

Right Management Limited

Annual Report and Financial Statements

For the year ended 31 December 2016

Registered number: 01479160



Right Management Limited

Annual report and financial statements 2016

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Annual report and financial statements 2016

Officers and professional advisers

Directors

R S Gorton
I C Symes

Company Secretary and Registered Office

R S Gorton
50 Bank Street
Canary Wharf
London
E14 5NS

Banker

Barclays Bank plc
Level 28
1 Churchill Place
Canary Wharf
London
E14 5HP

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Strategic report

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

Review of the business

Right Management (www.right.com) is the talent and career management expert within ManpowerGroup, the global leader in employment services. Our expertise spans Talent Assessment, Leadership Development, Organisation Effectiveness, Employee Engagement and Workforce Transition and Outplacement. We work with more than 80% of Fortune 500 companies to help them grow their talent, reduce costs and accelerate performance.

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.

During 2016 the Company's annual turnover increased by 0.7% from £23,188,000 to £23,348,000 (2015 – decrease 14.6%). The relative stability of turnover and the improved efficiency in running the Company's operations resulted in significant growth of operating profit.

As shown in the profit and loss account on page 9, the Company's profit after taxation was £1,309,000 (2015 - loss £97,000).

During 2016, the Company's cash position increased from £2,086,000 to £5,897,000.

Key performance indicators

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

| | 2016 | 2015 |
|-------------------------|------|------|
| Operating profit margin | 5.1% | 0.3% |

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.

Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the only financial risk that the directors consider relevant to this Company is credit risk. The risk is mitigated through a robust credit control function.

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.

Strategic report (continued)

Future developments

Whilst the market conditions remain volatile, with improvements in the speed and quality of operational delivery, financial efficiencies and liquidity, the directors believe that the Company is well placed to benefit from any improvement in the economy and the increases in the demand for employment services which will arise therefrom.

The directors expect the general level of activity to remain consistent with 2016 in the forthcoming year.

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



R S Gorton
Director

28th SEPTEMBER 2017

50 Bank Street
Canary Wharf
London
E14 5NS

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 2016.

Directors and their interests

J T Andringa, R S Gorton and I C Symes held office as directors throughout the year.

J T Andringa resigned as a director of the Company with effect from 1 April 2017.

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 page 2 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).

Dividends

The directors do not recommend the payment of a dividend (2015 - £nil).

Financial risk management objectives and policies

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

Employees

Details of the number of employees and related costs can be found in note 6 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.

Information to the 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.

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



R S Gorton
Director



2017

50 Bank Street
Canary Wharf
London
E14 5NS

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 FRS102). 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; 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 which 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Right Management Limited

We have audited the financial statements of Right Management Limited for the year ended 31 December 2016 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in 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 auditor

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. 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 annual report 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 as at 31 December 2016 and of its profit 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.

**Independent auditor's report to the members of
Right Management Limited (continued)**

Opinion on other matter 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 and the Directors' Report.

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.



Peter Saunders (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

28 | September 2017

Right Management Limited

Profit and loss account

For the year ended 31 December 2016

| | Note | 2016 £000 | 2015 £000 |
|--|------|--------------|--------------|
| Turnover | | 23,348 | 23,188 |
| Administrative expenses | | (22,164) | (23,125) |
| Operating profit | | 1,184 | 63 |
| Finance income/(costs) (net) | 3 | 136 | (101) |
| Profit/(loss) before taxation | 4 | 1,320 | (38) |
| Tax on profit/(loss) | 8 | (11) | (59) |
| Profit/(loss) for the financial year attributable to equity shareholders of the Company | | 1,309 | (97) |

All results relate to continuing activities.

Statement of comprehensive income
For the year ended 31 December 2016

| | 2016 £000 | 2015 £000 |
|--|----------------------------|----------------------------|
| Profit/(loss) for the financial year | <u>1,309</u> | <u>(97)</u> |
| Re-measurement of net defined benefit asset | (153) | 398 |
| Effect of limit on recognisable pension scheme asset | <u>134</u> | <u>(454)</u> |
| Tax relating to components of other comprehensive expense | <u>-</u> | <u>9</u> |
| Other comprehensive expense | <u>(19)</u> | <u>(47)</u> |
| Total comprehensive income/(expense) attributable to equity shareholders of the Company | <u><u>1,290</u></u> | <u><u>(144)</u></u> |

Right Management Limited

Balance sheet As at 31 December 2016

| | Note | 2016 £000 | 2015 £000 |
|---|------|--------------|--------------|
| Fixed assets | | | |
| Tangible assets | 9 | 896 | 276 |
| Current assets | | | |
| Stocks | 10 | 22 | 27 |
| Debtors | | | |
| - due within one year | 11 | 30,749 | 31,139 |
| - due after one year | 11 | 358 | 369 |
| Cash at bank and in hand | | 5,897 | 2,086 |
| | | 37,026 | 33,621 |
| Creditors: amounts falling due within one year | 12 | (5,213) | (2,501) |
| Net current assets | | 31,813 | 31,120 |
| Total assets less current liabilities | | 32,709 | 31,396 |
| Staff pension scheme surplus | 16 | - | - |
| Provisions for liabilities | 13 | (541) | (518) |
| Net assets | | 32,168 | 30,878 |
| Capital and reserves | | | |
| Called up share capital | 14 | - | - |
| Other reserve | 14 | (8) | (8) |
| Capital Contribution | 14 | 7,129 | 7,129 |
| Profit and loss account | 14 | 25,047 | 23,757 |
| Shareholder's funds | | 32,168 | 30,878 |

The financial statements of Right Management Limited, registered number 01479160, were approved by the Board of Directors and authorised for issue on ~~28th September~~ 2017. They were signed on its behalf of by:



R S Gorton
Director

**Statement of changes in equity
As at 31 December 2016**

| | Called-up share capital £000 | Other reserve £000 | Profit and loss account £000 | Capital contribution £000 | Total £000 |
|-------------------------------|---|-----------------------------------|---|--|-----------------------|
| At 1 January 2015 | - | (8) | 23,901 | - | 23,893 |
| Loss for the financial year | - | - | (97) | - | (97) |
| Other comprehensive expense | - | - | (47) | - | (47) |
| Capital contribution | - | - | - | 7,129 | 7,129 |
| At 31 December 2015 | - | (8) | 23,757 | 7,129 | 30,878 |
| Profit for the financial year | - | - | 1,309 | - | 1,309 |
| Other comprehensive expense | - | - | (19) | - | (19) |
| At 31 December 2016 | - | (8) | 25,047 | 7,129 | 32,168 |

Notes to the financial statements For the year ended 31 December 2016

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

Right Management Limited is a Company limited by shares and incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of Right Management Limited's operation and its principal activities are set out in the strategic report on page 2.

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 Right Management Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Right Management 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. Right Management 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.

Notes to the financial statements For the year ended 31 December 2016

1. Accounting policies (continued)

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:

| | | |
|----------------------------------|---|--|
| Leasehold improvements | - | shorter of 5 years and length of lease |
| Fixtures, fittings and equipment | - | 5 years |
| Computers | - | 3 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 were already of an age and in the condition expected at the end of its useful life.

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.

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 substantively 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 2016

1. Accounting policies (continued)

Turnover

Turnover is derived entirely in the United Kingdom and is stated net of VAT and trade discounts. Revenue is recognised in the month that services are performed. This is achieved by either booking a sales invoice or by way of a work in progress accrual. If a sales invoice represents work to be delivered over future months, part of the invoice will be prepaid to accurately reflect the timing of the delivery.

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 4 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.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All differences are taken to the profit and loss account.

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 Coutts Consulting Group Civil Service Replacement Benefit Scheme (the 'CS Scheme') (see note 16). This is a defined benefit scheme, the assets and liabilities of which are held independently from the Company. 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 Company 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.

The Company operates a defined contribution pension scheme for certain permanent employees. The amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals in the balance sheet.

Notes to the financial statements
For the year ended 31 December 2016

2. Critical judgements in applying the Company's accounting policies

The following are critical judgements, apart from those involving estimations (which are dealt with separately below) that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- **Revenue recognition**

The critical judgement takes place in relation to the cut-off of revenue. Revenue is recognised in the month that services are performed. This is achieved by either booking a sales invoice or by way of a work in progress accrual. If a sales invoice represents work to be delivered over future months, part of the invoice will be prepaid to accurately reflect the timing of the delivery.

- **Defined benefit pension scheme accounting**

The critical judgement takes place in relation to the assumptions used in the valuation of the scheme assets and liabilities. More details on the assumptions used are given in note 16.

3. Finance (income)/costs (net)

| | 2016 | 2015 |
|--|--------------|-------------|
| | £000 | £000 |
| Interest payable and similar(gains)/charges | (103) | 119 |
| Less: investment income | (14) | (16) |
| Other finance income | (19) | (2) |
| | <u>(136)</u> | <u>101</u> |
| Interest payable and similar(gains)/charges | | |
| Net exchange (gain)/loss | (126) | 87 |
| Bank charges | 23 | 32 |
| | <u>(103)</u> | <u>119</u> |
| Investment income | | |
| Bank interest income | (14) | (16) |
| | <u>(14)</u> | <u>(16)</u> |
| Other finance income | | |
| Interest on defined benefit asset | (19) | (2) |
| | <u>(19)</u> | <u>(2)</u> |

Notes to the financial statements
For the year ended 31 December 2016**4. Profit before taxation**

| | 2016 | 2015 |
|--|-------------|-------------|
| | £000 | £000 |
| Profit before taxation is stated after charging: | | |
| Depreciation of tangible fixed assets | 185 | 158 |
| Loss on disposal of tangible fixed assets | (20) | - |
| Operating lease rentals | | |
| - land and buildings | 573 | 804 |
| | <u>573</u> | <u>804</u> |

5. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £30,000 (2015 - £30,000). Fees payable to Deloitte LLP and their associates for the audit of the associated pension scheme were £9,000 (2015 - £7,000).

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.

6. Staff numbers and costs

| | 2016 | 2015 |
|--|--------------|--------------|
| | £000 | £000 |
| Staff costs of the Company, including directors, were: | | |
| Salaries | 5,992 | 7,119 |
| Social security costs | 750 | 826 |
| Other pension costs | 622 | 858 |
| | <u>7,364</u> | <u>8,803</u> |

| | 2016 | 2015 |
|--|---------------|---------------|
| | Number | Number |
| The monthly average number of persons employed by the Company during the year, including directors, was: | | |
| Sales | 13 | 17 |
| Delivery | 50 | 80 |
| Administration | 85 | 114 |
| | <u>148</u> | <u>211</u> |

Notes to the financial statements
For the year ended 31 December 2016**7. Directors' remuneration and transactions**

| | 2016 | 2015 |
|---|-------------|-------------|
| | £000 | £000 |
| Directors' remuneration | | |
| Emoluments | 157 | 145 |
| Company contributions to money purchase pension schemes | 6 | 10 |
| | <u>163</u> | <u>155</u> |

| | 2016 | 2015 |
|--|---------------|---------------|
| | Number | Number |
| The number of directors who: | | |
| Are members of a money purchase pension scheme | <u>1</u> | <u>1</u> |

8. Tax on profit/(loss)

| | 2016 | 2015 |
|--|-------------|-------------|
| | £000 | £000 |
| The tax charge comprises: | | |
| Current tax on profit/(loss) | | |
| UK corporation tax | - | - |
| Total current tax | <u>-</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (11) | 34 |
| Effect of decrease in tax rate on opening asset | 7 | 43 |
| Decrease/(increase) in estimate of recoverable deferred tax assets | 15 | (18) |
| Total deferred tax charge | <u>11</u> | <u>59</u> |
| Total tax on profit/(loss) | <u>11</u> | <u>59</u> |

Notes to the financial statements
For the year ended 31 December 2016

8. Tax on profit/(loss) (continued)

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

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Profit/(loss) before taxation | 1,320 | (38) |
| Tax on profit/(loss) at standard UK tax rate of 20% (2015 – 20.25%) | 264 | (8) |
| Effects of: | | |
| Expenses not deductible for tax purposes (net) | - | 7 |
| Depreciation in excess of capital allowances and other short term timing differences | 34 | (41) |
| Group relief (claim)/surrender | (298) | 42 |
| Movement on deferred taxation | 11 | 59 |
| Total tax on profit/(loss) | 11 | 59 |

The Finance (No 2) Act 2015 provides for a reduction in the main rate of UK corporation tax to 19% with effect from 1 April 2017 whilst the Finance Act 2017 provides for a further reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020. Existing temporary differences on which deferred tax has been provided may therefore unwind in periods subject to these reduced rates and accordingly, the reduced rates have been reflected in the calculation of deferred tax.

There are 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.

9. Tangible fixed assets

| | Leasehold improvements £000 | Fixtures, fittings and equipment £000 | Total £000 |
|-----------------------|-----------------------------------|--|---------------|
| Cost | | | |
| At 1 January 2016 | 987 | 2,487 | 3,474 |
| Additions | 758 | 69 | 827 |
| Disposals | - | (97) | (97) |
| At 31 December 2016 | 1,745 | 2,459 | 4,204 |
| Depreciation | | | |
| At 1 January 2016 | 966 | 2,177 | 3,143 |
| Charge for the year | 87 | 98 | 185 |
| Disposals | - | (20) | (20) |
| At 31 December 2016 | 1,053 | 2,255 | 3,308 |
| Net book value | | | |
| At 31 December 2016 | 692 | 204 | 896 |
| At 31 December 2015 | 21 | 255 | 276 |

Notes to the financial statements
For the year ended 31 December 2016**10. Stocks**

| | 2016 | 2015 |
|----------------|-------------|-------------|
| | £000 | £000 |
| Finished goods | 22 | 27 |

There is no material difference between the balance sheet value of stocks and their replacement cost.

11. Debtors

| | 2016 | 2015 |
|---|-------------|-------------|
| | £000 | £000 |
| Amounts falling due within one year: | | |
| Amounts owed by group undertakings | 24,743 | 24,434 |
| Trade debtors | 4,235 | 4,078 |
| Prepayments and accrued income | 1,771 | 2,627 |
| | 30,749 | 31,139 |
| Amounts falling due after more than one year: | | |
| Deferred tax asset | 358 | 369 |
| | 31,107 | 31,508 |
| The movement on the deferred tax asset comprises: | | |
| At 1 January | 369 | 428 |
| Charged to profit and loss account | (11) | (59) |
| At 31 December | 358 | 369 |
| Deferred tax comprises: | | |
| Accelerated capital allowances | 246 | 306 |
| Other timing differences | 112 | 63 |
| | 358 | 369 |

Amounts owed by group undertakings include loans of £24,508,000 (2015 - £24,375,000) that are interest free and repayable on demand.

**Notes to the financial statements
For the year ended 31 December 2016**

12. Creditors: amounts falling due within one year

| | 2016 | 2015 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Trade creditors | 564 | 96 |
| Amounts owed to group undertakings | 748 | 405 |
| Taxation and social security | 637 | 575 |
| Accruals and deferred income | 3,264 | 1,425 |
| | <u>5,213</u> | <u>2,501</u> |

13. Provision for liabilities

| | 2016 | 2015 |
|--|-------------|-------------|
| | £000 | £000 |
| Provision for onerous leases and dilapidations | | |
| At 1 January | 518 | 471 |
| Charged to profit and loss account | 166 | 179 |
| Utilised in year | (143) | (132) |
| At 31 December | <u>541</u> | <u>518</u> |
| Deferred tax liability | | |
| At 1 January | - | 9 |
| Charged to other comprehensive income | - | (9) |
| At 31 December | <u>-</u> | <u>-</u> |
| Onerous lease provision | 541 | 518 |
| Deferred tax liability | - | - |
| Total provisions for liabilities | <u>541</u> | <u>518</u> |

These provisions are expected to be used within six years when the lease ends.

14. Called up share capital and reserves

| | 2016 | 2015 |
|---|-------------|-------------|
| | £ | £ |
| Authorised: | | |
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| Called up, allotted and fully paid | | |
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

Notes to the financial statements
For the year ended 31 December 2016

14. Called up share capital and reserves (continued)

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

The Company's other reserves are as follows:

The other reserve represents distributions made to ManpowerGroup Inc. pursuant to that company's stock option scheme.

The capital contribution reserve relates to capital contributions made by the parent or other group companies.

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

15. Financial commitments

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

| | Land and buildings | |
|--------------------------------|---------------------------|-------------|
| | 2016 | 2015 |
| | £000 | £000 |
| Operating leases which expire: | | |
| - within one year | 199 | 465 |
| - between one and five years | 1,580 | 59 |
| - After five years | 98 | - |
| | <u>1,877</u> | <u>524</u> |

16. Employee benefits

Defined contribution scheme

The Company operates a defined contribution pension scheme under which the executive directors and all employees are eligible to participate, based on age and length of service. It is the policy of the Company to charge contributions to this scheme in the profit and loss account over the period of the employees' membership of the scheme. Contributions of £622,000 (2015 - £858,000) were charged in the year.

In addition, the directors have been working with their Employee Benefits Advisers to wind up the DC Gardner Group Pension and Employee Benefits Scheme (the 'Scheme'). The Scheme is fully insured and administered by Equitable Life. The Scheme is a contracted out Money Purchase Scheme and therefore has always been accounted for as a Defined Contribution Scheme. However, the directors have recently been informed that the Scheme has a Guaranteed Minimum Pension ('GMP') underpin. As a result, the Scheme will have to be wound up as if it were a Defined Benefit Scheme. The directors are working with Equitable Life and their Employee Benefit Advisers to determine the implications of this to the Company. At this stage, it is not possible to quantify what they are, if any. The Scheme currently has no active members.

Notes to the financial statements
For the year ended 31 December 2016

16. Employee benefits (continued)

Defined benefit scheme

As of 12 October 1998, the Group started a defined benefit scheme under which certain employees are eligible, the Coutts Consulting Group Civil Service Replacement Benefit Scheme (the 'CS Scheme'). The CS Scheme is funded by the payment of contributions to separate trustee-administered funds.

A full actuarial valuation of the CS Scheme was performed as at 31 December 2014. This used the projected unit method. The contribution rate in 2016 was 54.3% (2015 – 48.9%) of pensionable pay plus an additional contribution of £1,200 per month from 1 July 2015. No other assumptions have changed since the full actuarial valuation in 2014.

The major assumptions used by the actuary were (in nominal terms):

| | 2016 | 2015 |
|--|-------------|-------------|
| | % | % |
| Rate of increase in pensionable salaries | 2.0 | 2.0 |
| Pension escalation in payment | 5.0 | 5.0 |
| Discount rate | 2.6 | 4.0 |
| Inflation assumption | 2.9 | 2.3 |

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

| | 2016 | 2015 |
|----------------------|--------------|--------------|
| | years | years |
| Retiring today: | | |
| Males | 27.4 | 27.4 |
| Females | 30.0 | 29.9 |
| Retiring in 20 years | | |
| Males | 28.9 | 28.8 |
| Females | 31.5 | 31.4 |

Notes to the financial statements
For the year ended 31 December 2016**16. Employee benefits (continued)**

The analysis of the assets of the scheme and the net asset recognised at the balance sheet date were:

| | 2016 | 2015 |
|------------------------------|-------------|-------------|
| | £000 | £000 |
| Equities | 1,271 | 1,177 |
| Bonds | 291 | 218 |
| Property | 78 | 75 |
| Other | 143 | 131 |
| | <hr/> | <hr/> |
| Total market value of assets | 1,783 | 1,601 |
| Actuarial value of liability | (1,463) | (1,147) |
| | <hr/> | <hr/> |
| Surplus in the scheme | 320 | 454 |
| Unrecognised surplus | (320) | (454) |
| | <hr/> | <hr/> |
| Pension asset | - | - |
| | <hr/> | <hr/> |

Analysis of the amount charged to operating profit:

| | 2016 | 2015 |
|-------------------------|-------------|-------------|
| | £000 | £000 |
| Operating profit | | |
| Current service cost | (4) | (11) |
| | <hr/> | <hr/> |
| Total operating charge | (4) | (11) |
| | <hr/> | <hr/> |

Analysis of the amount credited to interest receivable and similar income:

| | 2016 | 2015 |
|--|-------------|-------------|
| | £000 | £000 |
| Finance income | | |
| Expected return on pension scheme assets | 64 | 52 |
| Interest on pension liabilities | (45) | (50) |
| | <hr/> | <hr/> |
| Net return | 19 | 2 |
| | <hr/> | <hr/> |

Notes to the financial statements
For the year ended 31 December 2016**16. Employee benefits (continued)**

Analysis of the amount charged to other comprehensive income:

| | 2016 | 2015 |
|--|-------------|-------------|
| | £000 | £000 |
| Re-measurement of net defined benefit asset | (153) | 398 |
| Effect of limit on recognisable pension scheme asset | 134 | (454) |
| Total recognised in other comprehensive income | <u>(19)</u> | <u>(56)</u> |

Movements in the present value of defined benefit obligations were as follows:

| | 2016 | 2015 |
|--------------------------|--------------|--------------|
| | £000 | £000 |
| At 1 January | 1,147 | 1,498 |
| Current service cost | 4 | 11 |
| Interest expense | 45 | 50 |
| Actuarial gains/(losses) | 303 | (372) |
| Benefits paid | (36) | (40) |
| At 31 December | <u>1,463</u> | <u>1,147</u> |

Movements in the fair value of scheme assets were as follows:

| | 2016 | 2015 |
|---|--------------|--------------|
| | £000 | £000 |
| At 1 January | 1,601 | 1,546 |
| Interest income | 64 | 52 |
| Return on plan assets (excluding amounts included in net interest cost) | 129 | 26 |
| Contributions by employer | 40 | 32 |
| Administration fee paid from scheme assets | (15) | (15) |
| Benefits paid | (36) | (40) |
| Surplus in scheme at the end of the year | <u>1,783</u> | <u>1,601</u> |

Notes to the financial statements
For the year ended 31 December 2016

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 RMC EMEA Limited, a company registered in England and Wales.

The only group in which the results of Right Management 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.