
MICHAEL PAGE RECRUITMENT GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



MICHAEL PAGE RECRUITMENT GROUP LIMITED

COMPANY INFORMATION

Directors	Kelvin Stagg Jeremy Tatham Kaye Maguire
Company secretary	Kaye Maguire
Registered number	02245324
Registered office	Page House 1 Dashwood Lang Road Bourne Business Park Addlestone Surrey KT15 2QW United Kingdom
Independent auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

MICHAEL PAGE RECRUITMENT GROUP LIMITED

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MICHAEL PAGE RECRUITMENT GROUP LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors present the Strategic Report of Michael Page Recruitment Group Limited ("the Company") for the year ended 31 December 2019.

Principal activity and business review

The Company acts as a holding company providing computer, property and other Group services to other Group companies.

The profit for the year, after taxation, amounted to £87.0m (2018 - £41.6m).

Principal Risks and Uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of PageGroup 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 attraction, development and retention

The company needs to hire, train and retain a large number of appropriately skilled people to achieve its vision. The factors that motivate, encourage and enable individuals to perform to their best have and will continue to evolve with an emphasis on work life balance, flexibility and the working environment.

Diversity is a key enabler to any successful business. A lack of diversity in our people will impact on the achievement of our objectives. Our biggest change is still to address attrition levels during the first year of training.

Shift in business model

The emergence of new technology platforms providers offering HR solutions and consulting may lead to increased competition and pressure on margins which may adversely affect the Group'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.

PageGroup brands and reputation

The quality and relevance of service we provide to both clients and candidates, could have a significant impact on how our brand is seen. As the way clients and candidates source information changes the awareness of the PageGroup brand and services of clients and candidates could deteriorate. 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.

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.

MICHAEL PAGE RECRUITMENT GROUP LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Information systems - technology

Our systems are an integral part of our operations. Loss of systems capability would have a high impact on our performance, impacting the quality of service we provide and our ability to deliver our financial performance.

System transformation and change

Our systems are an integral part of our operations. A major loss of systems capability would have a high impact on our performance, impacting the quality of service we provide to clients and candidates and our ability to deliver our financial performance. Failure of our IT systems to adapt to levels of business activity could result in lost opportunity during periods of rapid expansion or excessive costs during periods of contraction.

Data security

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.

Foreign exchange – translation risk

Material changes in the strength of the sterling against the functional currencies of other group companies could have an effect on the reported sterling profits in the financial statements.

Data protection regulations

New European data protection legislation came into force in May 2018. This increases data governance and management requirements significantly, as well as increasing the potential penalties for non-compliance or data breaches.

Financial management and control

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 intercompany 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.

Section 172 (1) Statement and Statements on engagement with suppliers, customers and others

S172 of the Companies Act requires Directors to take into consideration the interests of stakeholders in their decision-making. The following describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006. This section of the strategic report and the pages to which it refers, comprises the Company's section 172(1) statement.

As a wholly owned subsidiary of PageGroup plc, the Directors ensure that decisions are beneficial to all the Company's stakeholders as well as having regard to the long-term sustainable success of the Group as a whole. The Company does not trade independently and does not have employees, it is responsible for managing banking arrangements for PageGroup companies and intellectual property. Accordingly, its key stakeholders are other companies within the PageGroup plc group of companies, and suppliers in the form of banking and financing arrangements.

MICHAEL PAGE RECRUITMENT GROUP LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Section 172 (1) Statement and Statements on engagement with suppliers, customers and others
(continued)**

The Board fulfils its S172 duties by applying PageGroup Plc policies and practices. Its decision-making is underpinned by the Group's purpose and its core values. The Board considers it important to meet its payment obligations promptly and therefore monitors payment practices and ensures that all companies within the Group have the banking facilities available to them to carry out their business. The latest payment practice reporting in the UK shows that the average time taken to pay invoices is 2 days and 98% of invoices are paid within 30 days. The Board's management of intellectual property is delegated to the Group's General Counsel, who is also a Director of the Company, and this ensures a Group wide consistent approach to intellectual property owned by the Company. Further details of PageGroup Plc's policies and practices can be found in the latest Annual report of PageGroup plc located on the PageGroup website.

Post Balance Sheet Events

During 2020 the World and the UK is experiencing the devastating effects of the Coronavirus pandemic. The effect of Coronavirus on these financial statements would be an adjusting post balance sheet event if further facts came to light about circumstances that existed at year end. It is the Board's view that this is a non-adjusting post balance sheet event. This is on the basis that as at the 31 December 2019 the World Health Organisation had not declared a global health emergency and there were no cases or evidence of the spread of the virus within the UK.

This Strategic Report was approved by the Board on 30 September 2020 and signed on its behalf.



Kelvin Stagg
Director

Company Number 02245324 registered in England and Wales

Registered office:
Page House
1 Dashwood Lang Road
Bourne Business Park
Addlestone
Surrey
KT15 2QW

MICHAEL PAGE RECRUITMENT GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors of the Company present their report and the financial statements for the year ended 31 December 2019.

Directors

The Directors who served during the year, and up to the date of this report, were:

Kelvin Stagg
Jeremy Tatham
Kaye Maguire

Dividend

During the year, the directors approved an interim dividend of £42,236k (2018: £2,869k). The Directors do not recommend a final dividend (2018: £nil).

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 Board has undertaken a review of the Group's forecasts, of which the Company is a subsidiary, and associated risks and sensitivities, considering the expected impact of COVID-19 on trading in the period to 12 months from approval of the financial statements.

Following the reduction in activity starting in March across the Group, the Management adopted a number of cost control and cash conservation measures. The monthly cost base was reduced by a combination of salary cuts, reduced working weeks, government assistance schemes, reduced travel, and other costs.

PageGroup plc, the ultimate parent company, had £161.7m of cash as at 30 June 2020 with no debt except for IFRS 16 lease liabilities of £121.0m. Debt facilities relevant to the review period comprise a committed £30m BBVA RCF (May 2022 maturity), an uncommitted £300m government CCFF (available to March 2022 if drawn in March 2021), an uncommitted UK trade debtor discounting facility (up to £50m depending on debtor levels) and an uncommitted £20m UK bank overdraft facility.

The Group has developed Base Case and Downside scenarios that demonstrate the Board's best estimate and severe but plausible downside scenarios respectively. The Base Case and Downside forecasts are based on assumptions for gross profit and costs that take account of the possibility of a second COVID wave and further recessionary pressures, but not all the cost containment measures that are available to the Company if required. Both scenarios demonstrate significant cash headroom, thereby not needing to utilise any of the facilities. However, in the remote likelihood that conditions worsen materially beyond our current Downside scenario, we may need to draw upon our £30m RCF, where we have negotiated a covenant waiver that expires on 31 December 2021. The Directors expect that access to the uncommitted Bank of England CCFF £300m facility would also be available.

Having considered the Group's forecasts, the level of cash resources available to the business and the Group's borrowing facilities as well as the ability to manage the cost base, the Board has concluded that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of the financial statements.

MICHAEL PAGE RECRUITMENT GROUP LIMITED

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Financial Risk Management

Please refer to the Strategic Report for discussion of the Financial Risk Management.

Re-appointment of auditor

The Company previously announced that it intended to undertake a competitive tender for the Company's external audit services and that it would announce the outcome of the process ahead of the Annual General Meeting. Given the current circumstances, it has not been possible to conduct the tender and as such we propose that Ernst & Young LLP be reappointed at the forthcoming AGM in accordance with section 485 of the Companies Act 2006. It remains the Company's intention to conduct the tender during the course of 2020 to the extent that it is practicable. An update will be issued in due course.

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), 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 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 concern basis unless it is inappropriate to presume 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 RECRUITMENT GROUP LIMITED

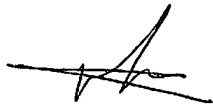
**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 4. 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: 30 September 2020

MICHAEL PAGE RECRUITMENT GROUP LIMITED

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MICHAEL PAGE RECRUITMENT GROUP LIMITED**

Opinion

We have audited the financial statements of Michael Page Recruitment Group Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – COVID-19

We draw attention to Note 1.5 "Going Concern" of the financial statements, which describe the financial and operational consequences the Company is facing as a result of COVID-19 which is impacting customer demand. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and,

MICHAEL PAGE RECRUITMENT GROUP LIMITED

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MICHAEL PAGE RECRUITMENT GROUP LIMITED**

in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

MICHAEL PAGE RECRUITMENT GROUP LIMITED

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MICHAEL PAGE RECRUITMENT GROUP LIMITED**

Use of our report

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



Rachel Savage (Senior Statutory Auditor)

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

Date: 30 September 2020

MICHAEL PAGE RECRUITMENT GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £000	2018 £000
Revenue	2	86,055	93,749
Administrative expenses		(31,668)	(49,252)
Operating profit	3	54,387	44,497
Income from share in group undertakings		42,237	2,869
Financial income		661	1,451
Financial expenses		(122)	-
		42,776	4,320
Profit before taxation		97,163	48,817
Income tax charge	5	(10,193)	(7,205)
Profit for the year		86,970	41,612
Total comprehensive income for the year		86,970	41,612

All amounts relate to continuing operations.

**Statement of Changes in Equity
for the year ended 31 December 2019**


	Called up share capital £000	Share premium £000	Capital redemption £000	Retained earnings £000	Total Equity £000
At 31 December 2017 and 1 January 2018	1,243	1,173	1,156	9,429	13,001
Profit for the year	-	-	-	41,612	41,612
Dividends paid	-	-	-	(2,869)	(2,869)
At 31 December 2018 and 1 January 2019	1,243	1,173	1,156	48,172	51,744
Profit for the year	-	-	-	86,970	86,970
Dividends paid	-	-	-	(42,236)	(42,236)
At 31 December 2019	1,243	1,173	1,156	92,906	96,478

MICHAEL PAGE RECRUITMENT GROUP LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2019**

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
FIXED ASSETS					
Intangible assets	6		35,219		29,408
Investments	7		15,174		15,009
			<u>50,393</u>		<u>44,417</u>
CURRENT ASSETS					
Trade and other debtors	8	315,104		124,006	
Cash and cash equivalents		26,297		14,448	
CREDITORS: amounts falling due within one year	9	<u>(295,286)</u>		<u>(131,011)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>46,115</u>		<u>7,443</u>
NON-CURRENT LIABILITIES					
Deferred taxation	5		<u>(30)</u>		<u>(116)</u>
NET ASSETS			<u>96,478</u>		<u>51,744</u>
CAPITAL AND RESERVES					
Called up share capital	10		1,243		1,243
Share premium account			1,173		1,173
Capital redemption reserve			1,156		1,156
Profit and loss account			<u>92,906</u>		<u>48,172</u>
SHAREHOLDER'S FUNDS			<u>96,478</u>		<u>51,744</u>

The financial statements of Michael Page Recruitment Group Limited (Company Number 02245324) set out on pages 10 to 22 were approved by the Board of Directors and authorised for issue on 30 September 2020.



Kelvin Stagg
Director

Date: 30 September 2020

MICHAEL PAGE RECRUITMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

1.1 Statement of Compliance

Michael Page Recruitment Group Limited is a limited liability company incorporated in England. The registered office is Page House, 1 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey, KT15 2QW.

The company's financial statements have been prepared in accordance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 December 2019.

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 presentational 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.

The Company is itself a wholly owned subsidiary company whose results are consolidated in the results of its ultimate parent, which are publicly 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.

Disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) reconciliation of the number of shares outstanding at the beginning and end of the period. [Section 4 of FRS 102, paragraph 4.12(a)(iv)];
- (b) the requirement to prepare a statement of cash flows. [Section 7 of FRS 102, paragraph 3.17(d)];
- (c) certain financial instrument disclosures under Sections 11 and 12; and
- (d) the non-disclosure of key management personnel compensation in total. [Section 33 of FRS 102, paragraph 33.7].

1.3 Judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes.

Impairment of assets

The Company assesses at each reporting date whether there is an indication or impairment trigger that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount to determine the extent of any impairment loss. The company policy for impairment of assets is stated in note 1.8.

MICHAEL PAGE RECRUITMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (continued)

1.3 Investments

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

1.4 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are off-set only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.5 Going Concern

The Board has undertaken a review of the Group's forecasts, of which the Company is a subsidiary, and associated risks and sensitivities, considering the expected impact of COVID-19 on trading in the period to 12 months from approval of the financial statements.

Following the reduction in activity starting in March across the Group, the Management adopted a number of cost control and cash conservation measures. The monthly cost base was reduced by a combination of salary cuts, reduced working weeks, government assistance schemes, reduced travel, and other costs.

PageGroup plc, the ultimate parent company, had £161.7m of cash as at 30 June 2020 with no debt except for IFRS 16 lease liabilities of £121.0m. Debt facilities relevant to the review period comprise a committed £30m BBVA RCF (May 2022 maturity), an uncommitted £300m government CCFF (available to March 2022 if drawn in March 2021), an uncommitted UK trade debtor discounting facility (up to £50m depending on debtor levels) and an uncommitted £20m UK bank overdraft facility.

The Group has developed Base Case and Downside scenarios that demonstrate the Board's best estimate and severe but plausible downside scenarios respectively. The Base Case and Downside forecasts are based on assumptions for gross profit and costs that take account of the possibility of a second COVID wave and further recessionary pressures, but not all the cost containment measures that are available to the Company if required. Both scenarios demonstrate significant cash headroom, thereby not needing to utilise any of the facilities. However, in the remote likelihood that conditions worsen materially beyond our current Downside scenario, we may need to draw upon our £30m RCF, where we have negotiated a covenant waiver that expires on 31 December 2021. The Directors expect that access to the uncommitted Bank of England CCFF £300m facility would also be available.

MICHAEL PAGE RECRUITMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

1.0 ACCOUNTING POLICIES (continued)

Going Concern (continued)

Having considered the Group's forecasts, the level of cash resources available to the business and the Group's borrowing facilities as well as the ability to manage the cost base, the Board has concluded that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of the financial statements.

1.6 Income from shares in group undertakings

Income from shares in group undertakings is recognised when the Company's right to receive payment is established. Dividend distributions are recognised as a liability in the period in which the dividends are approved by the Directors.

1.7 Financial Assets and Liabilities

(i) Financial assets

Basic financial assets comprise investments and amounts owed by group undertakings and are initially recognised at transaction price. Such assets are subsequently carried at amortised cost. At 31 December 2018 and 2019, the Company had only financial assets classified as basic financial instruments.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third-party without imposing additional restrictions.

1.7 Financial Assets and Liabilities (continued)

(ii) Financial liabilities

Basic financial liabilities comprise amounts owed to group undertakings and are initially recognised at transaction price. Subsequently, they are measured at amortised cost. At 31 December 2018 and 2019, the Company had only financial liabilities classified as basic financial liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Off-setting

Financial assets and liabilities are off-set and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.8 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

MICHAEL PAGE RECRUITMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

1.0 ACCOUNTING POLICIES (continued)

1.9 Intangible assets

(i) Computer software

Computer software acquired or developed by the Company is stated at cost less accumulated amortisation (see below). The Company reviews intangible software assets for any indication of impairment annually. The Company performed this test on the carrying amount of computer software at 31 December 2019 and noted no indications of impairment.

(ii) Software under construction

Software under construction relates to cost capitalised in relation to the development of a new operating system and related applications. Costs are capitalised when they fulfill the criteria in FRS 102 regarding internally developed intangible assets. While still under construction, assets are tested for impairment annually and are not amortised. The Company tested the carrying amount of software under construction at 31 December 2019 and noted no impairment was necessary. Assets are moved from software under construction to computer software when they become available for use.

(iii) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Computer software is amortised at 20% per annum unless it is considered to have a shorter life, in which case the period of amortisation is reduced.

MICHAEL PAGE RECRUITMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Revenue

All revenue arose from fees charged to related parties.

3. Operating profit

	2019 £000	2018 £000
This is stated after charging/(crediting):		
Amortisation of intangibles	9,808	8,774
Net foreign currency exchange differences	(1,975)	(1,741)

Auditors' remuneration

Auditor's remuneration of £1,500 has been borne by another group company in the current financial year (2018: £1,500).

4. STAFF COSTS

The average monthly number of Directors, during the year was as follows:

	2019 No.	2018 No.
Directors	<u>3</u>	<u>2</u>

No remuneration was paid or is payable to the Directors in their capacity as Directors of the Company as they were remunerated in respect of their employment with other companies within the PageGroup plc group ("PageGroup") (2018: £Nil). Total emoluments paid by the PageGroup to the Directors of the Company consisted of remuneration of £1,931k (2018: £2,274k) and pension contributions of £73k (2018: £76k). Remuneration details for Directors of Michael Page Recruitment Group Limited who also serve on the Board of the ultimate parent company can be found in the Directors' Remuneration Report on pages 72 to 94 of the PageGroup Annual Report and Accounts for the year ended 31 December 2019, which does not form part of this report but can be found on the Group web site at www.page.com/investors. It is not practicable to identify the proportion of these emoluments that relate to the services to this Company.

MICHAEL PAGE RECRUITMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. TAXATION

(a) Tax charged to the Statement of comprehensive income

	2019 £000	2018 £000
Current income tax:		
UK corporation tax	10,436	8,917
Prior year adjustments	(157)	(1,626)
Total current income tax	<u>10,279</u>	<u>7,291</u>
Deferred tax:		
Origination and reversal of temporary differences	(86)	(86)
Total deferred tax	<u>(86)</u>	<u>(86)</u>
Total tax credit in the Statement of comprehensive income	<u><u>10,193</u></u>	<u><u>7,205</u></u>

Factors affecting tax charge for the year

The tax expense for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are reconciled below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	<u>97,163</u>	48,817
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	18,461	9,275
Effects of:		
Accelerated capital allowances	(86)	(86)
Non-qualifying assets	(8,025)	(545)
Prior year adjustments	(157)	(1,439)
Tax charge for the year	<u><u>10,193</u></u>	<u><u>7,205</u></u>

b) Change in tax rate

A reduction to the UK main corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020 were both substantively enacted prior to the year end. Consequently, these rates have been used in the calculation of the tax balances in the Company's financial statements for the current year.

c) Deferred tax

The deferred tax included in the company balance sheet is as follows:

	2019 £000	2018 £000
Deferred taxation		
At 1 January	(116)	(202)
Utilised for the year	86	86
At 31 December	<u><u>(30)</u></u>	<u><u>(116)</u></u>

All deferred tax balances related to accelerated capital allowances

MICHAEL PAGE RECRUITMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. INTANGIBLE ASSETS

	Computer software £000	Computer software under construction £000	Trademarks £000	Total £000
Cost:				
At 1 January 2019	38,155	3,624	379	42,158
Additions	15,617	-	2	15,619
Transfers	2,777	(2,777)	-	-
At 31 December 2019	<u>56,549</u>	<u>847</u>	<u>381</u>	<u>57,777</u>
Amortisation:				
At 1 January 2019	12,701	-	49	12,750
Charge for the year	9,721	-	87	9,808
At 31 December 2019	<u>22,422</u>	<u>-</u>	<u>136</u>	<u>22,558</u>
Carrying amount:				
At 31 December 2019	<u>34,127</u>	<u>847</u>	<u>245</u>	<u>35,219</u>
At 31 December 2018	<u>25,454</u>	<u>3,624</u>	<u>330</u>	<u>29,408</u>

7. INVESTMENTS

	Investment in Subsidiary companies £000
Cost	
At 1 January 2019	15,009
Additions	165
At 31 December 2019	<u>15,174</u>
Net book value	
At 31 December 2019	<u>15,174</u>
At 31 December 2018	15,009

MICHAEL PAGE RECRUITMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

7. INVESTMENTS (continued)

Subsidiary undertakings

Name of undertaking	Country of Incorporation	Percentage Held	Principal activity	Registered Office
Michael Page Holdings Limited UK*	England and Wales	100%	Holding company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
Michael Page Partnership Limited	England and Wales	100%	Holding company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
Michael Page International Holdings Limited	England and Wales	100%	Holding company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
Michael Page UK Limited	England and Wales	100%	Non trading company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
Page Personnel (UK) Limited	England and Wales	100%	Non trading company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
Michael Page Limited	England and Wales	100%	Non trading company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
Slamway Limited	England and Wales	100%	Non trading company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
Michael Page Employment Services Limited	England and Wales	100%	Recruitment Consultancy	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
The Assessment Centre Limited	England and Wales	100%	Non trading company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
LPM (Group Services) Limited	England and Wales	100%	Non trading company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
Sales Recruitment Specialists Limited	England and Wales	100%	Non trading company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
The Page Partnership Limited	England and Wales	100%	Dormant	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
Michael Page International Limited	England and Wales	100%	Non trading company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
Michael Page International 1982 Limited	England and Wales	100%	Non trading company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
Michael Page International Investment Limited	England and Wales	100%	Non trading company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK
Michael Page International Finance Limited	England and Wales	100%	Non trading company	Page House,1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey, KT15 2QW, UK

MICHAEL PAGE RECRUITMENT GROUP LIMITED.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Name of undertaking	Country of Incorporation	Percentage Held	Principal activity	Registered Office
Michael Page International (Deutschland) GmbH	Germany	100%	Recruitment Consultancy	Carl Theodor Strasse 1, 40213 Dusseldorf, Germany
Page Personnel (Deutschland) GmbH	Germany	100%	Recruitment Consultancy	Carl Theodor Strasse 1, 40213 Dusseldorf, Germany
Michael Page Interim GmbH	Germany	100%	Recruitment Consultancy	Carl Theodor Strasse 1, 40213 Dusseldorf, Germany
Page Personnel Services GmbH	Germany	100%	Recruitment Consultancy	Carl Theodor Strasse 1, 40213 Dusseldorf, Germany
Michael Page International (Nederland) B.V.	Netherlands	100%	Recruitment Consultancy	World Trade Center, Strawinskylaan 421, 107XX, Amsterdam, Netherlands
Page Interim B.V.	Netherlands	100%	Recruitment Consultancy	World Trade Center, Strawinskylaan 421, 107XX, Amsterdam, Netherlands
Michael Page International (Belgium) NV/SA	Belgium	100%	Recruitment Consultancy	Place du Champ de Mars 5 , 1050 Brussels, Belgium
Page Interim (Belgium) NV/SA	Belgium	100%	Recruitment Consultancy	Place du Champ de Mars 5 , 1050 Brussels, Belgium
Michael Page International (Austria) GmbH	Austria	100%	Recruitment Consultancy	Second floor, Gumpendorfer StraÙe 72, Wien, Austria
Michael Page International (Sweden) AB	Sweden	100%	Recruitment Consultancy	Master Samuelsgatan 42, 14tr 111 57 Stockholm, Sweden
Michael Page International (Switzerland) SA	Switzerland	100%	Recruitment Consultancy	Quai de la Poste 12, CH-1204 Geneva, Switzerland
Michael Page International Canada Limited	Canada	100%	Recruitment Consultancy	130 Adelaide Street West, 21st Floor, Toronto, Ontario, M5H 1J8, Canada
Michael Page International (Japan) K.K.	Japan	100%	Recruitment Consultancy	6F Hulin Kamiyacho Building, 4-3-13 Toranomon, Minato-ku, Tokyo 105-0001, Japan
Michael Page International (Hong Kong) Limited	Hong Kong	100%	Recruitment Consultancy	611 One Pacific Place, 88 Queensway, Hong Kong
Michael Page (Beijing) Recruitment Co., Ltd	China	100%	Recruitment Consultancy	Room 1009-1012, 10/F, West Tower, World Financial Centre, No.1 East 3rd Ring Middle Road, Chaoyang District, Beijing, 100020, China
Michael Page (Shanghai) Recruitment Co., Ltd	China	100%	Recruitment Consultancy	Level 18, HKRI Taikoo Hui Tower2, 288 Shimen Yi Road, Shanghai, 200041, China
Michael Page International (Shanghai) Consulting Ltd	China	100%	Recruitment Consultancy	Suite 1010, Shanghai Kerry Centre, 1515 Nanjing West Road, Shanghai, PRC
Taiwan Michael Page International Co Ltd	Taiwan	100%	Recruitment Consultancy	8F-1 Shin Kong Xin Yi Financial Building, 36-1 Songren Road Xin-Yi District, Taipei City, Taiwan 110
Michael Page International (SA) (Pty) Limited	South Africa	100%	Recruitment Consultancy	PO Box 653555, Benmore 2010, South Africa
Michael Page Africa (SA) (Pty) Limited	South Africa	100%	Recruitment Consultancy	PO Box 653555, Benmore 2010, South Africa
Michael Page International (Poland) Sp.z.o.o	Poland	100%	Recruitment Consultancy	ul. Zlota 59, 00-120 Warsaw, Poland
Michael Page International (UAE) Limited	UAE	100%	Recruitment Consultancy	No. 202, Al Fattan Currency House, Tower 1, Dubai International Finance Centre (DIFC), PO Box 506702, Dubai, United Arab Emirates

MICHAEL PAGE RECRUITMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

Name of undertaking	Country of Incorporation	Percentage Held	Principal activity	Registered Office
Michael Page International (Australia) Pty Limited	Australia	100%	Recruitment Consultancy	Level 32, 225 George Street, Sydney, NSW 2000, Australia
Agensi Pekerjaan Michael Page International (Malaysia) SDN BHD	Malaysia	100%	Recruitment Consultancy	10th Floor, Wisma Hamjah-Kwong Hing, No.1 Leboh Ampang, 50100 Kuala Lumpur, Malaysia
Michael Page International Recruitment Pvt Ltd	India	9.15%	Recruitment Consultancy	5th Floor, 2 North Avenue, Maker Maxity, Bandra-Kurla Complex, Bandra (E), Mumbai 400051, India
Michael Page International Italia Srl	Italy	25%	Recruitment Consultancy	Via Spadari 1, 20123 Milan, Italy
Page Personnel Italia Spa	Italy	25%	Recruitment Consultancy	Via Spadari 1, 20123 Milan, Italy
Michael Page International Chile Ltda	Chile	10%	Recruitment Consultancy	Magdalena 181, Piso 16, Las Condes, Santiago 7550055, Chile
Michael Page International Argentina SA	Argentina	12%	Recruitment Consultancy	Carlos Pellegrini 1265, Piso 12, Ciudad de Buenos Aires, C1009ABY, Argentina
Page Personnel Argentina Servicios Eventuales SA	Argentina	25%	Recruitment Consultancy	Carlos Pellegrini 1265, Piso 12, Ciudad de Buenos Aires, C1009ABY, Argentina
Michael Page International Mexico Servicios Corporativos S.A. de C.V.	Mexico	10%	Recruitment Consultancy	Av. Paseo de la Reforma, No. 115, Piso 10, Col. Lomas de Chapultepec, Z.C. 11000, CDMX, Mexico
Michael Page International Mexico Reclutamiento Especializado SA de CV	Mexico	10%	Recruitment Consultancy	Av. Paseo de la Reforma, No. 115, Piso 10, Col. Lomas de Chapultepec, Z.C. 11000, CDMX, Mexico
Michael Page International Do Brasil Recrutamento Especializado Ltda	Brazil	10%	Recruitment Consultancy	Rua Funchal 375, 7th Floor Vila Olimpia, CEP 04551-060, Sao Paulo, Brazil
Michael Page International Empresa de Trabalho Temporario e Servicos de Consultadoria Lda	Portugal	2%	Recruitment Consultancy	Avenida da Liberdade n 180A, 1250-146 Lisboa, Portugal

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

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

8. DEBTORS

	2019 £000	2018 £000
Financial Assets at amortised cost:		
Other receivables	234	652
Amounts owed by group undertakings	312,530	122,334
Derivative assets	2,340	1,020
	315,104	124,006

*Included in Amounts owed by group undertakings are interest bearing loans to other group subsidiaries which are repayable on-demand. All trading balances in the normal course of business are non-interest bearing and payable on-demand.

MICHAEL PAGE RECRUITMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. CREDITORS

Amounts falling due within one year

	2019	2018
	£000	£000
Financial Liabilities at amortised cost:		
Corporation tax payable	16,512	7,114
Other tax and social security	662	-
Amounts owed to group undertakings	273,818	122,877
Derivative liabilities	4,294	1,020
	<u>295,286</u>	<u>131,011</u>

*Included in Amounts owed to group undertakings are interest bearing loans from fellow group subsidiaries which are repayable on-demand. All trading balances in the normal course of business are non-interest bearing and payable on-demand.

10. SHARE CAPITAL

	2019	2018
	£000	£000
Allotted, called up and fully paid		
62,137,786 Ordinary shares of £0.02 each	<u>1,243</u>	<u>1,243</u>

11. COMMITMENTS AND CONTINGENT LIABILITIES

VAT group registration

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 2019 amounted to £4.3m (2018: £5.9m).

12. RELATED PARTY TRANSACTIONS

The Company is taking advantage of the exemption under section 33 of FRS 102 not to disclose transactions with entities that are also wholly owned subsidiaries of PageGroup plc.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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