Registered number: 03403530

Randstad Education Limited
Annual report and financial statements
For the year ended 31 December 2018

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Officers and professional advisers

Directors

D Bruce
M Smith

Registered Office

450 Capability Green
Luton
Bedfordshire
LU1 3LU
United Kingdom

Bankers

Barclays Bank plc
27th Floor
1 Churchill Place
London
E14 5HP
United Kingdom

Independent auditor

Deloitte LLP
Statutory Auditor
3 Victoria Square, Victoria Street
St Albans
Hertfordshire
AL1 3TF
United Kingdom

Strategic Report

The directors present their strategic report on the company for the year ended 31 December 2018.

Principal activities

The company's principal activity was previously that of an employment business hiring out temporary and permanent staff for clients. The company ceased trading on 1 October 2017 and will remain non-trading for the foreseeable future.

Review of the business

As shown in the company's statement of comprehensive income on page 10, the company has no revenue in the current year.

The company achieved a gross profit of £nil (2017: £12,603,000) and a profit before taxation of £nil (2017: profit of £1,802,000).

This was due to the decision made to transfer the trade and assets of the company to Randstad Public Services Limited in the prior year.

The Directors intend to liquidate the company in the next 12 months.

Position of the business

The company's net assets and shareholders funds were £22,900,000 at the end of the year (2017: £22,937,000). The profit for the financial year was £nil (2017: profit of £1,395,000).

Key performance indicators

Given the nature of the business, we are of the opinion that analysis using key performance indicators is not necessary for the understanding of the development, performance and position of the business.

Principal risks and uncertainties

As the company has ceased trading the directors do not consider that it is exposed to any material risks.

Going concern

These financial statements are prepared on a basis other than that of a going concern. This is due to the trade and assets of the company being sold at net book value to Randstad Public Services Limited on 1 October 2017 as part of an internal group legal restructure at which time, the company ceased trading. The company will be non-trading until further notice.

Approved by the board of directors and signed on its behalf by:

DBruce

D Bruce
Director
6 June 2019

Directors' Report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2018.

Future developments

The company ceased trading on 1 October 2017 and will remain non-trading for the foreseeable future.

Dividends

The directors do not recommend payment of a dividend (2017: £nil).

Financial risk management, objectives and policies

As the company has ceased trading, and the remaining debtor balance is due from a fellow wholly owned subsidiary of Randstad NV, the directors do not consider that it is exposed to any financial risks.

Going concern

Information on the going concern status of the company can be found in the Strategic Report on page 5.

Charitable and political donations

The company made no charitable or political donations during the current or previous year.

Research and Development

The company has not engaged in any activities constituting research and development in the year.

Foreign Branches

The company does not have any branches operating outside of the UK.

Subsequent Events

There were no events that have occurred after the year end that would materially affect the reported results or would require disclosure in this report.

Directors

The directors of the company who held office during the year and up to the date of signing the financial statements, unless otherwise stated, are given below:

M Bull	(resigned 11 April 2019)
C Bradshaw	(resigned 31 May 2018)
D Bruce	(appointed 2 July 2018)
M Smith	(appointed 15 April 2019)

Directors' liabilities

The company had no directors' indemnities in place during the year.

Directors' Report (continued)

Political contributions

The company made no political donations or incurred any political expenditure during the year.

Independent auditor

Each of the persons who is a director at the date of approval of this annual 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 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework". 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 that the company will continue in business.

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

Approved by the board of directors and signed on its behalf by:

DBruce

D Bruce
Director
6 June 2019

Independent auditor's report to the members of Randstad Education Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Randstad Education Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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

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

Emphasis of matter – Financial statements prepared other than on a going concern basis
We draw attention to note 2.2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Randstad Education Limited (continued)

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Randstad Education Limited (continued)

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.

David Halstead

David Halstead (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom
6 June 2019

Statement of comprehensive income
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue	*4*	-	35,961
Cost of sales		-	(23,358)
Gross profit		-	12,603
Administrative expenses		-	(10,928)
Operating profit		-	1,675
Finance cost	*8*	-	(5)
Finance income	*8*	-	132
Finance income - net	*8*	-	127
Profit before tax	*5*	-	1,802
Tax	*9*	-	(407)
Profit for the year		-	1,395
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		-	1,395

All results are derived from discontinued operations.

Statement of financial position
As at 31 December 2018

	Note	2018 £'000	2017 £'000
Current assets			
Trade and other receivables	*10*	**22,900**	22,937
		22,900	22,937
Net current assets		**22,900**	22,937
Total assets		**22,900**	22,937
Net assets		**22,900**	22,937
Equity			
Share capital	*12*	**50**	50
Share-based payments reserve	*11*	**-**	37
Retained earnings	*12*	**22,850**	22,850
Total shareholder's funds		**22,900**	22,937

The notes on pages 15 to 29 are an integral part of these financial statements.

These financial statements were approved by the board of directors and authorised for issue on 6 June 2019 and were signed on its behalf by:

DBruce

D Bruce
Director
Company registered number: 03403530

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

	Note	Share capital £'000	Share-based payments reserve £'000	Retained earnings £'000	Total shareholder's funds £'000
Balance as at 1 January 2017		50	120	21,511	**21,681**
Profit for the year		-	-	1,395	**1,395**
Total comprehensive income for the year		-	-	1,395	**1,395**
Credit relating to equity-settled share based payments	*11*	-	(45)	-	**(45)**
Transfer to income statement reserve		-	(38)	38	-
Charge from parent for equity-settled payments		-	-	(107)	**(107)**
Tax credit relating to share option scheme	*9*	-	-	13	**13**
Total transactions with owners, recognised directly in equity		-	(83)	(56)	**(139)**
Balance as at 31 December 2017		50	37	22,850	**22,937**
Balance as at 1 January 2018		50	37	22,850	**22,937**
Credit relating to equity-settled share based payments	*11*	-	(37)	-	**(37)**
Balance as at 31 December 2018		50	-	22,850	**22,900**

Notes to the financial statements

1 General information

Randstad Education Limited (the "Company") is a private company limited by shares, incorporated and registered under the Companies Act 2006 in the United Kingdom (England and Wales). The company's principal activity no longer continues to be that of an employment business hiring out temporary and permanent staff for clients. On 1 October 2017 the company ceased trading and for the foreseeable future will be non-trading. The address of the company's registered office is shown on page 3.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Randstad Education Limited have been prepared under the historical cost convention, in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006, as applicable to companies using FRS 101.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

The reason for the exemption is due to the company being a qualifying entity that is a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view, and that the company is included in the consolidation. More details on this reporting entity can be found in Note 15.

2.2 Going concern

These financial statements have been prepared on a basis other than that of a going concern. This is due to the trade and assets of the company being sold to Randstad Public Services Limited in 2017 as part of an internal group legal restructure. As part of the sale, Randstad Public Services Limited assumed responsibility for the company's lease commitments and share option schemes. No adjustment to the financial statements arose as a result of ceasing to apply the going concern basis. The Directors intend to liquidate the company in the next 12 months.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.3 Changes in accounting policy and disclosures

New IFRSs that are mandatorily effective for the year ended 31 December 2018

In the current year, the company adopted new IFRSs 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers'. Both have no material impact on the valuation and classification of the assets and liabilities of the company, nor on its income statement. Accordingly, the opening balance of retained earnings and comparative figures have not been adjusted.

2.4 Foreign exchange transactions

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. At the reporting date, bank overdrafts are shown within borrowings in current liabilities.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.7 Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company did not have any debt instruments measured subsequently at FVTOCI in either the current year or the preceding year.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iii) below).

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

The company did not have any other financial assets measured subsequently at FVTPL in either the current year or the preceding year.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'finance income' line item (note 8).

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.
Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

1. significant financial difficulty of the issuer or the borrower;
2. a breach of contract, such as a default or past due event (see (ii) above);
3. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
4. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
5. the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the balance sheet.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.7 Financial Instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) held-for-trading, or (ii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Derivative financial instruments
The company did not have any derivative financial instruments in either the current year or the preceding year.

Embedded derivatives

The company did not have any embedded derivatives in either the current year or the preceding year.

Hedge accounting

The company did not have any hedging instruments in either the current year or the preceding year.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.8 Trade and other payables

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholder's funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholder's funds, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Employee benefits

Pension obligations

The company operates a defined contribution pension scheme. The company pays contributions to privately administered pension insurance plans on a contractual basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.11 Revenue recognition

Revenue comprises the expected consideration for services rendered during the year. Revenue from services rendered is recognised in the income statement in proportion to the progress in execution of the contract as of the balance sheet date. Progress in execution of the contract is measured by reference to costs (mainly hours) incurred to date as a percentage of total estimated costs for each contract. When the outcome of the contract cannot be measured reliably, revenue is recognised only to the extent that expenses incurred are eligible to be recovered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration.

Revenue from temporary placements includes the amounts received or receivable for the services of candidates, including the salary and salary-related employment costs of these candidates (gross basis). These revenues are recognised over time and are generally based on the number of hours worked by these candidates.

Revenue from permanent placements includes the fee received or receivable for the services provided. This fee is generally a percentage of the candidate's remuneration package (net basis). The revenue of these permanent placements is recognised on completion of the service when the performance obligations are fulfilled, being, in principle, the start date of the candidate. For 'retained assignments', revenue is recognised on the completion of certain pre-agreed stages of the service, for which the fee is non-refundable. Allowances are established to estimate losses due to placed candidates not remaining employed during the agreed guarantee period.

The company had no revenue in the period, due to the transfer of trade and assets of the company to Randstad Public Services Limited, with effect from 1 October 2017.

2.12 Operating profit

Operating profit is stated before net finance income.

2.13 Finance income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Notes to the financial statements (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

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

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

The directors consider that there were no critical accounting judgements in applying the company's accounting policies and that there are no key sources of estimation uncertainty.

4 Revenue

All of the company's revenue was derived from its principal activity.

An analysis of the company's revenue, by geographic market, is as follows:	**2018**	2017
	£'000	£'000
Provision of recruitment services UK	-	34,935
Provision of recruitment services Non-UK	-	1,026
Total Revenue	-	35,961

5 Profit before tax

Profit before tax is stated after charging/(crediting):

	2018	2017
	£'000	£'000
Wages and salaries	-	4,755
Social security costs	-	498
Other pension costs	-	133
Share-based payments	-	(45)
Staff costs	-	5,341
Loss on disposal of property, plant and equipment	-	6
Operating lease charges	-	341
Foreign exchange losses	-	14
Depreciation of tangible fixed assets	-	65
Fees payable to the company's auditor:		
- Audit of these financial statements	-	23

Audit fees for the current period were £10,000, which were borne by a fellow group company.

Notes to the financial statements (continued)

6 Employees and directors

The monthly average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2018 Number	2017 Number
Sales	-	150
Administration	-	25
Total	-	175

7 Directors' remuneration

In the current and prior year the directors received remuneration paid by Randstad UK Holding Limited in respect of their services to group companies. No recharge is made to the company for these costs and none of their remuneration is in respect of their services to the company. There were no directors in the company's defined contribution pension scheme during the year.

8 Finance income and cost

	2018 £'000	2017 £'000
Finance income		
Interest receivable on balances with group companies	-	132
Total finance income	-	132
Finance cost		
Interest payable on balances with group companies	-	(5)
Total finance cost	-	(5)
Net finance income	-	127

Notes to the financial statements (continued)

9 Tax

Tax charge included in profit or loss

	2018 £'000	2017 £'000
Current tax		
Current tax on income for the year	-	347
Adjustments in respect of prior years	-	33
Total current tax	-	380
Deferred tax		
Origination and reversal of timing differences	-	27
Change in tax rate	-	3
Adjustments in respect of prior years	-	(3)
Total deferred tax	-	27
Tax charge	-	407

Tax income included in equity

	2018 £'000	2017 £'000
Current tax	-	(13)
Total tax credit included in equity	-	(13)

The total tax charge (2017: charge) for the year is the same as (2017: higher than) the standard effective rate of corporation tax in the UK of 19.00% (2017: 19.25%). The reconciliation of the effective tax rate is stated below.

	2018 £'000	2017 £'000
Profit before tax	-	1,802
Tax using the standard UK corporation tax rate of 19.00% (2017: 19.25%)	-	347
Effects of:		
Expenses not deductible for tax purposes	-	27
Rate change adjustment	-	3
Adjustments in respect of prior years	-	30
Tax charge	-	407

Factors that may affect future tax charges

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the statement of financial position date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020.

The directors do not consider there to be any material impact of the Finance Act 2019, which received Royal Assent in February 2019.

Notes to the financial statements (continued)

10 Trade and other receivables

Amounts falling due within one year:	**2018**	2017
	£'000	£'000
Amounts owed by group undertakings	**22,900**	22,937
	22,900	22,937

Amounts owed by group undertakings were made up of £22,900,000, (2017: £22,937,000) due from Randstad Public Services Limited, a fellow wholly owned subsidiary of Randstad NV.

Amounts owed by group undertakings are unsecured, bear no interest and are repayable on demand.

11 Share-based payments

Certain employees of the company along with other group employees have been granted options over the shares in Randstad NV. There are 2 share-based payment arrangements in place: Senior management performance share plan and Share purchase plan for corporate employees.

The company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution. The income (2017: expense) charged to profit or loss in respect of the Senior management performance share plan in the year was credit of £37,000 (2017: credit of £45,000).

On exercise of the shares by the employees, the company is charged the intrinsic value of the shares by Randstad NV. This amount is treated as a reduction of the capital contribution and is recognised directly in equity.

Senior management performance share plan

As from 2007, conditional performance shares have been granted annually to a limited group of senior management. The plan has a term of three years. The number of shares to vest depends on Randstad NV's TSR performance compared to a peer group of nine companies measured over a three-year period starting on 1 January of the year of grant. From 2015 onwards, the number of shares to vest also depends on achieving certain sustainability performance targets. During the vesting period, we include for the non-market conditions an estimated bonus adjustment of between 45% and 85% to be expensed during the reporting years. At each reporting date, these non-market conditions will be reassessed; any adjustment is charged/released to the profit or loss.

Out of the nil outstanding options (2017: nil options), nil options (2017: nil) were exercisable at the end of the year. Options exercised in 2018 resulted in nil shares (2017: 2,195 shares) being issued at a weighted average exercise price of €56.90 each (2017: €57.00 each), reflecting an award of 111% based on TSR performance of Randstad NV.

Notes to the financial statements (continued)

11 Share-based payments (continued)

Share purchase plan for corporate employees

Under the share purchase plan, participating corporate employees may purchase shares from a separate foundation, Stichting Randstad Optiefonds, twice a year. The maximum amount to be spent within the plan is set annually at 5% of the participant's fixed annual salary. Employees receive a number of bonus shares equal to a fixed percentage of the number of shares purchased; these bonus shares vest over a period of six months, only if employees hold on to the purchased shares for the same period of six months (on condition that they are still employed by the company). The bonus is expensed by the company over the vesting period (2018: £nil, 2017: £14,000). In 2018 a total of nil (2017: 142) bonus shares were allocated to employees.

12 Share capital

	2018 £'000	2017 £'000
Authorised		
50,000 (2016: 50,000) ordinary shares of £1 each	**50**	50
Issued and fully paid		
50,000 (2017: 50,000) ordinary shares of £1 each	**50**	50

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

The share based payment reserve contains the capital contribution based on the fair value of share awards granted to certain employees.

Retained earnings represents retained profits and losses.

13 Capital and other commitments

At 31 December 2018, the company had no capital commitments (2017: £nil), no operating lease commitments (2017:£nil) and no other off balance sheet arrangements.

14 Related party transactions

The company is exempt from disclosing related party transactions with other companies that are wholly owned within the Randstad NV group.

15 Controlling parties

Randstad NV, a company incorporated in the Netherlands is the ultimate parent company and controlling party. Randstad Solutions Limited, a company incorporated in the United Kingdom, is the immediate parent company.

Copies of the ultimate parent company's consolidated financial statements, which are the smallest and largest group in which the company is consolidated, can be obtained from the Company Secretary, Randstad NV, Diemermere 25, 1112 TC Diemen, the Netherlands, its registered address.

Copies of the immediate parent company's financial statements can be obtained from the Company Secretary, Randstad Solutions Limited. Its registered address is 450 Capability Green, Luton, Bedfordshire, LU1 3LU.