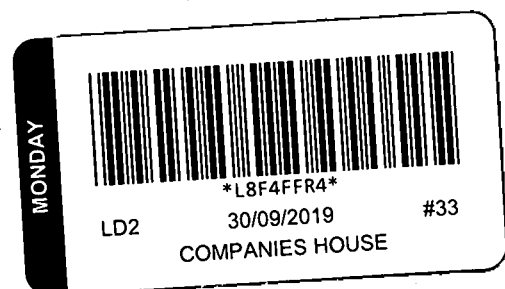


# **Manpower UK Limited**

## **Annual Report and Financial Statements**

**For the year ended 31 December 2018**

**Registered number: 03841918**



# **Manpower UK Limited**

## **Annual report and financial statements for the year ended 31 December 2018**

### **Contents**

	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>4</b>
<b>Directors' responsibilities statement</b>	<b>6</b>
<b>Independent auditor's report</b>	<b>7</b>
<b>Profit and loss account</b>	<b>10</b>
<b>Statement of comprehensive income</b>	<b>11</b>
<b>Balance sheet</b>	<b>12</b>
<b>Statement of changes in equity</b>	<b>13</b>
<b>Notes to the financial statements</b>	<b>14</b>

(1)

(1)

**Annual report and financial statements for the year ended 31 December 2018**

**Officers and professional advisers**

**Directors**

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

**Company Secretary and Registered Office**

L Graham  
Capital Court  
Windsor Street  
Uxbridge  
Middlesex  
UB8 1AB

**Banker**

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

**Lawyer**

Osborne Clarke Solicitors  
1 London Wall  
London  
EC2Y 5EB

**Auditor**

Deloitte LLP  
Statutory Auditor  
1 New Street Square  
London  
EC4A 3HQ  
United Kingdom

## Strategic report

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

### Review of the business

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

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

During 2018 the Company's annual turnover decreased by 6.6% from £567,756,000 to £530,402,000 (2017 – decrease 6.7%). As a result of continuing competitive pressures and a change in the mix of revenue streams there was a decrease in the Company's overall gross margin of 0.10% (2017 – decrease 0.33%). The Company's operating profit excluding intra-group royalty charges and intra-group management charges (see note 3) amounted to £764,000 (2017 - £7,374,000).

As shown in the profit and loss account on page 10, the Company's loss after taxation was £3,305,000 (2017 - £1,708,000 profit).

During 2018, the Company's cash position reduced from cash of £14,566,000 to a £4,994,000 overdraft primarily as a result of increased working capital requirements.

The balance sheet on page 12 of the financial statements shows that the Company's financial position at the year end has, in net assets terms, increased by 1.0% (2017 – decrease 0.8%).

### Key performance indicators

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

	2018	2017
Gross margin (1)	3.03%	3.13%
Operating profit margin (2)	-0.87%	0.28%

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

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

### Principal risks and uncertainties

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

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

## Strategic report (continued)

### Principal risks and uncertainties (continued)

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

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

The company does not have significant exposure to Brexit, although certain sectors may be subject to candidate shortages depending on the final outcome on the deal with the EU.

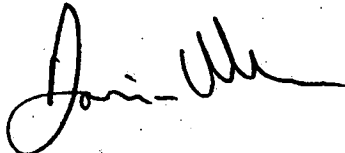
### Future developments

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

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

The directors expect the general level of activity to remain consistent with 2018 in the forthcoming year.

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



D P Whitham  
Director

30 SEPTEMBER 2019

Capital Court  
Windsor Street  
Uxbridge  
Middlesex  
UB8 1AB

## **Directors' report**

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2018.

### **Directors and their interests**

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

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

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

### **Future developments**

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

### **Going concern**

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

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

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

### **Financial risk management objectives and policies**

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

### **Employees**

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

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

**Directors' report (continued)**

**Employee consultation**

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

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

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

**Auditor**

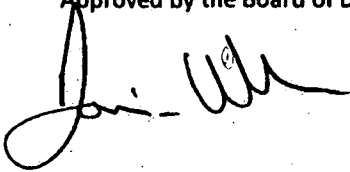
Each of the persons who is a director at the date of approval of this report confirms that:

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

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

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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



**D P Whitham**  
Director

30 SEPTEMBER 2019

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

### **Directors' responsibilities statement**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Manpower UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

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

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

We have nothing to report in respect of these matters.

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

#### **Other information**

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

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

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

#### **Report on other legal and regulatory requirements**

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

*30 September* 2019

## Manpower UK Limited

---

### Profit and loss account For the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover		530,402	567,756
Cost of sales		<u>(514,327)</u>	<u>(549,972)</u>
Gross profit		16,075	17,784
Other operating expenses	3	<u>(20,710)</u>	<u>(16,189)</u>
Operating (loss)/profit		(4,635)	1,595
Finance income (net)	4	<u>621</u>	<u>669</u>
(Loss)/profit before taxation	5	(4,014)	2,264
Tax on (loss)/profit	9	<u>709</u>	<u>(556)</u>
(Loss)/profit for the financial year attributable to equity shareholder of the Company		<u><u>(3,305)</u></u>	<u><u>1,708</u></u>

All activities relate to continuing operations.

**Statement of comprehensive income  
For the year ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>(Loss)/profit for the financial year</b>	<b>(3,305)</b>	<b>1,708</b>
Re-measurement of net defined benefit asset	4,614	(2,764)
Tax relating to components of other comprehensive income	(598)	497
<b>Other comprehensive income/(expense)</b>	<b>4,016</b>	<b>(2,267)</b>
<b>Total comprehensive income/(expense) attributable to equity shareholder of the Company</b>	<b>711</b>	<b>(559)</b>

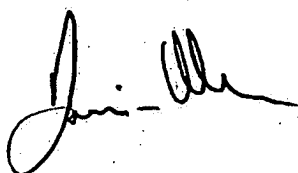
## Manpower UK Limited

---

### Balance sheet As at 31 December 2018

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Tangible assets	10	1,782	1,399
<b>Current assets</b>			
Debtors	11		
- due within one year		198,816	184,829
- due after one year		658	803
Cash at bank and in hand		-	14,566
		199,474	200,198
<b>Creditors: amounts falling due within one year</b>	12	(147,428)	(146,029)
<b>Net current assets</b>		52,046	54,169
<b>Defined benefit pension asset</b>	16	21,402	18,674
<b>Provisions for liabilities</b>	13	(3,638)	(3,361)
<b>Net assets</b>		71,592	70,881
<b>Capital and reserves</b>			
Called up share capital	14	950	950
Share premium account	14	44,556	44,556
Profit and loss account	14	26,086	25,375
<b>Shareholder's funds</b>		71,592	70,881

The financial statements of Manpower UK Limited, a company registered in England and Wales, registered number 03841918, were approved by the Board of Directors and authorised for issue on 30 September 2019. They were signed on its behalf by:



D P Whitham  
Director

**Statement of changes in equity  
For the year ended 31 December 2018**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
<b>At 1 January 2017</b>	950	44,556	25,934	71,440
Profit for the financial year	-	-	1,708	1,708
Other comprehensive expense	-	-	(2,267)	(2,267)
<b>Total comprehensive expense</b>	-	-	(559)	(559)
<b>At 31 December 2017</b>	950	44,556	25,375	70,881
Loss for the financial year	-	-	(3,305)	(3,305)
Other comprehensive income	-	-	4,016	4,016
<b>Total comprehensive income</b>	-	-	711	711
<b>At 31 December 2018</b>	950	44,556	26,086	71,592

## Notes to the financial statements For the year ended 31 December 2018

### 1. Accounting policies

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

#### General information and basis of accounting

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

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

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

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

#### Going concern

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

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

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

#### Financial instruments

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

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

**Notes to the financial statements  
For the year ended 31 December 2018**

**1. Accounting policies (continued)**

**Financial instruments (continued)**

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

**Tangible fixed assets**

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

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

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

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

**Taxation**

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

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

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

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

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

## Notes to the financial statements For the year ended 31 December 2018

### 1. Accounting policies (continued)

#### Turnover

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

#### Leases

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

#### Employee benefits

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

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

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

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

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

### 2. Critical accounting judgements and key sources of estimation uncertainty

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

**Notes to the financial statements  
For the year ended 31 December 2018**

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

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

**Revenue recognition**

The company records revenue net where in substance it is acting as an agent. The directors have taken consideration of a certain segment of the business being in Managed Service Provider contracts, where the company manage all the temporary labour suppliers for a business for a fixed percentage fee. In this growing segment the directors have determined that the nature of the company's services are in substance that of an agent and as such under the guidance of FRS 102 the revenues for this segment are shown net, with only the fixed percentage fees for providing the service being shown as revenue and gross profit. The impact of this in 2018 was to exclude £257m (2017 - £266m) of gross billings from revenue.

**Key source of estimation uncertainty**

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

**Bad debt provision**

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

**3. Other operating expenses**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Administrative expenses	15,311	10,410
Intra-group royalty charge	4,882	5,192
Intra group management charge	517	587
<b>Other operating expenses</b>	<b>20,710</b>	<b>16,189</b>

## Manpower UK Limited

---

### Notes to the financial statements For the year ended 31 December 2018

#### 4. Finance income (net)

	2018 £000	2017 £000
Interest payable and similar charges	21	21
Investment income	(175)	(117)
Other finance income	(467)	(573)
<b>Finance income (net)</b>	<b>(621)</b>	<b>(669)</b>
<b>Interest payable and similar charges</b>		
Bank loans and overdrafts	21	21
<b>Investment income</b>		
Other interest receivable	(175)	(117)
<b>Other finance income</b>		
Net interest on defined benefit asset	(467)	(573)

#### 5. (Loss)/profit before taxation

	2018 £000	2017 £000
(Loss)/profit before taxation is stated after charging:		
Depreciation of tangible fixed assets	521	285
Loss on disposal of furniture and equipment	29	264
Restructuring costs of branch network consolidation	2,551	805
Operating lease rentals		
- plant and machinery	349	426
- other	503	407

#### 6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £104,000 (2017 - £104,000).

Fees paid to Deloitte LLP and their associates for the audit of the annual accounts of fellow group companies were borne by the Company and comprised ManpowerGroup UK Limited £47,000 (2017 - £47,000) and Manpower Services Limited £24,000 (2017 - £24,000).

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

**Notes to the financial statements  
For the year ended 31 December 2018**

**7. Staff numbers and costs**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Staff costs of the Company, including directors, were:		
Salaries	407,004	428,659
Social security costs	31,049	32,534
Other pension costs	1,779	1,251
	<u>439,832</u>	<u>462,444</u>
	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
The monthly average number of persons employed by the Company during the year, including directors, was:		
Operational staff	16,924	19,035
Central and administration staff	176	180
	<u>17,100</u>	<u>19,215</u>

**8. Directors' remuneration and transactions**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Directors' remuneration		
Emoluments	2,004	1,764
Company contributions to money purchase pension schemes	84	117
	<u>2,088</u>	<u>1,881</u>

**The number of directors who:**

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Are members of a money purchase pension scheme	4	6
Are members of a defined benefit pension scheme	2	3

**Remuneration of the highest paid director:**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Emoluments	862	492
Company contributions to money purchase scheme	-	-
	<u>862</u>	<u>492</u>

At 31 December 2017 and 31 December 2018, the highest paid director of the Company had no accrued pension entitlement under the defined benefit scheme. No long-term service incentives were payable to this director.

## Manpower UK Limited

### Notes to the financial statements For the year ended 31 December 2018

#### 9. Tax on (loss)/profit

	2018 £000	2017 £000
The tax (credit)/charge comprises:		
Current tax on (loss)/profit		
UK corporation tax	-	177
Adjustments in respect of previous years	(533)	(172)
<b>Total current tax</b>	<b>(533)</b>	<b>5</b>
Deferred tax		
Origination and reversal of timing differences	(180)	208
Decrease in estimate of recoverable deferred tax assets	4	343
<b>Total deferred tax charge</b>	<b>(176)</b>	<b>551</b>
<b>Total tax (credit)/charge on (loss)/profit</b>	<b>(709)</b>	<b>556</b>

In addition to the amount (credited)/charged to the profit and loss account, the following amounts relating to deferred tax have been directly recognised in other comprehensive income.

	2018 £000	2017 £000
Deferred tax charge/(credit) on retirement benefit obligation	598	(497)

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

	2018 £000	2017 £000
(Loss)/profit before taxation	(4,014)	2,264
Tax on (loss)/profit at standard UK tax rate of 19% (2017 – 19.25%)	(763)	436
Effects of:		
Expenses not deductible for tax purposes	(182)	402
Income not taxable in determining taxable profits	-	(110)
Group relief surrendered for no receipt	769	-
Adjustments to tax charge in respect of previous years	(533)	(172)
<b>Total tax (credit)/charge on (loss)/profit</b>	<b>(709)</b>	<b>556</b>

**Notes to the financial statements  
For the year ended 31 December 2018**

**9. Tax on (loss)/profit (continued)**

The Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of UK corporation tax to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. Deferred taxation is measured at tax rates that are expected to apply in the periods in which temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively been enacted at the balance sheet date. Accordingly 17% has been applied when calculating deferred tax assets and liabilities as at 31 December 2018.

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

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

**10. Tangible fixed assets**

	<b>Furniture and equipment £000</b>
<b>Cost</b>	
At 1 January 2018	11,976
Additions	933
Disposals	(312)
At 31 December 2018	<u>12,597</u>
<b>Depreciation</b>	
At 1 January 2018	10,577
Charge for the year	521
Disposals	(283)
At 31 December 2018	<u>10,815</u>
<b>Net book value</b>	
At 31 December 2018	<u>1,782</u>
At 31 December 2017	<u>1,399</u>

**Notes to the financial statements  
For the year ended 31 December 2018****11. Debtors**

	2018 £000	2017 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	164,486	154,589
Amounts due from parent undertakings	13,192	6,656
Amounts due from other group undertakings	5,303	5,178
Other debtors	350	151
Prepayments and accrued income	15,485	18,255
	<u>198,816</u>	<u>184,829</u>
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset (see note 13)	658	803
	<u>199,474</u>	<u>185,632</u>

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

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

**12. Creditors: amounts falling due within one year**

	2018 £000	2017 £000
Trade creditors	3,663	2,190
Bank overdraft	4,994	-
Amounts due to parent undertakings	-	636
Amounts due to other group undertakings	69,715	78,337
Taxation and social security	20,290	17,422
Other creditors	14,228	17,762
Accruals and deferred income	34,538	29,682
	<u>147,428</u>	<u>146,029</u>

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

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

**Notes to the financial statements  
For the year ended 31 December 2018**

**13. Deferred tax**

	Deferred capital allowances £000	Retirement benefits £000	Other timing differences £000	Total £000
At 1 January 2018	497	(3,361)	306	(2,558)
(Charged)/credited to profit and loss	(76)	321	(69)	176
Charged to other comprehensive income	-	(598)	-	(598)
<b>At 31 December 2018</b>	<b>421</b>	<b>(3,638)</b>	<b>237</b>	<b>2,980</b>

	2018 £000	2017 £000
Deferred tax assets	658	803
Deferred tax liabilities	(3,638)	(3,361)
	<b>(2,980)</b>	<b>(2,558)</b>

**14. Called up share capital and reserves**

	2018 £000	2017 £000
<b>Authorised:</b>		
1,000,000 Ordinary shares of £1 each	1,000	1,000
<b>Called up, allotted and fully paid</b>		
950,000 Ordinary shares of £1 each	950	950

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

The Company's other reserves are as follows:

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

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

## Notes to the financial statements For the year ended 31 December 2018

### 15. Financial commitments

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

	2018		2017	
	Plant and machinery £000	Other £000	Plant and machinery £000	Other £000
- within one year	59	342	110	175
- between one and five years	57	818	298	2,093
- over five years	-	-	-	-
	<u>116</u>	<u>1,160</u>	<u>408</u>	<u>2,268</u>

### 16. Employee benefits

#### Defined contribution scheme

The Company made contributions to the defined contribution section of the Plan amounting to £1,088,000 (2017 - £1,251,000) in the year.

#### Defined benefit scheme

The Company participates in a group defined benefit scheme for qualifying employees. Under the scheme, the employees are entitled to retirement benefits based a percentage of the final salary on attainment of a retirement age of 65. The group headed by the Company's immediate parent company, ManpowerGroup UK Limited ('the Group') operates a pension arrangement with a defined contribution and a defined benefit section known as the Manpower Pension Plan ("the Plan"). The defined benefit section of the Plan has a funding surplus of £21.4 million (2017 - £18.7m) based on the actuarial valuation provided by the scheme actuaries as at 31 December 2018 for the purposes of FRS102. The current year service costs are funded principally by the Company, although some costs are borne by other companies in the Group. Contributions to the plan for the current period expensed by the Company were £nil (2017 - £nil) which includes the additional payments of £nil (2017 - £nil) to fund any deficit in the Plan. The Company is the primary contributor to the defined benefit section of the Plan and will continue to provide further funding to the Plan in accordance with the contribution rates agreed with the Trustees.

**Notes to the financial statements  
For the year ended 31 December 2018**

**16. Employee benefits (continued)**

The valuation of the Plan has been updated by independent actuaries to 31 December 2018. The major assumptions used to determine this valuation are as follows:

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>% pa</b>	<b>% pa</b>	<b>% pa</b>	<b>% pa</b>
Retail Price inflation (% pa)	3.40%	3.40%	3.45%	3.35%
Consumer Price inflation (% pa)	2.40%	2.40%	2.45%	2.35%
Salary increase rate	2.70%	2.70%	2.50%	3.35%
Discount rate	2.85%	2.50%	2.75%	3.85%

**Mortality assumptions:**

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

	<b>Valuation</b>		
	<b>At</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>years</b>	<b>years</b>	<b>years</b>
<b>Retiring today:</b>			
Males	23.4	22.1	22.1
Females	24.8	24.8	24.8
<b>Retiring in 20 years:</b>			
Males	24.4	26.1	26.1
Females	26.1	26.9	26.9

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Equity securities	-	16,097
Real Return Fund	-	19,104
Real estate	6,484	6,086
Debt securities – Corporate	25,165	25,968
Debt securities – Government	31,710	40,096
Insurance Contracts	36,244	40,939
High Yield Credit	13,251	-
Cash and cash equivalents	26,922	2,396
<b>Total Value of Assets</b>	<b>139,776</b>	<b>150,686</b>
<b>Actuarial (value) of liabilities</b>	<b>(118,374)</b>	<b>(132,012)</b>
<b>Surplus</b>	<b>21,402</b>	<b>18,674</b>

**Notes to the financial statements  
For the year ended 31 December 2018****16. Employee benefits (continued)**

Reconciliation of fair value of Plan assets is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of Plan assets	150,686	147,453
Interest income	3,693	3,991
Contributions by Plan participants	17	23
Contributions by company	-	-
Actual return on assets	(8,594)	4,865
Benefits (paid)	(6,026)	(5,646)
	<u>139,776</u>	<u>150,686</u>

Reconciliation of Plan benefit obligation is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	132,012	126,588
Current service cost	691	685
Administration costs	560	486
Interest cost	3,226	3,418
Contributions by Plan participants	17	23
Actuarial (gains) / losses	(13,208)	6,458
Past service cost	1,102	-
Benefits (paid)	(6,026)	(5,646)
	<u>118,374</u>	<u>132,012</u>

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Current service cost	691	-
Past service cost	1,102	-
Net interest income	(467)	(573)
Administration costs	560	-
	<u>1,886</u>	<u>(573)</u>
Recognised in other comprehensive income	<u>(4,614)</u>	<u>2,764</u>
Total (income)/cost relating to defined benefit scheme	<u>(2,728)</u>	<u>2,191</u>

## Manpower UK Limited

---

### Notes to the financial statements For the year ended 31 December 2018

#### 16. Employee benefits (continued)

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit scheme is as follows:

	2018 £000	2017 £000
Fair value of scheme assets	139,776	150,686
Present value of defined benefit obligations	(118,374)	(132,012)
Net surplus recognised in balance sheet	<u>21,402</u>	<u>18,674</u>

#### 17. Ultimate controlling party

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

The Company's immediate parent company is ManpowerGroup UK Limited, a company registered in England and Wales.

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