



# FINANCIAL STATEMENTS

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Financial Statements for the Group including the report from the Independent Auditor.

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Hays plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2018 and of the Group's profit and cash flows for the year then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- The Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Hays plc Company Balance Sheets as at 30 June 2018; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Hays plc Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

### Basis for opinion

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

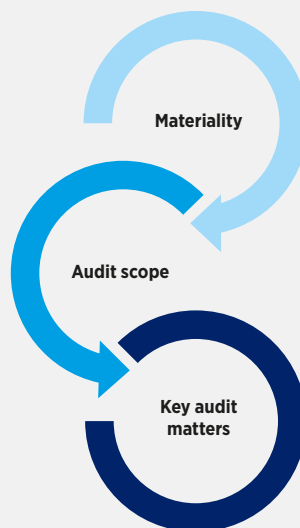
### Independence

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

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

Other than those disclosed in note 6 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 July 2017 to 30 June 2018.

### Our audit approach Overview



- Overall Group materiality: £11.5 million (2017: £10.0 million), based on 5% of profit before tax.
- Overall Company materiality: £9.8 million (2017: £9.3 million), based on 1% of total assets.
- We conducted an audit of the complete financial information of 22 reporting units which together accounted for 87% of Group net fees and 96% of Group profit before tax.
- Three reporting units, Australia, UK and Germany, were considered to be financially significant due to their relative contributions to the Group's net fees and profit before tax.
- In addition to the UK reporting units, eight overseas reporting units were visited by members of the Group audit team during the year.
- Recoverability of trade receivables.
- Fraud in revenue recognition and revenue cut-off.
- Goodwill impairment assessment.

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the Group and Company financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules, Pensions legislation, UK tax legislation and equivalent local laws and regulations applicable to significant components. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, review of correspondence with the regulators, review of correspondence with legal advisors, enquiries of management, review of significant component auditors' work and review of internal audit reports in so far as they related to the financial

statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We found fraud in revenue recognition and revenue cut-off to be a key audit matter, and this is discussed further below. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

#### Key audit matters

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

#### Key audit matter

##### Recoverability of trade receivables

Refer to page 65 (Audit Committee Report) and notes 2, 3 and 17 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates.

At 30 June 2018, the total receivables balances net of provisions included in note 17 was £633.3 million (2017: £586.1 million).

The recoverability of trade receivables and the level of provisions for bad debts are considered to be a key risk due to the significance of these balances to the financial statements, and the judgements required in making appropriate provisions.

#### How our audit addressed the key audit matter

In order to test the recoverability of trade receivables, we performed the following procedures:

- We evaluated the Group's credit control procedures and assessed and validated the ageing profile of trade receivables;
- We assessed recoverability on a sample basis by reference to cash received subsequent to year-end, agreement to the terms of the contract in place, and issue of credit notes post year-end, as necessary;
- We considered the appropriateness of judgments regarding provisions for trade receivables and assessed whether these provisions were calculated in accordance with the Group's provisioning policies and / or whether there was evidence of management bias in provisioning, obtaining supporting evidence as necessary.

We challenged management as to the recoverability of the older, unprovided amounts, corroborating management's explanations with underlying documentation and correspondence with the customer. We also challenged management in certain territories as to whether the methodology applied in determining bad debt provisions appropriately reflected the level of risk in the total receivables balance with consideration given to individual counter-party credit risk and the general economic conditions in each jurisdiction.

Based upon the above, we satisfied ourselves that management had taken reasonable judgements that were materially supported by the available evidence in respect of the relevant receivable balances. We did not encounter any issues through these audit procedures that indicated that provisioning in respect of trade receivables was inappropriate.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC CONTINUED

Key audit matter	How our audit addressed the key audit matter
<p><b>Fraud in revenue recognition and revenue cut-off</b> Refer to page 65 (Audit Committee Report) and notes 2 and 3 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates.</p> <p>There may be an incentive to manipulate income through the fraudulent posting of journals to revenue during the year to meet financial targets. We therefore considered there to be a risk of fraud in revenue recognition at the occurrence assertion level.</p> <p>There is also a degree of judgement relating to year-end cut-off and accruing for income, particularly in respect of the time worked by contractors and temporary workers that has not been processed in the Group's financial systems and a risk of inappropriate early recognition of permanent placements that relate to the incorrect period.</p> <p>There also may be an incentive for consultants to record more placements or not remove un-placed contractors in order to receive commissions or to meet bonus targets.</p> <p>The audit risk includes all of the above aspects. We determined that this specifically impacts the occurrence and cut-off assertions.</p>	<p>We performed the following procedures to address the risk that revenue had been recorded fraudulently:</p> <ul style="list-style-type: none"> <li>– We assessed the design and implementation of key controls around all streams of revenue recognised;</li> <li>– We tested the occurrence of revenue journals posted through the year using a combination of data auditing techniques and corroborating of sales transactions to third party documentation;</li> <li>– We tested the accrued income associated with work performed by contractors and temporary workers before the year end, by comparing the amounts to timesheets submitted after year end;</li> <li>– We considered the appropriateness and accuracy of any cut-off adjustments processed by considering the start date of permanent placements and the term of a temporary placement with reference to the year end date; and</li> <li>– We evaluated whether revenue had been recognised in accordance with IAS 18 'Revenue' and with Hays' accounting policy by reviewing details of the Group revenue recognition policy, the application of this, and any significant new contracts.</li> </ul> <p>There were no material issues identified by our testing of revenue recognition and revenue cut-off in the year.</p>
<p><b>Goodwill impairment assessment</b> Refer to page 65 (Audit Committee Report), note 3 (Critical accounting estimates) and note 13 for the related disclosures on goodwill.</p> <p>The Group carried £223.2 million of goodwill at 30 June 2018 (2017: £223.3 million), including £40.8 million (2017: £41.3 million) for the Hays US cash generating unit ("CGU"), which was the focus of our risk assessment and audit procedures.</p> <p>The carrying value of the Hays US CGU goodwill is contingent on future cash flows and there is a risk that if these cash flows do not meet the directors' expectations, the goodwill will be impaired.</p> <p>The Hays US CGU, has historically had minimal headroom over its goodwill carrying value. Management's investment in headcount, increased profits and strong market conditions, coupled with a reduction in discount rate has resulted in a growth in headroom over the carrying value of the CGU to £43.8 million (2017: £2.4 million).</p> <p>Despite this increase in headroom, there is a risk that a failure to execute against the current strategy, coupled with changes in key assumptions, could have resulted in an impairment to Hays US. No impairment charge was recognised in the year ended 30 June 2018.</p>	<p>Focusing on the Hays US business, we evaluated and challenged the directors' future cash flow forecasts and the process by which they were drawn up, substantiating the significant changes in assumptions from the prior year. We compared management's forecast with the latest Board-approved budget and found them to be reasonable.</p> <p>We challenged:</p> <ul style="list-style-type: none"> <li>– The key assumptions for short and long-term growth rates in the forecasts by comparing them with historical results, as well as economic and industry forecasts for the US recruitment market; and</li> <li>– The discount rate used in the calculations by assessing the cost of capital for the Group and comparable organisations, and assessed the specific risk premium applied to the Hays US CGU.</li> </ul> <p>We performed sensitivity analysis on the key assumptions within the cash flow forecasts. This included sensitising the discount rate applied to the future cash flows, and the short and longer term growth rates and profit margins forecast.</p> <p>We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in a goodwill impairment, and considered the likelihood of such events occurring. We also ensured that sufficient and appropriate disclosure regarding such events was included in the Group's financial statements.</p> <p>Based on the procedures described above, we were satisfied that the carrying value of goodwill in respect of Hays US had been appropriately assessed.</p>

We determined that there were no key audit matters applicable to the Company to communicate in our report.

## How we tailored the audit scope

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

The Group's 33 trading countries are structured across four reported segments, Australia & New Zealand ('ANZ'), Germany, UK & Ireland ('UK&I') and Rest of World ('ROW').

Of the 33 trading countries, the UK, Germany and Australia together represent 67% of the Group's net fees and 72% of the Group's profit before tax from continuing operations. We therefore considered these three countries to be financially significant to the Group.

A further 19 other reporting units, including 18 trading countries, were also subject to full scope audits by PwC teams in each of these countries, representing 20% of Group net fees and 24% of Group profit before tax from continuing operations, on an absolute basis. In addition to this, the Group audit team performed specified audit procedures in two other countries, representing 5% of Group net fees and 1% of Group profit before tax from continuing operations.

Central review procedures were performed by the Group audit team on the remaining 10 countries that were not subject to full scope or specified audit procedures. These countries represented the remaining 8% of net fees and 3% of profit before tax from continuing operations for the Group.

Over the course of the year, the Group audit team visited the operations in the UK, Germany, France, Hong Kong, Australia, the Netherlands, the US and Canada. The Group team held regular meetings with the component audit teams in Australia, Germany and the UK, and also reviewed the audit work papers of each of those teams. This helped to ensure that the Group audit team was sufficiently involved in both the planning and the execution of the audit procedures in these countries.

The Group audit team also joined the audit clearance meetings for each of the other 20 countries that were subject to full scope and specified audit procedures, as well as holding calls with the regional management teams responsible for each of the 10 countries subject to central review procedures.

### Materiality

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

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£11.5 million (2017: £10.0 million).	£9.8 million (2017: £9.3 million).
How we determined it	5% of profit before tax.	1% of total assets.
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	We believe that total assets is the most appropriate measure to assess a holding company, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £0.75 million to £9.0 million (2017: £0.5 million to £7.5 million). Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £575,000 (Group audit) (2017: £500,000) and £500,000 (Company audit) (2017: £500,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

### CONTINUED

conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

#### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

#### Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on page 58) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on page 51) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company. (CA06)

#### The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 39 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 39 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

#### Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 97, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 63 to 67 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

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## Directors' remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

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## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities set out on page 98, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

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

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 9 November 2016 to audit the financial statements for the year ended 30 June 2017 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 30 June 2017 to 30 June 2018.

### Andrew Paynter

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

29 August 2018

## CONSOLIDATED INCOME STATEMENT

### FOR THE YEAR ENDED 30 JUNE 2018

(In £s million)	Note	2018	2017
<b>Turnover</b>			
Continuing operations		<b>5,753.3</b>	5,081.0
<b>Net fees<sup>(1)</sup></b>			
Continuing operations	4	<b>1,072.8</b>	954.6
<b>Operating profit from continuing operations</b>	4	<b>243.4</b>	211.5
Net finance charge	8	<b>(4.9)</b>	(6.9)
<b>Profit before tax</b>		<b>238.5</b>	204.6
Tax	9	<b>(72.7)</b>	(65.5)
<b>Profit from continuing operations after tax</b>		<b>165.8</b>	139.1
<b>Profit attributable to equity holders of the parent company</b>		<b>165.8</b>	139.1
Earnings per share from continuing operations			
– Basic	12	<b>11.44p</b>	9.66p
– Diluted	12	<b>11.30p</b>	9.54p

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2018

(In £s million)	2018	2017
Profit for the year	<b>165.8</b>	139.1
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Actuarial remeasurement of defined benefit pension schemes	<b>62.9</b>	1.7
Tax relating to components of other comprehensive income	<b>(11.9)</b>	1.4
	<b>51.0</b>	3.1
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation adjustments	<b>(5.1)</b>	17.4
Tax relating to components of other comprehensive income	<b>-</b>	(1.8)
Other comprehensive income for the year net of tax	<b>45.9</b>	18.7
Total comprehensive income for the year	<b>211.7</b>	157.8
Attributable to equity shareholders of the parent company	<b>211.7</b>	157.8



## CONSOLIDATED BALANCE SHEET

### AT 30 JUNE

(In £s million)	Note	2018	2017
<b>Non-current assets</b>			
Goodwill	13	223.2	223.3
Other intangible assets	14	23.8	18.6
Property, plant and equipment	15	29.3	24.0
Deferred tax assets	16	23.2	23.3
Retirement benefit surplus	22	75.9	–
		<b>375.4</b>	289.2
<b>Current assets</b>			
Trade and other receivables	17	1,010.4	908.2
Cash and cash equivalents	18	122.9	112.0
		<b>1,133.3</b>	1,020.2
<b>Total assets</b>		<b>1,508.7</b>	1,309.4
<b>Current liabilities</b>			
Trade and other payables	21	(758.0)	(676.5)
Current tax liabilities		(25.4)	(23.5)
Bank loans and overdrafts	20	–	(0.4)
Derivative financial instruments	19	(0.1)	–
Acquisition liabilities	29	–	(13.6)
Provisions	23	(1.2)	(2.6)
		<b>(784.7)</b>	(716.6)
<b>Non-current liabilities</b>			
Deferred tax liabilities	16	(17.3)	–
Retirement benefit obligations	22	–	(0.2)
Provisions	23	(6.2)	(6.2)
		<b>(23.5)</b>	(6.4)
<b>Total liabilities</b>		<b>(808.2)</b>	(723.0)
<b>Net assets</b>		<b>700.5</b>	586.4
<b>Equity</b>			
Called up share capital	24	14.7	14.7
Share premium		369.6	369.6
Capital redemption reserve		2.7	2.7
Retained earnings		213.0	94.1
Cumulative translation reserve		78.7	83.8
Equity reserve		21.8	21.5
<b>Total equity</b>		<b>700.5</b>	586.4

The Consolidated Financial Statements of Hays plc, registered number 2150950, as set out on pages 106 to 143 were approved by the Board of Directors and authorised for issue on 29 August 2018.

Signed on behalf of the Board of Directors

**A R Cox**

**P Venables**

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2018

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Total equity
At 1 July 2017	14.7	369.6	2.7	94.1	83.8	21.5	586.4
Currency translation adjustments	-	-	-	-	(5.1)	-	(5.1)
Remeasurement of defined benefit pension schemes	-	-	-	62.9	-	-	62.9
Tax relating to components of other comprehensive income	-	-	-	(11.9)	-	-	(11.9)
Net income recognised in other comprehensive income	-	-	-	51.0	(5.1)	-	45.9
Profit for the year	-	-	-	165.8	-	-	165.8
Total comprehensive income for the year	-	-	-	216.8	(5.1)	-	211.7
Dividends paid	-	-	-	(109.7)	-	-	(109.7)
Share-based payments	-	-	-	11.9	-	0.3	12.2
Tax on share-based payment transactions	-	-	-	(0.1)	-	-	(0.1)
<b>At 30 June 2018</b>	<b>14.7</b>	<b>369.6</b>	<b>2.7</b>	<b>213.0</b>	<b>78.7</b>	<b>21.8</b>	<b>700.5</b>

### FOR THE YEAR ENDED 30 JUNE 2017

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Total equity
At 1 July 2016	14.7	369.6	2.7	(15.8)	66.4	20.2	457.8
Currency translation adjustments	-	-	-	-	17.4	-	17.4
Remeasurement of defined benefit pension schemes	-	-	-	1.7	-	-	1.7
Tax relating to components of other comprehensive income	-	-	-	(0.4)	-	-	(0.4)
Net income recognised in other comprehensive income	-	-	-	1.3	17.4	-	18.7
Profit for the year	-	-	-	139.1	-	-	139.1
Total comprehensive income for the year	-	-	-	140.4	17.4	-	157.8
Dividends paid	-	-	-	(42.6)	-	-	(42.6)
Share-based payments	-	-	-	11.3	-	1.3	12.6
Tax on share-based payment transactions	-	-	-	0.8	-	-	0.8
At 30 June 2017	14.7	369.6	2.7	94.1	83.8	21.5	586.4

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

## CONSOLIDATED CASH FLOW STATEMENT

### FOR THE YEAR ENDED 30 JUNE 2018

(In £s million)	Note	2018	2017
<b>Operating profit from continuing operations</b>		<b>243.4</b>	211.5
Adjustments for:			
Depreciation of property, plant and equipment		<b>9.2</b>	8.9
Amortisation of intangible assets		<b>6.3</b>	12.8
Profit on disposal of business assets		<b>(0.6)</b>	(0.5)
Net movements in provisions		<b>(1.4)</b>	(0.5)
Share-based payments		<b>12.4</b>	13.0
		<b>25.9</b>	33.7
<b>Operating cash flow before movement in working capital</b>		<b>269.3</b>	245.2
Movement in working capital:			
Increase in receivables		<b>(107.9)</b>	(111.4)
Increase in payables		<b>82.1</b>	83.2
		<b>(25.8)</b>	(28.2)
<b>Cash generated by operations</b>		<b>243.5</b>	217.0
Pension scheme deficit funding		<b>(15.3)</b>	(14.8)
Income taxes paid		<b>(65.7)</b>	(68.2)
<b>Net cash inflow from operating activities</b>		<b>162.5</b>	134.0
<b>Investing activities</b>			
Purchase of property, plant and equipment		<b>(15.1)</b>	(12.9)
Proceeds from sales of business assets		<b>1.5</b>	0.6
Purchase of intangible assets		<b>(11.4)</b>	(9.1)
Cash paid in respect of Veredus acquisition made in previous years		<b>(13.7)</b>	–
Interest received		<b>0.6</b>	0.6
<b>Net cash used in investing activities</b>		<b>(38.1)</b>	(20.8)
<b>Financing activities</b>			
Interest paid		<b>(2.6)</b>	(2.5)
Equity dividends paid		<b>(109.7)</b>	(42.6)
Proceeds from exercise of share options		<b>1.3</b>	1.0
Decrease in bank loans and overdrafts		<b>(0.4)</b>	(25.8)
<b>Net cash used in financing activities</b>		<b>(111.4)</b>	(69.9)
<b>Net increase in cash and cash equivalents</b>		<b>13.0</b>	43.3
<b>Cash and cash equivalents at beginning of year</b>	28	<b>112.0</b>	62.9
Effect of foreign exchange rate movements		<b>(2.1)</b>	5.8
<b>Cash and cash equivalents at end of year</b>	28	<b>122.9</b>	112.0

(In £s million)	Note	2018	2017
<b>Bank loans and overdrafts at beginning of year</b>		<b>(0.4)</b>	(26.1)
Decrease in year		<b>0.4</b>	25.8
Effect of foreign exchange rate movements		<b>–</b>	(0.1)
Bank loans and overdrafts at end of year		<b>–</b>	(0.4)
<b>Net cash at end of year</b>	28	<b>122.9</b>	111.6

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. General information

Hays plc is a Company incorporated in the United Kingdom and registered in England and Wales and its registered office is 250 Euston Road, London NW1 2AF.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretation Committee interpretations (IFRICs) as adopted by the European Union and therefore comply with Article 4 of the European Union International Accounting Standard (IAS) Regulation.

### New standards and interpretations

The Consolidated Financial Statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ended 30 June 2018. These accounting policies are consistent with those applied in the preparation of the financial statements for the year ended 30 June 2017 with the exception of the following new accounting standards, amendments and interpretations which were mandatory for accounting periods beginning on or after 1 January 2017, none of which had any material impact on the Group's results or financial position.

- IAS 7 (amendments) Statement on Cashflows on Disclosure Initiative (effective from 1 January 2017)
- IAS 12 (amendments) Income Taxes (effective from 1 January 2017)
- IFRS 12 (Annual Improvements to IFRSs 2016) Disclosure of Interests in Other Entities (effective 1 January 2017)

There have been no alterations made to the accounting policies as a result of considering all IFRS and IFRIC amendments and interpretations that became effective during the financial year, as these were either not material to the Group's operations, or were not relevant.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are only effective for the Group accounting periods beginning on or after 1 July 2018. These new pronouncements are listed as follows:

- IFRS 2 (amendments) Share-based Payments (effective 1 January 2018)
- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 9 (amendments) Financial Instruments (effective 1 January 2019)
- IFRS 15 Revenue from Contracts and Customers (effective 1 January 2018)

- IFRS 15 (amendments) Revenue from Contracts and Customers (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)
- Annual Improvements to IFRSs 2016 (effective 1 January 2018)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
- IAS 19 (amendments) Employee Benefits (effective 1 January 2019)
- IAS 28 (amendments) Investments in Associates (effective 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)
- Annual Improvements to IFRSs 2017 (effective 1 January 2019)

IFRS 9 introduces a new classification approach for financial assets and liabilities. The categories of financial assets will be reduced from four to three and financial liabilities will be measured at amortised cost or fair value through profit and loss. The standard also prescribes an 'expected credit loss' model for determining the basis of providing for bad debts. A review of the current Group bad debt policy has concluded that had IFRS 9 been applied in the current reporting period, the expected credit loss model would not have had a material impact on the Group's financial statements. The Group will apply the new rules retrospectively from 1 July 2018. Comparative information for the year ended 30 June 2018 will not be restated.

IFRS 15 'Revenue from Contracts with Customers' is effective in the Consolidated Financial Statements for the year ending 30 June 2019. IFRS 15 requires companies to apportion revenue from customer contracts to separate performance obligations and recognise revenue as these performance obligations are satisfied. IFRS 15 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. There will also be additional disclosure requirements.

An assessment of the impact of IFRS 15 has been completed following a comprehensive review of the contracts that exist across the Group's revenue streams. The review has concluded that the significant majority of revenue generated by the Group is from the performance obligation of either (i) the permanent placement of an individual with a client, which is satisfied upon the individual commencing employment with the client, or

(ii) as temporary workers are provided to the client. An immaterial amount of revenue is generated from the provision of services over time, recognised as certain delivery milestones are met, which represents approximately 0.3% of the Group's turnover and net fees.

As a result of the review, revenue recognition under IFRS 15 is expected to be consistent with current practice for the Group's revenue as described in note 2 (d) Turnover and (e) Net Fees to the Consolidated Financial Statements and had IFRS 15 been applied in the current reporting period, it would not have had a material impact on the Group's financial statements. A fully retrospective method will be adopted for transparency and comparison purposes in the FY19 Group financial statements.

IFRS 16 is expected to have a significant impact on the amounts recognised in the Group's Consolidated Financial Statements. On adoption of IFRS 16 the Group will recognise within the balance sheet a right of use asset and lease liability for all applicable leases. Within the income statement, operating lease rentals payable will be replaced by depreciation and interest expense. This will result in an increase in operating profit and an increase in finance costs.

The standard will also impact a number of statutory measures such as operating profit, and cash generated from operations, and alternative performance measures used by the Group. The full impact of IFRS 16 is currently under review, including understanding the practical application of the principles of the standard. It is therefore not practical to provide a reasonable estimate of the financial effect until this review is complete. IFRS 16 will become effective in the Group's financial year 2020. The directors expect to be able to provide an indication of the impact on the Group's financial statements by 30 June 2019.

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

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

## 2. Significant accounting policies

### a. Basis of preparation

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

### b. Going concern

The Group's business activities, together with the factors likely to effect its future development, performance and viability are set out in the Strategic Report on pages 2 to 48. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 34 to 37. In addition, notes 18 to 20 to the Consolidated Financial Statements include details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. Therefore the Group is well placed to manage its business risks.

After making enquiries the directors have formed the judgment that at the time of approving the Consolidated Financial Statements there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

### c. Basis of consolidation

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

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

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

### d. Turnover

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

Turnover arising from the placement of permanent candidates, including turnover arising from Recruitment Process Outsourcing (RPO) services, is recognised at the time the candidate commences full-time employment. Where a permanent candidate starts employment but does not work for the specified contractual period, a provision is made in respect of the required refund or credit note due to the client.

Turnover arising from temporary placements, including turnover arising from Managed Service Programme (MSP) services, is recognised over the period that temporary workers are provided. Where the Group is acting as a principal, turnover represents the amounts billed for the services of the temporary workers, including the remuneration costs of the temporary workers.

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

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

The critical accounting judgment in respect of revenue recognition is described further in note 3 to the Consolidated Financial Statements.

### e. Net fees

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

### f. Foreign currencies

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

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

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

### g. Retirement benefit costs

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

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 2. Significant accounting policies continued

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

##### h. Share-based payments

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

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

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

##### i. Borrowing costs

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

##### j. Taxation

The tax expense comprises both current and deferred tax.

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

Deferred tax is provided in full on all temporary differences, at rates that are enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which to offset the deductible temporary differences. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets

against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Temporary differences arise where there is a difference between the accounting carrying value in the Consolidated Balance Sheet and the amount attributed to that asset or liability for tax purposes. Temporary differences arising from goodwill and, except in a business combination, the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit, are not provided for. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

##### k. Goodwill

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

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

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

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

##### l. Intangible assets

Intangible assets acquired as part of a business combination are stated in the Consolidated Balance Sheet at their fair value as at the date of acquisition less accumulated amortisation and any provision for impairment. The directors review intangible assets for indications of impairment annually.

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

##### m. Property, plant and equipment

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

Freehold land – No depreciation is provided

Freehold buildings – At rates varying between 2% and 10%

Leasehold properties – The cost is written off over the unexpired term of the lease

Plant and machinery – At rates varying between 5% and 33%

Fixtures and fittings – At rates varying between 10% and 25%

##### n. Trade and other receivables

Trade and other receivables are initially measured at fair value and then at amortised cost after appropriate allowances for estimated irrecoverable amounts have been recognised in the Consolidated Income Statement where there is objective evidence that the asset is impaired.

##### o. Cash and cash equivalents

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

##### p. Trade payables

Trade payables are measured initially at fair value and then at amortised cost.

##### q. Bank borrowings

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



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

#### r. Derivative financial instruments

The Group may use certain derivative financial instruments to reduce its exposure to foreign exchange movements. The Group held one foreign exchange contract at the end of the current year (2017: four) to facilitate cash management within the Group. The Group does not hold or use derivative financial instruments for speculative purposes.

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

#### Fair value measurements

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

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

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

#### s. Leases

Leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases by the lessee.

Rentals payable under operating leases are charged to the Consolidated Income Statement on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to enter into an operating lease are recognised on a straight-line basis over the lease term.

#### t. Provisions

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

### 3. Critical accounting judgments and key sources of estimation uncertainty

#### Critical accounting judgments

##### Revenue recognition

The main areas of judgment in revenue recognition relate to (i) cut-off as revenue is recognised for permanent placements on the day a candidate starts work and temporary placement income over the duration of the placement; and (ii) the recognition of temporary contractual arrangements where Hays act on a gross basis (principal basis) rather than a net basis (agent basis).

The factors considered by management on a contract by contract basis when concluding the Company is acting as principal rather than agent are as follows:

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

Turnover and Net fees are described in note 2 (d) and (e) to the Consolidated Financial Statements.

#### Provisions in respect of recoverability of trade receivables

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

#### Estimation uncertainty

##### Goodwill impairment

Goodwill is tested for impairment at least annually. In performing these tests assumptions are made in respect of future growth rates and the discount rate to be applied to the future cash flows of income-generating units. These assumptions are set out in note 13 to the Consolidated Financial Statements.

##### Pension accounting

Under IAS 19 'Employee Benefits', the Group has recognised a pension surplus of £75.9 million (2017: £0.2 million deficit). A number of assumptions have been made in determining the pension position and these are described in note 22 to the Consolidated Financial Statements.

##### Uncertain tax positions

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

Uncertainties in respect of enquiries and additional tax assessments raised by tax authorities are measured using management's best estimate of the likely outcome. The amounts ultimately payable or receivable may differ from the amounts of any provisions recognised in the Consolidated Financial Statements as a result of the estimates and assumptions used. While the majority of the tax payable balance relates to uncertain tax provisions, management does not consider there to exist a significant risk of material adjustment within the next financial year because the tax provisions cover a range of matters across multiple tax jurisdictions with a variety of timescales before such matters are expected to be concluded.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 4. Segmental information

##### IFRS 8 Operating Segments

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

As a result, the Group now segments the business into four regions, Australia & New Zealand, Germany, United Kingdom & Ireland and Rest of World. Therefore the comparative segment reporting has been restated accordingly. In the prior year, the business was reported as three regions (Asia Pacific, Continental Europe & Rest of World and United Kingdom & Ireland). There is no material difference between the segmentation of the Group's turnover by geographic origin and destination.

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

##### Net fees and operating profit from continuing operations

The Group's Management Board, which is regarded as the chief operating decision maker, uses net fees by segment as its measure of revenue in internal reports, rather than use turnover. This is because net fees exclude the remuneration of temporary workers, and payments to other recruitment agencies where the Group acts as principal, which are not considered relevant in allocating resources to segments. The Group's Management Board considers net fees for the purpose of making decisions about allocating resources. The Group does not report items below operating profit by segment in its internal management reporting. The full detail of these items can be seen in the Group Consolidated Income Statement on page 106. The reconciliation of turnover to net fees can be found in note 5.

(In £s million)	2018	2017
<b>Net fees from continuing operations</b>		
Australia & New Zealand	199.4	180.7
Germany	276.0	230.3
United Kingdom & Ireland	258.2	252.9
Rest of World	339.2	290.7
	<b>1,072.8</b>	954.6

(In £s million)	2018	2017
<b>Operating profit from continuing operations</b>		
Australia & New Zealand	69.1	62.8
Germany	86.0	80.5
United Kingdom & Ireland	47.0	41.5
Rest of World	41.3	26.7
	<b>243.4</b>	211.5

##### Net trade receivables

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

(In £s million)	As reported internally	Foreign exchange	2018	As reported internally	Foreign exchange	2017
Australia & New Zealand	109.1	(5.3)	103.8	83.6	4.8	88.4
Germany	174.7	1.5	176.2	161.5	8.2	169.7
United Kingdom & Ireland	188.7	0.1	188.8	167.3	0.6	167.9
Rest of World	165.6	(1.1)	164.5	153.3	6.8	160.1
	638.1	(4.8)	633.3	565.7	20.4	586.1

##### Major customers

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

## 5. Operating profit from continuing operations

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

(In £s million)	2018	2017
Turnover	<b>5,753.3</b>	5,081.0
Remuneration of temporary workers	<b>(4,425.2)</b>	(3,930.6)
Remuneration of other recruitment agencies	<b>(255.3)</b>	(195.8)
Net fees	<b>1,072.8</b>	954.6

Operating profit is stated after charging the following items to net fees of £1,072.8 million (2017: £954.6 million):

(In £s million)	2018	2017
Staff costs (note 7)	<b>635.2</b>	563.0
Depreciation of property, plant and equipment	<b>9.2</b>	8.9
Amortisation of intangible assets	<b>6.3</b>	12.8
Operating lease rentals payable (note 27)	<b>45.3</b>	42.1
Impairment loss on trade receivables	<b>3.6</b>	3.2
Auditors remuneration (note 6)		
– for statutory audit services	<b>1.2</b>	1.1
– for other services	<b>0.5</b>	0.7
Other external charges	<b>128.1</b>	111.3
	<b>829.4</b>	743.1

## 6. Auditor's remuneration

(In £s million)	2018	2017
Fees payable to the Company's Auditor's for the audit of the Company's annual financial statements	<b>0.2</b>	0.2
Fees payable to the Company's Auditor's and their associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	<b>1.0</b>	0.9
Total audit fees	<b>1.2</b>	1.1
Half year review	<b>0.1</b>	0.1
Other services	<b>0.4</b>	0.6
Total non-audit fees	<b>0.5</b>	0.7

Other services fees incurred in the current and prior year relate to project management and communication support for a specific back-office change management programme in Germany. PwC involvement in this project ceased in September 2017.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## CONTINUED

### 7. Staff costs

The aggregate staff remuneration (including executive directors) was as follows:

(In £s million)	2018	2017
Wages and salaries	<b>538.8</b>	474.4
Social security costs	<b>69.0</b>	61.0
Other pension costs	<b>15.0</b>	14.6
Share-based payments	<b>12.4</b>	13.0
	<b>635.2</b>	563.0

Average number of persons employed during the year (including executive directors):

(Number)	2018	2017
Continuing operations		
Australia & New Zealand	<b>1,356</b>	1,185
Germany	<b>2,268</b>	1,820
United Kingdom & Ireland	<b>3,504</b>	3,479
Rest of World	<b>3,599</b>	3,156
	<b>10,727</b>	9,640

Closing number of persons employed at the end of the year (including executive directors):

(Number)	2018	2017
Continuing operations		
Australia & New Zealand	<b>1,385</b>	1,237
Germany	<b>2,339</b>	1,996
United Kingdom & Ireland	<b>3,472</b>	3,458
Rest of World	<b>3,782</b>	3,309
	<b>10,978</b>	10,000

### 8. Net finance charge

(In £s million)	2018	2017
Interest received on bank deposits	<b>0.6</b>	0.6
Interest payable on bank loans and overdrafts	<b>(2.2)</b>	(2.7)
Other interest payable	<b>(0.3)</b>	(0.8)
Interest unwind on acquisition liability	<b>(0.6)</b>	(1.1)
Pension Protection Fund levy	<b>(0.3)</b>	(0.5)
Net interest on pension obligations	<b>(2.1)</b>	(2.4)
Net finance charge	<b>(4.9)</b>	(6.9)

## 9. Tax

The tax (expense)/credit for the year is comprised of the following:

### Current tax

(In £s million)	2018	2017
Current tax expense in respect of the current year	<b>(68.5)</b>	(64.0)
Adjustments recognised in the current year in relation to the current tax of prior years	<b>0.7</b>	1.3
	<b>(67.8)</b>	(62.7)

### Deferred tax

(In £s million)	2018	2017
Deferred tax charge in respect of the current year	<b>(5.2)</b>	(0.7)
Adjustments to deferred tax in relation to prior years	<b>0.3</b>	(2.1)
	<b>(4.9)</b>	(2.8)
Total income tax expense recognised in the current year relating to continuing operations	<b>(72.7)</b>	(65.5)

Current tax expense for the year comprised of the following:

(In £s million)	2018	2017
UK	<b>(8.0)</b>	(6.2)
Overseas	<b>(60.5)</b>	(57.8)
	<b>(68.5)</b>	(64.0)

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

(In £s million)	2018	2017
Profit before tax from continuing operations	<b>238.5</b>	204.6
Income tax expense calculated at 19.00% (2017: 19.75%)	<b>(45.3)</b>	(40.4)
Net effect of items that are non-taxable/(non-deductible) in determining taxable profit	<b>(5.8)</b>	(4.2)
Effect of unused tax losses not recognised as deferred tax assets	<b>(1.6)</b>	(1.0)
Effect of tax losses not recognised as deferred tax utilised in the year	<b>1.4</b>	0.9
Effect of other timing differences not recognised as deferred tax assets	<b>(0.2)</b>	(0.8)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(21.8)</b>	(19.3)
Effect of share-based payment charges and share options	<b>(0.4)</b>	0.1
	<b>(73.7)</b>	(64.7)
Adjustments recognised in the current year in relation to the current tax of prior years	<b>0.7</b>	1.3
Adjustments to deferred tax in relation to prior years	<b>0.3</b>	(2.1)
Income tax expense recognised in the Consolidated Income Statement relating to continuing operations	<b>(72.7)</b>	(65.5)
Effective tax rate for the year on continuing operations	<b>30.5%</b>	32.0%

The tax rate used for the 2018 reconciliations above is the corporate tax rate of 19.00% (2017: 19.75%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## CONTINUED

### 9. Tax continued

#### Income tax recognised directly in equity

(In £s million)	2018	2017
<b>Current tax</b>		
Excess tax deductions relating to share-based payments	-	0.4
<b>Deferred tax</b>		
Excess tax deductions relating to share-based payments	(0.1)	0.4
Total income tax recognised in equity	(0.1)	0.8

#### Income tax recognised in other comprehensive income

(In £s million)	2018	2017
<b>Current tax</b>		
Charge in respect of foreign exchange	-	(1.8)
<b>Deferred tax</b>		
Actuarial (gain)/loss in respect of defined benefit pension scheme	(11.9)	1.4
Total income tax recognised in other comprehensive income	(11.9)	(0.4)

### 10. Discontinued operations

There was no profit or loss from discontinued operations in the current or prior year.

The cash outflows generated from discontinued operations were £0.3 million (2017: £0.3 million) and are recorded within net movements in provisions on the Consolidated Cash Flow Statement.

There were no cash inflows generated from discontinued operations (2017: nil).

### 11. Dividends

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

	2018 pence per share	2018 £s million	2017 pence per share	2017 £s million
Previous year final dividend	2.26	32.7	1.99	28.7
Previous year special dividend	4.25	61.6	-	-
Current year interim dividend	1.06	15.4	0.96	13.9
	7.57	109.7	2.95	42.6

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

	2018 pence per share	2018 £s million	2017 pence per share	2017 £s million
Interim dividend (paid)	1.06	15.4	0.96	13.9
Final dividend (proposed)	2.75	40.1	2.26	32.7
Special dividend (proposed)	5.00	72.9	4.25	61.6
	8.81	128.4	7.47	108.2

The final dividend for 2018 of 2.75 pence per share (£40.1 million) along with a special dividend of 5.00 pence per share (£72.9 million) will be proposed at the Annual General Meeting on 14 November 2018 and has not been included as a liability as at 30 June 2018. If approved, the final and special dividend will be paid on 16 November 2018 to shareholders on the register at the close of business on 5 October 2018.



## 12. Earnings per share

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
<b>For the year ended 30 June 2018</b>			
<b>Continuing operations:</b>			
Basic earnings per share from continuing operations	165.8	1,448.6	11.44
Dilution effect of share options	–	18.3	(0.14)
Diluted earnings per share from continuing operations	165.8	1,466.9	11.30

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
<b>For the year ended 30 June 2017</b>			
<b>Continuing operations:</b>			
Basic earnings per share from continuing operations	139.1	1,440.7	9.66
Dilution effect of share options	–	18.1	(0.12)
Diluted earnings per share from continuing operations	139.1	1,458.8	9.54

The weighted average number of shares in issue for both years exclude shares held in treasury.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

### 13. Goodwill

(In £s million)	2018	2017
<b>Cost</b>		
At 1 July	<b>223.3</b>	220.4
Exchange adjustments	<b>(0.1)</b>	2.9
At 30 June	<b>223.2</b>	223.3

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

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

Assumption	How determined
Operating profit	The operating profit is based on the latest one-year forecasts for the CGUs approved by the Group's Management Board which are compiled using expectations of fee growth, consultant productivity and operating costs. The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management and extrapolates cash flows in perpetuity based on the long-term growth rates and expected cash conversion rates.
Discount rates	<p>The pre-tax rates used to discount the forecast cash flows range between 7.6% and 12.6% (2017: 9.1% and 13.3%) reflecting current market assessments of the time value of money and the country risks specific to the relevant CGUs.</p> <p>The discount rate applied to the cash flows of each of the Group's operations is based on the weighted average cost of capital (WACC), taking into account adjustments to the risk-free rate for 20-year bonds issued by the government in the respective market. Where government bond rates contain a material component of credit risk, high-quality local corporate bond rates may be used.</p> <p>These rates are adjusted for a risk premium to reflect the increased risk of investing in equities and, where appropriate, the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the increased return required over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.</p>
Growth rates	<p>The medium-term growth rates are based on management forecasts. These are consistent with a minimum average estimated growth rate of 5.0% (2017: 5.0%), with the exception of the United Kingdom where an average of 1.0% has been applied for years two to five and the United States where an average of 18.0% has been applied for years two to five following the completion of the initial investment phase in the business. The growth estimates reflect a combination of both past experience and the macroeconomic environment, including GDP expectations driving fee growth.</p> <p>The long-term growth rates are based on management forecasts, which are consistent with external sources of an average estimated growth rate of between 2.0% to 3.0% (2017: 2.0% to 3.5%), reflecting a combination of GDP expectations and long-term wage inflation driving fee growth.</p> <p>GDP growth is a key driver of our business, and is therefore a key consideration in developing long-term forecasts. Wage inflation is also an important driver of net fees as net fees are derived directly from the salary level of candidates placed into employment. Based on past experience a combination of these two factors is considered to be an appropriate basis for assessing long-term growth rates.</p>

Management has determined that there has been no impairment to any of the CGUs and in respect of these a sensitivity analysis has been performed in assessing recoverable amounts of goodwill. This has been based on changes in key assumptions considered to be reasonably possible by management. This included a change in the pre-tax discount rate of up to 1% and changes in the long-term growth rate of between 0% and 2% in absolute terms.

The sensitivity analysis shows that no impairment would arise in isolation under each scenario for any of the CGUs.

Goodwill acquired in a business combination is considered its own CGU or allocated to the groups of CGUs that are expected to benefit from that business combination. Individual CGUs are either country or brand-specific. For the purpose of disclosure, individual CGUs have been aggregated and disclosed in accordance with segmental reporting. The carrying amount of goodwill has been allocated as follows:

(In £s million)	2018	2017
Germany	<b>51.3</b>	50.9
United Kingdom & Ireland	<b>93.1</b>	93.1
Rest of World	<b>78.8</b>	79.3
	<b>223.2</b>	223.3

## 14. Other intangible assets

(In £s million)	2018	2017
<b>Cost</b>		
At 1 July	112.2	101.8
Exchange adjustments	(0.2)	1.3
Additions	11.4	9.1
Disposals	(0.5)	–
<b>At 30 June</b>	<b>122.9</b>	<b>112.2</b>
<b>Amortisation</b>		
At 1 July	93.6	80.2
Exchange adjustments	(0.3)	0.6
Charge for the year	6.3	12.8
Disposals	(0.5)	–
<b>At 30 June</b>	<b>99.1</b>	<b>93.6</b>
<b>Net book value</b>		
<b>At 30 June</b>	<b>23.8</b>	<b>18.6</b>
At 1 July	18.6	21.6

All other intangible assets relate mainly to computer software, and of the additions in the current year, £6.2 million relate to internally generated assets (2017: £4.2 million).

The estimated average useful life of the computer software related intangible assets is seven years (2017: seven years). Software incorporated into major Enterprise Resource Planning (ERP) implementations is amortised on a straight-line basis over a life of up to seven years. Other software is amortised on a straight-line basis between three and five years.

There were no capital commitments at the year end (2017: £nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## CONTINUED

### 15. Property, plant and equipment

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
<b>Cost</b>					
At 1 July 2017	0.1	19.1	38.9	30.8	88.9
Exchange adjustments	–	(0.6)	(0.5)	(0.2)	(1.3)
Capital expenditure	–	4.3	6.1	4.7	15.1
Disposals	(0.1)	(1.7)	(1.0)	(5.3)	(8.1)
<b>At 30 June 2018</b>	<b>–</b>	<b>21.1</b>	<b>43.5</b>	<b>30.0</b>	<b>94.6</b>
<b>Accumulated depreciation</b>					
At 1 July 2017	–	12.9	29.4	22.6	64.9
Exchange adjustments	–	(0.4)	(0.4)	(0.2)	(1.0)
Charge for the year	–	2.2	4.5	2.5	9.2
Disposals	–	(1.7)	(0.9)	(5.2)	(7.8)
<b>At 30 June 2018</b>	<b>–</b>	<b>13.0</b>	<b>32.6</b>	<b>19.7</b>	<b>65.3</b>
<b>Net book value</b>					
<b>At 30 June 2018</b>	<b>–</b>	<b>8.1</b>	<b>10.9</b>	<b>10.3</b>	<b>29.3</b>
At 1 July 2017	0.1	6.2	9.5	8.2	24.0

There were no capital commitments at the year end (2017: £nil).

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
<b>Cost</b>					
At 1 July 2016	0.7	15.7	33.5	29.1	79.0
Exchange adjustments	–	0.5	0.8	0.7	2.0
Capital expenditure	–	3.6	5.9	3.4	12.9
Disposals	(0.6)	(0.7)	(1.3)	(2.4)	(5.0)
At 30 June 2017	0.1	19.1	38.9	30.8	88.9
<b>Accumulated depreciation</b>					
At 1 July 2016	0.5	11.1	26.1	21.5	59.2
Exchange adjustments	–	0.4	0.7	0.5	1.6
Charge for the year	–	2.1	3.9	2.9	8.9
Disposals	(0.5)	(0.7)	(1.3)	(2.3)	(4.8)
At 30 June 2017	–	12.9	29.4	22.6	64.9
<b>Net book value</b>					
At 30 June 2017	0.1	6.2	9.5	8.2	24.0
At 1 July 2016	0.2	4.6	7.4	7.6	19.8

## 16. Deferred tax

Deferred tax assets and liabilities in relation to:

(In £s million)	1 July 2017	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	30 June 2018
Accelerated tax depreciation	12.7	(2.9)	–	–	–	<b>9.8</b>
Acquired tangibles and intangibles	(2.7)	(0.2)	–	–	(0.1)	<b>(3.0)</b>
Retirement benefit obligation	–	(2.4)	(11.9)	–	–	<b>(14.3)</b>
Share-based payments	3.2	–	–	(0.1)	–	<b>3.1</b>
Provisions	3.6	(0.1)	–	–	(0.2)	<b>3.3</b>
Tax losses	0.1	(0.1)	–	–	–	<b>–</b>
Other short-term timing differences	6.4	0.8	–	–	(0.2)	<b>7.0</b>
	23.3	(4.9)	(11.9)	(0.1)	(0.5)	<b>5.9</b>

(In £s million)	1 July 2016	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	30 June 2017
Accelerated tax depreciation	13.8	(1.1)	–	–	–	12.7
Acquired tangibles and intangibles	(2.4)	(0.3)	–	–	–	(2.7)
Retirement benefit obligation	2.7	(4.1)	1.4	–	–	–
Share-based payments	2.2	0.6	–	0.4	–	3.2
Provisions	2.9	0.5	–	–	0.2	3.6
Tax losses	0.3	(0.2)	–	–	–	0.1
Other short-term timing differences	4.4	1.8	–	–	0.2	6.4
	23.9	(2.8)	1.4	0.4	0.4	23.3

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

(In £s million)	2018	2017
Deferred tax assets	<b>23.2</b>	23.3
Deferred tax liabilities	<b>(17.3)</b>	–
Net deferred tax	<b>5.9</b>	23.3

The UK deferred tax asset of £13.9 million (2017: £15.6 million) is recognised on the basis of the UK business performance in the year and the forecast approved by management. Other deferred tax assets of £9.3 million (2017: £7.7 million) arise in the other jurisdictions (primarily Australia) in which the Group operate.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse. The date enacted or substantively enacted for the relevant periods of reversal are: 19% from 1 April 2017 (2017: 19%) and 17% from 1 April 2020 in the UK and 30% in Australia.

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

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

(In £s million)	Gross 2018	Tax 2018	Gross 2017	Tax 2017
Tax losses (revenue in nature)	<b>144.8</b>	<b>36.6</b>	143.5	36.7
Tax losses (capital in nature)	<b>22.1</b>	<b>3.8</b>	22.1	3.8
	<b>166.9</b>	<b>40.4</b>	165.6	40.5

(In £s million)	Gross 2018	Tax 2018	Gross 2017	Tax 2017
Unrecognised deductible temporary differences	<b>7.7</b>	<b>2.1</b>	7.7	2.6

In tax losses (revenue in nature) £1.8 million is due to expire in 2023, £0.9 million in 2027, £5.2 million in 2033 and £9.8 million in 2037. The remaining tax losses have no fixed expiry date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 16. Deferred tax continued

##### Unrecognised taxable temporary differences associated with investments and interests

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

(In £s million)	2018	2017
Foreign subsidiaries	<b>7.2</b>	5.9
Tax thereon	<b>0.4</b>	0.3

#### 17. Trade and other receivables

(In £s million)	2018	2017
Trade receivables	<b>647.1</b>	604.3
Less provision for impairment	<b>(13.8)</b>	(18.2)
Net trade receivables	<b>633.3</b>	586.1
Accrued income	<b>326.3</b>	273.9
Prepayments and other debtors	<b>50.8</b>	48.2
	<b>1,010.4</b>	908.2

The directors consider that the carrying amount of trade receivables approximates to their fair value. The average credit period taken is 39 days (2017: 39 days).

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

The ageing analysis of the trade receivables not impaired is as follows:

(In £s million)	2018	2017
Not yet due	<b>567.7</b>	537.0
Up to one month past due	<b>58.2</b>	42.5
One to three months past due	<b>7.4</b>	6.6
	<b>633.3</b>	586.1

The Group's exposure to foreign currency translation is primarily in respect of the Euro and the Australian Dollar. The sensitivity of a 1 cent change in the year end closing exchange rates in respect of the Euro and Australian Dollar would result in a £2.6 million and £0.5 million movement in trade receivables respectively.

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

(In £s million)	2018	2017
At 1 July	<b>18.2</b>	16.3
Exchange movement	<b>(0.2)</b>	0.5
Charge for the year	<b>3.6</b>	3.2
Uncollectable amounts written off	<b>(7.8)</b>	(1.8)
At 30 June	<b>13.8</b>	18.2

The increase in uncollectable amounts written off during the year are primarily due to the removal of a number of historic debtors from the trade receivables ledger that are insolvent or deemed irrecoverable. These debtors had previously been fully provided for within the provision for impairment.

The ageing of impaired trade receivables relates primarily to trade receivables over three months past due.

##### Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Consolidated Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a likely reduction in the recoverability of the cash flows. The Group reduces risk through its credit control process and by contractual arrangements with other recruitment agencies in situations where the Group invoices on their behalf. The Group's exposure is spread over a large number of customers.

The risk disclosures contained on pages 38 to 42 within the Strategic Report form part of these financial statements.



## 18. Cash and cash equivalents

(In £s million)	2018	2017
Cash at bank and in hand	122.9	112.0

The effective interest rate on short-term deposits was 1.4% (2017: 1.3%). The average maturity of short-term deposits was one day (2017: one day).

### Capital management

The Board's priorities for free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable dividend at a level that is affordable and appropriate. The Board targets a dividend cover range of 2.0x to 3.0x full year earnings and remains committed to paying a sustainable and progressive dividend. Further details including the Group's policy on uses of excess free cash flow and payment of special dividends can be found in the Financial Review on page 37.

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

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

### Risk management

A description of the Group's treasury policy and controls is included in the Financial Review on page 37.

### Cash management and foreign exchange risk

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

The Group's operating profit exposure to foreign currency translation is primarily in respect of the Euro and the Australian Dollar. The sensitivity of a 1 cent change in the average exchange rates for the year in respect of the Euro and Australian Dollar would result in a £1.2 million and £0.4 million change in operating profit respectively.

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

### Interest rate risk

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

### Counterparty credit risk

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

## 19. Derivative financial instruments

As at 30 June 2018, the Group had entered into one forward exchange contract arrangement with a counterparty bank:

(In £s million)	2018	2017
Net derivative liability	0.1	–

As set out in note 18 and in the Treasury management section of the Financial Review on page 37, in certain cases the Group uses derivative financial instruments to manage its foreign exchange exposures as part of its day-to-day cash management.

As at 30 June 2018, the Group had entered into one forward exchange contract arrangement with a counterparty bank (2017: four forward contracts). The fair market value of the contract as at 30 June 2018 gave rise to a loss resulting in the presentation of a net derivative liability of £0.1million (2017: £nil) in the Consolidated Balance Sheet.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 19. Derivative financial instruments continued

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

(In £s million)	2018	2017
<b>Financial assets</b>		
Net trade receivables	633.3	586.1
Accrued income	326.3	273.9
Cash and cash equivalents	122.9	112.0
	1,082.5	972.0
<b>Financial liabilities</b>		
Trade creditors	244.7	213.9
Other creditors	45.0	40.8
Accruals	390.5	352.7
Derivative financial instruments	0.1	-
Bank loans and overdrafts	-	0.4
	680.3	607.8

#### 20. Bank loans and overdrafts

(In £s million)	2018	2017
Overdrafts	-	0.4

#### Risk management

A description of the Group's treasury policy and controls is included in the Financial Review on page 37.

#### Committed facilities

The Group has a £210 million unsecured revolving credit facility which expires in April 2020. The financial covenants require the Group's interest cover ratio to be at least 4:1 and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1. The interest rate of the facility is based on a ratchet mechanism with a margin payable over LIBOR in the range of 0.90% to 1.55%.

At 30 June 2018, £210 million of the committed facility was undrawn.

#### Maturities of bank loans and overdrafts

The maturity of borrowings are as follows:

(In £s million)	2018	2017
Within one year	-	0.4

#### Fair values of financial assets and bank loans and overdrafts

The fair value of financial assets and bank loans and overdrafts is not materially different to their book value due to the short-term maturity of the instruments, which are based on floating rates.

The interest rate profile of bank loans and overdrafts is as follows:

(In £s million)	2018	2017
Floating rate – sterling	-	0.4

The floating rate liabilities comprise bank loans and unsecured overdrafts bearing interest at rates based on local market rates.

#### Interest rates

The weighted average interest rates paid were as follows:

	2018	2017
Bank borrowings	2.0%	2.2%

For each 25 basis point fall or rise in the average LIBOR rate in the year there would be a reduction or increase in profit before tax by approximately £0.1 million.

## 21. Trade and other payables

(In £s million)	2018	2017
<b>Current</b>		
Trade creditors	<b>244.7</b>	213.9
Other tax and social security	<b>77.8</b>	69.1
Other creditors	<b>45.0</b>	40.8
Accruals	<b>390.5</b>	352.7
	<b>758.0</b>	676.5

The directors consider that the carrying amount of trade payables approximates to their fair value. The average credit period taken for trade purchases is 33 days (2017: 32 days).

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

## 22. Retirement benefit surplus/obligations

The Group operates a number of retirement benefit schemes in the UK and in other countries. The Group's principal schemes are within the UK where the Group operates one defined contribution scheme and two defined benefit schemes. The majority of overseas arrangements are either defined contribution or government-sponsored schemes and these arrangements are not material in the context of the Group results. The total cost charged to the Consolidated Income Statement in relation to these overseas arrangements was £10.9 million (2017: £10.6 million).

### UK Defined Contribution Scheme

The Group's principal defined contribution retirement benefit scheme is the Hays Group Personal Pension Plan which is operated for all qualifying employees and is funded via an employee salary sacrifice arrangement, and for qualifying employees additional employer contributions. Employer contributions are in the range of 2% to 12% of pensionable salary depending on the level of employee contribution and seniority.

The total cost charged to the Consolidated Income Statement of £4.1 million (2017: £4.0 million) represents employer's contributions payable to the money purchase arrangements. There were no contributions outstanding at the end of the current year or prior year. The assets of the money purchase arrangements are held separately from those of the Group.

### UK Defined Benefit Schemes

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

The last formal actuarial valuation of the Hays Pension Scheme was performed at 30 June 2015 and quantified the deficit at c.£95 million. A revised deficit funding schedule was agreed with effect from 1 July 2015 which maintained the annual contribution at its previous level, subject to a 3% per annum fixed uplift over a period of just under 10 years. During the year ended 30 June 2018, the Group made a contribution of £14.8 million to the Hays Pension Scheme (2017: £14.4 million) in accordance with the agreed deficit funding schedule. The cash contributions during the year mainly related to deficit funding payments.

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 22. Retirement benefit surplus/obligations continued

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

(In £s million)	2018	2017
Present value of defined benefit obligations	<b>(716.9)</b>	(784.9)
Less fair value of defined benefit scheme assets:		
Equities	<b>85.5</b>	119.3
Bonds and gilts	<b>339.5</b>	320.9
Absolute return funds	<b>37.7</b>	46.7
LDI funds	<b>258.5</b>	237.0
Real estate	<b>50.7</b>	48.6
Cash	<b>20.9</b>	12.2
Total fair value of defined benefit scheme assets	<b>792.8</b>	784.7
Net asset/(liability) arising from defined benefit obligation	<b>75.9</b>	(0.2)

(In £s million)	Quoted	Unquoted	Total
Asset category			
Equities	85.5	–	<b>85.5</b>
Bonds and gilts	154.3	185.2	<b>339.5</b>
Absolute return funds	37.7	–	<b>37.7</b>
LDI funds	857.3	(598.8)	<b>258.5</b>
Real estate	–	50.7	<b>50.7</b>
Cash	21.4	(0.5)	<b>20.9</b>
Total scheme assets	1,156.2	(363.4)	<b>792.8</b>

The trustee board is responsible for determining the Hays pension schemes investment strategy, after taking advice from the Schemes' investment advisor Mercer Limited. The investment objective for the trustee of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the defined benefit scheme as they fall due. The current strategy is to hold investments that share characteristics with the long-term liabilities of the Scheme. The majority of assets are invested in equities, corporate bonds and a Liability Driven Investments (LDI) portfolio. The Scheme assets do not include any directly held shares issued by the Company or property occupied by the Company.

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

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

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

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

(In £s million)	Quoted	Unquoted	Total
LDI funds summary valuation			
Corporate bonds	16.2	–	<b>16.2</b>
Government bonds	380.7	–	<b>380.7</b>
Government index-linked	455.6	–	<b>455.6</b>
Interest rate swaps	–	74.9	<b>74.9</b>
Fixed incomes futures	–	24.2	<b>24.2</b>
Liquidity	4.8	–	<b>4.8</b>
Gross funds	857.3	99.1	<b>956.4</b>
Repurchase agreements	–	(540.2)	<b>(540.2)</b>
Asset swaps	–	(104.2)	<b>(104.2)</b>
RPI swaps	–	(29.3)	<b>(29.3)</b>
Futures	–	(24.2)	<b>(24.2)</b>
Gross liabilities	–	(697.9)	<b>(697.9)</b>
Total LDI funds	857.3	(598.8)	<b>258.5</b>

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

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

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

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

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

The change in the present value of the defined benefit obligation was:

(In £s million)	2018	2017
<b>Change in benefit obligation</b>		
Opening defined benefit obligation at 1 July	<b>(784.9)</b>	(726.3)
Administration costs	<b>(2.3)</b>	(2.2)
Interest on defined benefit scheme liabilities	<b>(20.2)</b>	(19.4)
Net remeasurement losses – change in experience assumptions	<b>(13.3)</b>	(4.1)
Net remeasurement gains – change in demographic assumptions	<b>26.4</b>	–
Net remeasurement gains/(losses) – change in financial assumptions	<b>31.2</b>	(70.1)
Benefits and expenses paid	<b>46.2</b>	37.2
Closing defined benefit obligation at 30 June	<b>(716.9)</b>	(784.9)
<b>Analysis of defined benefit obligation</b>		
Plans that are wholly or partly funded	<b>(705.8)</b>	(772.5)
Plans that are wholly unfunded	<b>(11.1)</b>	(12.4)
Total	<b>(716.9)</b>	(784.9)

The defined benefit schemes' liability comprises 66% (2017: 64%) in respect of deferred scheme participants and 34% (2017: 36%) in respect of retirees.

The weighted average duration of the UK defined benefit scheme liabilities at the end of the reporting year is 22.0 years (2017: 22.0 years).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 22. Retirement benefit surplus/obligations continued

The change in the fair value of defined benefit schemes assets was:

(In £s million)	2018	2017
<b>Change in the fair value of scheme assets</b>		
Fair value of plan assets at 1 July	<b>784.7</b>	712.0
Interest income on defined benefit scheme assets	<b>20.4</b>	19.2
Return on scheme assets	<b>18.6</b>	75.9
Employer contributions (towards funded and unfunded schemes)	<b>15.3</b>	14.8
Benefits and expenses paid	<b>(46.2)</b>	(37.2)
Fair value of plan assets at 30 June	<b>792.8</b>	784.7

During the year the Company made deficit funding contributions of £14.8 million (2017: £14.4 million) into the funded Hays Pension scheme, and made pension payments amounting to £0.5 million (2017: £0.4 million) in respect of the unfunded Hays Supplementary Scheme. The amount of deficit funding contributions expected to be paid into the funded Hays Pension scheme in the year to 30 June 2019 is £15.3 million. Following the closure of the Schemes in 2012 future service contributions are no longer payable.

The net expense recognised in the Consolidated Income Statement comprised:

(In £s million)	2018	2017
Net interest credit/(expense)	<b>0.2</b>	(0.2)
Administration costs	<b>(2.3)</b>	(2.2)
Net expense recognised in the Consolidated Income Statement	<b>(2.1)</b>	(2.4)

The net interest credit/(expense) and administration costs in the current year and prior year were recognised within finance costs.

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

(In £s million)	2018	2017
The return on plan assets (excluding amounts included in net interest expense)	<b>18.6</b>	75.9
Actuarial remeasurement		
Net remeasurement losses – change in experience assumptions	<b>(13.3)</b>	(4.1)
Net remeasurement gains – change in demographic assumptions	<b>26.4</b>	–
Net remeasurement gains/losses – change in financial assumptions	<b>31.2</b>	(70.1)
Remeasurement of the net defined benefit liability	<b>62.9</b>	1.7

A roll forward of the actuarial valuation of the Hays Pension Scheme to 30 June 2018 and the valuation of the Hays Supplementary Pension Scheme has been performed by an independent actuary, who is an employee of Deloitte LLP.

The key assumptions used at 30 June are listed below.

	2018	2017
Discount rate	<b>2.70%</b>	2.65%
RPI inflation	<b>3.05%</b>	3.30%
CPI inflation	<b>2.05%</b>	2.30%
Rate of increase of pensions in payment	<b>3.00%</b>	3.20%
Rate of increase of pensions in deferment	<b>2.05%</b>	2.30%

The discount rate has been constructed to reference the Deloitte AA corporate bond curve (which fits a curve to iBoxx Sterling AA corporate data). The corporate bond yield curve has been used to discount the Scheme cash flows using the rates available at each future duration and this had been converted into a single flat rate assumption to give equivalent liabilities to the Scheme's cash flows. The duration of the Scheme's liabilities using this approach is circa 22 years.

The RPI inflation assumption has been set as gilt market implied RPI appropriate to the duration of the liabilities (circa 22 years) less a 0.2% per annum inflation risk premium. The CPI inflation assumption has been determined as 1% per annum below the RPI assumption. This approach for both RPI and CPI assumptions is consistent with last year.

The life expectancy assumptions have been calculated using Club Vita base tables and future improvements in line with the CMI 2017 model with a long-term improvement rate of 1.5% per annum and 'non-peaked' short-term future improvements. On this basis a 65-year-old current pensioner has a life expectancy of 23.6 years for males (2017: 24.5 years) and 24.1 years for females (2017: 25.0 years).



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

	Change in assumption	Impact on Schemes
Discount rate	0.5%	£75m
Inflation and pension increases (allowing for caps and collars)	0.5%	£50m
Assumed life expectancy at age 65	+1 year	£26m

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

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

## 23. Provisions

(In £s million)	Discontinued	Continuing	Total
At 1 July 2017	6.6	2.2	8.8
Credited to income statement	–	(1.1)	(1.1)
Utilised	(0.3)	–	(0.3)
<b>At 30 June 2018</b>	<b>6.3</b>	<b>1.1</b>	<b>7.4</b>

(In £s million)	2018	2017
Current	1.2	2.6
Non-current	6.2	6.2
	<b>7.4</b>	8.8

Discontinued provisions comprise potential exposures arising as a result of the business disposals that were completed in 2004, together with deferred employee benefits relating to former employees.

Of the total provisions of £7.4 million, £1.1 million relates to deferred employee benefit obligations, and the remaining £6.3 million relate primarily to potential warranty claim liabilities arising from the business disposals which took place in 2004. Of the provisions that remain, £1.2 million is expected to be paid in the next 12 months and it is not possible to estimate the timing of the payments for the other items.

## 24. Called up share capital

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

	Share capital number (thousand)	Share capital £s million
At 1 July 2017 and 30 June 2018	<b>1,464,097</b>	<b>14.7</b>

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

As at 30 June 2018, the Company held 12.8 million (2017: 21.1 million) Hays plc shares in treasury. The shares held in treasury are used to satisfy the exercises in relation to equity-settled share-based payment awards.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## CONTINUED

### 25. Share-based payments

During the year, £12.4 million (2017: £13.0 million) was charged to the Consolidated Income Statement in relation to equity-settled share-based payments.

#### Share options

At 30 June 2018 the following options had been granted and remained outstanding in respect of the Company's Ordinary shares of 1 pence each under the Company's share option schemes:

	Number of shares	Nominal value of shares £	Subscription price pence/share	Date normally exercisable
Hays UK Sharesave Scheme	182,538	1,825	142	2018
	1,720,390	17,204	107	2019
	680,061	6,801	143	2020
	1,162,225	11,622	171	2021
	3,745,214	37,452		
Hays International Sharesave Scheme	71,513	715	142	2018
	726,537	7,265	107	2019
	479,439	4,794	143	2020
	618,378	6,184	171	2021
	1,895,867	18,958		
Total Sharesave options outstanding	5,641,081	56,410		

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

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

	2018 Number of share options (thousand)	2018 Weighted average exercise price (pence)	2017 Number of share options (thousand)	2017 Weighted average exercise price (pence)
Sharesave				
Outstanding at the beginning of the year	5,584	124	6,371	117
Granted during the year	1,819	171	1,409	143
Forfeited/cancelled during the year	(754)	130	(1,155)	120
Exercised during the year	(969)	139	(948)	109
Expired during the year	(39)	131	(93)	104
Outstanding at the end of the year	5,641	136	5,584	124
Exercisable at the end of the year	254	142	320	131

The weighted average share price for all options exercised during the year was 182p (2017: 153p).

The options outstanding as at 30 June 2018 had a weighted average remaining contractual life of 1.8 years.

On 31 March 2018, 1.8 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted on that date is £0.7 million. In the prior year, 1.4 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted in the prior year was £0.4 million.

The inputs into the valuation model (a binomial valuation model) are as follows:

Share price at grant	187 pence
Exercise price	171 pence
Expected volatility	29.6%
Expected life	3.3 years
Risk-free rate	0.94%
Expected dividends	3.06%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years.

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

The PSP is designed to link reward to the key long-term value drivers of the business and to align the interests of the executive directors and approximately 320 of the global senior management population with the long-term interests of shareholders. PSP awards are discretionary and vesting is dependent upon the achievement of performance conditions measured over either a three-year period or a one-year period with a two-year holding period.

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

Further details of the schemes for the executive directors can be found in the Remuneration Report on pages 83 to 86.

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

	2018 Number of share options (thousand)	2018 Weighted average fair value at grant (pence)	2017 Number of share options (thousand)	2017 Weighted average fair value at grant (pence)
Performance Share Plan				
Outstanding at the beginning of the year	21,767	131	22,688	122
Granted during the year	5,895	181	8,559	131
Exercised during the year	(6,026)	118	(7,620)	106
Lapsed during the year	(1,972)	130	(1,860)	135
Outstanding at the end of the year	19,664	152	21,767	131

The weighted average share price on the date of exercise was 187p (2017: 132p).

The options outstanding as at 30 June 2018 had a weighted average remaining contractual life of 1.5 years.

	2018 Number of share options (thousand)	2018 Weighted average fair value at grant (pence)	2017 Number of share options (thousand)	2017 Weighted average fair value at grant (pence)
Deferred Annual Bonus				
Outstanding at the beginning of the year	2,207	143	2,663	130
Granted during the year	651	184	595	138
Exercised during the year	(918)	133	(1,051)	107
Outstanding at the end of the year	1,940	162	2,207	143

The weighted average share price on the date of exercise was 185p (2017: 134p).

The options outstanding as at 30 June 2018 had a weighted average remaining contractual life of 1.2 years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### CONTINUED

#### 26. Related parties

##### Remuneration of key management personnel

The remuneration of the Management Board and non-executive directors, who are key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures' and represents the total compensation costs incurred by the Group in respect of remuneration, not the benefit to the individuals. Further information about the remuneration of executive and non-executive directors is provided in the Directors' Remuneration Report on pages 74 and 82.

(In £s million)	2018	2017
Short-term employee benefits	11.2	9.0
Share-based payments	4.7	6.4
	15.9	15.4

Information relating to pension fund arrangements is disclosed in note 22.

#### 27. Operating lease arrangements

##### The Group as lessee

(In £s million)	2018	2017
Land and buildings	37.0	34.7
Motor vehicles	8.3	7.4
Lease payments under operating leases recognised as an expense for the year	45.3	42.1

At 30 June 2018, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

(In £s million)	2018	2017
Within one year	53.2	46.7
Between two and five years	121.0	102.0
After five years	34.0	20.9
	208.2	169.6

IFRS 16 'Leases' will become effective in the Group's financial year 2020 and will primarily change the lease accounting requirements for lessees as currently disclosed above.

#### 28. Movement in net cash/(debt)

(In £s million)	1 July 2017	Cash flow	Exchange movement	30 June 2018
Cash and cash equivalents	112.0	13.0	(2.1)	122.9
Bank loans and overdrafts	(0.4)	0.4	-	-
Net cash	111.6	13.4	(2.1)	122.9

The table above is presented as additional information to show movement in net cash/(debt), defined as cash and cash equivalents less bank loans and overdrafts.

## 29. Acquisition liabilities

(In £s million)	Total
At 1 July 2017	<b>(13.6)</b>
Exchange adjustments	<b>0.5</b>
Cash paid to acquire remaining shareholding	<b>13.7</b>
Interest unwind on acquisition liability	<b>(0.6)</b>
At 30 June 2018	<b>–</b>

Acquisition liabilities related to the deferred consideration payable following the acquisition of 80% of Veredus Corp., a pure play US IT staffing company in December 2014. The business was acquired for a total cash consideration of £36.1 million.

The deferred consideration was subject to a put/call arrangement which provided Hays with an option to acquire the remaining 20% of the equity from the shareholders. On 17 January 2017 there was an amendment to the arrangement that fixed the purchase price for the remaining 20% of the equity from shareholders at \$18.5 million. On 19 January 2018, Hays exercised the option to acquire the remaining 20% shareholding of Veredus Holdings inc. in the USA and paid \$18.5 million (£13.7 million) to the remaining shareholders. Hays now owns 100% of the business. The unwind of the discount in the year of £0.6 million is recognised as a finance cost in the income statement. A liability of £13.6 million was recognised in the prior year representing management's best estimate of the amount payable, discounted to its present value.

## 30. Subsequent events

The final dividend for 2018 of 2.75 pence per share (£40.1 million) along with a special dividend of 5.00 pence per share (£72.9 million) will be proposed at the Annual General Meeting on 14 November 2018 and has not been included as a liability as at 30 June 2018. If approved, the final and special dividend will be paid on 16 November 2018 to shareholders on the register at the close of business on 5 October 2018.

On 6 August 2018, Hays Pension Trustee Limited, in agreement with Hays plc, entered into a bulk purchase annuity policy (buy-in) contract with Canada Life Limited for a premium of £270.6 million in respect of insuring all future payments to the pensioner population of the Hays defined benefit scheme as at 31 December 2017. The pension buy-in transaction was funded through the existing investment assets held by the Trustee on behalf of the pension scheme.

This material balance sheet de-risking exercise is in line with Hays' long-term strategy to reduce future volatility of the Group's defined benefit schemes, and their financial impact on the Group.

# HAYS PLC COMPANY BALANCE SHEET

## AT 30 JUNE 2018

(In £s million)	Note	2018	2017
<b>Non-current assets</b>			
Property, plant and equipment		0.6	0.3
Investment in subsidiaries	4	743.9	910.4
Trade and other receivables	5	123.9	150.5
Deferred tax assets	6	0.4	0.2
Retirement benefit surplus	9	75.9	-
		<b>944.7</b>	1,061.4
<b>Current assets</b>			
Trade and other receivables	7	21.7	12.7
Cash and bank balances		14.0	1.0
		<b>35.7</b>	13.7
<b>Total assets</b>		<b>980.4</b>	1,075.1
<b>Current liabilities</b>			
Trade and other payables	8	(38.6)	(379.2)
<b>Net current liabilities</b>		<b>(2.9)</b>	(365.5)
<b>Total assets less current liabilities</b>		<b>941.8</b>	695.9
<b>Non-current liabilities</b>			
Deferred tax liabilities	6	(14.5)	-
Retirement benefit obligations	9	-	(0.2)
Provisions	10	(5.8)	(5.0)
		<b>(20.3)</b>	(5.2)
<b>Total liabilities</b>		<b>(58.9)</b>	(384.4)
<b>Net assets</b>		<b>921.5</b>	690.7
<b>Equity</b>			
Called up share capital		14.7	14.7
Share premium		369.6	369.6
Capital redemption reserve		2.7	2.7
Retained earnings		512.8	282.3
Equity reserve		21.7	21.4
<b>Total equity</b>		<b>921.5</b>	690.7

The financial statements of Hays plc, registered number 2150950, set out on pages 136 to 143 were approved by the Board of Directors and authorised for issue on 29 August 2018.

Signed on behalf of the Board of Directors

**A R Cox**

**P Venables**

## HAYS PLC COMPANY STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2018

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Equity reserve	Total equity
At 1 July 2017	14.7	369.6	2.7	282.3	21.4	690.7
Remeasurement of defined benefit pension schemes	-	-	-	62.9	-	62.9
Tax relating to components of other comprehensive income	-	-	-	(11.9)	-	(11.9)
Net income recognised in other comprehensive income	-	-	-	51.0	-	51.0
Profit for the year	-	-	-	277.3	-	277.3
Total comprehensive income for the year	-	-	-	328.3	-	328.3
Dividends paid	-	-	-	(109.7)	-	(109.7)
Share-based payments	-	-	-	11.9	0.3	12.2
<b>At 30 June 2018</b>	<b>14.7</b>	<b>369.6</b>	<b>2.7</b>	<b>512.8</b>	<b>21.7</b>	<b>921.5</b>

### FOR THE YEAR ENDED 30 JUNE 2017

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Equity reserve	Total equity
At 1 July 2016	14.7	369.6	2.7	265.2	20.2	672.4
Remeasurement of defined benefit pension schemes	-	-	-	1.7	-	1.7
Tax relating to components of other comprehensive income	-	-	-	1.4	-	1.4
Net income recognised in other comprehensive income	-	-	-	3.1	-	3.1
Profit for the year	-	-	-	45.3	-	45.3
Total comprehensive income for the year	-	-	-	48.4	-	48.4
Dividends paid	-	-	-	(42.6)	-	(42.6)
Share-based payments	-	-	-	11.3	1.2	12.5
At 30 June 2017	14.7	369.6	2.7	282.3	21.4	690.7



# NOTES TO THE COMPANY FINANCIAL STATEMENTS

## 1. Accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with Financial Reporting standard 101 (FRS101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by Section 408 of the Companies Act 2006, the Company's income statement has not been presented. The Company, as permitted by FRS101, has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, certain disclosures regarding the Company's capital, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, certain related party transactions and the effect of future accounting standards not yet adopted. Where required, equivalent disclosures are provided in the Group Financial Statements of Hays plc.

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

## 2. Employee information

There are no staff employed by the Company (2017: none). Therefore no remuneration has been disclosed. Details of directors' emoluments and interests are included in the Remuneration Report on pages 74 to 86 of the Annual Report.

## 3. Profit for the year

Hays plc has not presented its own income statement and related notes as permitted by Section 408 of the Companies Act 2006. The profit for the financial year in the Hays plc Company Financial Statements is £277.3 million (2017: profit £45.3 million).

## 4. Investment in subsidiaries

(In £s million)	2018	2017
<b>Cost</b>		
At 1 July	910.4	910.4
<b>Provision for impairment</b>		
Charge during the year	(166.5)	–
<b>Total</b>		
At 30 June	743.9	910.4

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

The impairment during the year of £166.5 million relates to Hays Holdings Limited, a subsidiary of the Company.

The principal subsidiary undertakings of the Group are listed in note 11.

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

(In £s million)	2018	2017
Prepayments	0.6	1.0
Amounts owed by subsidiary undertakings	123.3	149.5
	123.9	150.5

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

## 6. Deferred tax

(In £s million)	2018	2017
Deferred tax assets	0.4	0.2
Deferred tax liabilities	(14.5)	–
Net deferred tax	(14.1)	0.2

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

(In £s million)	2018	2017
Corporation tax debtor	18.7	9.9
Prepayments	3.0	2.8
	21.7	12.7

## 8. Trade and other payables

(In £s million)	2018	2017
Accruals	22.0	18.4
Amounts owed to subsidiary undertakings	16.6	360.8
	38.6	379.2

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

## 9. Retirement benefit surplus/obligations

(In £s million)	2018	2017
Net asset/(liability) arising from defined benefit obligation	75.9	0.2

The details of this UK scheme, for which Hays plc is the sponsoring employer, are set out in note 22 to the Group Financial Statements.

## 10. Provisions

(In £s million)	
At 1 July 2017	5.0
Charged to the income statement	1.1
Utilised during the year	(0.3)
<b>At 30 June 2018</b>	<b>5.8</b>

Provisions comprise of potential exposures arising as a result of the business disposals relating to the Group transformation that concluded in 2004. It is not possible to estimate the timing of payments against the remaining provisions.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

## CONTINUED

### 11. Subsidiaries

	Registered Address and Country of Incorporation
Hays Specialist Recruitment (Australia) Pty Limited	Level 13, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia
Hays Österreich GmbH	Europaplatz 3/5, 1150 Wien, Austria
Hays Professional Solutions Österreich GmbH	Europaplatz 3/5, 1150 Wien, Austria
Hays NV	B – 8500 Kortrijk, Brugsesteenweg 255 box 2, Belgium
Hays Services NV	B – 8500 Kortrijk, Brugsesteenweg 255 box 2, Belgium
Hays Recruitment and Selection Ltda	Rua Pequetita, No.215, 13th Floor, Sao Paulo, Brazil
Hays Specialist Recruitment (Canada) Inc.	1500 Don Mills Road, Suite 402, North York, Ontario, M3B 3K4, Canada
Hays Especialistas En Reclutamiento Limitada	Cerro El Plomo 5630, Of. 1701, Las Condes, P.O. 7560742, Santiago, Chile
Hays Specialist Recruitment (Shanghai) Co. Limited* (90% owned)	Unit 0304, 19/F Shui On Plaza, 333 Huaihai Road, Lot No.7 Luwan District, Shanghai 200020, CN, O, China
Hays Colombia SAS	AK 45 No. 108-27 Torre 2 Oficina 1105, Bogotá, Colombia
Hays Czech Republic s.r.o	Olivova 4/2096, 110 00 Praha 1, Czech Republic
Hays Information Technology s.r.o	Olivova 4/2096, 110 00 Praha 1, Czech Republic
Hays Specialist Recruitment (Denmark) A/S	Kongens Nytorv 8, 1050 København K, Denmark
Axis Resources Holding Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Axis Resources Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
EPS Pension Trustees Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
H101 Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Commercial Services Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Finance Technology Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Group Holdings Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Healthcare Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Holdings Ltd †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays International Holdings Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Life Sciences Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Nominees Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Overseas Holdings Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Pension Trustee Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Personnel (Managed Solutions) Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Personnel Payroll Services Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Personnel Services Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Pharma Consulting Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Pharma Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Project Solutions Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Property Holdings Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Recruitment Services Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Social Care Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Specialist Recruitment (Holdings) Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Specialist Recruitment Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays SRA Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Stakeholder Life Assurance Trustee Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays ZMB Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
James Harvard International Group Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Krooter Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Myriad Computer Services Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Oval (1620) Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Owen, Thornhill and Harper Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Paperstream Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Recruitment Solutions Group Limited (IOM)	First Names House, Victoria Road, Douglas, IM2 4DF, Isle of Man
RSG EBT Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Weyside 23 Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom

	Registered Address and Country of Incorporation
Weyside Group Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Weyside Office Services Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Weyside Telecoms Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Weyside Turngate Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays BTP & Immobilier SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Clinical Research SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Corporate SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Est SASU	34 rue Stanislas, 54000 Nancy, France
Hays Executive SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Finance SASU	147 boulevard Haussmann, 75008 Paris, France
Hays France SAS	147 boulevard Haussmann, 75008 Paris, France
Hays Ile de France SASU	147 boulevard Haussmann, 75008 Paris, France
Hays IT Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Life Sciences Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Life Sciences Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Medias SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Méditerranée SASU	369/371 Promenade des Anglais - Immeuble Crystal Palace, 06000 Nice, France
Hays Nord Est SASU	6, rue Jean Roisin, 59000 Lille, France
Hays Ouest SASU	36 boulevard Guist'Hau, 44000 Nantes, France
Hays Outsourced Solutions SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Technology SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Technology Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Technology Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Sud Est SASU	Immeuble Grand Bazar, 2 rue Grolee, 69002 Lyon, France
Hays Sud Ouest SASU	23 rue Lafayette, 31000 Toulouse, France
Hays Talent Solutions SASU	23 rue Lafayette, 31000 Toulouse, France
Hays Travail Temporaire SASU	147 boulevard Haussmann, 75008 Paris, France
Hays AG	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Talent Solutions GmbH	Völklinger Straße 4, 40219 Düsseldorf, Germany
Hays Holding GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Technology Solutions GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Professional Solutions GmbH	Völklinger Straße 4, 40219 Düsseldorf, Germany
Hays Hong Kong Limited	Unit 6604-06, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Hays Specialist Recruitment Hong Kong Limited	Unit 6604-06, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Hays Hungary Kft.	1054 Budapest, Szabadság tér 7, Bank Center, Hungary
Hays Business Solutions Private Limited (Gurgaon)	Buildings 9B, 11th Floor, DLF Cyber City, Gurgaon, Haryana-HR, India, 122002
Hays Specialist Recruitment Private Limited	Level 3, Neo Vikram, New Link Road, Above Audi Showroom, Andheri West, Mumbai, Maharashtra-MH, India, 400053
Hays Business Services Ireland Limited	26/27a Grafton St, Dublin 2, Ireland
Hays Specialist Recruitment (Ireland) Limited	26/27a Grafton St, Dublin 2, Ireland
Hays Professional Services S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays Solutions S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays SRL	Corso Italia 13, CAP 20122, Milano, Italy
Hays Resource Management Japan K.K.	Izumi Garden Tower 28F 1-6-1 Roppongi, Minato-ku, Tokyo 106-6028, Japan

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

## CONTINUED

### 11. Subsidiaries continued

	Registered Address and Country of Incorporation
Hays Specialist Recruitment Japan K.K.	Izumi Garden Tower 28F 1-6-1 Roppongi, Minato-ku, Tokyo 106-6028, Japan
Hays Finance (Jersey) Limited	44 Esplanade St, Helier, Jersey JE4 9WG
Hays S.a.r.l	65 Avenue de la Gare – L 1611, Luxembourg
Hays Travail Temporaire Luxembourg	65 Avenue de la Gare – L 1611, Luxembourg
Agensi Pekerjaan Hays Specialist Recruitment (Malaysia) Sdn. Bhd.* (49% owned)	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Solution Sdn. Bhd.	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Specialist Recruitment Holdings Sdn. Bhd.	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Flex. S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México,CD.MX.
Hays Servicios S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México,CD.MX.
Hays, S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México,CD.MX.
Hays B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Commercial Services B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Holdings B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Services B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Temp B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Specialist Recruitment (NZ) Limited	Level 12, Pwc Tower, 188 Quay Street, Auckland, 1010, New Zealand
Hays Document Management (Private) Limited	6th Floor,AWT Plaza, I.I Chundrigar Road, Karachi, Pakistan
Hays Outsourcing Sp. z.o.o.	Złota 59, 00-120 Warszawa, Poland
Hays Poland Sp. z.o.o.	Złota 59, 00-120 Warszawa, Poland
Hays Poland Centre of Excellence sp. z.o.o.	Złota 59, 00-120 Warszawa, Poland
HaysP Recrutamento Seleccao e Empresa de Trabalho Temporario Unipessoal LDA	Avenida da Republica, no 90 – 1º andar, fração 4, 1600-206 – Lisbon, Portugal
Hays Specialist Recruitment Romania SRL	30 Frumoasa Street, 1st Floor, zone A, module 1.32, 1st District, Bucharest, Romania
Hays Business Solutions Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054.
Hays IT Solutions Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054.
Hays Specialist Recruitment Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054.
Hays Specialist Recruitment P.T.E Limited	80 Raffles Place, #27-20 UOB Plaza 2, Singapore
Hays Business Services S.L.	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Personnel Espana Empresa de Trabajo Temporal SA	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Personnel Services Espana SA	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Specialist Recruitment AB	Stureplan 4 C, 114 35, Stockholm, Sweden
Hays (Schweiz) AG	Nüscherstrasse 32, CH-8001 Zurich, Switzerland
Hays Talent Solutions (Schweiz) GmbH	Nüscherstrasse 32, CH-8001 Zurich, Switzerland
Hays FZ-LLC	Block 19, 1st Floor, Office F-02, Knowledge Village, Dubai 500340, United Arab Emirates
3 Story Software LLC	615 West Johnson Ave #202 Cheshire, CT 06410 USA
Hays Holding Corporation	160 Greentree Dr. Suite 101 Dover DE 19904 USA
Hays Specialist Recruitment LLC	160 Greentree Dr. Suite 101 Dover DE 19904 USA
Hays Talent Solutions LLC	160 Greentree Dr. Suite 101 Dover DE 19904 USA
Hays USA Holdings Inc	1209 Orange Street, Wilmington, DE 19801, USA
Veredus Corporation	4300 W Cypress Street Suite 900 Tampa, FL 33607 USA
Veredus Government Solutions, LLC	101 E. Kennedy Blvd Suite 2700 Tampa, FL 33602 USA
Veredus Holdings. Inc.	1200 South Pine Island Road, Plantation FL 33324 USA
Veredus, LLC	1200 South Pine Island Road, Plantation FL 33324 USA

As at 30 June 2018, Hays plc and/or a subsidiary or subsidiaries in aggregate owned 100% of each class of the issued shares of each of these companies with the exception of companies marked with an asterisk (\*) in which case each class of issued shares held was as stated.

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

## 12. Other related party transactions

Hays plc has taken advantage of the exemption granted under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into and trading balances outstanding that were owed to Hays plc at 30 June 2018 with other related parties was £0.9 million (2017: £1.1 million).