
MODIS INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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MODIS INTERNATIONAL LIMITED

COMPANY INFORMATION

DIRECTORS

Z Wadee
T Briant (appointed 1 June 2015)
J Marshall III (appointed 1 October 2015)
Medeco Developments Limited
A Hawkins (appointed 1 March 2016)

COMPANY SECRETARY

G Tagg (appointed 1 September 2015)
Medeco Developments Limited

REGISTERED NUMBER

1625479

REGISTERED OFFICE

Millennium Bridge House
2 Lambeth Hill
London
EC4V 4BG

INDEPENDENT AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

MODIS INTERNATIONAL LIMITED

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MODIS INTERNATIONAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their Strategic Review for the year ended 31 December 2015.

BUSINESS REVIEW

The principal activity of the company for the year under review was that of recruitment consultancy.

The key financial and other performance indicators during the year were as follows:

	2015 £'000	2014 £'000	Change %
Turnover	55,477	70,905	(21.8)
Gross profit	10,686	10,256	4.2
Profit/(Loss) after tax	1,073	(778)	(237.9)
Shareholders' funds	13,310	12,237	8.8
Current assets as % of current liabilities	159.2	137.8	15.5
Average number of employees	98	104	(5.8)

Despite a decline in revenue the company continued to improve gross profitability through focus on key markets. The business was also successful in managing administrative costs, with operating profit increasing significantly year over year.

PRINCIPAL RISKS AND UNCERTAINTIES

Management have identified below a summary of the main risks that could potentially impact the business' operating and financial performance.

PEOPLE

The effectiveness of the business' operations relies on the expertise and commitment of its staff; for our sales staff to develop client relationships and deliver quality of services to ensure we attract and retain business, and for our support staff in the back office to deliver efficient and quality support to the business. Management mitigate the risk of non-retention through the continual development and review of its recruitment, training and career development programmes, together with ensuring it continues to offer competitive compensation packages. Management also seeks to monitor employee satisfaction through employee surveys (local and globally) and open and honest communication between management and their teams.

MACRO ECONOMIC ENVIRONMENT

The recruitment sector is particularly susceptible to changes in the economic environment. Management seek to manage this risk through a blend of permanent and temporary recruitment activities which assist in cushioning the impact of economic cycles.

The temporary recruitment market continues to reflect pressure both on top line revenues and margin as customers seek to amend requirements while reducing price. Pressure on margins in particular has been contributed to by market behaviour as recruitment suppliers and vendor management providers seek to maintain customer accounts and gain market share in the increasingly competitive environment. Management is therefore focused on maintaining its pricing strategy and discipline to mitigate this risk.

Additional economic uncertainty arises as a result of the planned referendum on the UK's continued membership of the European Union. Management will continue to carefully monitor the potential impact on the UK economy in the period preceding the referendum and in the event of a decision to leave the EU, reassessing business strategy as necessary.

MODIS INTERNATIONAL LIMITED

STRATEGIC REPORT (continued)

MICRO ECONOMIC ENVIRONMENT

Despite the business applying a strict credit risk policy to all clients, which includes undertaking credit checks on all clients and applying credit limits and terms with respect to clients, the business carries risk to its sales and profitability due to the potential financial instability of clients.

COMPETITION

Given the low barriers to entry into the recruitment market, the UK is a highly competitive and fragmented market for recruitment suppliers to enter. Our competitors range from large multinationals to small privately owned businesses and therefore it is imperative for the business that it builds and retains strong client relationships and key contacts.

TECHNOLOGY

IT plays a pivotal role in the business' operations, and therefore the growing dependency on IT makes the potential impact of disruptions even greater. Key IT-related risks include failure of the IT infrastructure, leading to loss of service or a leakage of confidential business information. The business continues to review and improve its IT project risk management; including monitoring, security and compliance. The Company is reliant on a number of technology systems and suppliers in providing its services to clients and disaster recovery solutions, which are periodically reviewed and enhanced by management.

REGULATORY ENVIRONMENT

In common with many other sectors, the recruitment industry is now governed by increasing levels of regulation, bringing with them both opportunities and risks. In addition, clients now require more complex levels of compliance in their contractual arrangements with the business.

Management takes its responsibilities seriously, is committed to meeting all of its regulatory responsibilities and continues to maintain its internal controls and processes to ensure compliance with respect to legal and contractual obligations.

FINANCIAL INSTRUMENTS RISK

The company has established a risk and financial management framework with the primary objectives of protecting the company from events that hinder the achievement of its performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

EXPOSURE TO PRICE, CREDIT, LIQUIDITY AND CASH FLOW RISK

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The company does not have any financial assets that are exposed to price risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses and rigorous credit checking are in place prior to the commencement of trade with a customer and at every anniversary thereafter. Details of the company's debtors are shown in the notes to the financial statements.

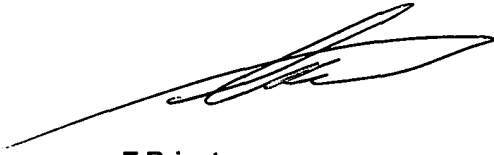
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets across the client base. The company also manages liquidity risk via our intergroup treasury facility and intergroup loans.

MODIS INTERNATIONAL LIMITED

STRATEGIC REPORT (continued)

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The company does not have any external financial assets or liabilities with significant exposure to interest rate risk.

This report was approved by the board and signed on its behalf.



T Briant
Director

Date: 23/5/16

MODIS INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,073,000 (2014 - loss £778,000).

The directors do not recommend the payment of a dividend (2014: £nil) for the year.

DIRECTORS

The directors who served during the year were:

P Searle (resigned 30 September 2015)
N Martin (resigned 1 June 2015)
R Dungworth (resigned 1 February 2016)
J Marshall III (appointed 1 October 2015)
Medeco Developments Limited
Z Wadee
T Briant (appointed 1 June 2015)

FUTURE DEVELOPMENTS

In 2016, the directors will continue to pursue sales opportunities while also focussing on disciplined pricing and cost control to optimise profitability.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

DISABLED EMPLOYEES

It is the company's policy to offer the same opportunity to disabled employees in matters of recruitment and career advancement, provided that they have the ability to perform the tasks required with or without training, and to provide retraining where necessary when disability is incurred during employment with the company.

DIRECTORS' LIABILITY

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report on page 1.

Although the company has not generated positive cash flows during the current financial year, it participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. In the event that liabilities exceed the assets of the company in the current or subsequent years, the company will receive a letter of support from the ultimate parent undertaking, Olsten (U.K.) Holdings Limited, to ensure that it can continue to meet its liabilities as they fall due.

MODIS INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors, having assessed the responses of the directors of the company's parent Adecco S.A. to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Adecco group to continue as a going concern or its ability to continue with the current banking arrangements.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

FINANCIAL INSTRUMENTS

Details of financial instruments are provided in the strategic report.

This report was approved by the board and signed on its behalf.



T Briant
Director

Date: 23/5/16

MODIS INTERNATIONAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless 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 judgments 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;
- 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 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 MODIS INTERNATIONAL LIMITED

We have audited the financial statements of Modis International Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland.'

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any material misstatements or uncertainties we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

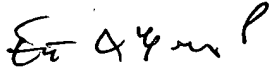
Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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
- 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.



Gordon Cullen (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor

London

24 May 2016

MODIS INTERNATIONAL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
Turnover		55,477	70,905
Cost of sales		(44,791)	(60,649)
		<hr/>	<hr/>
Gross profit		10,686	10,256
Administrative expenses		(10,244)	(10,105)
		<hr/>	<hr/>
Operating profit		442	151
Interest receivable and similar income	7	3	4
		<hr/>	<hr/>
Profit before tax		445	155
Tax on profit	8	628	(933)
		<hr/>	<hr/>
Profit/(loss) for the year		1,073	(778)
		<hr/>	<hr/>

All amounts relate to continuing operations.

There was no other comprehensive income for 2015 and 2014.

The notes on pages 13 to 25 form part of these financial statements.

MODIS INTERNATIONAL LIMITED
REGISTERED NUMBER:1625479

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	390	416
Investments	11	1	1
		<u>391</u>	<u>417</u>
Current assets			
Debtors	12	34,954	43,433
Cash at bank and in hand	13	131	72
		<u>35,085</u>	<u>43,505</u>
Creditors: amounts falling due within one year	14	(22,038)	(31,582)
Net current assets		<u>13,047</u>	<u>11,923</u>
Total assets less current liabilities		<u>13,438</u>	<u>12,340</u>
Provisions for liabilities			
Other provisions	16	(128)	(103)
		<u>(128)</u>	<u>(103)</u>
Net assets		<u><u>13,310</u></u>	<u><u>12,237</u></u>
Capital and reserves			
Called up share capital	17	263	263
Share premium account	18	16	16
Profit and loss account	18	13,031	11,958
Equity shareholders' funds		<u><u>13,310</u></u>	<u><u>12,237</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


T Briant
 Director

Date: 23/5/16

The notes on pages 13 to 25 form part of these financial statements.

MODIS INTERNATIONAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015**

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 January 2015	263	16	11,958	12,237
Comprehensive income for the year				
Profit for the year	-	-	1,073	1,073
Total comprehensive income for the year	-	-	1,073	1,073
AT 31 December 2015	263	16	13,031	13,310

MODIS INTERNATIONAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014**

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 January 2014	263	16	12,736	13,015
Comprehensive income for the year				
Loss for the year	-	-	(778)	(778)
Total comprehensive loss for the year	-	-	(778)	(778)
AT 31 December 2014	263	16	11,958	12,237

The notes on pages 13 to 25 form part of these financial statements.

MODIS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 Statement of compliance

Modis International Limited is a limited liability company incorporated in England. The Registered Office is 2 Lambeth Hill, London, EC4V 4BG.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2015.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is provided in the notes to the financial statements.

All significant accounting policies of the company are set-out below.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102.

The functional and presentation currency of the financial statements is GBP. All figures have been rounded to £'000 as stated within the headers to the primary financial statements and related notes.

1.3 Changes in accounting policies

Following transition to FRS 102 from 1 January 2014, there have been no changes to our significant accounting policies.

1.4 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 102.

1.5 Turnover

All revenues arises from the rendering of services. Revenue is measured at the fair value of the consideration received, excluding discounts and VAT.

Revenues arising from temporary personnel services are recognised when the services are rendered. Revenues from permanent placement services are recognised at the time the candidate begins full-time employment and an allowance is established for non-fulfilment of permanent placement obligations.

Where the company acts as a principal in transactions and has risks and rewards of ownership (such as the liability for the cost of temporary personnel and the risk of loss for collection and performance of pricing adjustments), the gross amounts of turnover and cost of sales are recorded. Where the company acts as an agent and acts principally as a contractor for subcontractors, only the net fees are recorded as revenues.

MODIS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value.

The estimated useful lives range as follows:

Freehold buildings	-	50 years
Leasehold property improvements-		5 - 10 years
Fixtures, fittings and motor	-	4 - 5 years
vehicles		
Computer equipment	-	2 - 3 years
Freehold land	-	not depreciated

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

MODIS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.10 Pensions

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

1.11 Financial Instruments

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in profit or loss under other operating expenses.

The carrying value of all financial assets and liabilities are measured at amortised cost.

2. ANALYSIS OF TURNOVER

The whole of the turnover is attributable to provision of temporary and permanent placements.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after (crediting)/charging:

	2015	2014
	£000	£000
Depreciation of tangible fixed assets	64	30
Operating leases: other	32	43
Operating leases: land and buildings	45	350
Exchange differences	(5)	57
Defined contribution pension cost	104	67
	=====	=====

MODIS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

4. AUDITORS' REMUNERATION

Auditors' remuneration in the year and preceding year was borne by another group company. There were no fees paid to the auditors for non-audit services (2014: £nil).

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2015	2014
	£000	£000
Wages and salaries	4,533	4,611
Social security costs	516	529
Cost of defined contribution scheme	104	67
	5,153	5,207

The average monthly number of employees, including the directors, during the year was as follows:

	2015	2014
	No.	No.
Administrative staff	98	104

6. DIRECTORS' REMUNERATION

	2015	2014
	£000	£000
Remuneration	-	199
Company contributions to defined contribution pension schemes	-	18
	-	217

During the year retirement benefits were accruing to no directors (2014 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £nil (2014 - £199,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2014 - £18,000).

In addition to the above, five directors of the company also served as directors of Adecco UK Limited and fellow subsidiaries. The directors received total remuneration of £2,634,000 (2014: £1,884,000) all of which was paid by Adecco UK Limited and fellow subsidiaries. The directors do not believe it is practicable to apportion this amount between services as directors of the company and their services of Adecco UK Limited and fellow subsidiaries.

MODIS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

7. INTEREST RECEIVABLE

	2015 £000	2014 £000
Group interest receivable	3	4
	<u>3</u>	<u>4</u>

8. TAXATION

	2015 £000	2014 £000
Corporation tax		
Current tax on profits for the year	(645)	921
Total current tax	<u>(645)</u>	<u>921</u>
Deferred tax		
Origination and reversal of timing differences	17	12
Total deferred tax	<u>17</u>	<u>12</u>
Taxation on (loss)/profit on ordinary activities	<u>(628)</u>	<u>933</u>

MODIS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. TAXATION (continued)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	445	155
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	90	33
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7	139
Adjustments to tax charge in respect of prior periods	-	784
Adjust closing deferred tax to average rate of 20.25% / 21.5%	14	10
Adjust opening deferred tax to average rate of 20.25% / 21.5%	(2)	(11)
Risk reserves	(644)	-
Group relief	(93)	(22)
Total tax charge for the year	(628)	933

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A deferred tax asset of £114,000 (2014: £131,000) which has arisen as a result of decelerated capital allowances and short-term timing differences, has been recognised at 31 December 2015.

Estimated tax loss of £nil are carried forward (2014: £nil).

The UK corporation tax rate reduced to 20% from April 2015. The rate will further reduce to 19% from April 2017 and to 18% from 1 April 2020, and as at the balance sheet date, both these future tax rate reductions had been substantively enacted. The deferred tax liability at 31 December 2015 has been calculated based upon the substantively enacted rate of 18%. The respective rate changes will impact the amount of future tax payments to be made by the company. The Chancellor announced in the March 2016 Budget that the UK corporation tax rate will reduce to 17% instead of 18% in April 2020. As this has not been substantively enacted at the balance sheet date the impact of this has not been accounted for and is not deemed to be material.

The company does not expect any deferred tax assets and/or liabilities to reverse in 2016.

MODIS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

9. INTANGIBLE ASSETS

	Goodwill £000
Cost	
At 1 January 2015	1,503
At 31 December 2015	1,503
Amortisation	
At 1 January 2015	1,503
At 31 December 2015	1,503
Net book value	
At 31 December 2015	-
<i>At 31 December 2014</i>	<i>-</i>

MODIS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Leasehold property improvements £000	Fixtures, fittings and motor vehicles £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 January 2015	575	165	649	737	2,126
Additions	-	1	-	37	38
At 31 December 2015	<u>575</u>	<u>166</u>	<u>649</u>	<u>774</u>	<u>2,164</u>
Depreciation					
At 1 January 2015	258	102	620	730	1,710
Charge owned for the period	11	28	18	7	64
At 31 December 2015	<u>269</u>	<u>130</u>	<u>638</u>	<u>737</u>	<u>1,774</u>
Net book value					
At 31 December 2015	<u>306</u>	<u>36</u>	<u>11</u>	<u>37</u>	<u>390</u>
<i>At 31 December 2014</i>	<u>317</u>	<u>63</u>	<u>29</u>	<u>7</u>	<u>416</u>

MODIS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2015	1
At 31 December 2015	<u>1</u>
Impairment	
At 1 January 2015	-
At 31 December 2015	<u>-</u>
Net book value	
At 31 December 2015	<u>1</u>
<i>At 31 December 2014</i>	<u>1</u>
SUBSIDIARY UNDERTAKINGS	

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Modis Europe Limited	England and Wales	Ordinary	100 %	Recruitment consultancy
Modis Belgium SA	Belguim	Ordinary	100 %	Dormant company

MODIS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. DEBTORS

	2015 £000	2014 £000
Due after more than one year		
Deferred tax asset	114	131
	<hr/>	<hr/>
	114	131
Due within one year		
Trade debtors	5,395	13,149
Amounts owed by group undertakings	26,897	26,451
Other debtors	9	7
Prepayments and accrued income	2,539	3,695
	<hr/>	<hr/>
	34,954	43,433
	<hr/>	<hr/>

The carrying value of all financial assets is measured at amortised cost.

13. CASH AND CASH EQUIVALENTS

	2015 £000	2014 £000
Cash at bank and in hand	131	72
Less: bank overdrafts	-	(32)
	<hr/>	<hr/>
	131	40
	<hr/>	<hr/>

The carrying value of all financial assets is measured at amortised cost.

MODIS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

14. CREDITORS: Amounts falling due within one year

	2015 £000	2014 £000
Bank overdrafts	-	32
Trade creditors	600	319
Amounts owed to group undertakings	19,082	25,577
Corporation tax	277	921
Taxation and social security	801	1,102
Other creditors	100	9
Accruals and deferred income	1,178	3,622
	22,038	31,582

The carrying value of all financial liabilities is measured at amortised cost.

15. DEFERRED TAXATION

	Deferred tax £000
At 1 January 2015	131
Charged to the profit or loss	(17)
At 31 December 2015	114

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	79	96
Other timing differences	35	35
	114	131

MODIS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. PROVISIONS

	Vacant property £000	Dilapidation s £000	Total £000
At 1 January 2015	2	101	103
Charge for the year	-	26	26
Utilised in year	(1)	-	(1)
At 31 December 2015	1	127	128

Vacant property

A provision has been made for onerous lease property exposures on the Modis property portfolio. The provisions have been calculated based on the annual expected rental, rates and service charges.

Dilapidations

The dilapidations provision relates to the obligation to return leased premises back to their original condition.

17. SHARE CAPITAL

	2015 £000	2014 £000
Allotted, called up and fully paid		
262,743 Ordinary shares of £1 each	263	263

18. RESERVES

Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

This reserve records the accumulated profit and loss attributable to shareholders.

19. CONTINGENT LIABILITIES

The company is registered for VAT purposes in a group of companies, which share a common registration number. As a result it has jointly guaranteed the VAT liability of the group and failure by any other members of the group would give rise to additional liabilities for the company.

MODIS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

20. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Not later than 1 year	162	184
Later than 1 year and not later than 5 years	57	164
Total	219	348

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption not to disclose transactions with entities that are part of its group on the basis that it is a wholly owned subsidiary of Adecco S.A.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking is Adecco S.A., a company incorporated in Switzerland, which is also the smallest and largest group to consolidate these financial statements.

Copies of the financial statements of Adecco S.A. can be obtained from:

The Company Secretary
Olsten (U.K.) Holdings Limited
Millennium Bridge House
2 Lambeth Hill
London EC4V 4BG

The immediate parent company is MPS Group International Limited, a company incorporated in the United Kingdom.

24. TRANSITION TO FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014. No GAAP differences were identified as a result of this transition. Opening reserves as at 1 January 2014, and the (loss)/profit for the years ending 31 December 2014 and 31 December 2015 have not been impacted.