

FINANCIAL STATEMENTS

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 2019 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 2019; 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 Auditor's 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 the Directors' Report, we have provided no non-audit services to the Group or the Company in the period from 1 July 2018 to 30 June 2019.

The scope of our audit

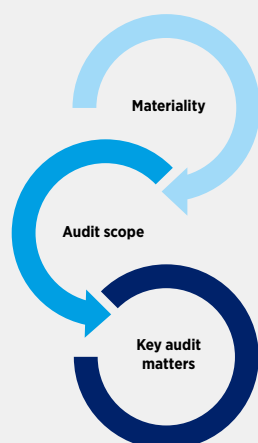
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, the Listing Rules, Pensions legislation, UK tax legislation and equivalent local laws and regulations applicable to significant components, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the preparation of the Financial Statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or manipulate expenditure and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

Our audit approach

Overview



- Overall Group materiality: £12.25 million (2018: £11.5 million), based on 5% of profit before tax, before exceptional items.
- Overall Company materiality: £8.9 million (2018: £9.8 million), based on 1% of total assets.
- 86% of Group net fees and 92% Group profit before tax covered through full scope audit procedures.
- Australia, UK and Germany considered to be financially significant due to their relative contributions to the Group's net fees and profit before tax.
- Five country operations visited by the Group audit team during the year (UK, Germany, France, US and Canada).
- Recoverability of trade receivables (Group).
- Fraud in revenue recognition and revenue cut-off (Group).
- Goodwill impairment assessment (Group).
- Pensions (Group and parent).

- Discussions with management, internal audit, local legal advisors and management's forensic experts, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of the Financial Statement disclosures to underlying supporting documentation;
- Reading key correspondence with regulatory authorities in relation to compliance with regulations;
- Challenging assumptions and judgments made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

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. Also, 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.

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgment, 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	How our audit addressed the key audit matter
<p>Recoverability of trade receivables – Group</p> <p>Refer to page 67 (Audit Committee Report) and Notes 2, 3 and 17 to the Financial Statements for the directors' disclosures of the related accounting policies, judgments and estimates.</p> <p>At 30 June 2019, the total receivables income balances net of provisions included in note 17 was £649.3 million (2018: £633.3 million). The recoverability of trade receivables and the level of provisions for expected credit losses are considered to be a key risk due to the significance of these balances to the Financial Statements and the judgments required in making appropriate provisions.</p>	<p>In order to test the recoverability of trade receivables, we performed the following procedures:</p> <p>We evaluated the Group's credit control procedures and assessed and validated the ageing profile of trade receivables;</p> <p>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;</p> <p>We considered the appropriateness of judgments regarding the level of expected credit loss for trade receivables and assessed whether the associated provisions were calculated in accordance with the Group's expected credit loss policies and / or whether there was evidence of management bias in provisioning, obtaining supporting evidence as necessary;</p> <p>We challenged management as to the recoverability of specific older, unprovided debtors, corroborating management's explanations with underlying documentation and correspondence with the customer.</p> <p>We also challenged management in certain territories as to whether the methodology applied in determining the appropriate expected credit loss 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.</p> <p>Based upon the above, we satisfied ourselves that management had taken reasonable judgments 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.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

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Key audit matter	How our audit addressed the key audit matter
<p>Fraud in revenue recognition and revenue cut-off – Group</p> <p>Refer to page 68 (Audit Committee Report) and Notes 2 and 3 to the Financial Statements for the directors' disclosures of the related accounting policies, judgments 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 judgment 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, together with a risk of inappropriate early recognition of permanent placements that relate to the incorrect period.</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"> – We identified the Group's key revenue streams relating to the fees generated from the placement of permanent candidates and temporary contractors in client businesses, and assessed the design and implementation of key controls relating to these streams; – We tested the occurrence of revenue journals posted through the year using a combination of data auditing techniques and corroborating sales transactions to third party documentation; – We tested the accrued income associated with work performed by contractors before the year end, by comparing the amounts to timesheets submitted after year end; – 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 – We evaluated whether revenue had been recognised in accordance with IFRS 15 'Revenue from Contracts with Customers' and with Hays' accounting policy by reviewing details of the Group revenue recognition policy, the application of this, and any significant new contracts. <p>There were no material issues identified by our testing of revenue recognition and revenue cut-off in the year.</p>
<p>Goodwill impairment assessment – Group</p> <p>Refer to page 68 (Audit Committee Report), Note 3 (Critical accounting estimates) and Note 13 for the related disclosures on goodwill.</p> <p>The Group carried £227.2 million of goodwill at 30 June 2019 (2018: £223.2 million).</p> <p>The carrying value of goodwill is contingent on future cash flows of the underlying cash-generating units ('CGUs') and there is a risk that if these cash flows do not meet the directors' expectations, the goodwill will be impaired.</p> <p>No impairment charge was recognised in the year ended 30 June 2019.</p> <p>We focused our assessment on the Hays US CGU, which has historically had varying levels of headroom over a goodwill carrying value of £42.4 million (2018: £40.8 million). Management's continued investment in headcount has resulted in a decline in headroom over the carrying value of the CGU to £15.4 million (2018: £43.8 million).</p> <p>Despite the headroom noted above the goodwill carrying value, there is a risk that a failure to execute against the current strategy, coupled with changes in key assumptions, could result in an impairment to Hays US.</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"> – 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 – 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. 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>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.</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>

Key audit matter	How our audit addressed the key audit matter
<p>Pensions – Group & Company</p> <p>Refer to page 68 (Audit Committee report), page 115 (Accounting policies), pages 130 to 133 (Note 22) and page 140 (Note 9 of the Company).</p> <p>The Group has a material defined benefit pension scheme in the UK with a net surplus of £19.7 million in both the Consolidated and Company balance sheet. Management estimation is required in relation to the measurement of pension scheme obligations, and management employs independent actuarial experts to assist it in determining appropriate assumptions such as inflation levels, discount rates, salary increases and mortality rates.</p> <p>Movements in these assumptions can have a material impact on the determination of the liability and, therefore, the extent of any surplus or deficit.</p> <p>Additionally, members approved that the plan trustee could enter into a full “buy-in” agreement with an insurance company during the year. The insurer will now meet all benefits due to members of the plan in return for a premium that was largely settled by existing plan assets.</p> <p>The changes in benefits, the new insurance contract asset valuation and the updated financial assumptions, primarily in the discount rate applied, generated significant fluctuations in the fair value of plan assets and net liabilities and led to significant amounts to be recognised in the Consolidated Statement of Comprehensive Income, primarily in other comprehensive income.</p>	<p>We used our own actuarial experts to satisfy ourselves that the assumptions used in calculating the UK pension scheme liabilities are appropriate, including confirming that salary increases and mortality rate assumptions were consistent with relevant benchmarks. We determined that the discount and inflation rates used in the valuation of the pension scheme liabilities were consistent with our internally developed benchmarks and, where available, with those disclosed in the published financial statements of other companies as at 30 June 2019. In each case we considered the assumptions made by management to be reasonable in light of the available evidence.</p> <p>Specific audit procedures were also performed in respect of the pension buy-in transaction, as follows:</p> <p>We reviewed with the support of a financial reporting specialist, experienced in similar buy-in transactions, memoranda prepared by the Group and its actuary relating to the transaction, the proposed accounting treatment and relevant accounting literature;</p> <p>We reviewed all significant and relevant contracts, agreements and minutes and discussed the changes with pension plan trustees to ensure our understanding and accounting memoranda were complete and accurate;</p> <p>We extended the scope of our actuarial audit expert’s review of the actuarial report, to specifically consider the appropriateness of the impacts of the buy-in transaction, changes in benefits and the reasonableness of adjustments made to key assumptions; and</p> <p>We corroborated plan asset valuations used to acquire the insurance product at the date of the buy-in transaction.</p> <p>We deem the accounting and disclosures for UK pension plan changes to be appropriate and the financial impact to be reasonably estimated.</p>

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 66% of the Group’s net fees and 81% of the Group’s profit before tax. We therefore considered these three countries to be financially significant to the Group.

A further 17 other reporting units, including 16 trading countries, were also subject to full scope audits by PwC teams in each of these countries, representing 19% of Group net fees and 10% of Group profit before tax, on an absolute basis. In addition to this, the Group audit team performed specified audit procedures in two other countries, representing 6% of Group net fees.

Central review procedures were performed by the Group audit team on the remaining 12 countries that were not subject to full scope or specified audit procedures. These countries represented the remaining 8% of net fees and 8% of profit before tax for the Group.

Over the course of the year, the Group audit team visited the operations in the UK, Germany, France, the US and Canada. The Group team held regular meetings with the component audit teams in Australia, Germany, France 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 18 countries that were subject to full scope and specified audit procedures, as well as holding calls with the regional management teams responsible for the 10 countries subject to central review procedures.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

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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 judgment, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Company Financial Statements
Overall materiality	£12.25 million (2018: £11.5 million).	£8.9 million (2018: £9.8 million).
How we determined it	5% of profit before tax, before exceptional items.	1% of total assets.
Rationale for benchmark applied	We believe that profit before tax (before exceptional items) 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 £0.85 million to £9.5 million (2018: £0.75 million to £9.0 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 £612,500 (Group audit) (2018: £575,000) and £500,000 (Company audit) (2018: £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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.
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 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 2019 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 pages 59 to 60) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures (on page 98) 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 53) 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 40 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 41 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 100, 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 66 to 69 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.

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)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

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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 100, 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.

Auditors' responsibilities for the audit of the Financial Statements

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

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 three years, covering the years ended 30 June 2017 to 30 June 2019.

Andrew Paynter

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

28 August 2019

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE

(In £s million)	Note	2019 Before exceptional items	2019 Exceptional items (note 5)	2019	2018
Turnover		6,070.5	–	6,070.5	5,753.3
Net fees⁽¹⁾	4	1,129.7	–	1,129.7	1,072.8
Operating profit	4	248.8	(15.1)	233.7	243.4
Net finance charge	9	(2.5)	–	(2.5)	(4.9)
Profit before tax		246.3	(15.1)	231.2	238.5
Tax	10	(72.7)	3.2	(69.5)	(72.7)
Profit after tax		173.6	(11.9)	161.7	165.8
Profit attributable to equity holders of the parent company		173.6	(11.9)	161.7	165.8
Earnings per share (pence)					
– Basic	12	11.92p	(0.82p)	11.10p	11.44p
– Diluted	12	11.77p	(0.80p)	10.97p	11.30p

(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

(In £s million)	2019	2018
Profit for the year	161.7	165.8
Items that will not be reclassified subsequently to profit or loss:		
Actuarial remeasurement of defined benefit pension schemes	(63.1)	62.9
Tax relating to components of other comprehensive income	12.3	(11.9)
	(50.8)	51.0
Items that may be reclassified subsequently to profit or loss:		
Currency translation adjustments	7.6	(5.1)
Tax relating to components of other comprehensive income	(0.7)	–
Other comprehensive income for the year net of tax	(43.9)	45.9
Total comprehensive income for the year	117.8	211.7
Attributable to equity shareholders of the parent company	117.8	211.7

CONSOLIDATED BALANCE SHEET

AT 30 JUNE

(In £s million)	Note	2019	2018
Non-current assets			
Goodwill	13	227.2	223.2
Other intangible assets	14	38.4	23.8
Property, plant and equipment	15	33.0	29.3
Deferred tax assets	16	24.0	23.2
Retirement benefit surplus	22	19.7	75.9
		342.3	375.4
Current assets			
Trade and other receivables	17	1,030.9	1,010.4
Cash and cash equivalents	18	129.7	122.9
		1,160.6	1,133.3
Total assets		1,502.9	1,508.7
Current liabilities			
Trade and other payables	21	(761.7)	(758.0)
Current tax liabilities		(23.0)	(25.4)
Derivative financial instruments	19	(0.1)	(0.1)
Provisions	23	(1.1)	(1.2)
		(785.9)	(784.7)
Non-current liabilities			
Deferred tax liabilities	16	(8.4)	(17.3)
Provisions	23	(7.1)	(6.2)
		(15.5)	(23.5)
Total liabilities		(801.4)	(808.2)
Net assets		701.5	700.5
Equity			
Called up share capital	24	14.7	14.7
Share premium		369.6	369.6
Capital redemption reserve		2.7	2.7
Retained earnings		206.7	213.0
Cumulative translation reserve		86.3	78.7
Equity reserve		21.5	21.8
Total equity		701.5	700.5

The Consolidated Financial Statements of Hays plc, registered number 2150950, as set out on pages 109 to 144 were approved by the Board of Directors and authorised for issue on 28 August 2019.

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 2019

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Total equity
At 1 July 2018	14.7	369.6	2.7	213.0	78.7	21.8	700.5
Currency translation adjustments	-	-	-	-	7.6	-	7.6
Remeasurement of defined benefit pension schemes	-	-	-	(63.1)	-	-	(63.1)
Tax relating to components of other comprehensive income	-	-	-	11.6	-	-	11.6
Net expense recognised in other comprehensive income	-	-	-	(51.5)	7.6	-	(43.9)
Profit for the year	-	-	-	161.7	-	-	161.7
Total comprehensive income for the year	-	-	-	110.2	7.6	-	117.8
Dividends paid	-	-	-	(129.1)	-	-	(129.1)
Share-based payments	-	-	-	12.0	-	(0.3)	11.7
Tax on share-based payment transactions	-	-	-	0.6	-	-	0.6
At 30 June 2019	14.7	369.6	2.7	206.7	86.3	21.5	701.5

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)
At 30 June 2018	14.7	369.6	2.7	213.0	78.7	21.8	700.5

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE

(In £s million)	Note	2019	2018
Operating profit		233.7	243.4
Adjustments for:			
Exceptional items ⁽¹⁾	5	12.2	–
Depreciation of property, plant and equipment		10.0	9.2
Amortisation of intangible assets		5.2	6.3
Loss/(profit) on disposal of business assets		0.2	(0.6)
Net movements in provisions		0.8	(1.4)
Share-based payments		11.2	12.4
		39.6	25.9
Operating cash flow before movement in working capital		273.3	269.3
Movement in working capital:			
Increase in receivables		(9.1)	(107.9)
(Decrease)/increase in payables		(4.1)	82.1
Movement in working capital		(13.2)	(25.8)
Cash generated by operations		260.1	243.5
Pension scheme deficit funding		(15.7)	(15.3)
Income taxes paid		(75.5)	(65.7)
Net cash inflow from operating activities		168.9	162.5
Investing activities			
Purchase of property, plant and equipment		(13.5)	(15.1)
Proceeds from sales of business assets		–	1.5
Purchase of own shares		(0.1)	–
Purchase of intangible assets		(19.5)	(11.4)
Cash paid in respect of Veredus acquisition made in previous years		–	(13.7)
Interest received		0.7	0.6
Net cash used in investing activities		(32.4)	(38.1)
Financing activities			
Interest paid		(3.4)	(2.6)
Equity dividends paid		(129.1)	(109.7)
Proceeds from exercise of share options		1.9	1.3
Decrease in bank loans and overdrafts		–	(0.4)
Net cash used in financing activities		(130.6)	(111.4)
Net increase in cash and cash equivalents		5.9	13.0
Cash and cash equivalents at beginning of year		122.9	112.0
Effect of foreign exchange rate movements		0.9	(2.1)
Cash and cash equivalents at end of year		129.7	122.9

(1) The adjustment to the Cash Flow Statement in the year to 30 June 2019 of £12.2 million relates to the non-cash GMP Equalisation charge of £8.3 million and restructuring costs of £3.9 million expected to be paid out during the year to 30 June 2020.

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 4th Floor, 20 Triton Street, London NW1 3BF.

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. The Consolidated Financial Statements are presented in Sterling, the functional currency of Hays plc.

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 2019. These accounting policies are consistent with those applied in the preparation of the financial statements for the year ended 30 June 2018 with the exception of the following new accounting standards, amendments and interpretations which were mandatory for accounting periods beginning on or after 1 January 2018, none of which had any material impact on the Group's results or financial position.

- IFRS 2 (amendments) Share-based Payments (effective 1 January 2018)
- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 15 Revenue from Contracts and Customers (effective 1 January 2018)
- IFRS 15 (amendments) Revenue from Contracts and Customers (effective 1 January 2018)
- Annual Improvements to IFRSs 2016 (effective 1 January 2018)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)

The Group's accounting policies align to the requirements of IFRS 9 and IFRS 15. There have been no major 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 2019. These new pronouncements are listed as follows:

- IFRS 9 (amendments) Financial Instruments (effective 1 January 2019)
- IAS 19 (amendments) Employee Benefits (effective 1 January 2019)
- IAS 28 (amendments) Investments in Associates (effective 1 January 2019)
- IFRS 16 Leases (effective 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)
- Annual Improvements to IFRSs 2017 (effective 1 January 2019)
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material (effective 1 January 2020)
- IFRS 3 (amendments) Business Combinations – Definition of a business (effective 1 January 2020)

IFRS 9 has introduced a new classification approach for financial assets and liabilities. The categories of financial assets have been reduced from four to three and financial liabilities are 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 previous reporting period, the expected credit loss model would not have had a material impact on the Group's Financial Statements. The Group has applied the new rules retrospectively from 1 July 2018. Comparative information for the year ended 30 June 2018 has not been restated given the negligible impact.

IFRS 15 'Revenue from Contracts with Customers' 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.

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 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.

Revenue recognition under IFRS 15 is consistent with prior practice for the Group's revenue as described in note 2 (d) Turnover and (e) Net Fees to the Consolidated Financial Statements. A fully retrospective method has been adopted for transparency and comparison purposes in the Group Financial Statements and no restatement was required. If IFRS 15 had been applied in the prior reporting period, it would not have had a material impact on the Group's Consolidated Financial Statements.

IFRS 16 is expected to have a significant impact on the amounts recognised in the Group's Consolidated Financial Statements and will become effective from 1 July 2019. 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 charged will be replaced by depreciation and interest expense. This will result in an increase in operating profit and an increase in finance costs.

The Group has elected to apply the modified retrospective approach whereby the right of use asset at the date of initial application (1 July 2019) is measured at an amount equal to the lease liability with no restatement to prior years. The right of use asset is adjusted for any prepaid lease payments and incentives relating to the relevant leases that were recognised on the balance sheet at 30 June 2019. The opening balance on transition being the present value of the remaining future minimum lease payments at the date of initial application, including any early termination or extension options only if they are deemed reasonably certain to be adopted. The Group has applied the practical expedient within the standard whereby IFRS 16 has been applied to contracts that were previously identified as leases when applying IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

1. General information continued

Management has completed the data collection exercise to determine the estimated quantitative impact of IFRS 16 on the Group's net assets and income statement as a result of IFRS 16 coming into effect from 1 July 2019. The Group's assets are expected to increase by approximately £240 million and liabilities are expected to increase by approximately £245 million. Operating lease rental charges for those leases accounted for under IFRS 16 are replaced by depreciation and finance costs. The impact on the Group's FY20 Income Statement is not material. IFRS 16 will primarily affect the accounting for the Group's operating leases, to which the Group had commitments of £216.0 million at 30 June 2019 as reported in note 27. The difference between the operating lease commitments at 30 June 2019, per note 27, and the IFRS 16 lease liability on transition is due to lease commitments only being for minimum lease commitments, whereas the lease liability is measured using the expected lease payments even if a break clause exists. The lease liability will also be measured using discounted future cash flows, whereas the operating lease commitments are not discounted. The Group estimates that profit before tax will decrease by approximately £3 million for FY20 as a result of adopting the new rules. The Group estimates that depreciation charges under IFRS 16 will be approximately £2 million lower than under IAS 17 operating lease charges, offset by an approximate £5 million non-cash finance cost. IFRS 16 will not have any impact on the underlying commercial performance of the Group, nor the cash flows generated in the year.

IFRIC 23 is effective for the Group from 1 July 2019. The Interpretation clarifies how to measure current and deferred tax assets and liabilities where there is uncertainty over a tax treatment. Following a review, the Group does not expect IFRIC 23 to have a material impact on its reported results or net assets.

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 affect its future development, performance and viability are set out in the Strategic Report on pages 3 to 50. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 36 to 39. 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 at the point in time 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 point in 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. The revenue recognised from a permanent placement is typically based on a percentage of the candidates remuneration package.

Turnover arising from temporary placements, including turnover arising from Managed Service Programme (MSP) services, is recognised at the point in time 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. The commission included within the revenue recognised arising from temporary placements is typically based on a percentage of the placements hourly rate.

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. Exceptional items

Exceptional items, as disclosed on the face of the Consolidated Income Statement, are items which due to their size and non-recurring nature have been classified separately. This is in order to draw them to the attention of the reader of the Financial Statements and to show the underlying profits of the Group. Items described as “before exceptional items” are alternative performance measures.

g. 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.

h. 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.

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

i. 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.

j. 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.

k. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. Significant accounting policies continued

I. 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.

m. 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.

n. 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%

o. Trade and other receivables

Trade and other receivables are initially measured at the transaction price 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.

p. 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.

q. Trade payables

Trade payables are measured initially at transaction price and then at amortised cost.

r. 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.

s. Derivative financial instruments

The Group may use certain derivative financial instruments to reduce its exposure to foreign exchange movements. The Group held two foreign exchange contracts at the end of the current year (2018: one) 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.

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).

t. 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.

u. 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 assessment 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 and future 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 cash-generating units. These assumptions are set out in note 13 to the Consolidated Financial Statements. There was no impairment recognised in the current or prior year.

Pension accounting

Under IAS 19 'Employee Benefits', the Group has recognised a pension surplus of £19.7 million (2018: £75.9 million). 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.

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 segments the business into four regions, Australia & New Zealand, Germany, United Kingdom & Ireland and Rest of World. There is no material difference between the segmentation of the Group's turnover by geographic origin and destination.

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

Net fees and operating profit

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 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 109. The reconciliation of turnover to net fees can be found in note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

4. Segmental Information continued

(In £s million)	2019	2018
Net fees		
Australia & New Zealand	198.5	199.4
Germany	299.8	276.0
United Kingdom & Ireland	263.8	258.2
Rest of World	367.6	339.2
	1,129.7	1,072.8

(In £s million)	2019 Before exceptional items	2019 Exceptional items	2019	2018
Operating profit				
Australia & New Zealand	66.4	(0.3)	66.1	69.1
Germany	91.3	(2.1)	89.2	86.0
United Kingdom & Ireland	48.9	(9.0)	39.9	47.0
Rest of World	42.2	(3.7)	38.5	41.3
	248.8	(15.1)	233.7	243.4

There were no exceptional items in the prior year.

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	2019	As reported internally	Foreign exchange	2018
Australia & New Zealand	108.8	(1.3)	107.5	109.1	(5.3)	103.8
Germany	197.4	2.5	199.9	174.7	1.5	176.2
United Kingdom & Ireland	183.5	0.2	183.7	188.7	0.1	188.8
Rest of World	154.7	3.5	158.2	165.6	(1.1)	164.5
	644.4	4.9	649.3	638.1	(4.8)	633.3

Major customers

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

5. Exceptional items

During the year, the Group incurred an exceptional charge of £15.1 million (2018: £nil) in relation to the following items.

Following the landmark legal judgment against Lloyds Banking Group in October 2018, ruling on the equalisation of guaranteed minimum pensions (GMP) for men and women in UK defined pension plans, the Group have recognised an exceptional charge of £8.3 million. This represented circa. 1.17% of the Schemes liabilities. This charge is a non-cash item.

During the second half of the year, management performed a comprehensive operational cost review exercise, principally across the European country operations. The exercise led to the restructuring of a number of senior management positions. The restructuring costs represents the first significant restructuring of senior level management across the Group since 2011, and therefore the costs incurred of £6.8 million have been recognised as an exceptional item. The cash impact from the restructuring exceptional cost as at the balance sheet date was £2.9 million with a further £3.9 million cash outflow expected during the financial year to 30 June 2020.

The exceptional charge generated a tax credit of £3.2 million. There were no exceptional items in the prior year.

6. Operating profit

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

(In £s million)	2019	2018
Turnover	6,070.5	5,753.3
Remuneration of temporary workers	(4,661.4)	(4,425.2)
Remuneration of other recruitment agencies	(279.4)	(255.3)
Net fees	1,129.7	1,072.8

Operating profit is stated after charging the following items to net fees of £1,129.7 million (2018: £1,072.8 million):

(In £s million)	2019 Before exceptional items	2019 Exceptional items	2019	2018
Staff costs (note 8)	677.5	14.8	692.3	635.2
Depreciation of property, plant and equipment	10.0	–	10.0	9.2
Amortisation of intangible assets	5.2	–	5.2	6.3
Operating lease rentals payable (note 27)	49.8	–	49.8	45.3
Impairment loss on trade receivables	3.9	–	3.9	3.6
Auditor's remuneration (note 7)				
– for statutory audit services	1.4	–	1.4	1.2
– for other services	0.1	–	0.1	0.5
Other external charges	133.0	0.3	133.3	128.1
	880.9	15.1	896.0	829.4

There were no exceptional items in the prior year.

7. Auditor's remuneration

(In £s million)	2019	2018
Fees payable to the Company's Auditor's for the audit of the Company's annual Financial Statements	0.3	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	1.1	1.0
Total audit fees	1.4	1.2
Half year review	0.1	0.1
Other services	–	0.4
Total non-audit fees	0.1	0.5

Other services fees incurred in the prior year related 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.

8. Staff costs

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

(In £s million)	2019 Before exceptional items	2019 Exceptional items	2019	2018
Wages and salaries	575.5	5.7	581.2	538.8
Social security costs	73.7	0.8	74.5	69.0
Other pension costs	17.1	8.3	25.4	15.0
Share-based payments	11.2	–	11.2	12.4
	677.5	14.8	692.3	635.2

There were no exceptional items in the prior year.

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8. Staff costs continued

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

(Number)	2019	2018
Australia & New Zealand	1,456	1,356
Germany	2,485	2,268
United Kingdom & Ireland	3,542	3,504
Rest of World	4,027	3,599
	11,510	10,727

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

(Number)	2019	2018
Australia & New Zealand	1,418	1,385
Germany	2,512	2,339
United Kingdom & Ireland	3,545	3,472
Rest of World	4,034	3,782
	11,509	10,978

9. Net finance charge

(In £s million)	2019	2018
Interest received on bank deposits	0.7	0.6
Interest payable on bank loans and overdrafts	(2.4)	(2.2)
Other interest payable	(0.1)	(0.3)
Interest unwind on acquisition liability	-	(0.6)
Pension Protection Fund levy	(0.2)	(0.3)
Net interest on pension obligations	(0.5)	(2.1)
Net finance charge	(2.5)	(4.9)

10. Tax

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

Current tax

(In £s million)	2019	2018
Current tax expense in respect of the current year	(69.7)	(68.5)
Adjustments recognised in the current year in relation to the current tax of prior years	1.1	0.7
	(68.6)	(67.8)

Deferred tax

(In £s million)	2019	2018
Deferred tax charge in respect of the current year	(0.8)	(5.2)
Adjustments to deferred tax in relation to prior years	(0.1)	0.3
	(0.9)	(4.9)
Total income tax expense recognised in the current year	(69.5)	(72.7)

Current tax expense for the year is comprised of the following:

(In £s million)	2019	2018
UK	(9.7)	(8.0)
Overseas	(60.0)	(60.5)
	(69.7)	(68.5)

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

(In £s million)	2019 Before exceptional items	2019 Exceptional items	2019	2018
Profit before tax	246.3	(15.1)	231.2	238.5
Income tax expense calculated at 19.0% (2018: 19.0%)	(46.8)	2.9	(43.9)	(45.3)
Net effect of items that are non-taxable/(non-deductible) in determining taxable profit	(4.0)	-	(4.0)	(5.8)
Effect of unused tax losses not recognised for deferred tax assets	(1.5)	-	(1.5)	(1.6)
Effect of tax losses not recognised for deferred tax utilised in the year	1.0	-	1.0	1.4
Effect of tax losses now recognised for deferred tax	0.6	-	0.6	-
Effect of other timing differences not recognised for deferred tax assets	(0.6)	-	(0.6)	(0.2)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(21.9)	0.3	(21.6)	(21.8)
Effect of share-based payment charges and share options	(0.5)	-	(0.5)	(0.4)
	(73.7)	3.2	(70.5)	(73.7)
Adjustments recognised in the current year in relation to the current tax of prior years	1.1	-	1.1	0.7
Adjustments to deferred tax in relation to prior years	(0.1)	-	(0.1)	0.3
Income tax expense recognised in the Consolidated Income Statement	(72.7)	3.2	(69.5)	(72.7)
Effective tax rate for the year	29.5%	21.2%	30.1%	30.5%

The tax rate used for the 2019 reconciliations above is the corporate tax rate of 19.0% (2018: 19.0%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

There were no exceptional items in the prior year.

Income tax recognised directly in equity

(In £s million)	2019	2018
Current tax		
Excess tax deductions relating to share-based payments	0.7	-
Deferred tax		
Excess tax deductions relating to share-based payments	(0.1)	(0.1)
Total income tax recognised in equity	0.6	(0.1)

Income tax recognised in other comprehensive income

(In £s million)	2019	2018
Current tax		
Contributions in respect of defined benefit pension scheme	1.4	-
Charge in respect of foreign exchange	(0.7)	-
Deferred tax		
Actuarial loss/(gain) in respect of defined benefit pension scheme	10.9	(11.9)
Total income tax recognised in other comprehensive income	11.6	(11.9)

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11. Dividends

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

	2019 pence per share	2019 £s million	2018 pence per share	2018 £s million
Previous year final dividend	2.75	40.0	2.26	32.7
Previous year special dividend	5.00	72.9	4.25	61.6
Current year interim dividend	1.11	16.2	1.06	15.4
	8.86	129.1	7.57	109.7

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

	2019 pence per share	2019 £s million	2018 pence per share	2018 £s million
Interim dividend (paid)	1.11	16.2	1.06	15.4
Final dividend (proposed)	2.86	42.0	2.75	40.0
Special dividend (proposed)	5.43	79.7	5.00	72.9
	9.40	137.9	8.81	128.3

The final dividend for 2019 of 2.86 pence per share (£42.0 million) along with a special dividend of 5.43 pence per share (£79.7 million) will be proposed at the Annual General Meeting on 13 November 2019 and has not been included as a liability as at 30 June 2019. If approved, the final and special dividend will be paid on 15 November 2019 to shareholders on the register at the close of business on 4 October 2019.

12. Earnings per share

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
For the year ended 30 June 2019			
Before exceptional items:			
Basic earnings per share	173.6	1,456.2	11.92
Dilution effect of share options	–	18.3	(0.15)
Diluted earnings per share	173.6	1,474.5	11.77
After exceptional items:			
Basic earnings per share	161.7	1,456.2	11.10
Dilution effect of share options	–	18.3	(0.13)
Diluted earnings per share	161.7	1,474.5	10.97
For the year ended 30 June 2018			
Basic earnings per share	165.8	1,448.6	11.44
Dilution effect of share options	–	18.3	(0.14)
Diluted earnings per share	165.8	1,466.9	11.30

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

Reconciliation of earnings for the year ended 30 June 2019

(In £s million)	Earnings
Earnings before exceptional items	173.6
Exceptional items (note 5)	(15.1)
Tax credit on exceptional items (note 10)	3.2
Total earnings	161.7

There were no exceptional items in the prior year.

13. Goodwill

(In £s million)

	2019	2018
Cost		
At 1 July	223.2	223.3
Exchange adjustments	4.0	(0.1)
At 30 June	227.2	223.2

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 7.1% and 12.9% (2018: 7.6% and 12.6%) 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% (2018: 5.0%), with the exception of the United Kingdom where an average of 1.0% has been applied for years two to four and the United States where an average of 10.0% has been applied to years two to four following the completion of the initial investment phase of 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 2.0% (2018: 2.0% to 3.0%), 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.

The US business, which is part of the Rest of World segment, continues to perform well, having achieved strong growth in recent years. As a result the Group has continued to make investments in the business to accelerate its growth in line with the Group's strategy to build a strong presence in the USA, and maximise the long-term growth opportunities available in the market. As a consequence of this investment, the headroom on goodwill has decreased from the prior year. The headroom based on the assumptions used in the goodwill calculation is £15.4 million arising on goodwill of £42.4 million. A key assumption in determining the value-in-use calculation is the short-term growth rate which is an average of 10.0%. After recognising recent cost efficiencies generated by the business, achieving 3% growth per year over the short-term period would result in no headroom.

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13. Goodwill continued

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)	2019	2018
Germany	51.9	51.3
United Kingdom & Ireland	93.1	93.1
Rest of World	82.2	78.8
	227.2	223.2

14. Other intangible assets

(In £s million)	2019	2018
Cost		
At 1 July	122.9	112.2
Exchange adjustments	1.0	(0.2)
Additions	19.5	11.4
Disposals	(0.4)	(0.5)
At 30 June	143.0	122.9
Amortisation		
At 1 July	99.1	93.6
Exchange adjustments	0.5	(0.3)
Charge for the year	5.2	6.3
Disposals	(0.2)	(0.5)
At 30 June	104.6	99.1
Net book value		
At 30 June	38.4	23.8
At 1 July	23.8	18.6

All other intangible assets relate mainly to computer software, and of the additions in the current year, £11.6 million relate to internally generated assets (2018: £6.2 million).

The estimated average useful life of the computer software related intangible assets is seven years (2018: 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 (2018: £nil).

15. Property, plant and equipment

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost					
At 1 July 2018	-	21.1	43.5	30.0	94.6
Exchange adjustments	-	0.2	0.3	0.4	0.9
Capital expenditure	-	5.2	4.9	3.4	13.5
Disposals	-	(1.2)	(0.7)	(1.3)	(3.2)
At 30 June 2019	-	25.3	48.0	32.5	105.8
Accumulated depreciation					
At 1 July 2018	-	13.0	32.6	19.7	65.3
Exchange adjustments	-	0.2	0.2	0.3	0.7
Charge for the year	-	2.4	5.0	2.6	10.0
Disposals	-	(1.2)	(0.7)	(1.3)	(3.2)
At 30 June 2019	-	14.4	37.1	21.3	72.8
Net book value					
At 30 June 2019	-	10.9	10.9	11.2	33.0
At 1 July 2018	-	8.1	10.9	10.3	29.3

There were no capital commitments at the year end (2018: £nil).

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost					
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)
At 30 June 2018	-	21.1	43.5	30.0	94.6
Accumulated depreciation					
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)
At 30 June 2018	-	13.0	32.6	19.7	65.3
Net book value					
At 30 June 2018	-	8.1	10.9	10.3	29.3
At 1 July 2017	0.1	6.2	9.5	8.2	24.0

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16. Deferred tax

Deferred tax assets and liabilities in relation to:

(In £s million)	1 July 2018	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	30 June 2019
Accelerated tax depreciation	9.8	(3.2)	–	–	(0.1)	6.5
Acquired tangibles and intangibles	(3.0)	(0.6)	–	–	(0.1)	(3.7)
Retirement benefit obligation	(14.3)	–	10.9	–	–	(3.4)
Share-based payments	3.1	(0.6)	–	(0.1)	–	2.4
Provisions	3.3	0.7	–	–	–	4.0
Tax losses	–	1.1	–	–	–	1.1
Other short-term timing differences	7.0	1.7	–	–	–	8.7
	5.9	(0.9)	10.9	(0.1)	(0.2)	15.6

(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)	–	–	–	9.8
Acquired tangibles and intangibles	(2.7)	(0.2)	–	–	(0.1)	(3.0)
Retirement benefit obligation	–	(2.4)	(11.9)	–	–	(14.3)
Share-based payments	3.2	–	–	(0.1)	–	3.1
Provisions	3.6	(0.1)	–	–	(0.2)	3.3
Tax losses	0.1	(0.1)	–	–	–	–
Other short-term timing differences	6.4	0.8	–	–	(0.2)	7.0
	23.3	(4.9)	(11.9)	(0.1)	(0.5)	5.9

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)	2019	2018
Deferred tax assets	24.0	23.2
Deferred tax liabilities	(8.4)	(17.3)
Net deferred tax	15.6	5.9

The UK deferred tax asset of £10.6 million (2018: £13.9 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 £13.4 million (2018: £9.3 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 (2018: 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 2019	Tax 2019	Gross 2018	Tax 2018
Tax losses (revenue in nature)	138.6	33.9	144.8	36.6
Tax losses (capital in nature)	22.1	3.8	22.1	3.8
	160.7	37.7	166.9	40.4

(In £s million)	Gross 2019	Tax 2019	Gross 2018	Tax 2018
Unrecognised deductible temporary differences	15.6	3.7	7.7	2.1

In tax losses (revenue in nature) £0.8 million is due to expire in 2023, £5.2 million in 2033 and £9.8 million in 2037. The remaining tax losses have no fixed expiry date.

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)	2019	2018
Foreign subsidiaries	8.4	7.2
Tax thereon	0.5	0.4

17. Trade and other receivables

(In £s million)	2019	2018
Trade receivables	664.9	647.1
Less provision for impairment	(15.6)	(13.8)
Net trade receivables	649.3	633.3
Accrued income	320.2	326.3
Corporation tax debtor	5.6	–
Prepayments and other debtors	55.8	50.8
	1,030.9	1,010.4

Due to their short-term nature, the directors consider that the carrying amount of trade receivables approximates to their fair value. The average credit period taken is 39 days (2018: 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 on to the client due to timing.

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

(In £s million)	2019	2018
Not yet due	548.8	567.7
Up to one month past due	83.6	58.2
One to three months past due	16.9	7.4
	649.3	633.3

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 £2.8 million and £0.6 million movement in trade receivables respectively.

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

(In £s million)	2019	2018
At 1 July	13.8	18.2
Exchange movement	0.1	(0.2)
Charge for the year	3.9	3.6
Uncollectable amounts written off	(2.2)	(7.8)
At 30 June	15.6	13.8

The increase in uncollectable amounts written off during the prior year were 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.

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17. Trade and other receivables continued

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 impairment analysis is performed centrally using a provision matrix to measure the expected credit losses. An allowance for impairment is made based on historical credit loss experience adjusted for forward looking factors specific to the debtors and economic environment, 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 40 to 44 within the Strategic Report form part of these Financial Statements.

18. Cash and cash equivalents

(In £s million)	2019	2018
Cash at bank and in hand	129.7	122.9

The effective interest rate on short-term deposits was 1.3% (2018: 1.4%). The average maturity of short-term deposits was one day (2018: 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 core dividend at a level that is affordable and appropriate. The Board targets a core dividend cover range of 2.0x to 3.0x full year earnings and remains committed to paying a sustainable and progressive core 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 39.

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 39.

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

(In £s million)	2019	2018
Net derivative liability	0.1	0.1

As set out in note 18 and in the Treasury management section of the Financial Review on page 39, 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 2019, the Group had entered into two forward exchange contract arrangements with a counterparty bank (2018: one forward contract). The fair market value of the contracts as at 30 June 2019 gave rise to a loss resulting in the presentation of a net derivative liability of £0.1 million (2018: £0.1 million) 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.

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

(In £s million)	2019	2018
Financial assets		
Trade receivables less provision for impairment	649.3	633.3
Accrued income	320.2	326.3
Cash and cash equivalents	129.7	122.9
	1,099.2	1,082.5
Financial liabilities		
Trade creditors	239.2	244.7
Other creditors	58.0	45.0
Accruals	394.8	390.5
Derivative financial instruments	0.1	0.1
	692.1	680.3

20. Bank loans and overdrafts

Risk management

A description of the Group's treasury policy and controls is included in the Financial Review on page 39.

Committed facilities

On 8 November 2018, the Group extended the maturity of its £210 million unsecured revolving credit facility to November 2023. The facility included an option to extend for a further two years to 2025 subject to lender agreement. The financial covenants within the facility remain unchanged and 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. There have been no breaches to the covenants. Under the terms of the renewed agreement, the Group has the option to calculate the financial covenants on a basis that exclude the impact of IFRS 16. The interest rate of the facility is based on a ratchet mechanism with a margin payable over LIBOR in the range of 0.70% to 1.50%.

At 30 June 2019, £210 million of the committed facility was undrawn (2018: £210 million undrawn).

Interest rates

The weighted average interest rates paid were as follows:

	2019	2018
Bank borrowings	2.0%	2.0%

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)	2019	2018
Current		
Trade creditors	239.2	244.7
Other tax and social security	69.7	77.8
Other creditors	58.0	45.0
Accruals	394.8	390.5
	761.7	758.0

The directors consider that the carrying amount of trade payables approximates to their fair value. The average credit period taken for trade purchases is 31 days (2018: 33 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

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 £12.1 million (2018: £10.9 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 £5.0 million (2018: £4.1 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 2018 and quantified the deficit at c.£44 million. A revised deficit funding schedule was agreed with effect from 1 July 2018 which maintained the annual contribution at its previous level, subject to a 3% per annum fixed uplift over a period of just under six years. During the year ended 30 June 2019, the Group made a contribution of £15.3 million to the Hays Pension Scheme (2018: £14.8 million) in accordance with the agreed deficit funding schedule. The cash contributions during the year mainly related to deficit funding payments.

As previously announced, 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 ensuring all future payments (excluding GMP equalisation adjustments where applicable) to existing pensioners of the Hays defined 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 and the impact of this transaction is reflected in the IAS 19 valuation as at 30 June 2019.

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.

Following the landmark legal judgment against Lloyds Banking Group in October last year, ruling on the equalisation of guaranteed minimum pensions (GMP) for men and women in UK defined benefit pension plans, we are reviewing our own position with the Hays Pension Scheme Trustees. The initial estimate indicate that the Schemes liabilities will increase by circa. 1.17% (£8.3 million) and accordingly we have recorded this as an exceptional charge in the current year results as described in note 5.

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.

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)	2019	2018
Present value of defined benefit obligations	(807.4)	(716.9)
Less fair value of defined benefit scheme assets:		
Equities	89.3	85.5
Bonds and gilts	124.3	339.5
Absolute return funds	37.3	37.7
LDI funds	241.6	258.5
Real estate	53.1	50.7
Buy-in policy and other insurance policies	263.5	–
Cash	18.0	20.9
Total fair value of defined benefit scheme assets	827.1	792.8
Net asset arising from defined benefit obligation	19.7	75.9

(In £s million)	Quoted	Unquoted	Total
Asset category			
Equities	89.3	-	89.3
Bonds and gilts	26.6	97.7	124.3
Absolute return funds	37.3	-	37.3
LDI funds	728.2	(486.6)	241.6
Real estate	-	53.1	53.1
Buy-in policy and other insurance policies	-	263.5	263.5
Cash	18.0	-	18.0
Total scheme assets	899.4	(72.3)	827.1

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 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	17.8	-	17.8
Government bonds	280.9	-	280.9
Government index-linked	416.8	-	416.8
Interest rate swaps	-	62.5	62.5
Fixed incomes futures	-	117.3	117.3
Liquidity	12.7	-	12.7
Gross funds	728.2	179.8	908.0
Repurchase agreements	-	(486.9)	(486.9)
Asset swaps	-	(43.5)	(43.5)
RPI swaps	-	(18.7)	(18.7)
Futures	-	(117.3)	(117.3)
Gross liabilities	-	(666.4)	(666.4)
Total LDI funds	728.2	(486.6)	241.6

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22. Retirement benefit surplus/obligations continued

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 defined benefit obligations was:

(In £s million)	2019	2018
Change in benefit obligation		
Opening defined benefit obligation at 1 July	(716.9)	(784.9)
Administration costs	(2.7)	(2.3)
Past service cost – GMP Equalisation cost	(8.3)	–
Interest on defined benefit scheme liabilities	(18.9)	(20.2)
Net remeasurement losses – change in experience assumptions	(13.5)	(13.3)
Net remeasurement gains – change in demographic assumptions	4.6	26.4
Net remeasurement (losses)/gains – change in financial assumptions	(82.0)	31.2
Value of Aviva insurance policies	(8.5)	–
Benefits and expenses paid	38.8	46.2
Closing defined benefit obligation at 30 June	(807.4)	(716.9)
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	(795.4)	(705.8)
Plans that are wholly unfunded	(12.0)	(11.1)
Total	(807.4)	(716.9)

The defined benefit Schemes' liability comprises 65% (2018: 66%) in respect of deferred Scheme participants and 35% (2018: 34%) in respect of retirees.

The weighted average duration of the UK defined benefit Scheme liabilities at the end of the reporting year is 21.0 years (2018: 22.0 years).

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

(In £s million)	2019	2018
Change in the fair value of scheme assets		
Fair value of plan assets at 1 July	792.8	784.7
Interest income on defined benefit scheme assets	21.1	20.4
Return on scheme assets	27.8	18.6
Employer contributions (towards funded and unfunded schemes)	15.7	15.3
Value of Aviva insurance policies	8.5	–
Benefits and expenses paid	(38.8)	(46.2)
Fair value of plan assets at 30 June	827.1	792.8

During the year the Company made deficit funding contributions of £15.3 million (2018: £14.8 million) into the funded Hays Pension Scheme, and made pension payments amounting to £0.4 million (2018: £0.5 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 2020 is £15.7 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)	2019	2018
Net interest credit	2.2	0.2
Administration costs	(2.7)	(2.3)
Past service cost – GMP Equalisation cost	(8.3)	–
Net expense recognised in the Consolidated Income Statement	(8.8)	(2.1)

The net interest credit and administration costs in the current year and prior year were recognised within finance costs. The Past service cost – GMP Equalisation adjustment has been included as an exceptional item within the Income Statement.

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

(In £s million)	2019	2018
The return on plan assets (excluding amounts included in net interest expense)	27.8	18.6
Actuarial remeasurement		
Net remeasurement losses – change in experience assumptions	(13.5)	(13.3)
Net remeasurement gains – change in demographic assumptions	4.6	26.4
Net remeasurement (losses)/gains – change in financial assumptions	(82.0)	31.2
Remeasurement of the net defined benefit liability	(63.1)	62.9

A roll forward of the actuarial valuation of the Hays Pension Scheme to 30 June 2019 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.

	2019	2018
Discount rate	2.25%	2.70%
RPI inflation	3.20%	3.05%
CPI inflation	2.20%	2.05%
Rate of increase of pensions in payment	3.10%	3.00%
Rate of increase of pensions in deferment	2.20%	2.05%

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 21 years.

The RPI inflation assumption has been set as gilt market implied RPI appropriate to the duration of the liabilities (circa 21 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 updated and calculated using bespoke 2018 Club Vita base tables along with CMI 2017 projections (smoothing factor of 8 and assuming improvements have peaked) and a long-term improvement rate of 1.5% per annum. On this basis a 65-year-old current pensioner has a life expectancy of 23.0 years for males (2018: 23.6 years) and 24.4 years for females (2018: 24.1 years). Also on the same basis, the life expectancy from age 65 years of a current 45-year-old deferred member is 25.0 years for males (2018: 25.7 years) and 27.3 years for females (2018: 26.6 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%	+£95m/-£76m
Inflation and pension increases (allowing for caps and collars)	+/- 0.5%	+£55m/-£59m
Assumed life expectancy at age 65	+1/-1 year	+£35m/-£28m

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)	Current	Non-current	Total
At 1 July 2018	1.2	6.2	7.4
Additions	–	0.9	0.9
Utilised	(0.1)	–	(0.1)
At 30 June 2019	1.1	7.1	8.2

Provisions primarily comprise potential exposures arising from business operations overseas.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 2018 and 30 June 2019	1,464,097	14.7

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 2019, the Company held 5.4 million (2018: 12.8 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.

25. Share-based payments

During the year, £11.2 million (2018: £12.4 million) was charged to the Consolidated Income Statement in relation to equity-settled share-based payments.

Share options

At 30 June 2019 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	474,171	4,742	107	2019
	572,161	5,722	143	2020
	921,071	9,211	171	2021
	1,752,056	17,521	135	2022
	3,719,459	37,196		
Hays International Sharesave Scheme	218,326	2,183	107	2019
	454,690	4,547	143	2020
	569,991	5,700	171	2021
	619,967	6,200	135	2022
	1,862,974	18,630		
Total Sharesave options outstanding	5,582,433	55,826		

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:

	2019 Number of share options (thousand)	2019 Weighted average exercise price (pence)	2018 Number of share options (thousand)	2018 Weighted average exercise price (pence)
Sharesave				
Outstanding at the beginning of the year	5,641	136	5,584	124
Granted during the year	2,418	135	1,819	171
Forfeited during the year	(703)	142	(754)	130
Exercised during the year	(1,728)	111	(969)	139
Expired during the year	(46)	143	(39)	131
Outstanding at the end of the year	5,582	143	5,641	136
Exercisable at the end of the year	692	107	254	142

The weighted average share price for all options exercised during the year was 155p (2018: 182p).

The options outstanding as at 30 June 2019 had a weighted average remaining contractual life of 2 years.

On 28 March 2019, 2.4 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted on that date is £0.6 million. In the prior year, 1.8 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted in the prior year was £0.7 million.

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

Share price at grant	150 pence
Exercise price	135 pence
Expected volatility	30.1%
Expected life	3.3 years
Risk-free rate	0.65%
Expected dividends	4.51%

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 360 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 with a two-year holding period or a one-year period with a two-year holding period. The fair value of both the PSP and DAB awards are calculated using the share price as at the date the shares are granted.

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 85 to 87.

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

	2019 Number of share options (thousand)	2019 Weighted average fair value at grant (pence)	2018 Number of share options (thousand)	2018 Weighted average fair value at grant (pence)
Performance Share Plan				
Outstanding at the beginning of the year	19,664	152	21,767	131
Granted during the year	5,612	201	5,895	181
Exercised during the year	(4,526)	154	(6,026)	118
Lapsed during the year	(1,621)	150	(1,972)	130
Outstanding at the end of the year	19,129	166	19,664	152

The weighted average share price on the date of exercise was 203p (2018: 187p).

The options outstanding as at 30 June 2019 had a weighted average remaining contractual life of 1.4 years.

	2019 Number of share options (thousand)	2019 Weighted average fair value at grant (pence)	2018 Number of share options (thousand)	2018 Weighted average fair value at grant (pence)
Deferred Annual Bonus				
Outstanding at the beginning of the year	1,940	162	2,207	143
Granted during the year	949	206	651	184
Exercised during the year	(694)	162	(918)	133
Outstanding at the end of the year	2,195	181	1,940	162

The weighted average share price on the date of exercise was 205p (2018: 185p).

The options outstanding as at 30 June 2019 had a weighted average remaining contractual life of 1.4 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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. The Management Board appointed two additional members from 1 July 2018. Further information about the remuneration of executive and non-executive directors is provided in the Directors' Remuneration Report on pages 76 to 84.

(In £s million)	2019	2018
Short-term employee benefits	9.4	11.2
Share-based payments	4.2	4.7
	13.6	15.9

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

27. Operating lease arrangements

The Group as lessee

(In £s million)	2019	2018
Land and buildings	40.8	37.0
Motor vehicles	9.0	8.3
Lease payments under operating leases recognised as an expense for the year	49.8	45.3

At 30 June 2019, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

(In £s million)	2019	2018
Within one year	54.4	53.2
Between two and five years	123.9	121.0
After five years	37.7	34.0
	216.0	208.2

IFRS 16 'Leases' will become effective from 1 July 2019 and will primarily change the lease accounting requirements for lessees as currently disclosed above. The expected impact to the Group's results is described further in note 1 to the Consolidated Financial Statements.

28. Disaggregation of net fees

IFRS 15 requires entities to disaggregate revenue recognised from contracts with customers into relevant categories that depict how the nature, amount and cash flows are affected by economic factors. As a result, we consider the following information to be relevant:

	Australia & New Zealand	Germany	United Kingdom & Ireland	Rest of World	Group
Temporary placements	68%	84%	57%	30%	57%
Permanent placements	32%	16%	43%	70%	43%
Private sector	66%	90%	73%	99%	85%
Public sector	34%	10%	27%	1%	15%
Accountancy & Finance	12%	15%	22%	13%	15%
IT & Engineering	12%	69%	10%	28%	32%
Construction & Property	23%	5%	20%	10%	13%
Office Support	13%	0%	12%	6%	7%
Other	40%	11%	36%	43%	33%
Total	100%	100%	100%	100%	100%

29. Subsequent events

The final dividend for 2019 of 2.86 pence per share (£42.0 million) along with a special dividend of 5.43 pence per share (£79.7 million) will be proposed at the Annual General Meeting on 13 November 2019 and has not been included as a liability as at 30 June 2019. If approved, the final and special dividend will be paid on 15 November 2019 to shareholders on the register at the close of business on 4 October 2019.

HAYS PLC COMPANY BALANCE SHEET

AT 30 JUNE

(In £s million)	Note	Company 2019	Company 2018
Non-current assets			
Intangible assets		0.5	–
Property, plant and equipment		0.9	0.6
Investment in subsidiaries	4	743.9	743.9
Trade and other receivables	5	67.4	123.9
Deferred tax assets	6	1.0	0.4
Retirement benefit surplus	9	19.7	75.9
		833.4	944.7
Current assets			
Trade and other receivables	7	33.0	21.7
Cash and bank balances		22.2	14.0
		55.2	35.7
Total assets		888.6	980.4
Current liabilities			
Trade and other payables	8	(67.6)	(38.6)
Net current assets		(12.4)	(2.9)
Total assets less current liabilities		821.0	941.8
Non-current liabilities			
Deferred tax liabilities	6	(3.4)	(14.5)
Provisions	10	(6.6)	(5.8)
		(10.0)	(20.3)
Total liabilities		(77.6)	(58.9)
Net assets		811.0	921.5
Equity			
Called up share capital		14.7	14.7
Share premium		369.6	369.6
Capital redemption reserve		2.7	2.7
Retained earnings		402.6	512.8
Equity reserve		21.4	21.7
Total equity		811.0	921.5

The Financial Statements of Hays plc, registered number 2150950, set out on pages 137 to 144 were approved by the Board of Directors and authorised for issue on 28 August 2019.

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 2019

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Equity reserve	Total equity
At 1 July 2018	14.7	369.6	2.7	512.8	21.7	921.5
Remeasurement of defined benefit pension schemes	-	-	-	(63.1)	-	(63.1)
Tax relating to components of other comprehensive income	-	-	-	11.8	-	11.8
Net income recognised in other comprehensive income	-	-	-	(51.3)	-	(51.3)
Profit for the year	-	-	-	57.6	-	57.6
Total comprehensive income for the year	-	-	-	6.3	-	6.3
Dividends paid	-	-	-	(129.1)	-	(129.1)
Share-based payments	-	-	-	12.0	(0.3)	11.7
Tax on share-based payment transactions	-	-	-	0.6	-	0.6
At 30 June 2019	14.7	369.6	2.7	402.6	21.4	811.0

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
At 30 June 2018	14.7	369.6	2.7	512.8	21.7	921.5

1. Accounting policies

Basis of accounting

The Financial Statements have been prepared under the historical cost convention, in accordance with Financial Reporting Standard 101 (FRS 101) '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 FRS 101, 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.

New and amended accounting standards effective during the year

There have been no new or amended accounting standards or interpretations adopted during the year that have had a significant impact on the Company Financial Statements. IFRS 15 and IFRS 9 as described in note 1 to the Group Financial Statements have not had a significant impact on the Company's Financial Statements.

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 with the addition of the following accounting policies.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are held at cost less any provision for impairment. The subsidiary undertakings which the Company held at 30 June 2019 are described in the Investment in Subsidiaries note 4.

Financial guarantee arrangements

Where the Company enters into financial guarantee arrangements to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Intercompany and other receivables

Intercompany and other receivables are initially measured at fair value. Subsequent to initial recognition these assets are measured at amortised cost less any provision for impairment losses. The Group measures impairment losses using the expected credit loss model in accordance with IFRS 9. The adoption of IFRS 9 on 1 July 2018 had no material impact on the Company.

2. Employee information

There are no staff employed by the Company (2018: none). Therefore no remuneration has been disclosed. Details of directors' emoluments and interests are included in the Remuneration Report on pages 76 to 84 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 £57.6 million (2018: profit £277.3 million).

4. Investment in subsidiaries

(In £s million)

	2019	2018
Cost		
At 1 July	743.9	910.4
Provision for impairment		
Charge during the year	-	(166.5)
Total		
At 30 June	743.9	743.9

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

The impairment during the prior 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.

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

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

(In £s million)	2019	2018
Prepayments	1.2	0.6
Amounts owed by subsidiary undertakings	66.2	123.3
	67.4	123.9

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

6. Deferred tax

(In £s million)	2019	2018
Deferred tax assets	1.0	0.4
Deferred tax liabilities	(3.4)	(14.5)
Net Deferred tax	(2.4)	(14.1)

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

(In £s million)	2019	2018
Corporation tax debtor	29.7	18.7
Prepayments	3.3	3.0
	33.0	21.7

8. Trade and other payables

(In £s million)	2019	2018
Accruals	17.0	22.0
Amounts owed to subsidiary undertakings	50.6	16.6
	67.6	38.6

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)	2019	2018
Net asset arising from defined benefit obligation	19.7	75.9

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 2018	5.8
Charged to the income statement	0.9
Utilised during the year	(0.1)
At 30 June 2019	6.6

Provisions comprise of potential exposures arising as a result of business operations. It is not possible to estimate the timing of payments against the remaining provisions.

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 Alocação Profissional Ltda	Rua Pequetita, No.215, 13th Floor, Sao Paulo, Brazil
Hays Recruitment and Selection Ltda	Rua Pequetita, No.215, 13th Floor, Sao Paulo, Brazil
Hays Trabalho Temporário 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, UK
Axis Resources Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
EPS Pension Trustees Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
H101 Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Commercial Services Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, UK
Hays Finance Technology Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Group Holdings Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Healthcare Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Holdings Ltd †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays International Holdings Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Life Sciences Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Nominees Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Overseas Holdings Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Pension Trustee Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Personnel (Managed Solutions) Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Personnel Payroll Services Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Personnel Services Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Pharma Consulting Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Pharma Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Property Holdings Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Recruitment Services Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Social Care Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Specialist Recruitment (Holdings) Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays Specialist Recruitment Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays SRA Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Hays Stakeholder Life Assurance Trustee Limited †	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Hays ZMB Limited (In Liquidation)*	55 Baker Street, London, W1U 7EU, UK
James Harvard International Group Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
James Havard Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

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11. Subsidiaries continued

	Registered Address and Country of Incorporation
Krooter Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Myriad Computer Services Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Oval (1620) Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
Owen, Thornhill and Harper Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Paperstream Limited	4th Floor, 20 Triton Street, London, NW1 3BF, UK
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, UK
Weyside 23 Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Weyside Group Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Weyside Office Services Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Weyside Telecoms Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
Weyside Turngate Limited (In Liquidation)**	55 Baker Street, London, W1U 7EU, UK
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 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 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

	Registered Address and Country of Incorporation
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 Professional Services 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 S.r.l	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
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 Esplande 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 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 Seleccion 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, Russia
Hays IT Solutions Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054, Russia
Hays Specialist Recruitment Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054, Russia
Hays Specialist Recruitment P.T.E Limited	80 Raffles Place, #27-20 UOB Plaza 2, Singapore

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

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11. Subsidiaries continued

	Registered Address and Country of Incorporation
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	63 Bridge Street New Milford, CT, 06776 USA
Hays Holding Corporation	160 Greentree Dr. Suite 101 Dover DE 19904 USA
Hays Specialist Recruitment LLC	4350 W Cypress Street Suite 1000 Tampa, FL 33607 USA
Hays Talent Solutions LLC	4350 W Cypress Street Suite 1000 Tampa, FL 33607 USA
Hays U.S. Corporation	4350 W Cypress Street Suite 1000 Tampa, FL 33607 USA
Hays Holdings U.S. Inc.	4350 W Cypress Street Suite 1000 Tampa, FL 33607 USA
Veredus Government Solutions, LLC (In dissolution)	4350 W Cypress Street Suite 1000 Tampa, FL 33607 USA
Veredus, LLC (In dissolution)	4350 W Cypress Street Suite 1000 Tampa, FL 33607 USA

As at 30 June 2019, 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.

Companies in liquidation marked with (**) were dissolved on 26 July 2019.

12. Other related party transactions

Hays plc has taken advantage of the exemption granted under paragraph 8(k) of FRS 101 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 2019 with other related parties were £1.4 million (2018: £0.9 million).