
MICHAEL PAGE HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014



MICHAEL PAGE HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

Kelvin Stagg
Elaine Marriner

COMPANY SECRETARY

Elaine Marriner

REGISTERED NUMBER

1823297

REGISTERED OFFICE

Page House
1 Dashwood Lang Road
The Bourne Business Park
Addlestone
Surrey
KT15 2QW

INDEPENDENT AUDITOR

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

MICHAEL PAGE HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 5
Independent auditor's report	6 - 7
Profit and loss account	8
Statement of total recognised gains and losses	8
Balance sheet	9 - 10
Notes to the financial statements	11 - 27

MICHAEL PAGE HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors present the Strategic Report of Michael Page Holdings Limited ("the Company") for the year ended 31 December 2014.

Principal activity and Business Review

The loss for the year, after taxation, amounted to £6,983k (2013 Profit – £27,519k).

The principal activity of Michael Page Holdings Limited is that of a holding company and as such the Directors believe that KPIs are not relevant to understanding the development, performance or position of the business.

Principal Risks and Uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Michael Page International plc ("the Group"), which is the Company's ultimate holding company, and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are as follows:

People

Retention of senior and high performing staff is key to the Company's strategy of organic growth. Failure of such retention may adversely affect the Company's operating performance and financial results.

Shift in business model

The emergence of new technology platforms including, for example, the growing use of social media, may lead to increased competition and pressure on margins which may adversely affect the Company's results if it is unable to respond effectively.

Macro economic exposure – risk of downturn

Recruitment activity is driven largely by economic cycles and the levels of business confidence. Businesses are less likely to need new hires and employees are less likely to move jobs when they do not have confidence in the market so leading to reduced recruitment activity.

A substantial proportion of the Company's profit arises from fees that are contingent upon the successful placement of a candidate in a position. If the client cancels the assignment at any stage in the process, the Company receives no remuneration.

Damage to reputation or PageGroup Brands

Our brands are material assets of the Company and maintaining their reputation is key to continued success.

In the short-term any event that could cause reputational damage is a risk to the Company such as a failure to comply with legislation, or other regulatory requirements, or confidential data lost or stolen. Use of new social media network sites has increased the speed of communication and the reach, increasing the impact of an incident.

In the medium to longer term, a lack of awareness of the Group brands, or a deterioration in the quality of service we provide to both clients and candidates, could have a significant impact.

MICHAEL PAGE HOLDINGS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

Strategic report (continued)

Technology

The Company is reliant on a number of IT systems to provide its services to clients and candidates. The current IT infrastructure is complex and ageing, increasing the risk of significant systems failure. A serious system disruption, loss of data or security breach could have a material impact on our operations and on the Company's financial results.

IT Transformation and Change

Failure of the continued roll out in 2015 of the new suite of operating software and related applications could cause disruption to the business, affect our ability to provide a high-quality recruitment service to our clients and affect our operational and financial performance.

Data Management

Confidential, sensitive and personal data is held across the Company. Failure to handle this data properly could expose the Company to financial penalties and reputational risk.

Legal Compliance and contracts

Any non compliance with client contract requirements and legislative or regulatory requirements could have an adverse effect on the Company's financial results.

Financial Risk Management

The Company has adopted the following risk management policies that seek to mitigate its exposure to financial risk. Financial assets and liabilities that expose the Company to financial risk consist principally of investments, intercompany debtors and creditors. The financial risks associated with these financial instruments are considered minimal. The recoverability of investments is assessed at year end and when indicators of impairments arise. The intercompany debtors and creditors are recoverable within the enlarged Michael Page group.

The Directors are of a view that the Company is not exposed to any significant interest rate or inflation rate risks.

This Strategic Report was approved by the Board on 17/09/2015 and signed on its behalf.



Kelvin Stagg
Director

Company Number 1823297 registered in England and Wales
Registered office:
Page House
1 Dashwood Lang Road
The Bourne Business Park
Addlestone
Surrey
KT15 2 QW

MICHAEL PAGE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors of the Company present their report and the financial statements for the year ended 31 December 2014.

Directors

The Directors who served during the year were:

Kelvin Stagg
Elaine Marriner

Dividend

During the year the Directors approved an interim dividend of £5,962k (2013: £19,884k). The Directors do not recommend a final dividend.

Future developments

The Company acts as a holding company providing computer, property and other group services to other Group companies. It is confident that such provision of services will continue at their current levels.

Directors' and officers' liability

The Company has made qualifying third party indemnity provision for the benefit of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in place during the year and remains in force as at the date of approving this Directors' Report.

Going Concern

The Company's business activities, together with the factors likely to affect its principle risks and uncertainties are described in the Strategic Report on pages 1-2.

The Company is in a net current liabilities position at the year end; however, Michael Page International plc has confirmed they will continue to provide the financial support to enable all obligations to be met as necessary. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report.

Financial Risk Management

Please refer to the strategic report for discussion of the Financial Risk Management.

Employment Policy

The Company continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training

MICHAEL PAGE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Directors Report (continued)

Employment Policy (continued)

and career development and promotion, where appropriate, The Company also remains committed to employee involvement throughout the business, Employees are kept well informed of the performance and strategy of the Company through personal briefings, regular meetings, emails and other communications from the Chief Executive Officer and members of the Executive Board.

Re-appointment of auditor

The Auditor, Ernst & Young LLP, will be proposed for reappointment at the Company's annual general meeting in accordance with section 485 of the Companies Act 2006.

Directors' responsibilities statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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; and
- prepare the financial statements on the going 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.

MICHAEL PAGE HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

Directors' Report (Continued)

Directors' statement as to disclosure of information to auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 3. Having made enquiries of fellow Directors and of the Company's Auditor, each of these Directors confirms that:

- so far as each Director at the date of approving this Report is aware, there is no information (that is, information needed by the Company's Auditor in connection with preparing their report) of which the Company's Auditor are unaware; and
- Each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Auditor is aware of that information.

This Directors' Report was approved by the Board and signed on its behalf.



Kelvin Stagg
Director

Date: 17/09/2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MICHAEL PAGE HOLDINGS LIMITED

We have audited the financial statements of Michael Page Holdings Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 25. 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).

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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). Those standards require us to comply with the Auditing Practices Board'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 apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MICHAEL PAGE HOLDINGS LIMITED

Independent Auditor's Report (Continued)

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, 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.



Zishan Nurmohamed (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 22/09/2015

MICHAEL PAGE HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £000	2013 £000
TURNOVER	2	43,090	42,583
Administrative expenses		(56,682)	(52,162)
Other operating income		<u>-</u>	<u>16,761</u>
OPERATING (LOSS)/PROFIT	3	(13,592)	7,182
Income from shares in group undertakings		5,962	19,884
Interest receivable and similar income	7	593	437
Interest payable and similar charges	8	<u>(94)</u>	<u>(141)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,131)	27,362
Tax on (loss)/profit on ordinary activities	9	<u>148</u>	<u>157</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	18	<u><u>(6,983)</u></u>	<u><u>27,519</u></u>

All amounts relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2014

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss account.

The notes on pages 11 to 27 form part of these financial statements.

MICHAEL PAGE HOLDINGS LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2014**

	Notes	2014 £000	2014 £000	2013 £000	2013 £000
FIXED ASSETS					
Intangible fixed assets	10		35,284		39,110
Tangible fixed assets	11		5,992		6,185
Investments	12		<u>24,865</u>		<u>24,777</u>
			66,141		70,072
CURRENT ASSETS					
Debtors	13	956,993		642,544	
Cash and cash equivalents		11,030		21,410	
Deferred Tax Asset		110		-	
CREDITORS: amounts falling due within one year	14	<u>(1,034,545)</u>		<u>(720,685)</u>	
NET CURRENT LIABILITIES			<u>(66,412)</u>		<u>(56,731)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(271)		13,341
CREDITORS: amounts falling due after more than one year	15		(2,653)		(3,269)
PROVISIONS FOR LIABILITIES					
Deferred Tax Liability	16		-		(38)
NET LIABILITIES/ASSETS			<u>(2,924)</u>		<u>10,034</u>
CAPITAL AND RESERVES					
Called up share capital	17		829		829
Share premium account	18		682		682
Foreign exchange reserve	18		(3,134)		(2,244)
Other reserves	18		50		50
Profit and loss account	18		<u>(1,351)</u>		<u>10,717</u>
SHAREHOLDERS' (DEFICIT)/FUNDS	19		<u>(2,924)</u>		<u>10,034</u>

MICHAEL PAGE HOLDINGS LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2014**

Balance Sheet (Continued)

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

A handwritten signature in black ink, appearing to be 'K. Stagg', written over a horizontal line.

Kelvin Stagg
Director

Date: 17/09/2015

The notes on pages 11 to 27 form part of these financial statements.

MICHAEL PAGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company is itself a wholly owned subsidiary company whose results are consolidated in the results of the ultimate parent, which are publically available. The Company is therefore exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 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. The Company is in a net current liabilities position at year end however, Michael Page International plc have confirmed they will continue to provide financial support to enable all obligations to be met as necessary. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

1.3 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 1.

1.4 Turnover

Turnover comprises management fees and costs that have been charged to other group companies during the period. Revenue is recognised when the company's right to receive payment is established

1.5 Intangible fixed assets and amortisation

Computer software acquired by the Company is stated at cost less accumulated amortisation. Computer software assets under construction are amortised from the point at which they go live, at which point the asset moves from assets under construction to computer software. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

MICHAEL PAGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. 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. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Improvements	-	10% per annum or period of lease if shorter
Motor vehicles	-	25% per annum
Computer equipment	-	10-20% per annum
Other fixed assets	-	10-20% per annum

1.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.8 Impairment

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

1.9 Operating leases

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

1.10 Taxation

The charge for taxation is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A deferred tax asset is recognised only if 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.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

MICHAEL PAGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.12 Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. Their subsequent accounting treatments are described below:

- Share option schemes

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, earnings per share). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the estimate of the number of options that are expected to become exercisable is revised. The Company recognises the impact of the revision of original estimates, if any, in the profit and loss account, and the corresponding adjustment to equity over the remaining vesting period.

- Deferred Annual Bonus and Long Term Incentive Plans

Where deferred awards are made to directors and senior executives under either the Incentive Share Plan or the Annual Bonus Scheme, to reflect that the awards are for services over a longer period, the value of the expected award is charged to the profit and loss account on a straight-line basis over the vesting period to which the award relates. These schemes changed their names in 2015 to be the Long Term Incentive Plan and the Management Incentive Share plan.

1.13 Pension costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost included in these accounts represents the contributions payable by the Company to the fund during the current year.

1.14 Income from shares in group companies

Income from shares in group companies is recognised when the Company's right to receive payment is established.

1.15 Foreign Exchange

Foreign currency transactions are translated into the functional currency using the prevailing exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and for the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account with the exception of exchange differences on foreign currency equity investments, which are taken directly to reserves.

2. TURNOVER

All turnover arose from fees charged to subsidiaries.

MICHAEL PAGE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

3. OPERATING LOSS / PROFIT

In the prior year other operating income arose following the settlement of intercompany balances with UK subsidiary companies across the Group.

Operating loss/profit is stated after charging/(crediting):

	2014 £000	2013 £000
Amortisation of computer software	9,417	6,038
Depreciation of tangible fixed assets	1,909	2,683
Operating lease rentals - other operating leases	5,380	5,545
Difference on foreign exchange	101	(241)
Loss on disposal of tangible fixed assets	142	28
Staff costs	24,117	21,894

4. AUDITOR'S REMUNERATION

	2014 £000	2013 £000
Fees payable to the company's Auditor and its associates for the audit of the company's annual accounts	25	25

5. STAFF COSTS

Employment costs (including directors) comprised:

	2014 £000	2013 £000
Wages and salaries	20,322	18,442
Social security costs	2,055	1,667
Pension costs	863	686
Equity settled share based payment	877	1,099
Total	24,117	21,894

The average number of employees (including directors) during the year was as follows:

	2014	2013
Management	2	2
Administration	242	249
Total	244	251

MICHAEL PAGE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

6. DIRECTORS' REMUNERATION

	2014 £000	2013 £000
Emoluments	<u>919</u>	<u>1,319</u>
Company pension contributions to defined contribution pension schemes	<u>72</u>	<u>74</u>

The highest paid director received remuneration of £802k (2013 - £963k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £50k (2013 - £50k).

Remuneration paid to directors of Michael Page Holdings Limited relates to payments of services provided to the whole Michael Page International plc group. It is not possible to identify the proportion of qualifying services relating to this company.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £000	2013 £000
Other interest receivable	<u>593</u>	<u>437</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £000	2013 £000
On bank loans and overdrafts	<u>94</u>	<u>141</u>

MICHAEL PAGE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

9. TAXATION

	2014	2013
	£000	£000
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	-	-
Deferred tax (note 16)		
Origination and reversal of timing differences	(21)	(199)
Prior year adjustment	(127)	67
Impact on rate change on brought forward balances	-	(25)
Tax credit on (loss)/profit on ordinary activities	(148)	(157)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2013 - *higher*) the effective rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The UK corporation tax rate decreased from 23% to 21% with effect from 1 April 2014 and therefore gives a combined rate of 21.5% for the year ended 31 December 2014. Further, the Government enacted a decrease in the rate of corporation tax to 20% with effect from 1 April 2015.

The differences are explained below:

	2014	2013
	£000	£000
(Loss)/Profit on ordinary activities before tax	(7,131)	27,362
(Loss)/Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 21.5% (2013 – 23.25 %)	(1,533)	6,362

Effects of:

Exclusion of release of debits/(credits) – intercompany	-	(3,897)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4	3
Capital allowances for year in excess of depreciation	229	323
Dividends from group companies	(1,282)	(4,623)
Tax deduction arising from exercise of employee options	57	(94)
Withholding tax suffered	(8)	(3)
Group relief surrendered to other group companies'	2,533	1,929
Current tax charge for the year	-	-

MICHAEL PAGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

9. TAXATION (continued)

Factors that may affect future tax charges

Reductions in the corporation tax rate to 21% and 20% effective 1 April 2014 and 1 April 2015 respectively were enacted on 18 July 2013 under the Finance Act 2013.

The Company recognised a deferred tax asset at 31 December 2014 of £110k (2013: £38k Liability).

10. INTANGIBLE FIXED ASSETS

	Computer software £000	Computer software assets under construction £000	Total £000
Cost			
At 1 January 2014	49,244	2,171	51,415
Additions	268	5,323	5,591
Transfer	5,675	(5,675)	-
	<u>55,187</u>	<u>1,819</u>	<u>57,006</u>
At 31 December 2014			
Amortisation			
At 1 January 2014	12,305	-	12,305
Charge for the year	9,417	-	9,417
	<u>21,722</u>	<u>-</u>	<u>21,722</u>
At 31 December 2014			
Net book value			
At 31 December 2014	<u>33,465</u>	<u>1,819</u>	<u>35,284</u>
At 31 December 2013	<u>36,939</u>	<u>2,171</u>	<u>39,110</u>

MICHAEL PAGE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

11. TANGIBLE FIXED ASSETS

	Leasehold improve- ments £000	Motor vehicles £000	Computer equipment £000	Other fixed assets £000	Total £000
Cost					
At 1 January 2014	11,500	127	10,096	3,845	25,568
Additions	835	53	759	242	1,889
Disposals	(1,912)	(62)	(326)	(25)	(2,325)
Transfer within group	-	13	-	-	13
At 31 December 2014	<u>10,423</u>	<u>131</u>	<u>10,529</u>	<u>4,062</u>	<u>25,145</u>
Depreciation					
At 1 January 2014	7,882	54	8,133	3,314	19,383
Charge for the year	844	31	864	170	1,909
On disposals	(1,823)	(36)	(271)	(16)	(2,146)
Transfer within group	-	7	-	-	7
At 31 December 2014	<u>6,903</u>	<u>56</u>	<u>8,726</u>	<u>3,468</u>	<u>19,153</u>
Net book value					
At 31 December 2014	<u>3,520</u>	<u>75</u>	<u>1,803</u>	<u>594</u>	<u>5,992</u>
At 31 December 2013	<u>3,618</u>	<u>73</u>	<u>1,963</u>	<u>531</u>	<u>6,185</u>

12. INVESTMENTS

	Investments in subsidiary companies £000
Cost and Net book value	
At 31 December 2014	<u>24,865</u>
At 31 December 2013	<u>24,777</u>

MICHAEL PAGE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

12. INVESTMENTS (continued)

Subsidiary undertakings

Name of undertaking	Country of Incorporation	Percentage Held	Principal activity
Michael Page Partnership Limited*	Great Britain	100%	Holding company
Michael Page International Holdings Limited	Great Britain	100%	Holding company
Michael Page UK Limited	Great Britain	100%	Non trading company
Page Personnel (UK) Limited	Great Britain	100%	Non trading company
Michael Page Limited	Great Britain	100%	Non trading company
Slamway Limited	Great Britain	100%	Dormant
Michael Page Employment Services Limited (Formerly Burhill Park Limited)	Great Britain	100%	Recruitment Consultancy
The Assessment Centre Limited	Great Britain	100%	Non trading company
LPM (Group Services) Limited	Great Britain	100%	Non trading company
Sales Recruitment Specialists Limited	Great Britain	100%	Non trading company
The Page Partnership Limited	Great Britain	100%	Dormant
Burhill Park Limited (Formerly Michael Page Employment Services Limited)	Great Britain	100%	Non trading company
Michael Page International 1982 Limited	Great Britain	100%	Non trading company
Michael Page International Investment Limited	Great Britain	100%	Non trading company
Michael Page International Finance Limited	Great Britain	100%	Non trading company
Michael Page International (Deutschland) GmbH	Germany	100%	Recruitment Consultancy
Page Personnel (Deutschland) GmbH	Germany	100%	Recruitment Consultancy
Michael Page Interim (Deutschland) GmbH	Germany	100%	Recruitment Consultancy
Michael Page International (Nederland) BV	Netherlands	100%	Recruitment Consultancy
Page Interim BV	Netherlands	100%	Recruitment Consultancy
Michael Page International (Belgium) NV/SA	Belgium	100%	Recruitment Consultancy
Page Interim (Belgium) NV/SA	Belgium	100%	Recruitment Consultancy
Page Personnel Interim SA (Luxembourg)	Luxembourg	100%	Recruitment Consultancy
Michael Page International GmbH	Austria	100%	Recruitment Consultancy
Michael Page International (Sweden) AB	Sweden	100%	Recruitment Consultancy
Michael Page International (Switzerland) SA	Switzerland	100%	Recruitment Consultancy
Michael Page International Canada Limited	Canada	100%	Recruitment Consultancy
Michael Page International (Japan) K.K.	Japan	100%	Recruitment Consultancy
Michael Page International (Hong Kong) Limited**	Hong Kong	100%	Recruitment Consultancy
Michael Page (Beijing) Recruitment Co. Ltd	China	100%	Recruitment Consultancy
Michael Page (Shanghai) Recruitment Co. Ltd	China	100%	Recruitment Consultancy
Michael Page International (Shanghai) Consulting Ltd	China	100%	Recruitment Consultancy
Taiwan Michael Page International Co. Ltd*	Taiwan	100%	Recruitment Consultancy
Michael Page International (SA) (Pty) Limited	South Africa	100%	Recruitment Consultancy
Michael Page Africa (SA) (Pty) Limited	South Africa	100%	Recruitment Consultancy
Michael Page International (Poland) Sp.Z.O.O	Poland	100%	Recruitment Consultancy
Michael Page International (UAE) Limited	UAE	100%	Recruitment Consultancy
Michael Page International Russia LLC	Russia	100%	Recruitment Consultancy
Michael Page International (Australia) Pty Limited*	Australia	100%	Recruitment Consultancy
Michael Page International (Malaysia) Sdn Bhd*	Malaysia	100%	Recruitment Consultancy
Michael Page International Recruitment Pvt Ltd*	India	9.15%	Recruitment Consultancy
Michael Page International Personnel Italia Spa*	Italy	25%	Recruitment Consultancy
Page Personnel Italia Spa*	Italy	25%	Recruitment Consultancy

MICHAEL PAGE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

12 INVESTMENTS (continued)

Subsidiary undertakings (continued)

Name of undertaking	Country of Incorporation	Percentage Held	Principal activity
Michael Page International Peru SRL	Peru	25%	Recruitment Consultancy
Michael Page International Empresa de Trabalho Temporario e Servicos de Consultadoria Lda	Portugal	2%	Recruitment Consultancy
MPI Mexico Servicios Corporativos SA de CV*	Mexico	10%	Recruitment Consultancy
MPI Mexico Reclutamiento Especializado SA de CV*	Mexico	10%	Recruitment Consultancy
Michael Page International Brasil SC Ltda*	Brazil	10%	Recruitment Consultancy
Michael Page International Chile Ltda*	Chile	10%	Recruitment Consultancy
Page Personnel International Chile Ltda*	Chile	50%	Recruitment Consultancy
Empresa de Servicios Transitorios Page Interim Chile Ltda*	Chile	50%	Recruitment Consultancy
Page Personnel Argentina SA*	Argentina	25%	Recruitment Consultancy
Page Personnel Argentina Servicios Eventuales SA*	Argentina	25%	Recruitment Consultancy
MPI Argentina SA	Argentina	12%	Recruitment Consultancy

* The equity of these subsidiary undertakings is held directly by the Company. The other subsidiaries are held through indirect ownership.

** The equity of Michael Page International (Hong Kong) Limited is 50% owned by Michael Page International Holdings Ltd and 50% owned by Michael Page Holdings Ltd.

All companies operate principally in their country of incorporation. The Group headed by Michael Page International plc holds 100% of all classes of issued share capital.

The Company is itself a wholly owned subsidiary company whose results are consolidated in the results of the ultimate parent, which are publically available. The Company is therefore exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

13. DEBTORS

	2014 £000	2013 £000
Amounts owed by group undertakings	953,790	638,475
Prepayments and accrued income	3,203	4,069
	<u>956,993</u>	<u>642,544</u>

MICHAEL PAGE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

14. CREDITORS:

Amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	2,084	2,673
Amounts owed to group undertakings	1,024,361	710,098
Social security and other taxes	309	506
Other creditors	59	40
Accruals	7,732	7,368
	<u>1,034,545</u>	<u>720,685</u>

15. CREDITORS:

Amounts falling due after more than one year

	2014	2013
	£000	£000
Other creditors	220	346
Accruals	2,433	2,923
	<u>2,653</u>	<u>3,269</u>

16. DEFERRED TAXATION

	2014	2013
	£000	£000
At 1 January	(38)	(195)
Released during the year (note 9)	148	157
	<u>110</u>	<u>(38)</u>

The deferred taxation balance is made up as follows:

	2014	2013
	£000	£000
Accelerated capital allowances	(210)	(539)
Share based payments	320	501
	<u>110</u>	<u>(38)</u>

MICHAEL PAGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

17. SHARE CAPITAL

	2014 £000	2013 £000
Allotted, called up and fully paid		
16,586,997 (2013:16,586,997) Ordinary shares of £0.05 each	<u>829</u>	<u>829</u>

Share Option Plans

Directors

Neither of the Directors received any remuneration in the form of cash or share awards from the Company as they were remunerated in respect of their employment with other companies within the Michael Page International plc Group ("PageGroup"). Remuneration details for Directors of Michael Page Holdings Limited who also serve on the Board of the ultimate parent company can be found in the Directors' Remuneration Report on pages 74 to 89 of the PageGroup Annual Report and Accounts for the year ended 31 December 2014, which does not form part of this report but can be found on the Group web site at www.page.com/investors

Employees

Certain employees of the Company have received share awards from the ultimate parent company 'Michael Page International plc' under the following share schemes: Executive Share Option Scheme (ESOS) and the Share Option Scheme (SOS). Under these schemes, options are awarded over ordinary 1 pence shares in Michael Page International plc. All options granted are settled by the physical delivery of shares. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

MICHAEL PAGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

17. SHARE CAPITAL (continued)

Share Option Plans (continued)

The following table summarises transactions during the year and the share awards outstanding at 31 December 2014:

Year of grant	Balance at 1 January 2014	Granted in year	Exercised in year	Lapsed/ transferred in year	No. of shares outstanding at 31 December 2014	Base EPS (pence)	Exercise Price per share	Exercise period
2005 (Note 1)*	70,000	-	(50,000)	-	20,000	7.5	190.75p	March 2008 - March 2015
2006 (Note 1)*	20,500	-	-	-	20,500	15.5	309.9p	March 2009 - March 2016
2009 (Note 2)	113,967	-	(13,150)	-	100,817	n/a	187.5p	March 2012 - March 2019
2010 (Note 1)*	704,828	-	-	(40,853)	663,975	n/a	381.5p	March 2013 - March 2020
2011 (Note 2)	181,500	-	-	(20,000)	161,500	n/a	491.0p	March 2014 - March 2021
2012 (Note 2)	176,500	-	-	(7,637)	168,863	n/a	477.0p	March 2015 - March 2022
2013 (Note 2)	180,000	-	-	(26,150)	153,850	n/a	442.0p	March 2016 - March 2023
2014 (Note 2)	-	362,500	-	(10,000)	352,500	n/a	484.0p	March 2017 - March 2024
Total 2014	1,447,295	362,500	(63,150)	(104,640)	1,642,005			
Weighted average exercise price 2014 (£)	3.89	4.84	1.90	4.35	4.15			
Total 2013	1,311,895	190,000	(92,100)	37,500	1,447,295			
Weighted average exercise price 2013 (£)	3.70	4.42	2.56	4.54	3.89			

*These options have fully vested

Note 1

Executive Share Option Scheme (ESOS)

Using the ESOS, awards of share options can be made to key management personnel and senior employees to receive shares in PageGroup. Share options are exercisable at the market price of the shares at the date of the grant.

No awards were made under the ESOS scheme in 2009, 2011, 2012, 2013 or 2014.

For grants under the ESOS plan, the performance condition is tested on the third anniversary and no retesting will occur thereafter. These options were granted subject to a performance condition requiring that an option may only be exercised, in normal circumstances, if there has been an increase in base earnings per share of at least 3% per annum above the growth in the UK Retail Price Index. The respective base earnings per share for each grant are shown in the table above.

MICHAEL PAGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

17. SHARE CAPITAL (continued)

Share Option Plans (continued)

Share Option Scheme (SOS)

Note 2

Executive Directors of the Company are not eligible to participate in this scheme. Any exercises of awards made under this plan must be settled by market purchased shares.

This new scheme was created in 2009 to provide an effective plan under which to grant awards in 2009. It was the Board's view that grants made under the existing ESOS plan, which would have required an increase over the 2008 base earnings per share of at least 3% per annum above the growth in the UK Retail Price Index by 2011, would not be achievable due to the impact of the global downturn on the Group's EPS and thus would not provide the required retention incentive.

The 2009 grant made under the SOS plan is subject to a performance condition that will be tested, initially, three years after the date of grant and then annually until either the entire grant has vested, or ten years from the date of the award have elapsed, in which case any awards outstanding under the grant will lapse. The performance condition is directly linked to the Group's Operating Profit. If Operating Profit is £30m then 30% of the award would vest. For every £1m of Operating Profit over £30m, a further 1% would vest. 100% of the award would vest if Operating Profit was £100m.

As the Group's 2011 Operating Profit was £86.0m, 86% of this award vested on 10 March 2012. The remaining 14% was retested in March 2014, but with 2013 Operating Profit at £68.2m being lower than in 2011, no additional options vested.

Further grants under the SOS plan were made in 2011, 2012, 2013 and 2014. The performance conditions for these grants are also directly linked to the Group's Operating Profit.

For the 2011 grant, if Operating Profit is in excess of £100m, 1% of the award will vest for every additional £1m of Operating Profit achieved, up to a maximum of 100% at Operating Profit of £200m or more.

For the 2012 and 2013 grant, if Operating Profit is in excess of £50m, a proportion of the award equivalent to the amount of Operating Profit achieved will vest up to a maximum of 100% if the Operating Profit is £100m or more.

For the 2014 grant, if Operating Profit is in excess of £50m, a proportion of the award equivalent to the amount of Operating Profit achieved will vest up to a maximum of 100% if the Operating Profit is £100m or more.

Share option valuation and measurement

In 2014, options were granted on 11 March with the estimated fair value of the options granted on that day of £0.87. In 2013, options were granted on 10 March. The estimated fair values of the options granted on that date was £0.97. Share options are granted under service and non-market performance conditions. These conditions are not taken into account in the fair value measurement at grant date. There are no market conditions associated with the share option grants.

Other share-based payment plans

The Company also operates a Management Incentive Scheme Plan and Incentive Share Plan for the Executive Directors and senior employees and an Annual Bonus Plan and Long-Term Incentive Plan for the Executive Directors.

Details of these schemes are disclosed in the Directors' Remuneration Report of the PageGroup Annual report and Accounts and are settled by the physical delivery of shares, currently satisfied by shares held in the Group's Employee Benefit Trust, to the extent that service and performance conditions are met.

MICHAEL PAGE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

17. SHARE CAPITAL (continued)

Share option valuation and measurement

The options outstanding at 31 December 2014 have an exercise price in the range of 171.0 pence to 492.9 pence and a weighted average contractual life of 6.8 years. The fair values of options and other share awards granted during the year were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	Share Option Plans		Long-Term Incentive Plan		Annual Bonus Plan		Management Incentive Scheme Plan (2013 Incentive Share Scheme)	
	2014	2013	2014	2013	2014	2013	2014	2013
Share price (£)	4.84	4.42	4.84	–	–	4.42	4.84	4.42
Average exercise price (£)	4.84	4.42	Nil	–	–	Nil	Nil	Nil
Weighted average fair value (£)	0.87	0.97	4.84	–	–	4.22	4.54	4.12
Expected volatility	24%	31%	24%	–	–	31%	24%	31%
Expected life	5 years	5 years	2 years	–	–	2 years	3 years	3 years
Risk free rate	1.40%	0.86%	0.83%	–	–	0.22%	0.93%	0.34%
Expected dividend yield	2.17%	2.62%	Nil	–	–	Nil	2.17%	Nil

Expected volatility was determined by reference to historical volatility of Michael Page International Plc's share price in the last 12 months. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Expectations of early exercise are incorporated into the Black-Scholes option pricing model.

The Company recognised total expenses of £0.9m (2013: £1.1m) related to equity-settled share-based payment transactions during the year.

MICHAEL PAGE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

18. RESERVES

	Share premium account £000	Foreign exchange reserve £000	Other reserves £000	Profit and loss account £000
At 1 January 2014	682	(2,244)	50	10,717
Loss for the year	-	-	-	(6,983)
Dividends (note 20)	-	-	-	(5,962)
Movement on foreign exchange	-	(890)	-	-
Credit in respect of share schemes	-	-	-	877
	<u>682</u>	<u>(3,134)</u>	<u>50</u>	<u>(1,351)</u>
At 31 December 2014	<u>682</u>	<u>(3,134)</u>	<u>50</u>	<u>(1,351)</u>

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
At 1 January	10,034	1,633
(Loss)/Profit for the year	(6,983)	27,519
Dividends (Note 20)	(5,962)	(19,884)
Credit in respect of share schemes	877	1,099
Movement on foreign exchange	<u>(890)</u>	<u>(333)</u>
At 31 December	<u>(2,924)</u>	<u>10,034</u>

The Directors have reviewed the reserves position of the company after the balance sheet date and have put in place remedial activities to return the entity to a position from which it is able to distribute profits.

20. DIVIDENDS

	2014 £000	2013 £000
Dividends paid on equity capital	<u>5,962</u>	<u>19,884</u>

MICHAEL PAGE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

21. CONTINGENT LIABILITIES

As a result of a group registration for VAT purposes, the Company is contingently liable for VAT liabilities arising in other companies within the VAT group which at 31 December 2014 amounted to £4.7m (2013: £4.4m).

22. CAPITAL COMMITMENTS

At 31 December 2014 the Company had capital commitments as follows:

	2014	2013
	£000	£000
Contracted for but not provided in these financial statements	<u> </u>	<u>306</u>

23. OPERATING LEASE COMMITMENTS

At 31 December 2014 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£000	£000
Expiry date:		
Within 1 year	250	223
Between 2 and 5 years	2,200	1,319
After more than 5 years	<u>3,560</u>	<u>3,922</u>

24. RELATED PARTY TRANSACTIONS

The Company is taking advantage of the exemption granted by Financial Reporting Standard No. 8 "Related Party Disclosures" not to disclose transactions with wholly owned group companies which are related parties.

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Michael Page Recruitment Group Limited. The ultimate parent company is Michael Page International plc, a company incorporated in England and Wales. Michael Page International plc is the parent undertaking of the largest and smallest group which includes the results of the Company and for which group financial statements are prepared. Copies of the group financial statements are available from Page Group, Page House, 1 Dashwood Lang Road, The Bourne Business Park, Addlestone, Surrey, KT15 2QW.