual accounts of fellow group companies were borne by the Company and comprised Manpower PLC £47,000 (2016 - £43,000) and Manpower Services Limited £24,000 (2016 - £22,000).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

**Notes to the financial statements
For the year ended 31 December 2017**

7. Staff numbers and costs

	2017	2016
	£000	£000
Staff costs of the Company, including directors, were:		
Salaries	428,659	449,939
Social security costs	32,534	32,096
Other pension costs	1,251	1,279
	<u>462,444</u>	<u>483,314</u>
	2017	2016
	Number	Number
The monthly average number of persons employed by the Company during the year, including directors, was:		
Operational staff	19,035	21,753
Central and administration staff	180	183
	<u>19,215</u>	<u>21,936</u>

8. Directors' remuneration and transactions

	2017	2016
	£000	£000
Directors' remuneration		
Emoluments	1,764	1,869
Company contributions to money purchase pension schemes	117	112
	<u>1,881</u>	<u>1,981</u>
	2017	2016
	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	6	6
Are members of a defined benefit pension scheme	3	3
	<u>3</u>	<u>3</u>
	2017	2016
	£000	£000
Remuneration of the highest paid director:		
Emoluments	492	504
Company contributions to money purchase scheme	-	16
	<u>492</u>	<u>520</u>

At 31 December 2016 and 31 December 2017, the highest paid director of the Company had no accrued pension entitlement under the defined benefit scheme. No long-term service incentives were payable to this director.

**Notes to the financial statements
For the year ended 31 December 2017**

9. Tax on profit

	2017	2016
	£000	£000
The tax charge comprises:		
Current tax on profit		
UK corporation tax	177	969
Adjustments in respect of previous years	(172)	(593)
Total current tax	<u>5</u>	<u>376</u>
Deferred tax		
Origination and reversal of timing differences	208	207
Effect of decrease in tax rate on opening asset	-	30
Decrease in estimate of recoverable deferred tax assets	343	277
Total deferred tax charge	<u>551</u>	<u>514</u>
Total tax on profit	<u><u>556</u></u>	<u><u>890</u></u>

In addition to the amount charged to the income statement, the following amounts relating to deferred tax have been directly recognised in other comprehensive income.

	2017	2016
	£000	£000
Deferred tax credit on retirement benefit obligation	<u>497</u>	<u>445</u>

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

	2017	2016
	£000	£000
Profit before taxation	<u>2,264</u>	<u>6,740</u>
Tax on profit at standard UK tax rate of 19.25% (2016 – 20%)	436	1,348
Effects of:		
Expenses not deductible for tax purposes	402	312
Income not taxable in determining taxable profits	(110)	(177)
Adjustments to tax charge in respect of previous years	(172)	(593)
Total tax on profit	<u><u>556</u></u>	<u><u>890</u></u>

**Notes to the financial statements
For the year ended 31 December 2017**

9. Tax on profit (continued)

The Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of UK corporation tax to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. Deferred taxation is measured at tax rates that are expected to apply in the periods in which temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively been enacted at the balance sheet date. Accordingly 17% has been applied when calculating deferred tax assets and liabilities as at 31 December 2017.

There were no unprovided liabilities, or unrecognised assets for deferred taxation in either year.

There is no expiry date on timing differences, unused tax losses or tax credits.

10. Tangible fixed assets

	Furniture and equipment £000
Cost	
At 1 January 2017	13,484
Additions	786
Disposals	(2,294)
At 31 December 2017	<u>11,976</u>
Depreciation	
At 1 January 2017	12,322
Charge for the year	285
Disposals	(2,030)
At 31 December 2017	<u>10,577</u>
Net book value	
At 31 December 2017	<u>1,399</u>
At 31 December 2016	<u>1,162</u>

Notes to the financial statements
For the year ended 31 December 2017

11. Debtors

	2017	2016
	£000	£000
Amounts falling due within one year:		
Trade debtors	154,589	144,417
Amounts due from parent undertakings	6,656	6,623
Amounts due from other group undertakings	5,178	5,328
Other debtors	151	72
Prepayments and accrued income	18,255	24,749
	<u>184,829</u>	<u>181,189</u>
Amounts falling due after more than one year:		
Deferred tax asset (see note 13)	803	1,251
	<u>185,632</u>	<u>182,440</u>

Amounts due from parent undertakings comprise current accounts that are interest-free and repayable on demand.

Amounts due from other group undertakings comprise current accounts that are interest-free and repayable on demand.

12. Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	2,190	4,950
Amounts due to parent undertakings	636	69
Amounts due to other group undertakings	78,337	72,656
Taxation and social security	17,422	22,019
Other creditors	17,762	20,159
Accruals and deferred income	29,682	31,374
	<u>146,029</u>	<u>151,227</u>

Amounts due to parent undertakings comprise current accounts that are interest-free and repayable on demand.

Amounts owed to other group undertakings comprise current accounts that are interest-free and repayable on demand.

**Notes to the financial statements
For the year ended 31 December 2017**

13. Deferred tax

	Deferred capital allowances £000	Retirement benefits £000	Other timing differences £000	Total £000
At 1 January 2017	579	(3,755)	672	(2,504)
Charged to profit and loss account	(82)	(103)	(366)	(551)
Credited to other comprehensive income	-	497	-	497
At 31 December 2017	<u>497</u>	<u>(3,361)</u>	<u>306</u>	<u>(2,558)</u>

	2017 £000	2016 £000
Deferred tax assets	803	1,251
Deferred tax liabilities	(3,361)	(3,755)
	<u>(2,558)</u>	<u>(2,504)</u>

14. Called up share capital and reserves

	2017 £000	2016 £000
Authorised:		
1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
950,000 Ordinary shares of £1 each	<u>950</u>	<u>950</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The Share premium reserve contains the premiums arising on the issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profit or losses, net of dividends paid and other adjustments.

**Notes to the financial statements
For the year ended 31 December 2017**

15. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017		2016	
	Plant and machinery £000	Other £000	Plant and machinery £000	Other £000
- within one year	110	175	105	543
- between one and five years	298	2,093	659	3,872
- over five years	-	-	-	-
	<u>408</u>	<u>2,268</u>	<u>764</u>	<u>4,415</u>

16. Employee benefits

Defined contribution scheme

The Company made contributions to the defined contribution section of the Plan amounting to £1,251,000 (2016 - £1,279,000) in the year.

Defined benefit scheme

The Company participates in a group defined benefit scheme for qualifying employees. Under the scheme, the employees are entitled to retirement benefits based a percentage of the final salary on attainment of a retirement age of 65. The group headed by the Company's immediate parent company, Manpower PLC ('the Group') operates a pension arrangement with a defined contribution and a defined benefit section known as the Manpower Pension Plan ("the Plan"). The defined benefit section of the Plan has a funding surplus of £18.6 million based on the actuarial valuation provided by the scheme actuaries as at 31 December 2017 for the purposes of FRS102. The current year service costs are funded principally by the Company, although some costs are borne by other companies in the Group. Contributions to the plan for the current period expensed by the Company were £nil (2016 - £nil) which includes the additional payments of £nil (2016 - £nil) to fund any deficit in the Plan. The Company is the primary contributor to the defined benefit section of the Plan and will continue to provide further funding to the Plan in accordance with the contribution rates agreed with the Trustees.

**Notes to the financial statements
For the year ended 31 December 2017**

16. Employee benefits (continued)

The valuation of the Plan has been updated by independent actuaries to 31 December 2017. The major assumptions used to determine this valuation are as follows:

	2017	2016	2015	2014
	% pa	% pa	% pa	% pa
Retail Price inflation (% pa)	3.40%	3.45%	3.35%	3.35%
Consumer Price inflation (% pa)	2.40%	2.45%	2.35%	2.35%
Salary increase rate	2.70%	2.50%	3.35%	4.05%
Discount rate	2.50%	2.75%	3.85%	3.55%

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation		
	At		
	2017	2016	2015
	years	years	years
Retiring today:			
Males	22.1	22.1	22.1
Females	24.8	24.8	24.8
Retiring in 20 years:			
Males	26.1	26.1	26.1
Females	26.9	26.9	26.9

The assets of the Plan and the surplus are as follows:

	2017	2016
	£000	£000
Equity securities	16,097	14,203
Real Return Fund	19,104	18,667
Real estate	6,086	5,640
Debt securities – Corporate	25,968	24,784
Debt securities – Government	40,096	38,924
Insurance Contracts	40,939	40,169
Cash and cash equivalents	2,396	5,066
Total Value of Assets	150,686	147,453
Actuarial (value) of liabilities	(132,012)	(126,588)
Surplus	18,674	20,865

**Notes to the financial statements
For the year ended 31 December 2017**

16. Employee benefits (continued)

Reconciliation of fair value of Plan assets is as follows:

	2017 £000	2016 £000
Opening fair value of Plan assets	147,453	124,698
Interest income	3,991	4,716
Contributions by Plan participants	23	24
Contributions by company	-	-
Actual return on assets	4,865	22,455
Benefits (paid)	(5,646)	(4,440)
Closing fair value of Plan assets	<u>150,686</u>	<u>147,453</u>

Reconciliation of Plan benefit obligation is as follows:

	2017 £000	2016 £000
Opening defined benefit obligation	126,588	101,362
Current service cost	685	625
Administration costs	486	608
Interest cost	3,418	3,829
Contributions by Plan participants	23	24
Actuarial (gains) / losses	6,458	24,580
Benefits (paid)	(5,646)	(4,440)
Closing defined benefit obligation	<u>132,012</u>	<u>126,588</u>

Amounts recognised in the profit and loss account in respect of the defined benefit scheme is as follows:

	2017 £000	2016 £000
Net interest income	(573)	(887)
Recognised in other comprehensive income	<u>2,764</u>	<u>3,558</u>
Total cost relating to defined benefit scheme	<u>2,191</u>	<u>2,671</u>

**Notes to the financial statements
For the year ended 31 December 2017**

17. Ultimate controlling party

The Company's ultimate parent company and controlling party is ManpowerGroup Inc., a company incorporated in the United States of America.

The Company's immediate parent company is Manpower PLC, a company registered in England and Wales.

The only group in which the results of Manpower UK Limited are consolidated is that headed by ManpowerGroup Inc., whose principal place of business is at 100 Manpower Place, Milwaukee, Wisconsin 53212, USA. The annual report of this group is available to the public and may be obtained from the above address.

**Appendix to the financial statements
For the year ended 31 December 2017**

The company records revenue net where in substance it is acting as an agent. During the year, the directors have reassessed a certain segment of the business, being Managed Service Provider contracts, where the company manage all the temporary labour suppliers for its customers for a fixed percentage fee. In this growing segment the directors have determined that the nature of the company's services are in substance that of an agent and as such under the guidance of FRS 102 the revenues for this segment should be shown net, with only the fixed percentage fees for providing the service being shown as revenue. This was incorrectly accounted for in 2016 and as such the 2016 revenue and cost of sales have been restated by reducing each by £180m.

The financial statement line items impacted have been set out below.

Profit and loss account

	2016 Reported £000	Restatement £000	2016 Restated £000
Turnover	788,987	(180,334)	608,653
Cost of sales	(767,910)	180,334	(587,576)
Gross profit	21,077	-	21,077