HAYS Recruiting experts worldwide

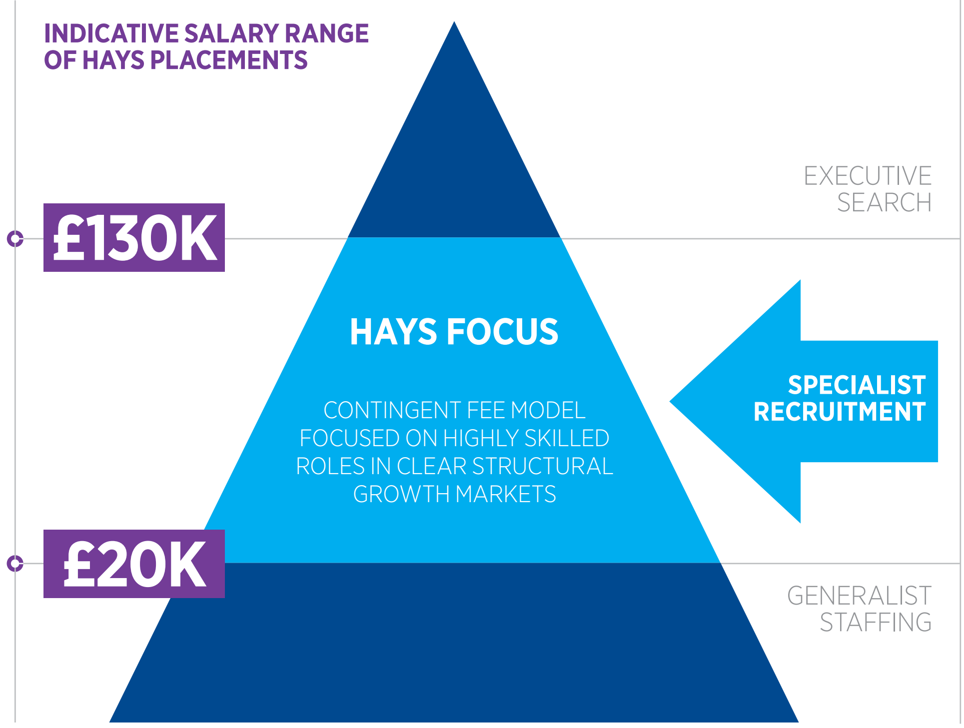
A PLATFORM FOR GROWTH POWERED BY EXPERTS

Annual Report & Financial Statements 2014

WHAT WE DO

FOCUSED ON THE SPECIALIST RECRUITMENT MARKET

HOW WE GENERATE FEES



In the vast majority of our businesses we operate a contingent fee model, with fees paid to us by our clients derived as a proportion of the salary of the candidate placed.

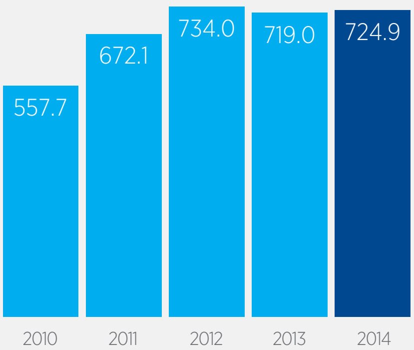
In the permanent placement business, we recognise fees when the candidate starts work. For temporary placements, we earn fees when a candidate is active in an assignment.

These one-off 'spot' transactions are how we generate the vast majority of our net fees. The remainder come from placements as part of larger, more formal procurement contracts with clients, known as Recruitment Process Outsourcing for permanent placements and Managed Service Provision for temporary placements.

FINANCIAL HIGHLIGHTS

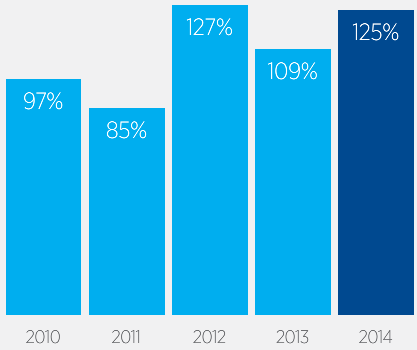
NET FEES (£M)

+5%(1)



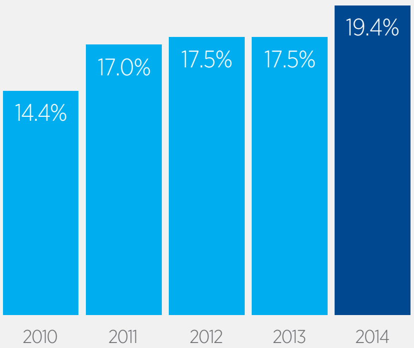
CASH CONVERSION(3)

+16%



CONVERSION RATE(2)

+190bps

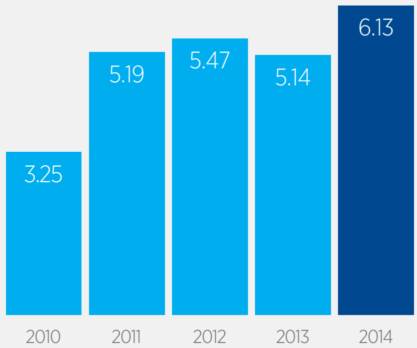


HIGHLIGHTS

GOOD NET FEE AND EXCELLENT OPERATING PROFIT GROWTH DROVE A 5% INCREASE IN FULL YEAR DIVIDEND

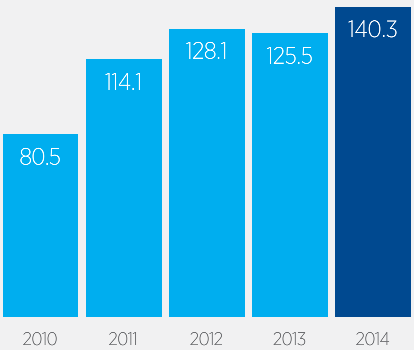
BASIC EARNINGS PER SHARE (PENCE)

+19%



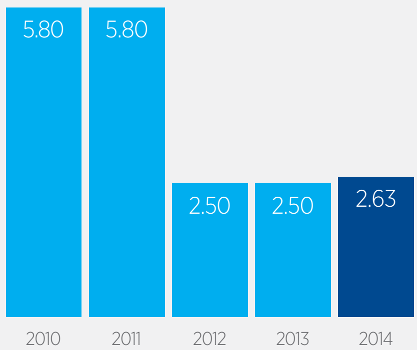
OPERATING PROFIT (£M)

+20%(1)



CORE DIVIDEND PER SHARE (PENCE)

+5%



(1) LFL (like-for-like) growth represents organic growth of continuing activities at constant currency.
(2) Conversion rate is the proportion of net fees converted into operating profit, before exceptional items.
(3) Cash conversion is the conversion of operating profit into operating cash flow (before exceptional items and capital expenditure).

WE HAVE WORLD CLASS EXPERTISE BUILDING WORLD CLASS BUSINESSES

1
BRAND

33
COUNTRIES

8,237
EMPLOYEES

5,357
CONSULTANTS

WE ARE HAYS

hays.com

FEEDBACK VIA
ara2014@hays.com

FOLLOW HAYS INVESTOR RELATIONS @ haysplcir

FOLLOW HAYS ON LINKEDIN
linkedin.com/company/hays

CHAIRMAN'S INTRODUCTION

HAYS IN 2014

2014 has been a strong year for Hays. Client and candidate sentiment, and therefore trading conditions, have improved across many key markets, presenting the Group with clear opportunities to grow.

Against this backdrop the Group has capitalised well, driving 5%(1) net fee growth, excellent 20%(1) operating profit growth and a 19% increase in EPS. These strong results took Group operating profit to over £140 million, the level of earnings at which, as we have consistently stated, an initial increase in the dividend would be appropriate. As such, the Board were able to propose an increase to the full year core dividend of 5%.

In November 2013 we held an investor day at which our executive team outlined their aspirations for the Group on a five-year view, and their strategic priorities to deliver on them. We were also able to showcase the significant strategic and operational progress we have made in recent years as we work towards our objective of building the world's pre-eminent specialist recruitment business. I recommend you visit hays.com where you can view content and video from the event.

At the heart of our plan to deliver on these aspirations, and indeed everything the Group does, are the 8,237 people we have around the world. They are the best team in our industry and the Group's key asset. We believe that by equipping them with the best tools in the industry, whether that be technological tools, a market-leading globally consistent brand or the best training and development opportunities, we ensure that they are best placed to help our candidates and clients to meet their needs and therefore drive our business forward. Within this year's Report you will find that we have explored each of these elements in detail.

Finally, as a Board and a management team, we are mindful of the changes and evolutions that have recently come in to force with respect to Annual Reporting. We have made every effort to implement these changes in this year's Report and we would welcome your feedback via ara2014@hays.com. I hope you find the report informative and useful.

ALAN THOMSON
Chairman

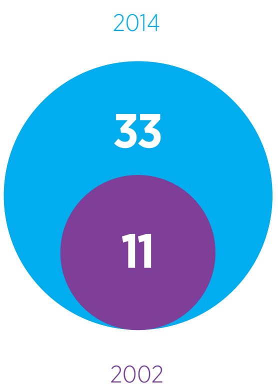
(1) LFL (like-for-like) growth represents organic growth of continuing activities at constant currency.

STRATEGIC REPORT

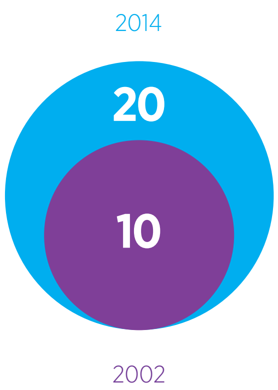
HOW WE CREATE VALUE

THE STRENGTH AND BALANCE OF OUR BUSINESS MODEL IS KEY TO DRIVING FINANCIAL OUTPERFORMANCE THROUGH THE ECONOMIC CYCLE

HAYS COUNTRIES



HAYS SPECIALISMS



A PLATFORM FOR GROWTH...

CONSULTANTS

5,357

Unmatched breadth and scale of operations

GEOGRAPHIC DIVERSIFICATION

33

Countries around the world, providing balanced exposure to structural growth and more mature areas

SECTORAL DIVERSIFICATION

20

Specialist areas across skilled/technical professions

CONTRACT FORM DIVERSIFICATION

Our Temp/Perm split of Group net fees offers a balanced mix of contract forms

59%/41%

...POWERED BY EXPERTS...

Hays is the ultimate people business and as such our ability to attract, develop, enable and retain the very best consultants and managers in our industry is vital to our success.

We train consultants to be specialists in their area and to become trusted advisers to their clients and candidates. Ensuring our consultants are as productive and effective as they can be will be the ultimate driver of our financial performance.

BUSINESS MODEL REVIEW: PEOPLE

TURN TO PAGE 10

...WITH SECTOR LEADING TECHNOLOGY...

In the digital world where everything works at pace you must have the architecture to cope. Our sector-leading technology is key to driving growth by helping our expert consultants get the best candidates to clients faster than anyone else, maximising their productivity and the Group's income.

BUSINESS MODEL REVIEW: TECHNOLOGY

TURN TO PAGE 12

...AND A WORLD CLASS BRAND...

We believe that our single, global, recognisable brand helps us drive net fee income and grow profits by taking market share and expanding our reach among new clients and candidates.

The quality of the brand opens doors for our consultants and makes it easier for them to build relationships and grow their business faster.

BUSINESS MODEL REVIEW: BRAND

TURN TO PAGE 14

...DELIVERS THE BEST SOLUTIONS FOR CLIENTS AND CANDIDATES, DRIVING OUTPERFORMANCE THROUGH THE CYCLE

BUSINESS MODEL

UNRIVALLED SCALE, BALANCE AND DIVERSITY

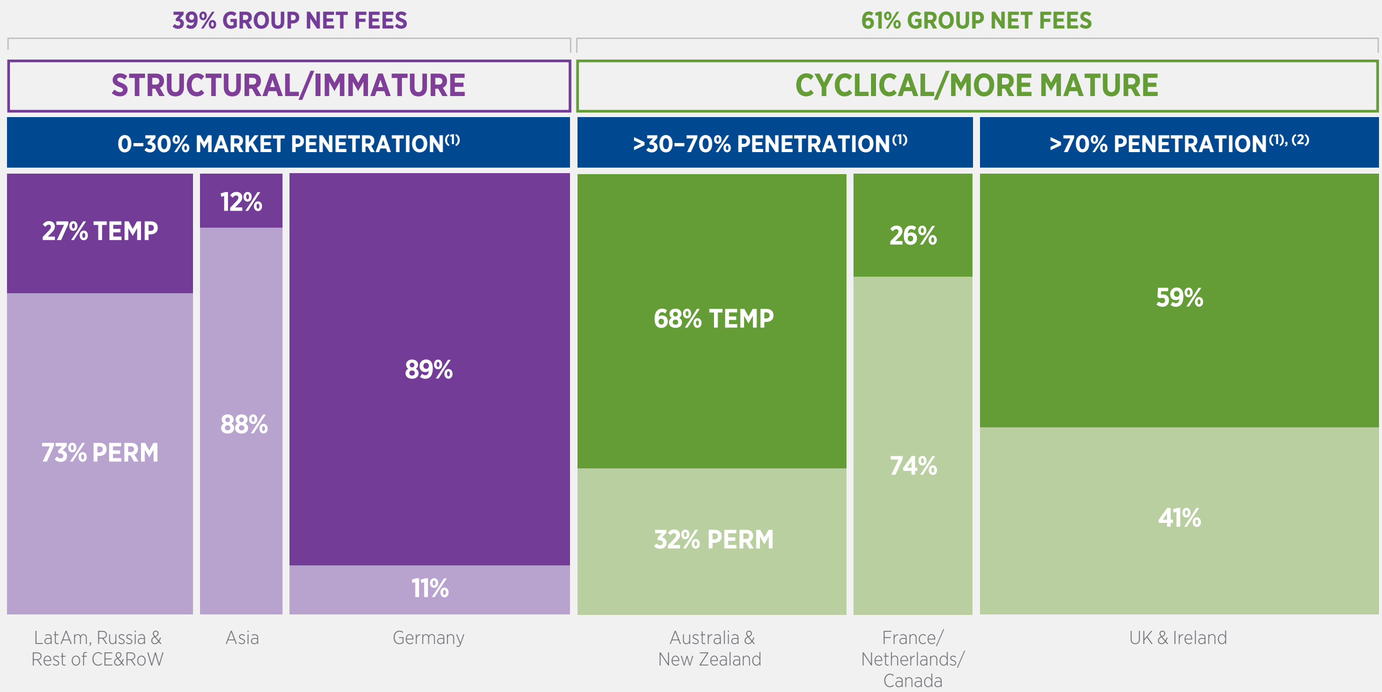
We have deliberately built a business that is well-balanced to both mature, cyclical markets and emerging structural markets. The right hand side of the chart below shows we have excellent exposure to more mature markets, such as the UK, which can generate high levels of profit growth and cash generation when the market environment is favourable. On the left hand side are more immature markets where we earn 39% of our net fees. These businesses have very significant structural growth opportunities and are less impacted by the economic cycle.

This balance allows us to make good profits in the short term, but also gives us excellent exposure to those markets which will mature into very big businesses over time.

One of the key trends we see is clients looking to build more flexibility into their cost-bases, as well as to tap into specific skills as and when they need them on a project basis. Having built a business that is so well balanced across Temp and Perm recruitment, we are able to capitalise on this shift.

Today 59% of our fees are earned from the Temp and Contractor markets; this is heavily weighted towards just three countries: Germany, Australia and the UK. Virtually everywhere else we are predominantly Perm focused. Our strategy is to maintain these Perm positions because they are valuable markets when economies are more confident, but at the same time to roll-out our Contractor model into more markets and sectors to capitalise on the structural growth in this form of working, adding further diversification and therefore resilience to our financial performance.

NET FEES BY GEOGRAPHY, TYPE, AND MARKET MATURITY



(1) Market penetration represents the percentage of skilled and professional recruitment that is outsourced, based on Hays' management estimates.
(2) USA considered a more mature market but excluded from the chart for business size reasons.

THE DATA TO BACK UP OUR MODEL
BREAKDOWN OF 2014 GROUP NET FEES

SPECIALISMS

17%
INFORMATION TECHNOLOGY

16%
ACCOUNTANCY & FINANCE

16%
CONSTRUCTION & PROPERTY

51%
OTHER

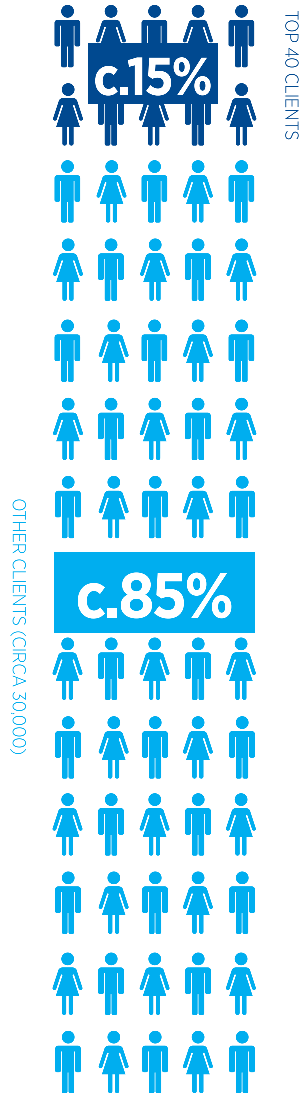
CONTRACT TYPE

WHAT MAKES HAYS UNIQUE IN THE WORLD OF SPECIALIST RECRUITMENT IS THE SCALE, BALANCE AND DIVERSITY OF OUR BUSINESS MODEL

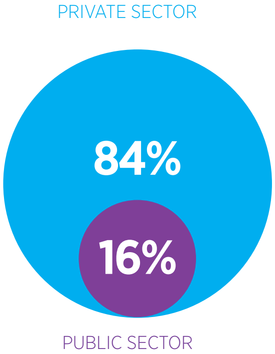
The breadth of our expertise by contract type, geography and specialism positions us well to withstand various stages of the macroeconomic cycle and best serve our clients around the world, regardless of the challenges they face.

This diversity is unrivalled in our industry today.

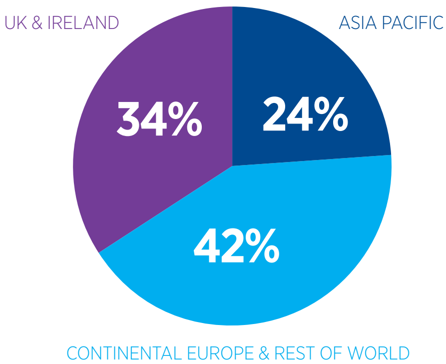
CLIENTS



SECTOR



GEOGRAPHY



THE ECONOMIC BACKDROP IN OUR MARKETS THIS YEAR

IMPROVING GLOBAL SENTIMENT

LONGER TERM KEY TRENDS

1. LABOUR FORCE EVOLUTIONS
Including more flexible, project-based work, remote working, or the globalisation of skills and jobs. The entry to the jobs market of 'Generation Y' and the ageing professional workforce in many mature economies.

2. EVOLVING TECHNOLOGY
Impacting how people work, enabling remote working and having a direct impact on the way clients and candidates access the jobs market.

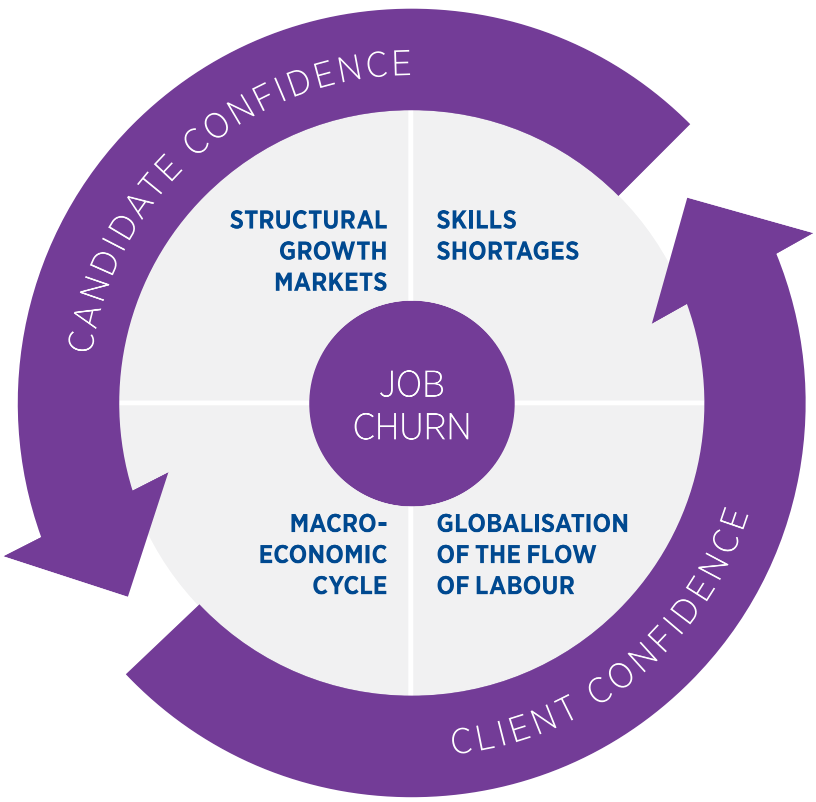
3. CHANGING CLIENT BEHAVIOURS
Including clients seeking to add flexibility to their workforce by employing skilled people on a contract or project basis.

4. CHANGING BUSINESS PRACTICES
Including continued outsourcing of recruitment of skilled employees in many immature markets around the world.

WHAT DRIVES GROWTH?

The global specialist recruitment market is driven primarily by confidence among businesses to hire skilled people and candidate confidence to move jobs. We call this 'job churn'.

In addition, we identify four further factors which drive our performance: the emergence of structural growth markets in specialist recruitment; skills shortages in certain recruitment markets; the globalisation of the flow of labour; and the macroeconomic cycle.



Many of the factors we discuss on the previous page are directly impacted by the prevailing economic conditions. The health of the economy and outlook in the markets in which we operate have a direct and often significant impact on activity levels, particularly with respect to the confidence levels of businesses and individuals.

In 2014 we saw improved conditions in several key markets, notably the UK and North America, as well as across Asia and many European countries, some of which had been very challenging for several years. While the recovery in most cases has been fragile, it has been generally consistent, although growth levels overall are subdued by historical standards. Importantly, there has been a lack of major economic shocks or significant negative events in the year, which is key to supporting sentiment amongst our clients and candidates.

Major central banks maintained supportive monetary policy measures, with historic low interest rates in regions such as the UK, the US and the Eurozone. Additionally, Australia and the Eurozone saw further cuts in base rates, with the ECB introducing negative deposit rates for banks in a bid to encourage lending to businesses and to avoid a drift into deflation, as previously seen in Japan. The recent economic measures undertaken by the Japanese Government had a positive effect on both businesses and individuals.

Elections took place in major economies, including Germany and Australia, while geopolitical instability in Eastern Europe and the Middle East impacted investor sentiment towards the latter part of the year, reviving a risk-off approach.

The outlook for the global economy has broadly strengthened and while the recovery remains fragile, the International Monetary Fund expects it to improve further. However, lower than expected inflation in advanced economies, escalating geopolitical tensions and increased financial volatility in emerging markets all pose potential risks to growth.

WE EXPERIENCED VARIED BACKDROPS IN OUR KEY MARKETS

UK: CLEAR SIGNS OF BROAD-BASED ECONOMIC RECOVERY

The UK economy showed clear signs of broad-based recovery, with quarterly growth consistently exceeding expectations. Activity, though, was primarily led by higher consumption and strong house-price growth, leading to a focus on when interest rates may rise. Conversely, labour market productivity and industrial output remained subdued.

The year saw a steady fall in unemployment and interest rates remained at historically low levels, despite prior BoE forward guidance of a potential rate rise linked to a fall of unemployment below 7%. The BoE maintained its supportive approach to monetary policy and oversaw a steady decline in inflation to settle around the 2% target. In spite of this fall in inflation, limited average wage growth resulted in an overall fall in real earnings in the broader economy.

A pick up in Mergers & Acquisitions activity highlighted improved business confidence and the number of stock market flotations was the highest level since the global financial crisis.

GERMANY: FUNDAMENTALS SOLID BUT TRAJECTORY MORE UNCERTAIN

In Germany, low unemployment, high job security and rising incomes, as well as very low inflation have supported consumer and business confidence, while low interest rates offer little incentive to save, further fuelling domestic consumption. However, business sentiment fell towards the end of the year, partially affected by global geopolitical instability, notably in Eastern Europe and Russia, and the ongoing structural issues within the Eurozone.

In September 2013's election, Chancellor Merkel's party fell short of a majority and entered into a coalition with the main opposition party, the Social Democrats, which was finalised in December. This created a degree of uncertainty regarding future regulations governing Temp and Contractor markets, which has impacted recruitment decision-making in certain client segments.

Overall, through the second half of the year, economic data was more subdued and GDP fell 0.2% in the quarter to June, raising some concerns about the future trajectory of the German economy.

AUSTRALIA: SENTIMENT FRAGILE, BUT ECONOMIC GROWTH CONTINUED

Although the Australian economy remained relatively subdued through the year, it continued to grow. The General Election saw a change of Government, which was then faced with immediate pressure to tackle the country's economic slowdown and pledged to overturn both the mining and carbon taxes.

After a series of interest rate cuts earlier in the year the economy experienced a transition phase, with mining investment declining from peak levels as growth slowed in key markets such as China, leading to a fall in the market price of many Australian resources, notably iron ore.

Consumer and business confidence remained fragile through the year, although the positive effect of lower interest rates and an easing in the strength of the Australian Dollar led to some improvement.

As a result, Australia's economy grew more than forecast in the first six months of 2014, boosted by a rise in exports and domestic consumption.

CHIEF EXECUTIVE'S REVIEW

FOCUSED ON BUILDING SCALE

ALISTAIR COX, CHIEF EXECUTIVE

WE HAVE A CLEAR PLAN TO BROADLY DOUBLE GROUP PROFIT

CURRENT CORE PROFIT DRIVERS	FUTURE MATERIAL PROFIT DRIVERS	NEXT WAVE	NETWORK CRITICAL
AUSTRALIA GERMANY UNITED KINGDOM	JAPAN CANADA FRANCE BRAZIL	USA CHINA RUSSIA OTHER LATAM	20 OTHER HAYS COUNTRIES
TODAY	3–5 YEARS	5–10 YEARS	ONGOING

In this section we look in detail at the theme of this year's Annual Report, A Platform for Growth, Powered by Experts.

This theme sits right at the heart of our strategy. We are a business providing deep expertise to our candidates and clients, helping them take important decisions about their careers and the skilled resources they need. Over the last decade, we have also very purposefully built a platform that takes that expertise across the world and into many different industries and sectors. This platform is unique in today's recruitment world and provides us with the best possible routes to growth available in our industry today.

The last ten years have seen us build a diversified recruitment platform designed to help our clients find the skilled talent they need, regardless of geography, skill-set or contract form. To achieve this we have invested in a number of key areas. Internationally, we have expanded our network from 11 countries in 2002 to 33 today. At the same time we have grown our expertise to cover 20 specialist areas of skills and built a business equally capable of helping our clients find permanent employees as well as contract or temporary skills. This broad diversification is important to us because it means we are well placed to understand and help solve the recruitment challenges faced by our clients and candidates every day. However, it also provides us with a balance across markets at different stages of their own cycle and maturity, access through the cycle to multiple industries and an ability to leverage the increasing demand for flexible labour that we see across an increasing number of economies.

This breadth and diversity of platform, the deep expertise of every one of our consultants and our ability to make rapid adjustments to our business as we see markets change is what ultimately enables us to deliver financial outperformance through the cycle, not just at any one time or in any one market.

Having established this platform, our task now is to leverage it fully and capitalise on the investments we have made. Our aspiration is to broadly double our profits over the five years to June 2018, and to diversify from where we derive those profits. That means we will now concentrate less on establishing new businesses and more on building critical mass across the Group, focusing our resources on those areas which offer the greatest contribution. With a network of over 8,200 people, working in 237 offices across 33 countries, and with well-established market positions in 20 different industry sectors, we enter this new phase from a position of strength, but there is more to be done. Our business is based on our people so we continue to invest in hiring and training the very best talent who aspire to work at Hays. We also believe that even the very best people can be more effective if they are equipped with the very best tools, so we invest in technology to give them an additional edge over their competitors. Our brand is one of our most valuable assets and we continually invest to build our reputation as the market leader in specialist recruitment worldwide. Finally, with a business as broad and diverse as ours, we also enjoy the advantage of being able to spread good ideas and practices across the globe.

Our roll-out of our world-class IT Contracting business from Germany to several new markets including Canada, Japan and France, is an example of how we leverage our network and expertise to good effect. On the following pages we explore how we approach each of these aspects, before I review the Group's performance in 2014 and then finally set out my priorities for 2015.

POWERED BY EXPERTS
Business model review
TURN TO PAGE 10

SECTOR LEADING TECHNOLOGY
Business model review
TURN TO PAGE 12

OUR WORLD CLASS BRAND
Business model review
TURN TO PAGE 14

A PLATFORM FOR GROWTH

POWERED BY EXPERTS

HIRING THE BEST PEOPLE

Hays is the ultimate people business and as such our ability to attract, develop, enable and retain the very best consultants and managers in our industry is vital to our success.

We invest a significant amount of time and effort to identify and hire the best people with the potential to excel and ultimately become leaders of our business. We are engaged in attracting top talent and have worked to position specialist recruitment as a career of choice and tap into new talent pools, using schemes such as the Hays Challenge to attract talent in today's 'Generation Y' marketplace. Generally we hire at an inexperienced level and focus on providing training from day one to ensure our consultants become productive fee earners as soon as possible.

hays-careers.com/hays-challenge

SENIOR MANAGERS IN OUR FAST FORWARD AND ADVANCED MANAGEMENT TRAINING PROGRAMMES

211

HAYS WORKFORCE

MALE	FEMALE
39%	61%

DIVERSITY

To us diversity means understanding and reflecting the community in which we operate, building loyalty with our colleagues, candidates and clients. Age, gender, ethnicity, religion, education and beliefs are all valued and everyone has the opportunity to contribute to our success as a business and fulfil their own potential. Our aim is to create an open, honest and vibrant working environment and to ensure that all our colleagues feel part of Hays and are respected as individuals.

As a global business, with operations in 33 countries, our employee population reflects the world we live in, with around 80 different nationalities represented in our global workforce.

TRAINING AND DEVELOPMENT

Training does not stop after a consultant's induction and we offer meritocratic career paths with unparalleled opportunities. We train consultants to be specialists in their area, and to become trusted advisers to their clients and candidates. We are particularly focused on the recruiter-manager levels of our business; people who are revenue generators but who have the new and very different challenge of also having to manage a team of consultants. Each of these people go through specific, tailored management development programmes. For those people we identify as the future potential leaders of our business, we run a mini-MBA course designed and led by leading business schools. Equally, throughout a consultant's career and at all levels, we focus on industry specialism and business development training, innovation and the use of new technologies.

HIGH PERFORMANCE CULTURE

Critical to our ability to drive growth is reinforcing a high performance culture in every Hays business. We believe in personal accountability so all fee earners are primarily rewarded on their own billing, rather than team bonuses, and have a clear line of sight between results and reward. We take an active approach to target setting with minimum performance standards and strict rankings within teams and between desks, and we lead from the front with managers who are also fee earners. Additionally, in order to maximise the value of these key people we actively promote international and domestic mobility, identifying the appropriate people for moves to best deploy resources around the Group.

WHY THIS MATTERS

Ensuring our consultants are as productive and effective as they can be is the ultimate driver of our financial performance. In addition to the right hiring, development and reward, we equip our consultants with the best tools to be able to excel in their roles.

75

INDIVIDUALS IN FY 2014 RELOCATED INTERNATIONALLY WITHIN OUR BUSINESS

A PLATFORM FOR GROWTH

SECTOR LEADING TECHNOLOGY

AN EVOLVING LANDSCAPE
In 2008, Hays undertook an assessment of the technology landscape in the world of recruitment. What soon became clear was that, in line with most other industries and indeed most other aspects of life, almost every area of the jobs market was becoming increasingly digitally-enabled, and that the level of digitalisation was only likely to increase in the future. In response to the numerous fast-paced changes we were seeing in our market place, the need for technology changes became a strategic imperative.

INCREASING VOLUMES OF DATA
Over recent years we have seen a considerable increase in the volumes of job applications received and a notable rise in the numbers of ways in which we receive them. At Hays, we now receive over eight million CVs a year and around three million hits to our jobs websites every month. Given the evolution and trajectory of these volumes, it was clear that our consultants would no longer be able to cope efficiently with this massive increase in velocity and complexity unless we gave them the technological tools to do so. On the supply side of the industry, candidate profiles have moved away from traditional printed formats, first to email and now onto social media. From our perspective as a recruiter and a facilitator of relationships between people and companies, we identified that we must be intimately connected to this online world. Equally, we identified that the data must be managed in an integrated manner with our own proprietary database as that would give us a competitive edge.

RESPONDING TO CHANGE
We have responded to these changes and invested proactively to ensure that our consultants remain as effective as possible. In the front office this meant creating a digital platform for the consultants to use that enabled them to search and find the best candidates for our clients at speed and with precision. We developed a global database system which is searchable using embedded Google technology, is globally connected both within our business and to the world at large, and is future-proofed to ensure that whatever may be the next evolution, we can respond quickly. In the back office we focused on automating processes, whether that be electronic timesheet capture and authorisation, invoice presentation to clients, or access to personal profiles and data such as pay slips and management information. We also established shared service centres in key locations around the world and deploy them to maximise cost efficiencies. Our ability to access real-time, accurate and detailed management information to make better informed business decisions has been at the core of how we have managed our business in recent years.

DRIVING FEE GROWTH
In the digital world everything works at pace and to be successful you need the architecture to cope. When developing and rolling out OneTouch, our single global database, we ensured that not only was it fully integrated internally within our business, but that it was also connected externally to the world around us in all the ways we thought were relevant to our business. We believe that this is core to delivering on our strategic goals and making our people as effective as they can possibly be. Hays has the IT architecture and intellectual property in place that the modern world of recruitment requires and we believe we are the only recruitment company in the world to have achieved this today.

WHY THIS MATTERS
Our sector leading technology is key to driving growth by helping our expert consultants get the best candidates to clients faster than anyone else, maximising their productivity and the Group's income. Equally, access to real-time, accurate management data allows management teams to make accurate and timely business decisions.

c.8,000,000
CVs RECEIVED IN FY 2014

c.3,000,000
HITS TO OUR JOBS WEBSITES EVERY MONTH

BACK OFFICE DEVELOPMENTS

Our assessment of the technology landscape in the world of recruitment in 2008 highlighted that both clients and candidates were starting to demand online access to traditional back office processes. We have responded by developing a range of mobile and digital functions, including the ability to submit timesheets electronically, manage workforces using our single, integrated technology tools and embedding them, along with other products, into our own business, as well as to the external world.

2011

THE YEAR WE FULLY IMPLEMENTED A GLOBAL DATABASE

UTILISING SOCIAL MEDIA

HAYS IS THE

23rd

MOST FOLLOWED COMPANY WORLDWIDE ON LINKEDIN WITH OVER 700,000 FOLLOWERS

KEY STRATEGIC RELATIONSHIPS

Over a number of years we have developed the highest level relationships and secured backing and support from key partners such as Google, LinkedIn, Oracle and Bond.

GOOGLE

We have embedded the Google search algorithm behind our technology firewall and fully integrated it with our OneTouch database, enabling our consultants to perform complex searches on all our clients, candidates and jobs worldwide in less than a second. We have a single and consistent database architecture worldwide, underpinning every process we undertake.

LINKEDIN

Hays has the leading relationship of anyone in our industry with LinkedIn, allowing us to build global Cross Systems Awareness between our own proprietary database and LinkedIn's membership platform. Furthermore, we have leveraged our relationship to use the LinkedIn platform as a powerful tool to bring our brand to the front of mind of the millions of professionals worldwide who are active on LinkedIn. Hays are today the 23rd most followed company worldwide on LinkedIn and the number one recruitment company in every country in which we operate. Based on first degree connections, that gives us a potential audience of over 320 million people. This enables us to build relationships quickly with new candidates worldwide and to help them find the roles they aspire to.

FOLLOW HAYS ON LINKEDIN
linkedin.com/company/hays

A PLATFORM FOR GROWTH

OUR WORLD CLASS BRAND

We take the development and management of our brand very seriously and our focus has been on building the reputation of Hays as the respected industry standard in the specialist recruitment market, and also as being the leading commentator on issues impacting the world of work. We have been building wider recognition and awareness of Hays as a market leader through partnerships with the CBI and Manchester City Football Club, amongst others. Our brand lies at the heart of everything we do.

MARKETING AND COMMUNICATIONS
Our brand presents Hays and our consultants in a consistent, professional way, with compelling messages and a distinctive style that can only be Hays – whether it be our job adverts in the media, our salary guides or our industry-leading white papers exploring issues in the world of work.

DIGITAL
We have established Hays as a prominent digital brand with a dynamic presence and expert opinion, whether it be on Hays TV, our YouTube channel, a sector-specific Facebook page, or on LinkedIn as the world's 23rd most followed company on that platform. Hays has over 700,000 LinkedIn followers which gives us a potential audience of over 320 million people based on first degree connections, more than any other recruitment company.

OFFICES
We have overhauled our office environments, resulting in a consistent, quality experience whether you are visiting our consultants in Shanghai, Cardiff, Sydney, or our flagship office on Cheapside in London. We have a very clear appreciation of our DNA as a company and the Hays brand runs through the heart of our business day-to-day, helping us build our presence on a global scale.

PEOPLE
Our brand values play a fundamental role in the way we hire, train, motivate and performance-manage our people. As a result, the expertise and service we offer to our

candidates and clients worldwide is brand-led and to a consistently high standard. The Hays Challenge, an online consultant attraction programme, leverages our brand to attract top talent to work at Hays and can be accessed on our website.

➔ **hays-careers.com/hays-challenge**

WHY THIS MATTERS
We believe that establishing a powerful, global brand is a key business platform that helps us drive net fee income and grow profits. The quality of the Hays brand opens doors for our consultants and makes it easier for them to build relationships and grow their fees faster, taking share off our competitors. People also aspire to work for the leading brand in any industry sector, so the strength of our brand helps us attract the very best new recruits to join Hays.

1
SINGLE BRAND ACROSS OUR
33
COUNTRIES

BUILDING BRAND AWARENESS

Our high profile presence as Strategic Partner of the CBI's annual conference in 2013 enabled our brand to be showcased across every news channel in the UK and much of Europe. Alistair Cox was a speaker on one of the main panels and we were able to promote the findings of our latest Global Skills Index to an extensive influencer community of key business figures and international media.

REACHING A GLOBAL AUDIENCE

We became the Official Recruitment Partner of Manchester City FC as the club shares our global ambitions and offers us a huge awareness-building platform via the English Premier League – with their matches viewed across 175 countries by 4.7 billion people in 645 million homes. Manchester City FC helps Hays take our message to their global base of 287 million followers, only 3% of whom are actually based in the UK. Our partnership with the club has driven international traffic to our website and also helped spotlight our thought-leadership credentials. Ultimately it helps to create an environment where our consultants can grow their fees faster by representing a more widely respected and recognised professional services firm.

hays.com/mcfc

ENGLISH PREMIER LEAGUE MATCHES VIEWED ACROSS

175

COUNTRIES

INSIGHTFUL PUBLICATIONS

We have built a portfolio of high quality and respected publications that demonstrate the thought-leadership credentials of Hays and our people. All this material acts as an invaluable aid to how our consultants engage with their clients and candidates, helping them showcase the professionalism and quality of thinking represented by our people.

HAYS JOURNAL

One example is the Hays Journal, now in its third year as a bi-annual publication, providing a global perspective of issues impacting the world of HR and recruitment. 60,000 copies are circulated every year, including distribution in the business lounges of a number of airport terminals where the Journal sits alongside the likes of The Economist.

hays-journal.com

HAYS GLOBAL SKILLS INDEX

We have created the Hays Global Skills Index – a barometer of factors impacting the demand and supply of professional skills. It is a sophisticated econometric model developed in conjunction with Oxford Economics. Now in its second year, you can find the 2013 edition on our website.

hays-index.com/2013/

WHITE PAPERS

Our countries and specialisms produce white papers, salary guides and market reports. We leverage these across social media platforms, as content for events and conferences and for generating media interest in our business.

CHIEF EXECUTIVE'S REVIEW CONTINUED

OUR STRATEGY

1. To build the world's pre-eminent specialist recruitment business
2. To deliver well-diversified and profitable growth

STRATEGIC PILLARS

1 ONE HAYS AROUND THE WORLD

- Single global brand
- Globally consistent customer service
- Global thought leadership

2 GROWTH TAILORED TO MARKET OPPORTUNITIES

- Build global scale
- Diversify specialisms in existing countries
- Selected new country openings
- Respond to evolving client needs
- Find new ways of addressing our markets

3 BEST PEOPLE IN THE INDUSTRY

- Recruit, engage and retain the best people
- Provide industry-leading training
- Provide global career opportunities and mobility

4 EFFICIENCY AND OPERATIONAL EFFECTIVENESS

- Maximise consultant productivity
- Leverage best-in-class technology platform
- Drive efficiencies through automated back-office systems
- Integrate with developing social media channels

OUR OPERATIONAL FOCUS

FULLY CAPITALISE ON ALL OPPORTUNITIES

- Exploit opportunities for growth
- Further build scale and diversity
- Fully capitalise on long-term structural opportunities

DEFEND AND MAXIMISE FINANCIAL PERFORMANCE

- Drive further UK profit growth
- Focus on consultant productivity everywhere
- Move remaining loss-making countries towards profit

RESPOND TO AND BEST-SERVE EXISTING AND EVOLVING CLIENT DEMANDS

- Local network and expertise
- Efficient large corporate client offering
- Evolving product offering

RECRUITMENT, TRAINING AND LEADERSHIP DEVELOPMENT

- Performance-driven remuneration
- Active local management and dedicated local recruitment
- Best-in-class training and development

CONTINUE TO RESEARCH AND RESPOND TO NEW MEDIA

- Position the Group to capitalise on all opportunities
- Anticipate and understand potential threats
- Build partnerships

PROGRESS AGAINST OUR OBJECTIVES IN 2014

Our long-term aim is clear; to be the world's pre-eminent specialist recruitment business. Achieving this will mean us developing the best brand in our industry, delivering the best service, being the company that new recruits aspire to work for and of course delivering the best financial performance through the cycle. Specifically on this final point, we aim to broadly double our profits and diversify from where we derive those profits over a five-year timeframe and I am pleased to report that as we close our first year of that journey, we are ahead of plan towards this aspiration.

We seek to manage the business to outperform our competition in profits and cash generation whatever the market conditions. To achieve this, we focus all our efforts around four themes as illustrated in our Strategic Pillars, set out on the previous page. We complement these Pillars with specific areas of operational focus, designed to adjust the business according to where we are in the economic cycle in any particular market. These are the levers we use to best position our business at all times and we formally measure our progress against a list of Key Performance Indicators, which you will find on page 20.

In addition, at the start of each year I lay out our priorities for the year ahead. Let me start by reporting on progress against the priorities for 2014 that I laid out in last year's Annual Report.

1. FURTHER IMPROVE FINANCIAL PERFORMANCE IN THE UK

The priorities I set out last year:

- Positioning our business to fully capitalise on all market segments which offer opportunities for growth;
- Continuing to drive improvement in the productivity of our recruitment consultants; and
- Keeping a firm control on costs.

Progress in 2014:

Our business in the UK & Ireland has delivered an excellent performance this year, growing net fees by 11%(1), increasing operating profit to £26.2 million and delivering on each of the priorities set at the start of the year. The high operational gearing in our business in its early stages of recovery is evident, with an increase of £24.0 million in net fees yielding an increase of £20.6 million in profits. We achieved this via a significant improvement in consultant productivity, combined with a tight control on costs. The benefit of our focus on consultant activity is clear as net fees per consultant increased by 3%(1), enabling us to deliver such a strong flow-through of incremental net fees into operating profits.

"OUR NATIONAL NETWORK AND LOCAL EXPERTISE MAKES US THE GO-TO RECRUITMENT AGENCY IN THE UK"

As the year progressed we saw market conditions steadily improve in the division. Confidence returned to our clients and candidates, resulting in increased activity as job movement accelerated. Our Temporary business grew by 7%(1) as the demand for flexibility in the labour market remained strong. However, we also saw progressive quarter-on-quarter acceleration in activity in our Permanent placement business as the prevailing macroeconomic conditions improved, resulting in Perm net fee growth of 16%(1). This buoyancy in the Perm market is a healthy sign that candidates are confident enough to change jobs and clients are replacing any leavers and in some cases are increasing their headcount, and that bodes well for the immediate future.

Reassuringly, the improvement we saw in the division was broad-based. Every region in the UK & Ireland grew year-on-year, as did most industry specialisms. With a network of 102 offices and 2,157 consultants across the UK & Ireland, we are the only specialist recruitment business with a truly national footprint. We very deliberately maintained this footprint throughout the downturn as I believe it is vital in a long-term business to remain committed to key local markets and clients. We were not afraid to take hard decisions to reduce costs when markets became unviable, but at the same time we invested in upgrading our remaining infrastructure so that we might better serve our clients and candidates when conditions improved. We are reaping the benefits of those decisions now as we emerge from the downturn in a stronger and more diversified position than ever before. Our national network and local expertise makes us the go-to recruitment agency in the UK. This provides us with a significant competitive advantage and one that is very difficult for our competitors to replicate.

(1) LFL (like-for-like) growth represents organic growth of continuing activities at constant currency.

CHIEF EXECUTIVE'S REVIEW CONTINUED

10
COUNTRIES WHERE WE HAVE ESTABLISHED OUR IT CONTRACTING MODEL

"OUR TASK IS TO IDENTIFY MARKETS THAT OFFER US THE BEST LONG-TERM POTENTIAL AND INVEST IN THEM"

2. INVEST TO POSITION THE GROUP FOR LONG-TERM STRUCTURAL GROWTH OPPORTUNITIES, WHILE DELIVERING SHORT-TERM RESULTS

The priorities I set out last year:

- Tailoring our investment approach to suit the specific conditions in all markets, investing aggressively where opportunities exist;
- Where established markets become more difficult, quickly respond to defend profitability; and
- Focusing on newer start-up businesses, ensuring each of our recent investments moves into or close to profits in the year.

Progress in 2014:

The long-term opportunities to build large, profitable operations in our industry are immense. In most countries around the world, the use of recruitment agencies to find professional, technical and skilled talent is still at a very early stage of development. Of our significant businesses, only the North American, UK & Ireland and, to some extent, Australian and French markets show a degree of maturity, and yet they too still offer very significant opportunities for growth. As the market leader in this industry, our task is to identify markets that offer us the best long-term potential and invest in them to create businesses which, over time, will become material to us.

At the same time, however, we recognise that the long-term only exists if we take care of the short-term. That means running our business to make meaningful profits each year, allowing us to then invest to create the longer-term opportunities. I strongly believe that to be successful, we must get the balance right between these two competing factors. That means taking very regular decisions around investment or cost control, tailored to market conditions both at the time and expected in the immediate future. I believe our financial performance this year, and the strategic progress we have made in growing and diversifying our business, shows that we have got that balance right. Not only did we grow profits and cash, but we also expanded our operations, growing our consultant headcount 6% to 5,357.

To deliver on our long-term aspiration of doubling our profits and diversifying the source of those profits, we are focused on two key themes: growing our existing three core profit contributors – the UK, Germany and Australia – and investing aggressively in those newer markets which we consider can become large businesses for us over time. We already have scale in four such newer markets which we believe offer this potential – Japan, Canada, France and Brazil – so our task is to invest appropriately in each of these markets, as well as continue to seek further diversification opportunities.

This approach has served us well this year. We have significantly grown our profitability in the UK and while we kept a firm control on costs, we continued to invest in the business to ensure adequate capacity to meet growing demand. Germany delivered yet another record year and became our largest single profit contributor for the first time. We continued to grow our headcount there to ensure we capitalise on the opportunities available.

The Australian market was more difficult following the sharp decline in mining activity and the subdued levels of activity in the rest of the economy. We cut costs accordingly but, as in the UK, we maintained our infrastructure to serve our key markets. Reassuringly, the Australian business was stable throughout the second half of the year and this stability, coupled with the strength of the business and its management team, gives me greater confidence for an improvement in prospects over the new financial year. Most importantly though, we are the clear market leader in each of these three core markets and grew further market share in each one.(2)

In Japan, the market was strong and we invested accordingly, growing headcount by 7% year-on-year. Fees increased 17%(1) and operating profit 18%(1) and we continued to consolidate our leadership position in this important market. In France, the continued economic uncertainty took its toll on market sentiment. Despite this, our French business delivered good 5%(1) net fee growth and increased profits to £4.3 million, in sharp contrast to many of our competitors who went backwards. Canada faced a stronger market and we continued to make further good progress, delivering a record year with fees up 5%(1) and operating profit up 14%(1) to £2.0 million. Across all three countries we also made important investments to establish IT Contracting businesses, which we expect to rapidly become meaningful new operations in each location. Brazil, on the other hand, was a much more challenging market. While Brazil's longer-term potential remains, in the short term we reduced costs to protect profitability as market demand fell sharply. I expect this cautious approach in Brazil to continue until we see an extended period of improved confidence and activity.

Elsewhere across our global portfolio, we saw improvements in the vast majority of our businesses. Our operations across Asia all performed strongly with fees up 25%(1), making Asia as a region an increasingly important component of our Group results with a platform of 348 consultants across China, Japan, Malaysia, Singapore and Hong Kong. In the USA, we grew fees by 73%(1) and moved into consistent profit, despite the increased investment we made in this

(1) LFL (like-for-like) growth represents organic growth of continuing activities at constant currency.
(2) Market position is based on Hays estimates.

attractive market. Similarly our more recent South American start-up businesses in Mexico, Colombia and Chile all grew quickly and collectively moved into profit. Despite the current uncertainty in Russia, we delivered good fee and profit growth. Finally, our businesses across the rest of Europe all did well, despite some of the local economies remaining difficult, and this is testament to the hard work and focus of the management teams in each business. As we finished the year, it was encouraging to see each business across the world making its contribution towards the Group results. Each has a role to play, even though our strategy across countries varies.

3. CONTINUE TO EVOLVE OUR ROUTES TO MARKET

No industry is immune from change and in the recruitment industry we continue to see rapid evolutions in the way that businesses source talent and the way in which candidates interact with the job market. Technology is often the catalyst for these evolutions and I believe it is essential that we position ourselves to understand and capitalise on the opportunities these technologies can bring us. While our business is based on the quality and expertise of our people, I passionately believe that we can make our people even more effective if we equip them with the best tools available to do their job. That is why we have invested over several years in our technology landscape and built a system and technology capability that is unique today in the recruitment industry. These investments are now delivering us significant competitive advantage and financial benefits as we see our consultant productivity and service levels increase and we gain market share.

Having this technology platform in place now also allows us to adapt to future trends in the market. For example, as smartphone and tablet technology becomes more ubiquitous, we have seen exponential growth in the numbers of people engaging with us via mobile devices. Hence over the year we have rolled out new mobile websites tailored to exploit the benefits these platforms bring to people on the move. With modern proprietary systems in place, strategic relationships with key partners such as Google and LinkedIn, and the internal skills to rapidly evaluate and implement new ideas, we have uniquely positioned our business to both adapt to the changing world as well as to leverage the many benefits these evolutions offer. Nobody else in our industry has managed to replicate this and the results speak for themselves: every week we electronically process more than 150,000 CVs around the world, we receive 35 million hits on our website every year, we arrange around 40,000 interviews per month and over 700,000 global professionals follow our brand on LinkedIn, making us the 23rd most followed company in the world. This is a business with huge scale and it requires modern, accurate and intuitive systems to operate to maximum capacity.

To ensure we remain at the forefront of these developments, we further invested in our innovation team during the year. This small team is comprised of experts from across the worlds of recruitment and technology and it is their role to continually explore options for how we can leverage emerging technologies to our advantage. Already, as an industry leader, we are building relationships, networks and investments around the world, designed to give our business further advantage as these technologies develop and mature.

PRIORITIES AND FOCUS FOR 2015

As the markets around the world continue to show general improvement, our focus and priorities for the new year are unchanged as we enter the second year of our five-year plan. We will continue to seek ways to further improve consultant productivity, for example by utilising the new technologies we are working with, and investing further in our training and development programmes worldwide. We will continue to invest in those businesses where we need additional capacity and I expect us to recruit hundreds of new consultants around the world over the year. However, we will also ensure that we focus our resources on those businesses best positioned to deliver a meaningful contribution to the Group's results over the next five years. Where we need to take tough decisions to protect profitability, we will do so as I believe every single business needs to make a positive contribution to our growth.

With the era of rapid investment in new start-ups around the world now behind us, our focus has shifted to building real scale across our platform, replicating the strength of position we already have in the UK, Germany and Australia in more countries around the world. We will explore every opportunity to achieve that. Markets such as North America and Japan are excellent examples where we believe aggressive investment is currently justified as we seek to build this more diversified platform. Finally, having worked hard to build the technology lead we now enjoy in the industry, we will seek to capitalise on that and continue to search for ways that we can make our business more efficient and our expert consultants even more effective in their roles as trusted advisers to their clients and candidates. This is important as we never lose sight of how we really add value to our world: by helping our clients find the right person for the right job at the right time, and helping our candidates find their perfect new role. That is how we succeeded in helping over a quarter of a million people find their next job last year. That is what we call 'Powering the World of Work'.

Médecins Sans Frontières (MSF) is one of the world's leading medical humanitarian organisations.

MSF's goal is to save lives, alleviate suffering and restore human dignity through the direct provision of medical aid and bearing witness to events it encounters in conflict areas and zones hit by natural disasters. Today MSF has 30,000 people in 29 countries and, aside from medical staff, requires employees from a variety of specialisms. Hays has been working closely with MSF in Canada to fill Temp and Perm roles across our Information Technology, Human Resources and Accountancy & Finance divisions, using our expertise across North America and beyond to find the required talent.

"WE APPRECIATE THE EFFICIENCY, FLEXIBILITY AND COMMITMENT OF HAYS CONSULTANTS"

"Our most important resource in Canada has been our people. Hays is our recruitment partner and they have continually provided our service departments with highly qualified and competent staff who fit in very easily with our organisational culture. We appreciate the efficiency, flexibility, and commitment of Hays consultants and we look forward to working with them in the future."

KATAUN MAHINPOU
HR Officer, Médecins Sans Frontières

KEY PERFORMANCE INDICATORS

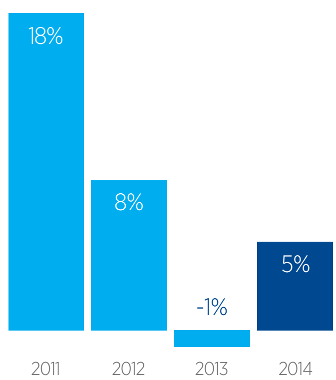
OUR PROGRESS THIS YEAR

LIKE-FOR-LIKE NET FEE GROWTH[1]

What does it demonstrate?
A measure of how the Group's business is developing and growing over time.

Progress in FY 2014
In 2014, net fees increased by 5%[1], driven by strong growth in the UK & Ireland. The Australian market remained tough, but was stable over the second half, while growth in our CE&RoW division remained good.

RELATES TO PILLARS 2 & 4

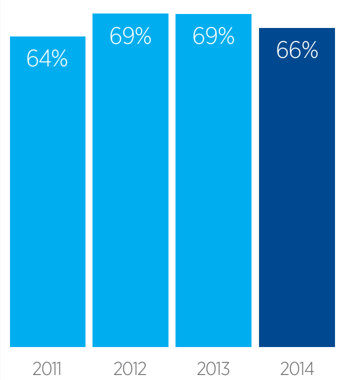


PROPORTION OF GROUP NET FEES GENERATED BY OUR INTERNATIONAL BUSINESS[2]

What does it demonstrate?
A measure of the Group's internationalisation and relative exposure to markets which are more immature and underpenetrated than the UK.

Progress in FY 2014
The Group generates two-thirds of our net fees outside of the UK & Ireland, with 42% generated from our CE&RoW division and 24% from our Asia Pacific division. The proportion fell, in part due to strong growth in the UK.

RELATES TO PILLARS 2 & 4

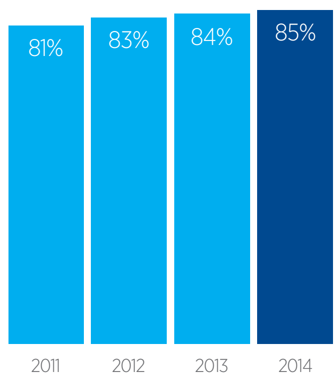


EMPLOYEE ENGAGEMENT

What does it demonstrate?
Hays' employees participation in our employee engagement survey which tracks their sense of belonging, discretionary effort, personal motivation and job satisfaction.

Progress in FY 2014
Employee engagement improved further in 2014, reflecting greater effectiveness of our TALKback survey and our focus on employee training, retention and effectiveness.

RELATES TO PILLAR 3

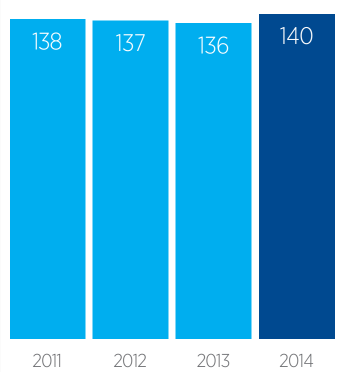


LIKE-FOR-LIKE NET FEES PER CONSULTANT (£000)[4]

What does it demonstrate?
A measure of the productivity of the Group's fee earners.

Progress in FY 2014
In 2014, like-for-like net fees per consultant increased by 3%[1], enabling us to deliver a strong flow-through of incremental net fees into operating profits.

RELATES TO PILLARS 3 & 4



(1) LFL (like-for-like) growth represents organic growth of continuing activities at constant currency.
(2) International defined as outside of the UK & Ireland.
(3) Continuing operations only, excluding exceptional items.

DELIVERING AGAINST OUR STRATEGY

We use the following Key Performance Indicators (KPIs) to measure the performance of our business and progress against our strategic objectives. In 2014 we have made good progress against our KPIs, delivering excellent operating profit growth and a strong cash performance, and improving the Group's conversion rate.

STRATEGIC PILLARS

1

ONE HAYS AROUND THE WORLD

- Single global brand
- Globally consistent customer service
- Global thought leadership

2

GROWTH TAILORED TO MARKET OPPORTUNITIES

- Build global scale
- Diversify specialisms in existing countries
- Selected new country openings
- Respond to evolving client needs
- Find new ways of addressing our markets

3

BEST PEOPLE IN THE INDUSTRY

- Recruit, engage and retain the best people
- Provide industry-leading training
- Provide global career opportunities and mobility

4

EFFICIENCY AND OPERATIONAL EFFECTIVENESS

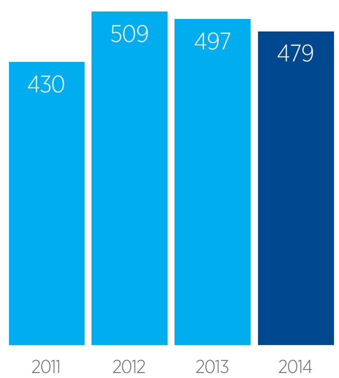
- Maximise consultant productivity
- Leverage best-in-class technology platform
- Drive efficiencies through automated back-office systems
- Integrate with developing social media channels

HEADLINE INTERNATIONAL NET FEE BASE (£M)(2)

What does it demonstrate?
A measure of the absolute scale of the International business and the size of the platform for growth in these less mature markets.

Progress in FY 2014
Net fees in the International business fell 4%, largely as a result of tough market conditions in our Australian business and adverse movements in key exchange rates. In CE&RoW, conditions in Germany remain good and conditions in the rest of the division improved overall.

RELATES TO PILLAR 2

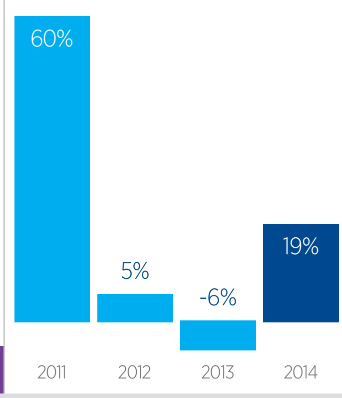


BASIC EARNINGS PER SHARE GROWTH(3)

What does it demonstrate?
Measures the underlying profitability of the Group.

Progress in FY 2014
Basic earnings per share increased by 19% in 2014, as a result of the Group's strong growth in operating profit and lower effective tax rate, partially offset by the higher net finance charge.

RELATES TO PILLARS 2 & 4

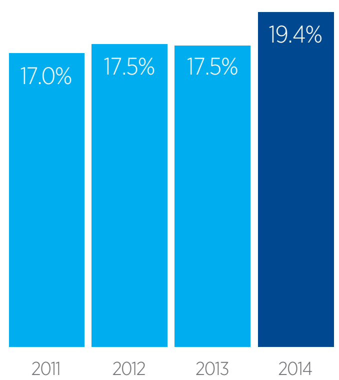


CONVERSION RATE(5)

What does it demonstrate?
Conversion of net fees into operating profit (EBIT). Measures the Group's effectiveness in controlling costs and managing our level of investment for future growth.

Progress in FY 2014
Group conversion rate improved to 19.4% as a result of continued strong control of operating costs, largely focused on back office and overheads, combined with improved consultant productivity and good net fee growth.

RELATES TO PILLARS 2 & 4

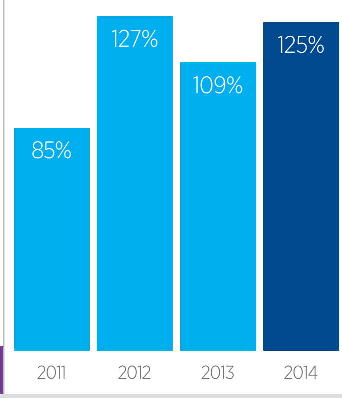


CASH CONVERSION(6)

What does it demonstrate?
A measure of the Group's ability to convert profit into cash.

Progress in FY 2014
We had excellent cash conversion of 125% for the year, higher than 109% in 2013 as a result of good working capital management throughout the year.

RELATES TO PILLAR 4



(4) Consultant headcount in each year represents the average consultant headcount.
(5) Conversion rate is the proportion of net fees converted into operating profit before exceptional items.
(6) Cash conversion is the conversion of operating profit before exceptional items into operating cash flow. Operating cash flow is presented before capital expenditure and excludes exceptional items.

PRINCIPAL RISKS

MANAGING RISK IN A FAST-MOVING WORLD

RISK	MANAGEMENT ACTIONS TO MITIGATE RISK
CYCLICAL NATURE OF OUR BUSINESS	
The performance of the Group is significantly impacted by changes to underlying economic activity, particularly in the UK, Germany and Australia.	The Group has diversified its operations to include a balance of both temporary and permanent placement recruitment services to public and private sector markets, and operates across 33 countries and 20 sector specialisms. Progress is being made to further diversify the business to mitigate the Group's reliance on the UK, Germany and Australia. The Group's cost base is highly variable and is carefully managed to align with business activity. The Group has ensured that net debt has been kept at a low and appropriate level. The Group is highly cash generative, requiring low levels of asset investment. Cash collection is a key priority and the Group has made appropriate investment in its credit control and working capital management processes.
BUSINESS MODEL	
The Group faces competition from the increasing use of social media for recruitment purposes and a growing trend towards outsourced recruitment models with associated margin pressures.	We have leveraged our broad geographical and sectoral footprint to win and maintain a significant number of multispecialism contracts with large corporate organisations. This has strengthened our relationship with these clients and increased our share of their recruitment spend. We monitor changes in the market in terms of industry trends including social media and insourcing, and continue to invest in our online presence to provide a high-quality customer experience. Our working partnership with LinkedIn increases our exposure to online professional networking and recruitment portals.
TALENT	
The Group is reliant on its ability to recruit, train, develop and retain staff to deliver its growth plans internationally.	We continue to ensure that overall remuneration packages are competitive. These include a long-term incentive scheme, which is offered to some 320 senior managers and aids retention. We continue to invest in our leadership and development programmes which are aligned with the Group's business strategy. We provide sustainable career development paths for new recruits, starting with a structured induction programme and ongoing training as they progress their careers at Hays. Development centres focus on the progress of high potential individuals, providing further development opportunities but also helping to identify any talent gaps. Annual succession plans are undertaken at Board and Management Board levels and across all regions to identify future potential leaders of the business and produce individual development plans.

RISK	MANAGEMENT ACTIONS TO MITIGATE RISK
COMPLIANCE	
Increased employment law and regulations specific to certain business sectors and for temporary workers, in particular, necessitate pre-employment checks, which may increase the Group's exposure to potential legal, financial and reputational risk.	All new employees receive training in respect of the relevant operating standards applicable to their recruitment role, with additional support provided by compliance functions. Compliance processes and monitoring are tailored to specific specialisms, ensuring additional focus is given to our high-risk specialisms such as Education and Healthcare. Operational and support staff receive regular training to ensure that legal and compliance updates are understood and applied. In territories where legislation sets out additional compliance requirements, specialists are employed. An example of this is in occupational health and safety in Australia. Dedicated compliance auditors conduct spot checks on candidate records, to ensure that the appropriate candidate vetting checks and due diligence obligations are carried out in line with legal and contractual requirements.
RELIANCE ON TECHNOLOGY	
Our dependence on technology in our day-to-day business means that systems failure and loss of data would have a high impact on our operations.	The Group's technology strategy is regularly reviewed to ensure that the systems it operates across the Group support its strategic direction. Ongoing asset lifecycle management programmes mitigate risks of hardware obsolescence. Technology systems are housed in various data centres and the Group has capacity to cope with a data centre's loss through the establishment of disaster recovery sites that are physically based in separate locations to the ongoing operations.
DATA GOVERNANCE	
The Group works with confidential, sensitive and personal data in 33 countries on a daily basis under a variety of laws and regulations. A compliance failure would expose the Group to potential legal, financial and reputational risk.	Procedures for handling and storing confidential, sensitive and personal data are in place across the Group. Data protection and information security policies and procedures are also in place across the Group and, where data protection and privacy legislation allows, email monitoring programmes are undertaken to address potential areas of concern and to protect our confidential information.
CONTRACTS	
The Group enters into contractual arrangements with clients, some of which can be onerous.	During contract negotiations management seeks to minimise risk and ensure that the nature of risks and their potential impact is understood. Our global legal team has the depth of knowledge and experience to enable them to advise management on the level of risk presented in contracts. Assurance work is undertaken in key countries by Internal Audit to ensure appropriate management of key contractual obligations. The Group Finance Director reviews and approves all commercial contracts with onerous non-standard terms. Reviews are performed on a risk basis across key contracts to identify and agree improvements to the way in which we deliver services to clients.
FOREIGN EXCHANGE	
The Group has significant operations outside the UK and is therefore exposed to foreign exchange translation risk.	Profits from Euro-based markets and Australia are a material proportion of the Group's profitability. There is no active management of foreign exchange translation risk.

FINANCIAL REVIEW

BUILDING A MORE EFFICIENT BUSINESS

PAUL VENABLES, GROUP FINANCE DIRECTOR

SUMMARY INCOME STATEMENT

YEAR ENDED 30 JUNE (£M)	2014	2013	Actual growth	LFL growth[1]
Turnover[5]	3,678.5	3,696.9	0%	3%
Net fees[5]	724.9	719.0	1%	5%
Operating profit from continuing operations[6]	140.3	125.5	12%	20%
Cash generated by operations[7]	175.6	136.3	29%	
Profit before tax	132.3	118.5	12%	
Basic earnings per share[6]	6.13p	5.14p	19%	
Dividend per share	2.63p	2.50p	5%	

(1) LFL (like-for-like) growth represents organic growth of continuing activities at constant currency.
(2) Conversion rate is the proportion of net fees converted into operating profit before exceptional items.
(3) Closing consultant headcount at 30 June.
(4) The underlying Temp gross margin is calculated as Temp net fees divided by Temp gross revenue and relates solely to Temp placements in which Hays generates net fees and specifically excludes transactions in which Hays acts as agent on behalf of workers supplied by third party agencies and arrangements where the Company provides payrolling services.
(5) Net fees of £724.9 million (2013: £719.0 million) are reconciled to statutory turnover of £3,678.5 million (2013: £3,696.9 million) in note 5 to the Consolidated Financial Statements.
(6) Continuing operations only, excluding exceptional items.
(7) Excludes exceptional cash cost of £0.2 million in 2014 and £0.6 million in 2013.

INTRODUCTION

Turnover for the year to 30 June 2014 was flat (but increased by 3% on a like-for-like basis[1]) and net fees increased by 1% (5% on a like-for-like basis[1]). Operating profit increased by 12% (20% on a like-for-like basis[1]). Exchange rate movements decreased net fees and operating profit by £27.9 million and £8.3 million respectively, primarily as a result of depreciation in the rate of exchange of sterling versus the major currencies to which the Group has exposure, most notably the Australian Dollar and the Japanese Yen which were only partially offset by appreciation in the rate of exchange of the Euro. Fluctuations in exchange rates remain a significant sensitivity for the Group, particularly in the Australian Dollar and the Euro. For example, looking forward, a one cent change in the average exchange rates of these currencies to sterling per annum has a respective operating profit impact of £0.2 million and £0.7 million per annum.

Operating costs were 1% lower than prior year (2% higher on a like-for-like basis[1]), as a rise in commission payments in line with net fees and costs associated with the 6% increase in Group consultant headcount (primarily in the second half) were offset by reductions in our overhead cost base, notably in the UK.

The Group's conversion rate, which is the proportion of net fees converted into operating profit, improved to 19.4% (2013: 17.5%) as a result of this continued strong control of operating costs, largely focused on back office and overheads, combined with improved consultant productivity and net fee growth.

Consultant headcount at the end of June 2014 was 5,357, up 6% year-on-year and also up 4% versus December 2013, reflecting our targeted investment approach to ensure we capitalise on stronger markets and clear structural growth opportunities, but react to defend our financial performance in more volatile or challenging markets. In our International business, we increased consultant headcount by 3% year-on-year, with increases in Asia and Continental Europe & Rest of World (RoW) more than offsetting reductions in Australia.

GOOD GROWTH IN BOTH TEMP AND PERM BUSINESSES

Net fees in the Temp business, which represented 59% of Group net fees, increased by 5%[1] .This comprised a volume increase of 7% partially offset by a decrease in mix/hours worked of 2%. Underlying Temp margins[4] were flat at 16.6% (2013: 16.6%).

Net fees in the Perm business increased by 5%[1], as volumes increased 7%, driven by improved client and candidate confidence in several key markets, most notably the UK and Asia as well as some European markets. This was partially offset by a reduction in the average fee per placement of 2%, largely as a result of business mix.

INVESTING IN OUR BUSINESS

Our focus through the year remained on building scale and critical mass across our existing platform of 33 countries. We continued to develop our global Oil & Gas focused business and made further good progress in rolling out our IT Contracting business into new markets.

During the year we opened a new office in Winnipeg, relocated from New Jersey to New York and closed offices in Mumbai, Arnhem and Auckland where we consolidated our business in the city into a single site.

In our Continental Europe & RoW division we increased consultant headcount by 3% year-on-year, including Germany which was also up 3%. In Asia Pacific, consultant headcount was up 3%, within which Australia consultant headcount was down 6% year-on-year but up 2% in the second half. In Asia, consultant headcount increased by 16% after we invested aggressively in each of our businesses across that region. In the UK & Ireland consultant headcount was up 12%, primarily in the second half as we invested to capitalise on the clear opportunities for future growth which exist across that business.

HIGHLIGHTS

5%
Increase in Group net fees[1]

20%
Increase in operating profit[1]

19.4%
Conversion rate of Group net fees into operating profit[2]

5,357
Group consultant headcount up 6% over the year (2013: 5,037)[3]

FINANCIAL REVIEW CONTINUED

OUR FINANCIAL YEAR AS IT HAPPENED

Q1: IMPROVED CONDITIONS	Q2: PERM AT A TWO YEAR HIGH	Q3: STRONG FEES; PROFIT UPGRADE	Q4: GOOD END TO THE YEAR
With markets overall stable, we saw improved performance in many parts of the business. The UK delivered meaningful broad-based growth across both Perm and Temp markets. Germany delivered two record monthly fee performances in the quarter and net fees increased by 7%[(1)]. In France net fees were flat[(1)], which was another solid performance given tough market conditions in that country. Overall market conditions in Australia remained challenging, especially in our Resources & Mining business, though our core business in New South Wales and Victoria was sequentially stable. In Asia we saw further improvement in market conditions through the quarter.	Perm outperformed Temp for the first time since Q4 FY11 and we saw continued improvement in conditions across several key markets. In the UK, growth accelerated as we saw improved client and candidate confidence and we delivered a strong performance in all regions and most specialisms. Around the world, 17 countries grew by more than 10%[(1)] and six countries, including Germany and Japan, achieved record monthly net fee performances in the quarter. We continued to see market conditions improve in several parts of the Group as the quarter progressed, most notably in the UK and Asia. Overall market conditions in Australia remained challenging.	The start to the second half saw good like-for-like net fee growth at Group level. In the UK, we delivered the strongest rate of quarterly net fee growth for six years, driven by excellent Perm growth. In Australia, we saw broad-based stability in activity levels through the quarter. Germany's growth accelerated to 12%[(1)] and elsewhere around the world we saw continued recovery in many European, Asian and North American markets. We commented that we expected full year operating profit to be towards the top of the range of market estimates, which at the time we understood to be £141 million.	Our financial year ended positively and Group consultant headcount was up 3% during the quarter, as we continued to invest to capitalise on good conditions in many of our key markets. The UK continued to deliver strong net fee growth, underpinned by excellent Perm growth, and we saw good performances in Germany and France. Australia net fees decreased 7%[(1)], but had been sequentially stable for six months. Asia reported a record quarterly net fee performance. Foreign exchange headwinds continued to impact underlying performance in the Eurozone and Australia, but we reiterated our full-year operating profit guidance at the top of the consensus range.

CURRENT TRADING

We continue to see good overall levels of net fee growth, and in several key markets growth remains strong. We will continue to invest quickly to capitalise on the many clear growth opportunities that exist, whilst acting if necessary to control or reduce costs in any businesses that remain, or become challenging. Movements in the rates of exchange of the Group's key currencies, notably the Australian Dollar and the Euro, remain a material sensitivity to our reported financial performance.

Conditions in Australia remain tough, but have shown broad-based sequential stability for the last eight months. The Temp market, which represented 70% of our Australian net fees in FY14, has been sequentially stable for 12 months. In the Perm market, candidate confidence remains subdued although activity levels remain sequentially stable. New Zealand continues to demonstrate good growth and in our Asia businesses, growth remains strong. Based on the prevailing conditions across the division, we expect headcount to increase selectively through the first half of the year as we invest to support opportunities for growth.

In Continental Europe & RoW, levels of growth remain good overall. In Germany we continue to see good year-on-year growth. In the rest of the division, conditions in most areas are good. Canada is strong, France remains challenging though our business there continues to perform well and although Brazil remains tough, it is broadly sequentially stable.

Overall, we expect headcount in the division to increase on a selective basis in the first half of the year with Germany remaining broadly stable and investments to support growth in the rest of the division.

In the UK & Ireland we continue to see strong growth, especially in the Perm market, with broad-based growth across all regions and most specialisms. Candidate and client confidence remains strong. Whilst we remain focused on driving consultant productivity and the efficiency of our UK operations, we expect to increase headcount in the first half of the year to continue to capitalise on strong market conditions.

Looking ahead we enter the new year in a position of strength, with unrivalled breadth, scale and balance around the world and the best people and technology tools in our industry. Having outperformed during the downturn, we now have the ideal platform to capitalise on the many growth opportunities we see around the world. Our focus is on continuing to grow the business by leveraging that platform, driving further profit growth and building an ever-stronger leadership position in our industry.

NET FINANCE CHARGE

The net finance charge for the year was £8.0 million (2013: £7.0 million). The average interest rate on gross debt during the period was 2.8% (2013: 2.8%), generating net bank interest payable including amortisation of arrangement fees of £5.0 million (2013: £7.0 million) with the reduction largely due to the lower levels of average net debt compared to the prior year. The net interest charge on the defined benefit pension scheme obligations was £2.6 million (2013: £0.4 million) with the increase (which is a non-cash item) being primarily due to the adoption of IAS 19(R). The Pension Protection Fund levy was a £0.4 million charge (2013: £0.4 million credit). We expect the net finance charge for the year ending 30 June 2015 to be around £7.5 million.

TAXATION

Taxation for the year was £46.3 million (2013: £46.8 million), representing an effective tax rate of 35.0% (2013: 39.5%). The effective tax rate reflects the Group's geographical mix of profits, with the reduction in the rate due to the material improvement of profitability in the UK. We expect the Group's effective tax rate to be 33.5% for the year to June 2015.

EARNINGS PER SHARE

Basic earnings per share increased by 19% to 6.13 pence (2013: 5.14 pence)[(1)]. The movement reflects the Group's higher operating profit and lower effective tax rate, partially offset by the higher net finance charge.

CASH FLOW AND BALANCE SHEET

Cash flow in the year was good with 125% conversion of operating profit into operating cash flow. This was higher than the prior year (2013: 109%) as a result of good working capital management throughout the year.

Net capital expenditure was £11.8 million (2013: £10.7 million). We expect capital expenditure to be around £15 million for the year to June 2015.

Dividends paid in the year totalled £35.1 million and pension deficit contributions were £13.5 million.

Net interest paid was £7.9 million and the cash tax payment was £59.3 million which included a one-off £10.8 million payment on legacy tax issues.

Net debt reduced from £105.2 million at the start of the year to £62.7 million at the end of the year. We expect a further material reduction in net debt in the year to June 2015.

RETIREMENT BENEFITS

The Group's pension liability under IAS 19(R) at 30 June 2014 of £43.9 million increased by £10.9 million compared to 30 June 2013 due primarily to a decrease in the discount rate, partially offset by company contributions and an increase in asset values.

During the year the Company contributed £13.5 million of cash to the defined benefit scheme (2013: £12.8 million) mainly in relation to deficit recovery plan funding. The 2012 triennial valuation quantified the actuarial deficit at c.£150 million and the recovery plan comprises an annual payment of £12.8 million from July 2012 with a fixed 3% uplift per year, over a period of just under 10 years. The scheme was closed to future accrual in June 2012.

CAPITAL STRUCTURE AND DIVIDEND

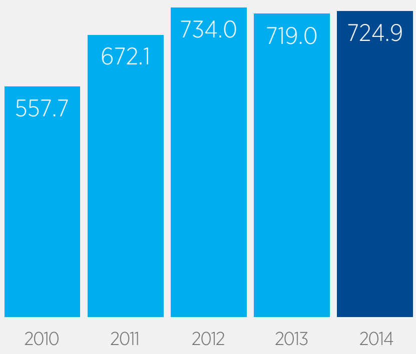
The Board's priorities for our free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable core dividend at a level which is both affordable and appropriate.

We target a core dividend cover range of 2.0x to 3.0x earnings and have been clear that we would consider dividend growth when dividend cover sustainably reached c.2.5x earnings, or approximately £140 million of operating profit. Taking into account the strong financial performance of the Group this year and the good trading performance of the business as we start the new financial year, the Board proposes to increase the full year core dividend by 5% to 2.63p, resulting in an increase to the final dividend of 8% to 1.80p. As such, the full year dividend will be covered 2.3x by earnings.

The Board remains committed to this sustainable and progressive dividend policy and will continue to review the core dividend level in line with our stated dividend cover policy. Additionally, we are setting out our policy regarding the uses of excess free cash flow as follows. Once we have built a net cash position in the region of £50 million and assuming a positive outlook, it is our intention that any excess free cash flow generated over-and-above this net cash position, that is not needed for the priorities outlined above, will then be distributed to shareholders via special dividends, or other appropriate methods, to supplement the core dividend.

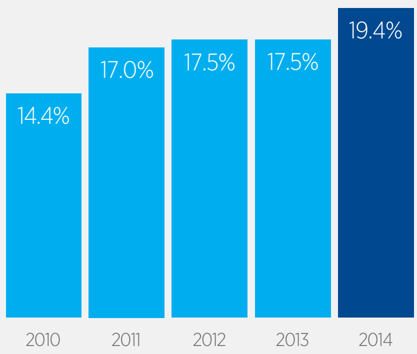
NET FEES (£M)(3)

724.9



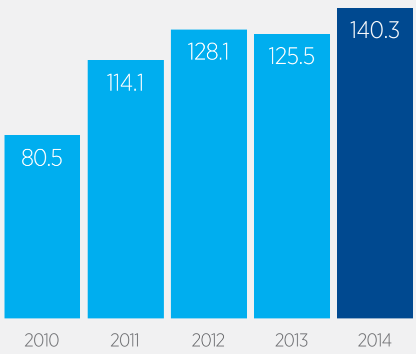
CONVERSION RATE (%)(4)

19.4



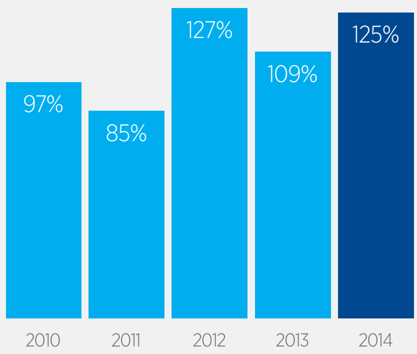
OPERATING PROFIT (£M)(5)

140.3



CASH CONVERSION (%)(2)

125



(1) Earnings per share from continuing operations only, excluding exceptional items.
(2) Excludes exceptional cash cost of £0.2 million in 2014 and £0.6 million in 2013.
(3) Net fees of £724.9 million (2013: £719.0 million) are reconciled to statutory turnover of £3,678.5 million (2013: £3,696.9 million) in note 5 to the Consolidated Financial Statements.
(4) Conversion rate is the proportion of net fees converted into operating profit, before exceptional items.
(5) Continuing operations only, excluding exceptional items.

The final dividend will be paid, subject to shareholder approval, on 14 November 2014 to shareholders on the register on 10 October 2014.

TREASURY MANAGEMENT

The Group's operations are financed by retained earnings and bank borrowings. The Group has a £300 million revolving credit facility which provides considerable headroom versus current and future expected levels of Group debt and matures in October 2017. The covenants require the Group's interest cover ratio to be at least 4:1 and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1. The Group has significant headroom within these covenants.

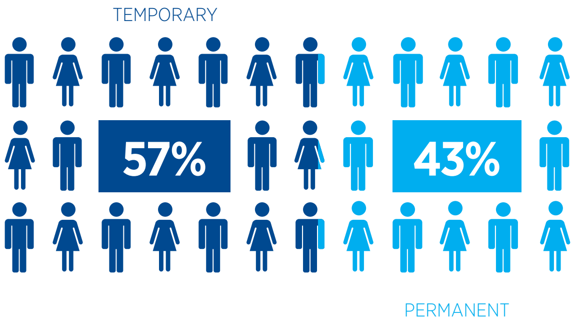
All borrowings are raised by the Group's UK-based treasury department, which manages the Group's treasury risk in accordance with policies set by the Board.

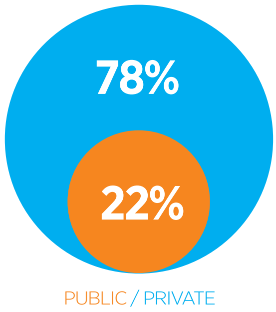
The Group's treasury department does not engage in speculative transactions and does not operate as a profit centre.

The Board considers it appropriate to use certain derivative financial instruments to reduce its exposure to interest rate movements under its floating rate revolving credit facility. The Group holds four interest rate swaps which exchange a fixed payment for floating rate receipt on a total debt value of £30 million and have maturities of up to two years. The Group does not hold or use derivative financial instruments for speculative purposes.

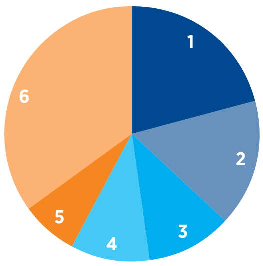
Counterparty risk primarily arises from the investment of any surplus funds. The Group restricts transactions to banks and money market funds that have an acceptable credit profile and limits exposure to each institution.

DIVISIONAL OPERATING REVIEW
ASIA PACIFIC

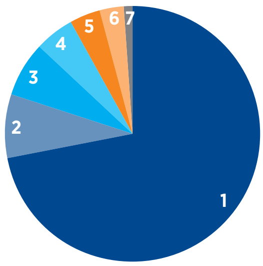




NET FEES BY SPECIALISM
1. Construction & Property **21%**
2. Accountancy & Finance **16%**
3. Office Support **11%**
4. IT **10%**
5. Resources & Mining **7%**
6. Other **35%**



NET FEES BY COUNTRY
1. Australia **72%**
2. Japan **8%**
3. New Zealand **7%**
4. Singapore **5%**
5. China **4%**
6. Hong Kong **3%**
7. Malaysia **1%**



2014 HIGHLIGHTS
- Australia tough but sequentially stable for the last six months
- 12%(1) net fee decline in Australia & New Zealand over the financial year, with Perm business down 20%(1)
- Excellent performance in Asia; net fees up 25%(1) with double digit growth in all countries
- Depreciation in the rate of exchange between the Australian Dollar and Japanese Yen versus sterling reduced net fees in the division by £26.4 million and operating profits by £9.2 million
- Consultant headcount increased by 3% in Asia Pacific division; Australia & New Zealand down 2% year-on-year; Asia up 16%

LOOKING FORWARD
- Take the necessary positive steps to react as market conditions in Australia begin to show signs of improvement
- Selective consultant headcount investment in growth areas such as IT, Banking and Life Sciences in Asia
- Remain cautious about investment where conditions are more challenging
- Build further scale in our Japan business, a future material profit driver of the Group that we believe can make £10 million profit in the next three to five years
- Expect headcount to increase selectively through the first half of the year as we invest to support opportunities for growth

OPERATING PERFORMANCE

YEAR ENDED 30 JUNE	2014	2013	Actual growth	LFL growth(1)
Net fees (£m)	173.9	211.8	(18)%	(6)%
Operating profit (£m)	49.7	67.2	(26)%	(14)%
Conversion rate(2)	28.6%	31.7%		
Period-end consultant headcount(3)	1,055	1,024	3%	
Division as % of Group net fees	24%	29%		

(1) LFL (like-for-like) growth represents organic growth of continuing activities at constant currency.
(2) Conversion rate is the proportion of net fees converted into operating profit, before exceptional items.
(3) Closing consultant headcount as of 30 June.

AUSTRALIA TOUGH BUT SEQUENTIALLY STABLE FOR THE LAST SIX MONTHS; EXCELLENT PERFORMANCE IN ASIA

In Asia Pacific, net fees decreased by 18% (6% on a like-for-like basis[1]) to £173.9 million and operating profit decreased by 26% (14% on a like-for-like basis[1]) to £49.7 million, representing a conversion rate of 28.6% (2013: 31.7%). The difference between actual growth and like-for-like growth rates is primarily the result of the material depreciation in the rate of exchange between the Australian Dollar and Japanese Yen versus sterling during the year, which reduced net fees in the division by £26.4 million and operating profits by £9.2 million. Prevailing rates of currency exchange continue to represent a significant sensitivity for the reported performance of the division.

In Australia, net fees decreased by 13%[1] as overall market conditions remained tough throughout the year. Temp net fees, which represented 70% of net fees, decreased by 9%[1] but were sequentially stable through the year. Perm net fees decreased by 24%[1] as candidate confidence remained subdued, and that market was challenging through the year although activity levels were broadly stable for the final six months.

At a specialism level, whilst Accountancy & Finance remained tough and was down 21%[1], our largest specialism, Construction & Property, was flat[1]. We saw good net fee growth of 6%[1] in New Zealand.

In Asia, which accounted for 21% of the division's net fees, we delivered excellent net fee growth of 25%[1] and operating profits more than doubled[1] to £4.9 million. Four of the five Hays businesses in the region delivered record annual net fees and all five businesses delivered growth of over 15%[1]. Net fees in China grew 25%[1], Singapore 28%[1], Malaysia 29%[1] and Hong Kong 42%[1]. In Japan, net fees increased by 17%[1] and market conditions were strong throughout the year.

Consultant headcount in the Asia Pacific division increased by 3% year-on-year, weighted towards additions made in the second half. In Australia & New Zealand, consultant headcount decreased by 2% year-on-year but was up 3% through the second half. In Asia, we ended the year with over 350 consultants and consultant headcount increased by 16% as we invested to drive growth and capitalise on supportive market conditions across the region.

Hays is the market-leading specialist recruitment company in Australia, having been a pioneer of the industry in the country since 1976.

Our market-leading position in every state of the country, alongside our breadth of experience and technical expertise across a large range of specialisms, enables us to understand market trends and act as a key partner to many of Australia's leading companies. For many of these companies, contract and temporary workers make up an essential, and in some cases substantial, part of their workforce.

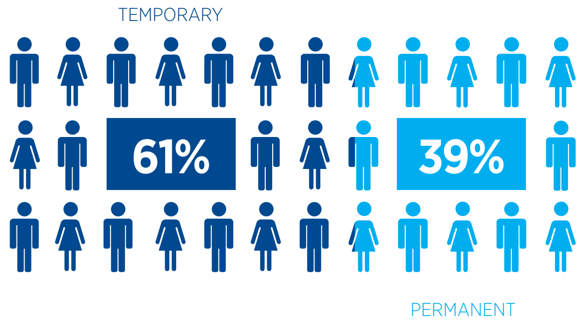
National Australia Bank Group (NAB) is a financial services organisation with over 12 million customers and 42,000 people, operating more than 1,800 branches and Service Centres globally. As part of a larger transformation agenda, NAB commenced a review of all recruitment processes, systems and partnerships to enable them to operate more efficiently. Hays was selected by NAB to provide end-to-end management of the sourcing, on-boarding and timesheeting of all temporary workers and payrolling of all Hays-sourced temporary workers, as well as all NAB sourced Contractors.

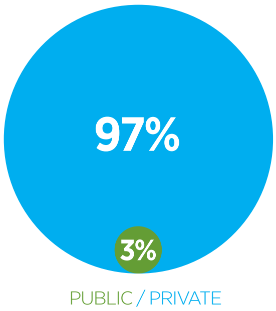
"WE HAVE DEVELOPED A VERY EFFECTIVE WORKING PARTNERSHIP WITH HAYS"

"One year on and the transformation we were looking to achieve is certainly taking shape. The implementation of this solution has been a true partnership, with Hays adding value through their expertise, technology and know-how. We have been able to realise the efficiencies we were looking for and feedback from the business and employees has been excellent. We have developed a very effective working partnership with Hays and I am looking forward to seeing how we continue to evolve the way we manage this important and essential part of our workforce."

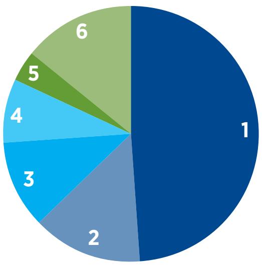
HARRY DRAKOS
General Manager of Procurement & Sourcing, National Australia Bank

DIVISIONAL OPERATING REVIEW
CONTINENTAL EUROPE & REST OF WORLD

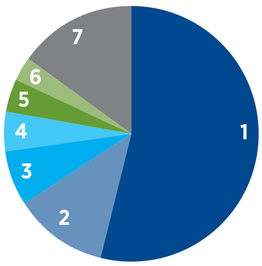




NET FEES BY SPECIALISM
1. IT & Engineering **49%**
2. Accountancy & Finance **14%**
3. Construction & Property **11%**
4. Life Sciences **8%**
5. Sales & Marketing **4%**
6. Other **14%**



NET FEES BY COUNTRY
1. Germany **54%**
2. France **12%**
3. Benelux **7%**
4. Canada **5%**
5. Switzerland **4%**
6. Poland **3%**
7. Other **15%**



2014 HIGHLIGHTS

- Good net fee growth of 8%(1) to £305.0 million, a record for the division
- Germany delivered good net fee growth of 8%(1), with strong performances in newer specialisms of Accountancy & Finance and Construction & Property
- Rest of division grew 8%(1), with 14 countries growing by over 10%(1); and delivered a material £7.7 million profit increase
- CE&RoW delivered a 20%(1) increase in operating profit which drove an increase in conversation rate to 21.1%(2)
- Consultant headcount increased by 3%, primarily in the first half of the financial year

LOOKING FORWARD

- Leverage market-leading position in German IT and Engineering whilst continuing to diversify into newer specialisms
- Continue to take advantage of the improved conditions in the rest of Europe to build scale and improve profitability
- Continue to build scale and diversify within our North American businesses
- Control costs where conditions are more difficult
- Expect headcount to increase on a selective basis in the first half of the year, with Germany remaining broadly stable and investments to support growth in the rest of the division

OPERATING PERFORMANCE

YEAR ENDED 30 JUNE	2014	2013	Actual growth	LFL growth(1)
Net fees (£m)	305.0	285.2	7%	8%
Operating profit (£m)	64.4	52.7	22%	20%
Conversion rate(2)	21.1%	18.5%		
Period-end consultant headcount(3)	2,145	2,084	3%	
Division as % of Group net fees	42%	40%		

(1) LFL (like-for-like) growth represents organic growth of continuing activities at constant currency.
(2) Conversion rate is the proportion of net fees converted into operating profit, before exceptional items.
(3) Closing consultant headcount as of 30 June.

"Hays has been working with Bosch as a recruitment source across several disciplines for over a decade. We appreciate the co-operation with Hays as their consultants understand our requirements in numerous geographic regions and various business areas. They act as trusted business partners, sourcing high-quality candidates for what are often highly-skilled and niche roles."

SABINE HILBRINK-NILSSON
Corporate Sector, Robert Bosch Benelux

"TRUSTED BUSINESS PARTNERS, SOURCING HIGH-QUALITY CANDIDATES FOR WHAT ARE OFTEN HIGHLY-SKILLED AND NICHE ROLES"

Hays works with a variety of established companies in the engineering and manufacturing sector and whether clients are looking to fill short-term contract positions or permanent roles, we have the global scale and expertise to help them.

Our recruiting experts act as intermediaries for highly skilled professionals searching for vacancies. The expertise of Hays consultants increases the chances of successful placements within our valued clients.

Bosch is a global leading technology and services company with a broad variety in customer and business solutions that has taken advantage of opportunities for a strong and meaningful development across the world. As a first tier supplier of Bosch temporary staff in the Netherlands, Hays has a productive 15 year business relationship with the company and also fills Perm and Contracting roles for them, mainly within the engineering specialism. Hays has also worked with Bosch in the Netherlands on HR, Sales and Purchasing placements and has additionally worked with the company in seven other countries around the world over the last 12 months, including Australia and the UK.

GERMANY GROWTH GOOD; SIGNIFICANT MARKET IMPROVEMENT AND MATERIAL £7.7 MILLION PROFIT INCREASE IN REST OF THE DIVISION

In Continental Europe & RoW, we delivered good net fee growth of 7% (8% on a like-for-like basis[1]) to £305.0 million, driving excellent operating profit growth of 22% (20% on a like-for-like basis[1]) to £64.4 million. The difference between actual growth and like-for-like growth rates in net fees and operating profit was due to the varying, often material fluctuations in the rates of the various operating currencies of the division versus sterling, notably the appreciation of the Euro offset by the depreciation of the Brazilian Real and Canadian Dollar. The conversion rate of the division increased to 21.1%[2] (2013: 18.5%) driven by good net fee growth and strong drop-through of incremental net fees into operating profits, notably across several Continental European markets.

Germany, which represented 54% of the division's net fees, delivered good net fee growth of 8%[1]. We saw growth across Contracting and Temp, which together grew by 7%[1], and Perm which grew by 10%[1]. We saw strong growth in our newer specialisms, which now represent 27% of Germany net fees, particularly Accountancy & Finance, Legal and Sales & Marketing all of which grew by 20%[1] or more. Net fees in IT, which represents 41% of Germany business, grew by 8%[1] whilst net fees in Engineering increased by 2%[1]. September 2013's election and subsequent coalition negotiations have created a degree of uncertainty regarding future regulations governing Temp and Contractor markets, which has impacted recruitment decision making in certain client segments. However, the long-term structural growth opportunity in Germany remains unchanged, and we are ideally positioned to continue to benefit from the increasing demand for specialist recruitment services.

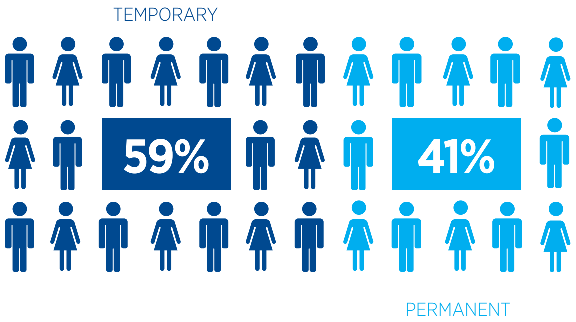
Across the rest of the division, net fees were up 8%[1] with significant drop-through into operating profit, up £7.7 million. We saw improved market conditions overall and materially improved our financial performance as a result of increased productivity of our consultants as well as our continued focus on tight cost control. France, our second largest country in the division, delivered record annual net fees with growth of 5%[1], a good performance against the backdrop of a market which remained subdued throughout the year. Elsewhere, 13 other countries delivered record annual net fee performances, including Switzerland, Belgium, Russia and Poland.

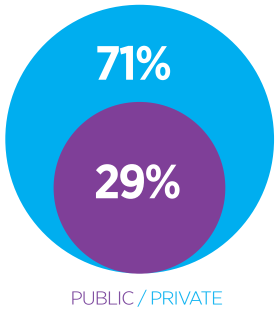
In Latin America, Chile, Colombia and Mexico all continued to perform well, although Brazil remained tough and net fees were down 32%[1]. In North America, Canada delivered solid net fee growth of 5%[1] and our business in the USA continued to perform well, increasing net fees by 73%[1].

Within the division, 14 countries delivered net fee growth of 10%[1] or more while three countries saw net fees decline[1] in the year.

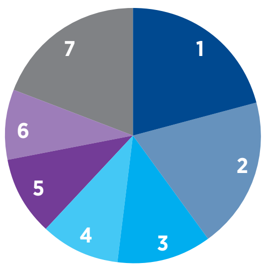
Consultant headcount in the division increased by 3% year-on-year. In Germany, consultant headcount increased by 3%, and was broadly flat through the second half. We invested in markets which demonstrated clear growth opportunities, many of which showed sustained recovery after having been challenging for some time, such as Spain where consultant headcount was up 9%, Benelux up 8% and the UAE up 29%.

DIVISIONAL OPERATING REVIEW
UK & IRELAND

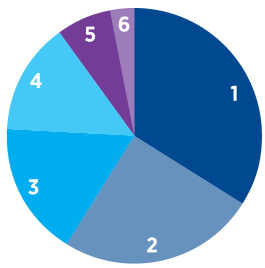




NET FEES BY SPECIALISM
1. Accountancy & Finance **21%**
2. Construction & Property **19%**
3. Banking & Financial Services **12%**
4. Office Support **10%**
5. Education **10%**
6. IT **9%**
7. Other **19%**



NET FEES BY REGION
1. London **34%**
2. North & Scotland **25%**
3. Midlands & East Anglia **17%**
4. Home Counties **14%**
5. South West & Wales **7%**
6. Ireland **3%**



2014 HIGHLIGHTS
- Strong net fee growth of 11%(1), or £24 million, with excellent 86% conversion of incremental net fees to profits
- Operating profit materially increased by £20.6m, underpinned by productivity and efficiency gains
- Broad-based improvement in all regions and most specialisms
- Public sector net fees increased by 16%(1), private sector increased by 9%(1)
- Consultant headcount up 12% year-on-year, mostly in second half to help support strong prospects seen in FY15

LOOKING FORWARD
- Focus on growing market share and capitalise on all opportunities for growth
- Remain focused on driving consultant productivity
- Continue to optimise and leverage the efficiency of our UK front and back office operations to help drive the profitability of the business
- Expect to increase headcount in the first half of the year to continue to capitalise on the improvement in market conditions

OPERATING PERFORMANCE

YEAR ENDED 30 JUNE	2014	2013	Actual growth	LFL growth(1)
Net fees (£m)	**246.0**	222.0	11%	11%
Operating profit (£m)	**26.2**	5.6	368%	368%
Conversion rate(2)	**10.7%**	2.5%		
Period-end consultant headcount(3)	**2,157**	1,929	12%	
Division as % of Group net fees	**34%**	31%		

(1) LFL (like-for-like) growth represents organic growth of continuing activities at constant currency.
(2) Conversion rate is the proportion of net fees converted into operating profit, before exceptional items.
(3) Closing consultant headcount as of 30 June.

STRONG, BROAD-BASED GROWTH ACROSS ALL REGIONS AND MOST SPECIALISMS; EXCELLENT OPERATING PROFIT LEVERAGE

The United Kingdom & Ireland delivered strong net fee growth of 11%(1) to £246.0 million and generated material improvement of operating profit to £26.2 million (2013: £5.6 million). Our Temp business delivered good growth of 7%(1), whilst our Perm business delivered strong growth of 16%(1) as candidate confidence improved through the year.

Activity levels were strong and broad-based, with all regions delivering net fee growth. We saw stand out performances from Scotland & Northern Ireland, Midlands, North West, East and South of England, each of which grew by more than 10%. In Ireland our business delivered excellent net fee growth of 27%(1).

At the specialism level, Construction & Property delivered excellent growth of 21%(1), IT performed strongly and was up 15%(1), while net fees in our largest specialism of Accountancy & Finance grew by 11%(1), within which our Senior Finance business grew by 12%(1). Activity levels in our Banking business remained more subdued, declining by 3%(1).

Our private sector business, which represented 71% of the division's net fees, delivered good net fee growth of 9%(1) and our public sector business delivered strong net fee growth of 16%(1), driven by particularly good performances in Education and Healthcare.

The strong improvement in profitability in the UK & Ireland business was the result of meaningful net fee growth of 11% and average consultant headcount growth of only 7%, as we improved the productivity of our consultants and also the positive impact of the range of cost reduction measures we announced in February 2012. These factors combined generated the excellent 86% drop-through of incremental net fee growth into operating profits. We believe our UK & Ireland business is well-placed to take full advantage of the current market opportunity, as well as any further market improvement. Going forward we anticipate a drop-through of incremental net fee growth into operating profits of c.60%.

Consultant headcount in the division was up 12% year-on-year, primarily in the second half, as we invested with the aim of growing market share and taking full advantage of those market segments which present clear growth opportunities going forward.

Businesses all over the world face similar challenges in sourcing the very best talent with the skills and experience to make a difference to their company, and often those skills are in short supply.

At Hays we utilise our expertise in each local market, underpinned by globally connected systems that we have developed over many years, to identify the skilled people our clients require.

Intertek is a multinational company listed on the FTSE 100 and employs 36,000 staff in 100 countries. Intertek's Group Head of Internal Audit contacted Hays to recruit for positions in London. The Hays consultant targeted existing candidates on the Hays database and approached suitable individuals from within their LinkedIn Groups. Following successful placements in London, and demonstrating the benefits of cross-border collaboration, Hays was subsequently asked by Intertek to provide candidate analysis in Brazil, Singapore and Hong Kong, whilst recruiting for further internal audit positions in Shanghai following business expansion.

"THE BENEFIT OF USING A GLOBAL AGENCY WAS SIGNIFICANT"

"Hays worked closely with us to draw out the unique characteristics of our audit department and the specific roles. The consultant quickly put together a list of suitable candidates and networked with regional colleagues to do the same. We were regularly updated throughout the process and I believe we have selected individuals who will be with us for the long term. The benefit of using a global agency was significant and I was grateful for an introduction to Hays consultants in China."

CATHERINE MORGAN
Group Head of Internal Audit
Intertek Group plc

CORPORATE RESPONSIBILITY REPORT

ALISTAIR COX
CHIEF EXECUTIVE

DEAR SHAREHOLDER

Our employees can be very proud of their fundraising efforts. Each year our employees around the world give up some of their time for great causes to raise money to help others. At Hays we value the contribution they make to society and donate to a number of charities across the globe.

I am delighted to report that this year our UK & Ireland employees have raised £80,000 for the Brain Tumour Charity. This is more than double our first year target.

The very nature of our business activity is based on helping others. In the last 12 months we have helped some 57,000 people around the world find their next permanent job and around 200,000 people find their next contract or temp role. At a time when businesses in general have come under the spotlight over the last year, as society questions the value they bring to our world and our communities, I believe that helping so many people secure the next leg on their own personal career journey is a fantastic example of the benefits that our business brings to the world where we live and work. What we do makes a big difference to every single one of those hundreds of thousands of people we have helped.

We've also created hundreds of new opportunities for people to join Hays and build their career here too. So not only do we help our clients grow, we have also done just what we see them doing and invested in growing our own headcount. We understand that the right person in the right role can transform that individual's life and enhance a business. It is in this way, that we will continue to contribute to the wider growth and success of the economies and communities in which we operate. Our path to corporate responsibility will focus on our workplace, our market place, our community and reducing the environmental impact of our global carbon footprint.

I am pleased to report that this year we have attained 100% data collection for our Greenhouse Gas (GHG) emissions. This has led to improved accuracy in our data emission collection and the resetting of our base year to 2014. I am pleased we are starting out with robust data accuracy in this first year of mandatory GHG reporting and we will work towards reducing our carbon emissions going forward.

ALISTAIR COX
Chief Executive

28 August 2014

VALUES

Only by truly understanding our candidates' and clients' needs and challenges, both locally and globally, can we help people and companies achieve lasting impact. Our values aim to reflect this commitment and underpin everything we do. Our values are:

EXPERT

As experts across 20 specialisms and 33 countries, we have a deep understanding of issues and challenges locally with an ability to also solve them globally.

INQUISITIVE

We're always curious, wanting to understand more about the roles people are being recruited for, as well as the world of work. That is how we build deeper knowledge into what makes people fit culturally and how they can achieve their full potential.

AMBITIOUS

As a results-orientated company we are continually driven to succeed. Our energy and dynamism make us ambitious for our people, clients and candidates, and for the impact recruiting can have on their lives.

PASSIONATE ABOUT PEOPLE

Hays is the ultimate people business. We are passionate about creating valuable relationships with everyone we work with. Our enthusiasm compels us to find the right person for the right role, and help clients deal with whatever issues they face.

Employees

As a people-centred service provider, our success is directly related to the quality and expertise of our employees. Accordingly, we strive to recruit, train, develop and retain the best talent in our industry. It is imperative to our success that Hays is a company that people want to work for as well as do business with.

Learning and development

Employees at all levels of our business are supported by structured, tailored, learning and development programmes. This starts with a comprehensive induction on joining Hays and then at each level as our employees progress through the organisation.

Our aim is to train and develop the best people in the industry. We encourage the ongoing learning and development of all employees to allow them to maximise their work performance, help them to achieve corporate objectives and reach their full potential.

Training at Hays is a partnership between the employee, their line manager and the Company. Recruitment consultants invariably join Hays at entry level and undergo a detailed induction programme. This forms part of our Developing Experts programme which provides training to our recruitment consultants as they progress through each stage of their career at Hays. Training is a combination of online and classroom-based learning with practical coaching provided by line managers and senior leaders.

Internal transfers and global mobility are critical to the organic growth of our business. This approach not only supports growth, but enables our employees to gain experience of working in different areas of the Hays business around the world.

Strong leadership and management are essential to our business. Executives are supported in their career at Hays through our Fast Forward and Advanced Management Programmes, which deliver a broad executive curriculum. Each year, the Board and Management Board review the succession planning needs of the Group with a view to developing the future leadership of Hays.

Employee engagement

Each year, we conduct TALKback, our global employee engagement survey. In 2014 we again saw good employee interest with an 84% participation level and a reported engagement level of 85% (2013: 84%). Based on the results of the survey, key drivers in employee engagement in Hays during 2014 continued to be learning and development, leadership and direction, culture and collaboration.

Diversity

People are at the core of what we do and therefore to us diversity means understanding and reflecting the community in which we operate, building loyalty with our colleagues, candidates and clients. Age, gender, ethnicity, physical appearance, religion, education and beliefs are all valued and everyone has the opportunity to contribute to our success as a business and fulfil their potential.

Our aim is to create an open, honest and vibrant working environment and to ensure that all our colleagues feel part of Hays and are respected as individuals.

We have a very diverse employee population in terms of ethnicity, with around 80 different nationalities represented in our global workforce.

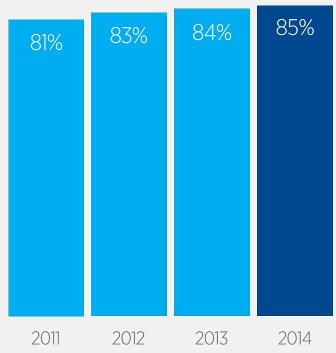
Employee welfare

Our people are the key to our success and their welfare is important to us. With ever-increasing pressures at work and home, there are times when we all need some extra support to balance the demands of everyday life. That is why we provide a free and confidential employee assistance programme to every employee in the Group.

We conduct our business in a manner which strives to safeguard the health and safety of our employees and visiting clients and candidates. A Health and Safety programme comprising a risk assessment, policy implementation and monitoring covers the full range of workplace issues from accident reporting to home working. This programme is reviewed and updated on an ongoing basis.

EMPLOYEE ENGAGEMENT

85%



Our marketplace

We are committed to dealing with clients and candidates openly, honestly and with integrity.

Our recruitment consultants front the business and their role in any service encounter with candidates or clients, and the relationships that follow, are critical to our success. All of our recruitment consultants are trained in offering the best possible client and candidate experience, details of which are provided in sector-specific operation manuals and against which sector teams are assessed on a regular basis.

Supplier Code of Conduct

Hays is a people-to-people business and its supply chain can be equated to its candidate pool. Where we do have traditional suppliers, we expect them to operate in an ethical, legally compliant and professional manner. The standards that we expect from these suppliers are detailed in our Supplier Code of Conduct, a copy of which can be found on our website hays.com.

COMMUNITY SUPPORT

Our passion for people goes beyond recruitment to support various local charities and causes. We encourage our employees to take part in volunteering, fundraising activities and to donate funds to charities nominated at country and local level. This ensures that our charitable efforts are spread across a wide range of good causes and have maximum impact.

GENDER DIVERSITY	2014	2013
Female plc Board directors	**2 out of 9 (22%)**	2 out of 9 (22%)
Female senior leadership and management	**12 out of 59 (20%)**	14 out of 65 (21%)
Female employees	**5,025 out of 8,237 (61%)**	4,705 out of 7,841 (60%)

CORPORATE RESPONSIBILITY REPORT CONTINUED

Charitable giving

Employees are encouraged to donate to charity in a tax-efficient manner; in the UK this is through the Give As You Earn payroll giving scheme administered by the Charities Aid Foundation.

In the UK, Hays employees in the 2014 financial year raised £80,000 for the Brain Tumour Charity which was an exceptional effort against a target of £30,000. The Company matched the employees' target to give a total donation of £110,000.

In the financial year ended 30 June 2014, charitable donations made by the Group amounted to £206,700 (2013: £182,300).

Highlights

The £110,000 donated to the Brain Tumour Charity was raised by our employees taking time out to run marathons, climb mountains and organise quiz nights and bake sales. 47 staff undertook seven challenges in 24 hours in Snowdonia to raise £30,000, which is one example of the way our UK employees are taking part in raising money for good causes.

In Germany, Hays has been donating €10 to charity each time a placement is made, directly linking the financial support offered to the charity with the business success of Hays Germany. The charity being supported, Kinderkrebs Stiftung (Children's Cancer Foundation), helps children and young adults battling cancer. With the money raised, Hays Germany supports, among other things, a full-time doctor's post in paediatric oncology at the University of Heidelberg and a part-time post in the paediatric clinic at Charité Berlin. Elsewhere, Hays donated CHF20,000 to the Swiss charity 'Schweizer Kinderkrebshilfe' for their project 'Family Holidays in Meiringen', and €6,000 to the Austrian charity 'Östereichsiche Kinderkrebs-Hilfe' for their 'Winter Camp' project.

Hays Talent Solutions has been awarded a ground-breaking contract to deliver a highly bespoke Early in Career programme to Santander UK. The contract will see us delivering a revolutionary new service that includes engagement with schools and school children as young as eight to address long-term perceptions of banking in a future generation of workers, support for schools career services and after school clubs. This will provide work experience opportunities to school children from deprived backgrounds across Santander's corporate sites in the UK, enabling access to over 300 apprenticeships nationwide in an attempt to improve social mobility.

In the UK we also support CoderDojo, a not-for-profit organisation, which supports young people, between seven and 17 years of age, in learning how to code, develop websites, apps, programs and games using Scratch, HTML and Python in coding sessions run by volunteers. Several CoderDojo events took place during the year including UK Dojos held with the Duke of York at Buckingham Palace, Barclays in Cheshire and London and a high-profile Dojo with The Duke of York at our London Cheapside office in March. In the same week we also hosted a Dojo with MoneySuperMarket in North Wales.

In Hungary we collected and wrapped presents at Christmas and gave them to Baptista Szeretetszolgálat (Baptist Charity Foundation), who distributed them among children in need.

A key example of giving generously in Hays Canada is the time and effort contributed by our employees towards the CIBC Run for the Cure, which is a five kilometre run or walk in support of breast cancer research. For the past three years we have been an active supporter.

In Australia, our colleagues raised AUD$37,134 for beyondblue, an independent, not-for-profit organisation working to increase awareness and understanding of depression and anxiety in Australia and to reduce the associated stigma. The funds were raised through a variety of local office events, from client golf days to clothes swaps, trivia nights and a World Cup ranking competition.

In New Zealand, the charity Canteen is supported and this year NZD$11,162 was raised by employees, matched by a $10,000 donation from Hays. The four offices in New Zealand ran quiz nights, auctions and hired out the office for a TV show.

Hays in Singapore formed a partnership with the Singapore Cancer Society (SCS). Over the past year the local office has run several events, including multicultural lunch days, business development blitzes and themed dress-down days. Staff also took part in the annual SCS Race Against Cancer fun run. Through these initiatives employees have raised SD$9,000 this year. All money raised was matched dollar for dollar by Hays.

Women in Work

To show our support of women in the world of work Hays has supported several initiatives in various countries around the globe.

Our Christchurch office in New Zealand held an inaugural 'Women in Construction' Awards to recognise and reward women's excellence in the construction industry and companies committed to developing women's careers in the industry. The awards are the first of their kind in Christchurch and due to the overwhelming success Hays will look to extend these awards across Wellington and Auckland in 2015.

In the UK we have started a programme called 'Leading Women', which is an initiative which promotes women in the work place. The group's aims are to develop personal and professional skills of women in the world of work.

In Australia we have achieved the Employer of Choice for Women accreditation for the past 11 years, of which we are very proud.

Human rights

At Hays we are fully committed to our Code of Conduct and Ethics Policy, which reflects the way in which we operate, including in relation to human rights. All staff within the Hays Group are expected to act with integrity and honesty and behave in a way that is above reproach, as well as treat people fairly and with courtesy and respect, be responsible, respect diversity and communicate openly.

Included in our Code of Conduct is an Equal Opportunity Policy. At Hays we make every effort to ensure that no discrimination arises during the recruitment, the employment and the period after employment of any employee for reasons of gender, sexual

HAYS EMPLOYEES WHO UNDERTOOK SEVEN CHALLENGES IN 24 HOURS IN SNOWDONIA RAISED £30,000 FOR THE BRAIN TUMOUR CHARITY

As part of its corporate social responsibility programme, Hays supports the full-time doctor's post of Dr. Beutzner (left) at the Department of Oncology, Haematology, Immunology and Pulmonology at Heidelberg Children's Hospital in Germany.

orientation, marital status, creed, colour, race, nationality, ethnic or national origin, religious or other belief, political opinion, spent convictions, disability or age, and all employees are expected to deal with all persons with the same attention, courtesy and consideration. This support of equal opportunities applies not only as a direct employer, but also in our introduction of candidates to clients.

ENVIRONMENT

Hays is pleased to have received ISO 14001 environmental management certification, which demonstrates our commitment to environmental management.

In this section we include our mandatory reporting of greenhouse gas emissions (GHG emissions) in compliance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Our reporting year for GHG emissions is 1 April to 31 March and our GHG emissions data was independently verified by Carbon Smart.

Global greenhouse gas emissions data

We have developed and rolled out an online carbon footprint reporting portal which has allowed us to collect data through the portal from Hays offices around the world, grouped by countries, including operational and vehicle use, electricity consumption and business travel. This year we also included data on refrigerant and other Transport and Distribution (T&D) loss calculations which we have not reported previously. From the data collected, our GHG emission results are detailed below.

Improvement in the accuracy of data entry across the business has triggered the recalculation of our base year, so along with this year being the first year of mandatory reporting, we have chosen to make 2014 our base year for future year comparisons. Although we have previously reported on emissions, it is not appropriate to compare the data or use a previous year as a baseline year due to the improved accuracy of this year's data.

Methodology

Carbon Smart conducted the verification engagement in accordance with ISO 14064-3:2006(E) – specification with guidance for the validation and verification of greenhouse gas assertions.

The Hays global carbon footprint, including the process for arriving at this carbon footprint, was prepared in accordance with, and verified against, the (WRI) Greenhouse Gas Protocol.

Intensity ratio

We have measured our annual emissions in relation to employees. As a people-based business, number of employees is a quantifiable factor associated with our activities. This year our employee intensity per tonne CO_2e was 2.22.

Initiatives for reducing GHG emissions

We have extended the accuracy and breadth of our environmental reporting through improved data collection.

We continued the 'Switch-it-Off' campaign around the Group with particular focus on turning off office lighting, air conditioning and IT equipment when not in use. We also encourage teleconferencing to reduce travel emissions.

GREENHOUSE GAS EMISSIONS

Impact	Scope	Resource	Total GHGs (tonnes CO_2e)(1)	% contribution to total
Direct	Scope 1	Operational Fuel	136	1
		Vehicle Fuel	4,962	28
		Refrigerant	59	0
Indirect	Scope 2	Electricity(2)	5,937	33
		District Heating	263	1
	Scope 3	Air Travel	5,341	30
		Rail Travel	687	4
		Electricity T&D losses	481	3
Total direct and indirect			**17,866**	**100**

(1) Greenhouse gas emissions are stated in tonnes of CO_2e (carbon dioxide equivalent, comprising carbon dioxide, methane and nitrous oxide) for the 12-month period ended 31 March 2014. Out of Scope Indirect emissions, which were the biogenic part of vehicle fuels, totalled 38 tonnes of CO_2e.
(2) All international electricity related emissions were calculated based on a CO_2 conversion factor. CO_2e conversion factors are not currently available for international electricity.

CHAIRMAN'S STATEMENT

ALAN THOMSON
CHAIRMAN

DEAR SHAREHOLDER

Our report to you this year is the first prepared under the 2012 edition of the UK Corporate Governance Code (the Code). Hays continues to have a strong governance framework that ensures your Board acts with integrity, transparency and diligence. The Company has at its core an understanding of the standards of behaviour that are expected by shareholders, and other stakeholders, and as Chairman of your Board, it is very important to me that we lead by example and set the standard expected of our colleagues throughout the organisation. I am pleased to report that we have complied with the Code throughout the year and further detail can be found in the Corporate Governance Statement.

At our forthcoming Annual General Meeting William Eccleshare will be retiring from his position as a non-executive director. William was appointed to the Board in November 2004 and has made an immense contribution, not only to the Company and the Board, but also to me in my four years as Chairman. The world is an ever-changing place and the market in which Hays operates and around which it has built the strong business it is today, has had to adapt to new challenges and developing trends; William's international marketing and brand knowledge, coupled with his business acumen and insight, during his tenure has been immeasurable. I would like to extend William my personal thanks, and those of the Board, for his wise counsel and contribution to the Company; he takes with him our best wishes for the future.

We are making good progress in recruiting an additional non-executive director to fill the seat being vacated by William. I and my Board colleagues are keen that we make the right appointment to support the needs of the business as the Company builds on the platform for growth it has so successfully established, and we will announce as soon as we are able what addition, or additions, to your Board we are making. We are committed to the principles of diversity, in all its forms, and will always take them into account during our recruitment and selection processes, notwithstanding that we will always seek to appoint the most suitable candidate.

Ensuring the Board has the right composition is only one aspect of its effective performance. In 2013 we commissioned an external evaluation of the Board, out of which some very useful suggestions to further improve Board performance emanated. One of these related to the Board's role, in particular that of its non-executive members, myself included, in further developing the Company's strategic direction, and I was particularly pleased with the feedback received regarding the Board's Strategy Away Day held in 2014. There was unanimous approval from the Board to the revised approach taken at this event, and this paved the way for yet further development, identified in this year's Board evaluation.

The division of roles and relationship between executive and non-executive members of any board is critical to its effective operation and is a firm foundation of effective governance and accountability. I am proud of the relationship between these two parts of the Hays' Board and as Chairman I will continue to ensure an open and effective working relationship underpins all we do.

Hays is a people business, in all senses, and I wanted to extend my thanks to my colleagues throughout the organisation, across the globe. The roles they perform day in, day out make Hays the success it is today, so it is pleasing to note a further improvement in the results this year from our annual employee engagement survey.

2014 has been a strong year for the Group. We have delivered a strong financial performance, leading to an increase in our core dividend. We have made progress against our strategic and operational priorities and the Board remains focused on ensuring that the Group remains at the forefront of our industry, and is well positioned to capitalise on the many opportunities for growth which lie ahead. With technology advancing every day, digitalisation very much at the heart of how we as individuals live our daily lives, and broader innovations in technology connecting people more and more seamlessly, the Hays of today looks very different to the Hays of only four years ago when I joined the Board, and we must continue to develop and adapt. The Group's appetite for risk and the framework within which that is managed is closely monitored by the Board and we will continue to ensure that we achieve the returns our shareholders expect in an appropriately balanced framework.

I look forward to meeting any shareholders who can join us at our AGM in November, and extend my thanks to you all for your continued support as we look forward to the year ahead.

ALAN THOMSON
Chairman

28 August 2014

OUR GOVERNANCE FRAMEWORK

Responsibility for good governance rests with the Board; this is underpinned by an effective governance framework which, the Board believes, fits the requirements of Hays' business.

The Board retains certain matters for its own preserve; other specific responsibilities are delegated to its principal committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these Committees operates within defined terms of reference, which are available on the Company's website. The Board has also delegated to a sub-Committee certain matters which are routine in nature, or which have been agreed in principle by the Board; such matters require a meeting of three directors, with an appropriate mix of executives and non-executives. Such matters are reported to the full Board.

The Chairman of each Committee reports to the Board on its proceedings, and minutes of the meetings are available as appropriate.

BOARD OF DIRECTORS

Responsible for the overall management of the organisation of our business

- Set standards, values, policies and strategic aims
- Ensure we have the resources in place to meet our objectives
- Monitor and review material strategic issues, financial performance and risk management

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NOMINATION COMMITTEE

- Make recommendations to the Board on its composition and that of its Committees

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AUDIT COMMITTEE

- Review and monitor financial statements
- Oversee external audit
- Review internal audit plans

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REMUNERATION COMMITTEE

- Set, review and recommend overall remuneration policy and strategy
- Review and approve remuneration arrangements for executive directors and senior management

TURN TO PAGE 60

CHIEF EXECUTIVE

MANAGEMENT BOARD

Day-to-day management of our business and operations, responsibility for monitoring detailed performance of all aspects of our business

TURN TO PAGE 44

OUR BOARD OF DIRECTORS

1. **ALAN THOMSON**
   Non-Executive Chairman
2. **ALISTAIR COX**
   Chief Executive
3. **PAUL VENABLES**
   Group Finance Director
4. **PAUL HARRISON**
   Senior Independent Non-Executive Director
5. **WILLIAM ECCLESHARE**
   Independent Non-Executive Director
6. **VICTORIA JARMAN**
   Independent Non-Executive Director
7. **TORSTEN KREINDL**
   Independent Non-Executive Director
8. **RICHARD SMELT**
   Independent Non-Executive Director
9. **PIPPA WICKS**
   Independent Non-Executive Director
10. **DOUG EVANS**
    Company Secretary & General Counsel

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OUR BOARD OF DIRECTORS CONTINUED

1. ALAN THOMSON (67)
Non-Executive Chairman
Appointed: 1 October 2010 (and as Chairman on 10 November 2010)

Committees: Nomination (Chairman)

Skills and experience: A post-graduate of Glasgow University and a Chartered Accountant, Alan's early career was with Arthur Andersen and Price Waterhouse. This was followed by senior management roles with Rockwell International plc, Raychem Ltd and Courtaulds plc, after which he became Finance Director of Rugby Group plc and then Smiths Group plc. Alan is a former Non-Executive Director of Johnson Matthey plc and a past President of the Institute of Chartered Accountants of Scotland.

Principal external appointments: Chairman of Bodycote plc; Chairman of Polypipe Group plc; Non-executive Director of Alstom SA; Non-Executive Director of HSBC Bank plc.

3. PAUL VENABLES (52)
Group Finance Director
Appointed: 2 May 2006

Skills and experience: A Chartered Accountant and also USA qualified, Paul started his career at Deloitte & Touche where he was a Senior Manager in its USA practice. This was followed by a 13-year career at Exel plc where he held a number of senior finance and operational roles including Deputy Group Finance Director and was a member of the Executive Board of Exel plc and Chairman of their Acquisitions and Project Review Board. Following the acquisition of Exel plc by Deutsche Post, Paul worked in its DHL Logistics division before joining Hays.

Principal external appointments: Senior Independent Non-Executive Director of Wincanton plc.

5. WILLIAM ECCLESHARE (58)
Independent Non-Executive Director
Appointed: 24 November 2004; retires from the Board after the Annual General Meeting on 12 November 2014

Committees: Audit, Nomination and Remuneration

Skills and experience: A graduate of Cambridge University, William has had an extensive career in international marketing and advertising. He is a former partner of McKinsey & Company. He has held the positions of Chairman and Chief Executive Officer of each of Young & Rubicam EMEA, Wunderman EMEA and BBDO Europe. William is currently the Chief Executive Officer of Clear Channel Outdoor Holdings Inc., one of the world's largest outdoor media companies.

2. ALISTAIR COX (53)
Chief Executive
Appointed: 1 September 2007

Skills and experience: A Chartered Engineer with an MBA from Stanford University, Alistair's early career was in various field engineering, management and research science roles with British Aerospace and then Schlumberger. Following his MBA, Alistair worked for McKinsey & Company before joining Blue Circle Industries, where he was the Group Strategy Director and then the Regional Director for Asia. Prior to joining Hays, Alistair was Chief Executive of Xansa plc.

Principal external appointments: Non-Executive Director of 3i Group plc.

4. PAUL HARRISON (50)
Senior Independent Non-Executive Director
Appointed: 8 May 2007 (and Senior Independent Director on 9 November 2011)

Committees: Remuneration (Chairman), Audit and Nomination

Skills and experience: Paul trained as a Chartered Accountant with Price Waterhouse. He joined The Sage Group plc as Financial Controller in 1997 and was Group Finance Director from 2000 to 2013. In September 2013, Paul joined WANdisco plc as Chief Financial Officer.

6. VICTORIA JARMAN (42)
Independent Non-Executive Director
Appointed: 1 October 2011

Committees: Audit (Chairman), Nomination and Remuneration

Skills and experience: An engineering graduate of the University of Leicester and a Chartered Accountant, Victoria started her career with KPMG before moving to Lazard Corporate Finance, where she was Chief Operating Officer of Lazard's London and Middle East operations and a member of its European Management Committee. Victoria is currently a Non-Executive Director of De La Rue plc where she is a member of its Audit, Ethics, Nomination and Remuneration Committees and a Non-Executive Director of Equiniti Group Limited where she is the Chairman of the Audit Committee and a member of the Risk Committee.

7. TORSTEN KREINDL (51)
Independent Non-Executive Director
Appointed: 1 June 2013

Committees: Audit, Nomination and Remuneration

Skills and experience: A graduate from Johannes Kepler University in Linz, Austria with a PhD in industrial engineering and technical chemistry. Torsten has held senior executive positions for Booz Allen Hamilton and Deutsche Telekom AG. He is a partner in Grazia Equity, a Munich-based capital firm, and a member of the Swisscom AG board.

9. PIPPA WICKS (51)
Independent Non-Executive Director
Appointed: 1 January 2012

Committees: Audit, Nomination and Remuneration

Skills and experience: A post-graduate of Oxford University with a diploma in corporate finance from the London Business School, Pippa started her career with Bain & Company. She subsequently became Chief Financial Officer of Courtauld Textiles plc and then Chief Executive Officer of FT Knowledge, the corporate training division of Pearson plc. Her previous non-executive directorships have been with Ladbrokes plc, Hilton International plc and Arcadia plc. Pippa is presently the Managing Director of AlixPartners UK LLP.

8. RICHARD SMELT (57)
Independent Non-Executive Director
Appointed: 15 November 2007

Committees: Audit, Nomination and Remuneration

Skills and experience: A psychology graduate from Leeds University with an MBA from the London Business School, Richard is a Fellow of the Chartered Institute of Personnel and Development with a 30-year career in Human Resources. Richard has previously been the Human Resources Director for Carphone Warehouse Group plc and Northern Rock plc, post nationalisation, and has also worked in private equity. Richard is presently the HR Director of McCain Foods.

10. DOUG EVANS (51)
Company Secretary & General Counsel
Appointed: 4 February 2013

Skills and experience: A law graduate from Rhodes University who began his career with Webber Wentzel in South Africa, specialising in corporate and commercial law before moving in-house. Doug has previously held the posts of Company Secretary & Corporate Legal Director at Exel plc and Group General Counsel at Royal Mail Limited. Prior to joining Hays, Doug was an Executive Director, Company Secretary & General Counsel at Mitchells & Butlers plc.

CORPORATE GOVERNANCE STATEMENT

STATEMENT OF CODE COMPLIANCE

Hays plc is subject to the UK Corporate Governance Code (the Code) issued by the Financial Reporting Council (available at www.frc.org.uk), a revised version of which was published in September 2012. As a listed company, Hays is required to report on how it has applied the principles of the Code and this is set out in the following pages. The Board is pleased to report that Hays has complied with all of the provisions of the Code throughout the year ended 30 June 2014 and to the date of this document.

THE HAYS BOARD

Composition of the Board

The Board of Hays is currently made up of two executive directors and seven non-executive directors, including the Chairman, all of whom served throughout the reporting period. Their biographies, including prior experience, are set out on pages 42 and 43.

Hays' Group policy is to hire the best candidates for all positions at all levels throughout the business, irrespective of gender, including candidates at Board level. With two female independent non-executive directors, namely Victoria Jarman and Pippa Wicks, 22% of the current Board is female (representing 28.5% of non-executives). Further information and statistics on gender diversity can be found within our Corporate Responsibility Report on page 34. The Board has not set any specific aspirations in respect of gender diversity at Board level and supports fully the Code principles in respect of diversity. However, the Board is of the view that diversity is less about firm quotas, and recognises the benefits of diversity, of which gender is one aspect, and it will continue to ensure that this is taken into account when considering any particular appointment, whilst ensuring appointments are made on merit and ability to enhance the performance of the business.

Board changes during the year

Board composition is routinely reviewed to ensure that the balance of skills, knowledge and experience of the Hays Board remains appropriate to its business. There were no changes to the Board during the year. William Eccleshare will retire from the Board following the conclusion of the Company's Annual General Meeting (AGM) on 12 November 2014, having served for nine years following his first election by shareholders. Plans for additions to the Board's number are already underway. Further information can be found in the Nomination Committee Report on page 50.

Re-election of Directors at the 2014 AGM

In accordance with the Company's Articles of Association and the principles of the Code, with the exception of William Eccleshare all Directors of the Company will offer themselves for re-election at the 2014 AGM. Having received advice from the Nomination Committee, the Board is satisfied that each director is qualified for re-election by virtue of their skills, experience and commitment to the Board.

OPERATIONAL GOVERNANCE

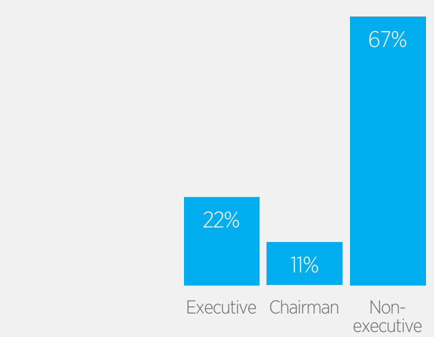
The Management Board

Responsibility for the day-to-day management of our business and operations rests with the Chief Executive, who operates through the Management Board – the principal executive committee within Hays. In performing this role, the Management Board also has responsibility for monitoring detailed performance of all aspects of our business.

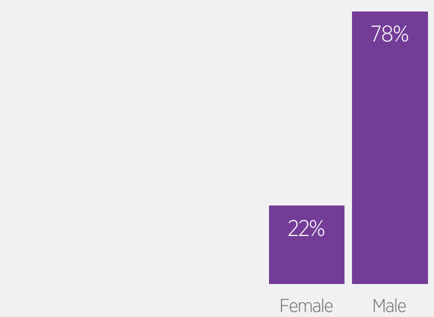
The Management Board, which meets monthly, is chaired by the Chief Executive and also comprises the Group Finance Director, the Company Secretary & General Counsel, the Group HR Director, the Group Marketing Director, the Group Technology Director and the Managing Directors of the Group's main operating regions. Each Management Board member has a clearly defined remit, business objectives and financial budget within which they operate.

Our organisational structure is built around three regions globally: UK & Ireland; Continental Europe & Rest of World; and Asia Pacific. Regional Managing Directors operate their business through regional boards, which comprise key business and functional managers with specific responsibilities within those regions. Each business is given operational autonomy, as far as possible, within a well-established internal control framework which consists of, among other things, a Group-wide set of policies and procedures, operational delegated authorities and policies on anti-bribery and corruption, competition compliance, conduct and ethics and whistleblowing.

BOARD COMPOSITION



BOARD GENDER COMPOSITION



LEADERSHIP

The role of the Hays plc Board

The Board is collectively responsible to the Company's shareholders for the long-term success of the Company. It sets the Company's strategic objectives and determines the risk appetite and control framework within which those objectives are achieved. The Board provides effective oversight of the Company and its businesses within a robust governance structure that helps achieve the long-term success of the Company and deliver sustainable shareholder value.

The Board also provides leadership of the Company and direction for management, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and it keeps under review management's performance in regard to achieving those objectives.

As we pursue our aim to be the world's pre-eminent specialist recruitment business, our employees across the globe work towards achieving this by following the four themes in our Strategic Pillars, set out on page 16, and the Board closely monitors management and its delivery of a sustainable and profitable business, ensuring it continues to operate within the right risk-reward culture. The Board has established a core set of values, which it adheres to and promotes throughout the Group. These values, which underpin our skills, behaviours and way of doing business, are being Ambitious, being Passionate about People, being Expert at what we do and being Inquisitive about the world of work. These values have helped to engender the entrepreneurial culture within Hays, which has been critical to our continued success without promoting excessive risk-taking.

Role of the Non-Executive Directors

Hays' non-executive directors have a broad and complementary mix of business skills, knowledge and experience acquired across sectors and geographies. This allows them to provide strong, independent and external perspectives to Board discussions, which complement the skills and experience of the executive directors. In turn, this leads to a diversity of views being aired at Board meetings, robust and constructive debate and optimal decision-making. At the same time, it also reduces the likelihood of any one perspective prevailing unduly.

A key role performed by the non-executive directors is the scrutiny of executive management in meeting agreed objectives and monitoring the reporting of performance. They also ensure that financial controls and systems of risk management are both rigorous and appropriate for the needs of the business.

The terms and conditions of appointment of non-executive directors, including the expected time commitment, are available for inspection at the Company's registered office, and a pro-forma letter of appointment is also available on the Company's website.

During the year, the Board considered the independence of each of the non-executive directors, save for the Chairman who was deemed independent by the Board at the date of his appointment. In doing so, it concluded that each non-executive director remained independent of management and free from any relationship that could interfere with the exercise of their independent judgment. The Board noted that William Eccleshare was retiring from the Board at the 2014 AGM, some nine years after his election by shareholders. All of Hays' directors are believed to act in the best interests of the Company.

Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separate, with a clear division of responsibilities between them which is set out in writing; the responsibility for this separation of duties rests formally with the Board.

As Chairman, Alan Thomson presides over the Board and is responsible for its leadership and overall effectiveness. In doing so, he fosters and helps to maintain an effective working relationship between the executive and non-executive directors.

As Chief Executive, Alistair Cox has responsibility for the day-to-day management of the Company's business and the implementation and delivery of the Board strategy.

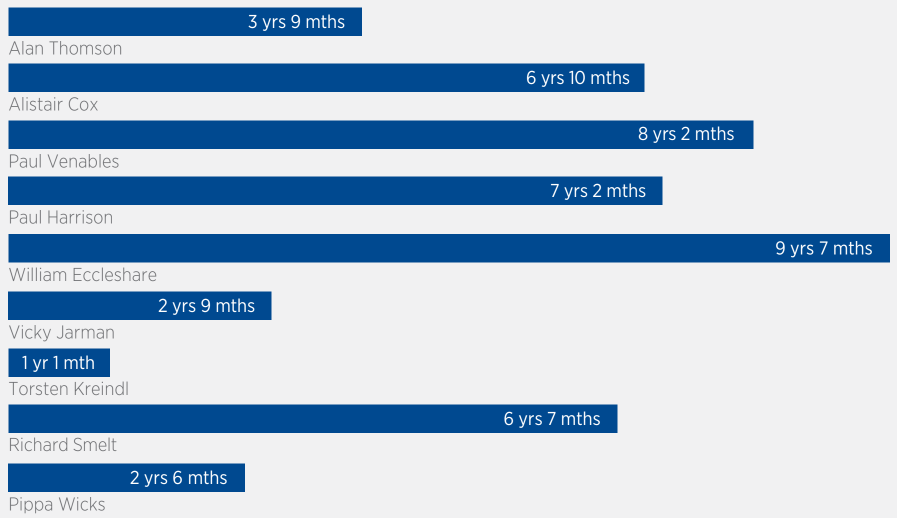
This separation of roles enhances the independent oversight of executive management by the Board and more closely aligns the Board with shareholders. It also means that no one individual within the Company has unfettered powers of decision making.

Senior Independent Director

The Board appointed Paul Harrison to the position of Senior Independent Director on 9 November 2011. In performing this role Paul provides shareholders with someone to whom they can turn if ever they have concerns which they cannot address through the normal channels, for example with the Chairman or executive directors. Similarly, as Senior Independent Director Paul is available as an intermediary between his fellow directors and the Chairman. Whilst there were no requests from directors or shareholders for access to the Senior Independent Director during the year, the role serves as an important check and balance in Hays' governance process. In the fulfilment of his role Paul ensures he maintains a thorough understanding of the views of the Company's shareholders.

Key roles and responsibilities of these positions, and that of the Company Secretary, are provided overleaf.

DIRECTORS' TENURE AS AT 30 JUNE 2014



CORPORATE GOVERNANCE STATEMENT CONTINUED

KEY ROLES AND RESPONSIBILITIES

CHAIRMAN
Alan Thomson

- Leadership and the effective operation of the Board;
- Chairing the Board and Nomination Committee;
- Setting the agenda, style and tone of Board discussions including promoting openness, debate and effective individual contribution;
- Ensuring that all directors receive clear and accurate information on a timely basis;
- Ensuring the effectiveness of the Board through induction, ongoing training and regular evaluations;
- Effective communications with shareholders.

CHIEF EXECUTIVE
Alistair Cox

- Day-to-day management of the Group's business;
- Formulating strategic business objectives for Board approval and implementing approved strategic objectives and policies;
- Managing and optimising the operational and financial performance of the business in conjunction with the Group Finance Director;
- Fostering a good working relationship with the Chairman;
- Chairing the Management Board and developing senior talent within the business for succession planning.

SENIOR INDEPENDENT DIRECTOR
Paul Harrison

- Acting as a sounding board for the Chairman;
- Serving as an alternative contact and intermediary for other directors and shareholders;
- Leading the Chairman's annual performance appraisal and ultimate succession.

COMPANY SECRETARY & GENERAL COUNSEL
Doug Evans

- Acting as Secretary to the Board, its Committees and the Management Board;
- Providing legal and governance support to the Board as a whole and directors individually;
- Ensuring that the Group complies with all relevant legal, regulatory and governance requirements.

BOARD EFFECTIVENESS

Matters reserved for the Board

A schedule of formal matters reserved for the Board's decision and approval is available on our website, hays.com. These largely relate to matters of governance and business where independence from executive management is important, and include the following:

- Approving financial results and other financial, corporate and governance matters;
- Approving material contracts;
- Approving Group strategy;
- Approving appointments to the Board;
- Approving and recommending dividends as appropriate and deciding dividend policy;
- Reviewing material litigation;
- Approving major capital projects, acquisitions and disposals;
- Reviewing annually the effectiveness of internal control and the nature and extent of significant risks identified by management and associated mitigation strategies; and
- Approving the annual budget.

No changes to the schedule of matters were made during the year. Board decisions are usually by consensus at Board meetings. On occasion, decisions may be taken by a majority of Board members. In the case of an equality of votes, Hays' Articles of Association provide the Chairman with a second or casting vote.

Board commitment

The Board has established a policy permitting its executive directors to hold only one external non-executive directorship, subject to any possible conflict of interest. This ensures that executive directors retain sufficient time for and focus on the Company's business, whilst allowing them to gain external board exposure as part of their leadership development. Executive directors are permitted to retain any fees paid for such services. Details of fees received by each of the executive directors for the year ended 31 March 2014 (the year-end date of the relevant companies) are shown below:

Director	Fee	External appointment
Alistair Cox	£68,000	3i plc
Paul Venables	£53,000	Wincanton plc

While the Company does not have a similar policy for non-executive directors, their key external commitments are reviewed each year to ensure that they too have sufficient time commitment for the fulfilment of their Board responsibilities. Key external commitments of the Board are included within their biographies on pages 42 and 43.

The Board considered the commitments of the Chairman and is satisfied that he has sufficient time to devote to his Board responsibilities with Hays. It is acknowledged that he intends to step down as Chairman of Polypipe Group plc in April 2015; however, the Board will keep his commitment under review during the intervening period as a matter of good governance.

Information and support

The Board meets regularly throughout the year and agrees a forward calendar of matters that it wishes to discuss at each meeting. Standing items, including operational, functional and financial reviews and Committee updates are considered at each scheduled Board meeting, with unplanned items such as commercial or property-related decisions being considered as and when required. The Chairman, in conjunction with the Chief Executive and Company Secretary, plans the agenda for each Board meeting and ensures that supporting papers are clear, accurate, timely and of sufficient quality to enable the Board to discharge its duties.

All Board directors have access to the Company Secretary, who advises them on Board and governance matters. As well as the support of the Company Secretary, there is a procedure in place for any director to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

BOARD FOCUS DURING 2014 – WHAT THE BOARD HAS DONE IN THE YEAR

DEVELOPING A SUCCESSFUL STRATEGY

- Attended a Group Strategy Away Day, with members of the Management Board and other senior executives, to consider key strategic priorities and challenges faced across the business;
- Approved the Group strategy and reviewed associated performance;
- Visited operations in Canada and the UK, receiving presentations from senior management on business performance, the state of the market, strategy and opportunities;
- Reviewed strategy plans and received reports on the operational performance for the Group's regions;
- Received reports on technology and innovation and related industry developments;
- Reviewed Group risk.

ENSURING APPROPRIATE FINANCIAL MANAGEMENT

- Received and considered regular reports on the Group's financial performance;
- Approved financial announcements for publication;
- Approved the annual budget;
- Approved dividend policy, payments and recommendations as appropriate;
- Met with the Company's financial advisers and corporate brokers;
- Considered ad hoc property and finance-related transactions.

IMPLEMENTING GOVERNANCE AND ETHICS AND MONITORING RISK

- Performed the annual review of the effectiveness of internal control and the nature and extent of risks identified together with mitigation plans;
- Reviewed regular reports on legal and compliance matters from the Company Secretary;
- Received formal training updates on corporate reporting, legal and regulatory matters;
- Reviewed Board and Committee effectiveness;
- Reviewed and approved changes to the terms of reference of the Audit and Remuneration Committees;
- Reviewed the Directors' Conflicts of Interest procedures;
- Reviewed the Company's compliance with the Code.

MOTIVATING EMPLOYEES

- Considered the results from TALKback, the Group's employee engagement survey;
- Considered and approved invitations under the Company's all-employee share plans.

ENGAGING WITH INVESTORS

- Received regular updates on views and feedback from investors;
- Considered the Company's investor relations strategy;
- Attendance, by a majority of the Board, at the Group's Investor Day.

BUILDING STRONG LEADERS

- Considered the tools employed in the leadership and development strategy;
- Reviewed the Group's succession plans and assessed risks and options.

BOARD AND COMMITTEE ATTENDANCE	Board	Audit Committee	Nomination Committee	Remuneration Committee
Alan Thomson	8 of 8	–	2 of 2	–
Alistair Cox	8 of 8	–	–	–
William Eccleshare	8 of 8	4 of 4	2 of 2	4 of 4
Paul Harrison	8 of 8	4 of 4	2 of 2	4 of 4
Victoria Jarman	8 of 8	4 of 4	2 of 2	4 of 4
Richard Smelt	8 of 8	4 of 4	2 of 2	4 of 4
Paul Venables	8 of 8	–	–	–
Pippa Wicks	8 of 8	4 of 4	2 of 2	4 of 4
Torsten Kreindl	8 of 8	4 of 4	2 of 2	4 of 4

Board attendance

The Board met a total of eight times during the year. Seven occasions were scheduled Board meetings and the eighth was an annual Strategy Review with the Management Board being present. Seven Board meetings were held in the UK and one in Toronto. No ad hoc Board meetings were held during the year under review.

Board and Committee attendance for scheduled meetings during the year under review are shown above.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Board induction and development

On appointment, each director takes part in a tailored induction programme which is designed to give him or her an understanding of the Company's business, governance and stakeholders. Elements of the programme include:

- Senior management briefings to provide a business overview, current trading conditions and strategic commercial issues;
- Meetings with the Company's key advisers and major shareholders, where necessary;
- Business site visits across regions;
- A legal and regulatory briefing on the duties of directors of listed companies;
- Details of the Group corporate structure, Board and Committee structures and arrangements and key policies and procedures; and
- The latest statutory financial reports and management accounts.

The Chairman, in conjunction with the Company Secretary, ensures that directors are provided with updates on changes in the legal and regulatory environment in which the Company operates. These are incorporated into the annual agenda of the Board's activities along with wider business and industry updates; the Chairman also keeps under review the individual training needs of Board members. The Company's principal external advisers provide updates to the Board, at least annually, on the latest developments in their respective fields, and relevant update sessions are included in the Board's strategy meetings. The Company Secretary presents corporate governance reports to the Board as appropriate, together with any relevant technical directives issued by the Company's auditor. In this way, each director keeps their skills and knowledge current so they remain competent in fulfilling their role both on the Board and on any Committee of which they are a member.

Board evaluation

During the 2014 financial year the Board assessed its own effectiveness through an internal Board evaluation process, following the external evaluation conducted last year. The 2014 evaluation was facilitated by the Chairman. All directors completed an evaluation questionnaire, which will be followed by one-to-one meetings with the Chairman as appropriate. The questionnaire not only built on the subjects identified for action in last year's evaluation but also covered wider subject matter in order to assess effectiveness, such as the conduct of Board meetings; risk; strategy; Board composition and member performance; and wider stakeholder engagement. Committee effectiveness was also assessed separately. Results were presented to the Board and areas for improved operation identified and agreed.

There was general agreement that, overall, the Board and its Committees continued to operate effectively throughout the period. The experience of the Board members is seen as a key strength; the number of Board meetings was considered to be appropriate, with both the flow and availability of information between meetings supporting that position; however, there was acknowledgement that some benefit may be derived from closer time management and agenda planning.

The Senior Independent Director led a separate appraisal of the Chairman's performance with his fellow non-executive directors, which took into consideration both the executive and non-executive directors' views.

Good progress against the action points identified in the 2013 Board evaluation has been made during the year. These included a revised approach at the Board's Strategy Away Day leading to greater Board involvement and participation, an increased focus on talent management and succession planning, and increased dialogue at a Board and below-Board level around enterprise risk management.

Conflicts of interest

Procedures are in place for the disclosure by directors of any interest that conflicts, or possibly may conflict, with the Company's interests and for the appropriate authorisation to be sought if a conflict arises, in accordance with the Company's Articles of Association. In deciding whether to authorise a conflict or potential conflict of interest only non-interested directors (i.e. those that have no interest in the matter under consideration) will be able to take the relevant decision; in taking such a decision the directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company and may impose such limits or conditions as they think fit. The Board has reviewed the procedures in place and considers that they continue to operate effectively. There were no actual or potential conflicts of interest which were required to be authorised by the Board during the year under review or to the date of this report.

RELATIONS WITH SHAREHOLDERS

Engagement with investors

Responsibility for shareholder relations rests with the Chairman, Chief Executive and Group Finance Director. They ensure that there is effective communication with shareholders on matters such as governance and strategy, and are responsible for ensuring that the Board understands the views of major shareholders on such matters.

The Company's investor relations programme is supported by a designated Investor Relations team which acts as the primary point of contact with the investor community and is responsible for managing ongoing relations with investors and shareholders. The Board receives regular reports from the Investor Relations team. Feedback from meetings held between executive management, or the Investor Relations team, and institutional shareholders is also reported to the Board.

As a part of a comprehensive investor relations programme, formal meetings are scheduled with investors and analysts to discuss the Group's interim and final results. In the intervening periods, Hays continues its dialogue with the investor community by meeting key investor representatives, holding investor roadshows and participating in conferences. Meetings with debt providers, principally the Company's banks, also take place on a regular basis. During the year, the executive directors and senior management met with over 350 shareholders and potential shareholders around the world. Presentations to analysts are posted on the Company's website at hays.com and if you would like to know more about our relations with shareholders please contact ir@hays.com.

INDIVIDUAL INVESTORS MET IN FY14	United Kingdom	Continental Europe	North America	Total
Alistair Cox	88	36	19	143
Paul Venables	154	0	32	186
Investor Relations team	234	60	59	353
Other senior management	40	13	0	53

In addition to our investor roadshow schedule, in November 2013 we held an investor day at which our Executive team outlined their aspirations for the Group on a five-year view, and their strategic priorities to deliver on them. We were able to showcase the significant operational and strategic progress we have made in recent years to over 100 people in the investor community.

As a reflection of the success of Hays' investor relations efforts, Hays came first in the 2014 Thomson Reuters Extel Survey for best investor relations by a listed company in the European Support & Business Services category. Additionally, Alistair Cox was ranked first as best Chief Executive in the sector, Paul Venables was ranked first as best Chief Finance Officer and David Walker, Head of Investor Relations, was ranked first as best IR Professional.

Annual General Meeting

The Board uses the Company's AGM to communicate with investors and welcomes their participation. All shareholders are entitled to attend the AGM, at which the Board members are present. The Board views the AGM as a good opportunity to meet with its smaller, private shareholders. A summary presentation of results is given by the Chief Executive before the formal business of the meeting is conducted. All shareholders present can question the Chairman, the Chairmen of the Committees and the rest of the Board both during the meeting and informally afterwards.

The Notice of the AGM and related papers are sent to shareholders at least 20 working days before the meeting. Voting on all resolutions at the AGM is by means of a poll, which, reflecting the number of voting rights exercisable by each member, is considered by the Board to be a more democratic method of voting. As soon as practicable following the conclusion of the AGM, the proxy votes cast, including details of votes withheld, are announced to the London Stock Exchange via the Regulatory News Service and published on our website.

ACCOUNTABILITY

Risk management and internal control

The Board has overall responsibility for the Group's internal control systems and for reviewing their effectiveness. This has been designed to assist the Board in making better, more risk-informed, strategic decisions with a view to creating and protecting shareholder value. In practice, the Board delegates the task of implementing the Board's policy on risk and control to management. Further support and assistance is provided by an independent Internal Audit function, details of which are provided in the Audit Committee Report.

The Management Board has implemented an enterprise risk management system which allows for a holistic, top-down and bottom-up view of key risks facing the business. These are recorded in a Group risk register, which is reviewed at least annually by the Management Board and submitted to the Board thereafter to enable it to carry out its risk oversight responsibility. This exercise involves a current and forward look at various risks affecting the business and prioritising them according to risk magnitude and likelihood. Risks covered include operational, business and compliance risks as well as financial risks. Mitigation procedures are put in place and monitoring of these takes place on an ongoing basis. The principal risks currently facing the business are detailed in the Strategic Report.

The Board reviews the Group strategy and approves a Group budget for the organisation each year. To ensure that performance of the business is in line with the plan, financial and operating reporting procedures are in place. Comprehensive annual budgets and forecasts are approved by the Management Board and business divisions. Monthly progress and variances are reported to the Management Board and subsequently to the Board at each meeting as part of the control process.

Complementing these financial controls is a set of Group-wide policies and procedures addressing non-quantifiable risks. These include the Group's Code of Conduct and Ethics, Anti-Bribery and Corruption Policy, and whistleblowing arrangements. The Board regularly receives management and Committee reports which also form part of the internal control system.

The Group's internal control procedures are subject to regular review and provide an ongoing process for identifying, evaluating and managing significant risks. This is in accordance with the Revised Turnbull Guidance on Internal Control. The Board recognises that such a system has its limitations in that risk management requires independent judgment on the part of directors and executive management. Internal controls are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

In accordance with its regulatory obligations, the Board, with the assistance of the Audit Committee, carried out an annual assessment of the effectiveness of the Group's risk management and internal control system during the reporting period. During the course of its review, the Board did not identify or hear of any failings or weaknesses that it determined to be significant. A confirmation of any necessary actions is therefore not provided.

NOMINATION COMMITTEE REPORT

ALAN THOMSON
NOMINATION COMMITTEE CHAIRMAN

DEAR SHAREHOLDER

The Nomination Committee has continued to support the Board during the year in ensuring its composition has the right balance of skills, experience, independence and knowledge to best serve the business and fulfil the Board's responsibility to shareholders in the ever-changing environment in which the Company operates.

With William Eccleshare retiring from the Board at the forthcoming AGM, we are keen to ensure that the profile of the individual recruited to take that seat has the right skills and experience to work with the rest of the Board in fulfilling its aim for Hays to be the world's pre-eminent specialist recruitment business. Board appointments will continue to be made on merit, and the Committee recognises the benefits of diversity and provided we remain true to our key principles, we will aim to build on our existing diverse composition in the future.

Further non-executive appointments to the Board remain under consideration.

ALAN THOMSON
Nomination Committee Chairman

28 August 2014

Committee Member	Meeting attendance FY14
Alan Thomson (Chair)	2 of 2
William Eccleshare	2 of 2
Paul Harrison	2 of 2
Victoria Jarman	2 of 2
Torsten Kreindl	2 of 2
Richard Smelt	2 of 2
Pippa Wicks	2 of 2

All members served throughout the year.

ROLE OF THE NOMINATION COMMITTEE

The role of the Committee is summarised below and detailed in full in its terms of reference, a copy of which is available on the Company's website (hays.com) under Corporate Governance.

The main responsibilities of the Committee are to:

- Review the structure, size and composition (including skills, knowledge, experience, diversity and balance of executive and non-executive directors) of the Board and its Committees and make recommendations to the Board with regard to any changes;
- Consider succession planning for directors and other senior executives;
- Identify and nominate for the approval of the Board, candidates to fill Board vacancies; and
- Keep under review the time commitment expected from the Chairman and the non-executive directors.

Membership and meetings
The Committee is appointed by the Board. It is chaired by the Chairman of the Board and comprises the non-executive directors, all of whom are independent, save for the Chairman who was independent on appointment. The names and qualifications of the Committee's current members are set out in the directors' biographies on pages 42 and 43.

The Committee meets as required and did so twice during the year and all members were in attendance. Other regular attendees at Committee meetings include the Company Secretary and, on invitation, the Chief Executive and Group Finance Director.

MAIN COMMITTEE ACTIVITIES DURING THE FINANCIAL YEAR
- Considered Board succession plans;
- Reviewed the composition of the Board and its Committees; and
- Considered and recommended the re-election of each director, as appropriate, at the AGM.

Non-executive director appointment process
The Company adopts a formal, rigorous and transparent procedure for the appointment of new directors and senior executives with due regard to diversity. Prior to making an appointment, the Committee will evaluate the balance of skills, knowledge, experience and diversity on the Board and, in light of this evaluation, will prepare a description of the role and capabilities required, with a view to appointing the best placed individual for the role. In identifying suitable candidates, the Committee uses open advertising or the services of external advisers to facilitate the search and considers candidates on merit and against objective criteria ensuring that appointees have sufficient time to devote to the position, in light of other significant commitments, and no conflicts of interest.

A long-list of potential candidates would be drawn up, from which an appropriate number would be shortlisted for interview based upon their fulfilment of the appointment criteria. The Committee would then recommended to the Board the appointment of the preferred candidate (or candidates, if there is more than one considered suitable) for subsequent appointment.

During the year the Committee retained JCA Group in respect of the search for a suitable candidate to replace William Eccleshare. JCA Group is an independent executive search consultancy and it has no other connection with the Company.

In the year ahead, the Committee will continue to assess the Board's composition and how it may be enhanced and will consider diversity (gender and experience) and geographic representation and use independent consultants as appropriate to ensure a broad search for suitable candidates.

Succession planning
A key task of the Committee is to keep under review the Company's succession plans for members of the Board over the short, medium and longer term, to ensure the Board remains appropriately balanced between new and innovative thinking and longer term stability. The focus during the 2014 financial year has been on identifying a suitable replacement for William Eccleshare, as well as planning for the succession of other Board members whose terms exceed seven years.

Board appointment criteria are considered automatically as part of the Committee's approach on succession planning. The Committee believes that limited tenure and the subsequent enforced retirement of directors is not always appropriate for sound business leadership. Accordingly, matters of director tenure are viewed on a case-by-case basis.

At present, the Board has not set any specific aspirations in respect of gender diversity though it believes that refreshment of the Board should take into account the need to consider diversity in all forms.

Tenure of non-executive directors
Appointments to the Board are made for initial terms not exceeding three years and are ordinarily limited to three such terms in office.

Activities during the year
The biographical details of the current directors can be found on pages 42 and 43. Having reviewed their independence and contribution, the Committee confirms that the performance of each of the directors standing for re-election at the 2014 AGM continues to be effective and demonstrates commitment to their roles, including independence of judgment, commitment of time for Board and Committee meetings and any other duties.

Accordingly, the Committee has recommended to the Board that, with the exception of William Eccleshare, all current directors of the Company be proposed for re-election, at the forthcoming AGM.

AUDIT COMMITTEE REPORT

VICTORIA JARMAN
AUDIT COMMITTEE CHAIRMAN

DEAR SHAREHOLDER

The work of the Audit Committee has continued to keep robust governance and diligent oversight at the heart of the way Hays manages its business and I am pleased to present to you the Committee's first report prepared in accordance with the revised Code.

While the Board is responsible for the preparation of an Annual Report that is fair, balanced and understandable, the Committee supports the Board in meeting that responsibility, along with ensuring the integrity of the Group's financial statements and the effectiveness of internal control systems. In so doing, the Committee reviews the full and half year results with both management and the external auditor and reviews the work of Internal Audit and other assurance providers. This in turn enables the Committee to provide shareholders with the necessary information for them to assess the Company's performance, business model and strategy.

In addition to discharging its financial reporting, internal control and risk management responsibilities, during the course of the year the Committee also considered, amongst other matters, cyber security, data protection, audit effectiveness (both internal and external) and undertook a thorough review of its own terms of reference. Further detail on the Committee's activities during the year under review is provided below.

VICTORIA JARMAN
Audit Committee Chairman

28 August 2014

ROLE OF THE AUDIT COMMITTEE

The Committee's terms of reference were reviewed and updated during the year, a copy of which is available on the Company's website (hays.com) under Corporate Governance.

The key responsibilities of the Committee are to:

- Monitor the integrity of the financial statements of the Company, including annual and half year reports, interim management statements, and other formal announcements relating to its financial performance, and reviewing and reporting to the Board on significant financial reporting issues and judgments;
- Where requested by the Board, review the content of the Annual Report and advise the Board whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- Recommend to the Board for approval by shareholders, the appointment, reappointment or removal of the external Auditor;
- Monitor the relationship with the Company's external Auditor, including consideration of fees, audit scope and terms of engagement;
- Review the effectiveness and objectivity of the external audit and the Auditor's independence;
- On engagement of the external Auditor, review the policy for the provision of non-audit services and monitor compliance;
- Monitor and review the Company's internal control and risk management systems;
- Monitor and review the effectiveness of the Company's Internal Audit function; and
- Ensure compliance with laws, regulations, ethical and other issues, including that the Company maintains suitable arrangements for employees to raise concerns in confidence.

Committee Member	Meeting attendance FY14
Victoria Jarman (Chair)	4 of 4
Paul Harrison	4 of 4
William Eccleshare	4 of 4
Richard Smelt	4 of 4
Pippa Wicks	4 of 4
Torsten Kreindl	4 of 4

All members served throughout the year.

Membership and meetings

The Committee is appointed by the Board from its independent non-executive directors. Biographies of the Committee's current members are set out on pages 42 and 43.

The Chairman of the Committee and its financial expert, Victoria Jarman, is a Chartered Accountant, who also currently sits on the Audit Committee of De la Rue plc and chairs the Audit Committee of Equiniti Group Limited; all Committee members are financially literate.

The Committee discharges its responsibilities through a series of scheduled meetings during the year, the agenda of which is linked to events in the financial calendar of the Company. The Committee met four times during the financial year and all members were in attendance at those meetings.

The Committee commissions reports, either from external advisers, the Head of Internal Audit, or Group management, as required, to enable it to discharge its duties. The Group Finance Director and the Group Financial Controller attend its meetings, as do the external Auditor and the Head of Internal Audit, both of whom have the opportunity to meet privately with the Committee Chairman, in the absence of Group management. The Chairman of the Board and the Chief Executive are also invited to, and regularly attend, Committee meetings.

MAIN COMMITTEE ACTIVITIES DURING THE FINANCIAL YEAR

- Approved the annual Committee programme;
- Reviewed financial results for publication;
- Considered the external audit plan and reviewed the results of the audit;
- Approved the Internal Audit plan and reviewed its findings;
- Reviewed the non-audit services provided by the external Auditor;
- Reviewed the risk management and controls framework and its effectiveness together with the Group's principal risks;
- Reviewed the performance and effectiveness of the external Auditor and considered its reappointment;
- Reviewed the performance and effectiveness of the Internal Audit function;
- Reviewed the Group's whistleblowing arrangements;
- Carried out a review of the Committee's effectiveness and reviewed progress on matters arising from previous assessments;
- Reviewed the Committee's terms of reference;
- Considered the Code requirements concerning fair, balanced and understandable;
- Recommended the Audit Committee Report for approval by the Board; and
- Held discussions with the external Auditor and the Head of Internal Audit without management being present.

Annual Report review

In addition to its work described here, the Committee has reviewed the financial and narrative disclosures in this year's Annual Report. It has advised the Board that, in its view, taken as a whole, the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Fair, balanced and understandable

In making its recommendation to the Board that the Annual Report, taken as a whole, is fair, balanced and understandable, the Committee enhanced its existing robust governance arrangements, which include:

- Comprehensive Group and subsidiary accounts process, with written confirmations provided by the regional senior management teams on the health of the financial control environment;
- Reviews of the Annual Report undertaken at different levels of the Group and by the senior management team that aim to ensure consistency and overall balance;
- External audit review;
- Clear guidance and instruction of the new requirement provided to contributors;
- Inclusion of a new additional written confirmation that information provided has been done so on a fair and balanced basis;
- Additional scrutiny by senior management;
- Additional Committee reviews of the draft Annual Report in advance of the final sign-off in the context of the revised Code provision.

Final sign-off is provided by the Board, on the recommendation of the Committee.

AUDIT COMMITTEE REPORT CONTINUED

Significant issues considered during the year

In reviewing both the half and full year financial statements, the following issues of significance were considered by the Committee and addressed as described. These matters are described in more detail in note 3 to the Financial Statements.

Debtor and accrued income recoverability

The recoverability of trade debtors, accrued income and the level of provisions for bad debt are considered to be areas of significant judgment due to the pervasive nature of these balances to the financial statements and the importance of cash collection in the working capital management of the business. The Committee considered the level and ageing of debtors and accrued income, together with the appropriateness of provisioning, by reviewing previous experience of bad debt exposure and the consistency of judgments made year-on-year. The Committee was satisfied that the level of provision and the carrying value of debtors and accrued income is appropriate.

Revenue recognition

The main areas of judgment in revenue recognition relate to (i) cut-off as we recognise permanent placement income on the day a candidate starts work, and temporary placement income over the duration of the placement; and (ii) the recognition of temporary contractual arrangements where we act as principal on a gross basis rather than net basis. The Committee discussed and reviewed these areas with both management and the Auditor and remains satisfied that Group accounting policies with regard to revenue recognition have been adhered to and that judgments made remain appropriate.

Goodwill

The Committee assessed the carrying value of goodwill by reviewing a report by management which set out the values attributable to each cash generating unit, compiled using projected cash flows based on assumptions related to discount rates and future growth rates. The Committee also considered the work undertaken by Deloitte in testing the projections and performing sensitivity analysis on the key assumptions. After discussion, the Committee was satisfied that the assumptions used were appropriate.

Pension accounting

Pension accounting is complex and contains areas of significant judgment, most notably those in respect of the discount and inflation rates used in the valuation of the net deficit disclosed in note 21. The Committee reviewed the pension items, including those relating to the adoption of IAS 19 Employee Benefits (Revised), by discussing a report prepared by management based on work performed by the Company's actuary which set the key assumptions used in the calculation of the deficit and related income statement items. The Committee also considered the work performed by Deloitte's specialist pension team in testing the assumptions and was satisfied that the assumptions used and the disclosures in the financial statements are appropriate.

External Auditor

Both the Committee and the Board keep the external Auditor's independence and objectivity under close scrutiny, particularly in regard to its reporting to shareholders. Deloitte has been the external Auditor of the Group since listing in October 1989. Professional rules require that the Company's Audit Partner at Deloitte LLP be rotated every five years; the current lead partner, Stephen Griggs, was appointed following the 2011 year end results.

As noted in last year's Committee Report, the Committee resolved to undertake a full tender of the Company's external audit contract following the 2016 year end results, when the tenure of the current Audit Partner at Deloitte comes to an end. The Committee will keep this position under review during the year in the light of further regulatory developments, including EU audit legislation. Any recommendation for the appointment of the external Auditor will continue to be the subject of rigorous review each year.

Auditor independence and non-audit services policy

The Committee believes that the issue of non-audit services to Hays is closely related to external Auditor independence and objectivity. The Committee recognises that the independence of the external Auditor may reasonably be expected to be compromised if they also act as the Company's consultants and advisers. Having said that, the Committee accepts that certain work of a non-audit nature is best undertaken by the external Auditor. To keep a check on this, the Committee has adopted a policy to ensure that the provision of any non-audit services by Deloitte does not impair its independence or objectivity.

The key features of the non-audit services policy are as follows:

- The provision of non-audit services provided by the Company's external Auditor be limited to a value of one times the prior year's audit fee;
- Any non-audit project work which could impair the objectivity or independence of the external Auditor may not be awarded to the external Auditor; and
- Delegated authority by the Committee for the approval of non-audit services by the external Auditor is as follows:

Authoriser	Value of services per non-audit project
Group Financial Controller	Up to £25,000
Group Finance Director	Up to £150,000
Audit Committee	Above £150,000

Deloitte LLP's fee in respect of its 2013 financial year audit of Hays was £0.8 million. Accordingly, the maximum value of non-audit services that Deloitte LLP could have been engaged by Hays to provide during the financial year 2014 was £0.8 million. The total audit fee for non-audit services provided by Deloitte during the 2014 financial year was £0.3 million (2013: £0.6 million). The main components of the £0.3 million non-audit services were as follows:

- Half year review: £0.1 million;
- Taxation compliance: £0.1 million; and
- Tax and other services: £0.1 million.

No single non-audit project undertaken by Deloitte during the 2014 financial year exceeded £150,000. The Company did not pay any non-audit fees to Deloitte on a contingent basis. A summary of the fees paid to the external Auditor is set out in note 6 to the Consolidated Financial Statements.

Having reviewed Hays' non-audit services policy this year, the Committee is satisfied that adequate procedures are in place to safeguard the external Auditor's objectivity and independence.

Effectiveness of the external Auditor

The process for reviewing the effectiveness of the external Auditor underwent a thorough review during the year, largely in response to changes in the Code, leading to a change in focus designed to enhance the accountability of the Committee to shareholders. A revised process for assessing the external Auditor's performance was implemented which was much broader in both scope and depth and took into account the views of a much wider stakeholder group than had been undertaken previously. It is envisaged that such a deep dive will be undertaken on a rolling three-year basis, similar to the external Board evaluation, with an abridged version for the intervening years.

The effectiveness review was conducted under the guidance of the Committee Chairman, on behalf of the Committee, and incorporated amongst other things a review of the audit partners, audit teams, planning and execution, Committee support and communications and Deloitte's independence and objectivity. Overall feedback was positive; suggestions to improve efficiency and operation were made which have been discussed and implemented, which were largely country-specific. On the basis of this review, the Committee was satisfied with the performance of Deloitte in the fulfilment of its obligations as external Auditor and of the effectiveness of the audit process. Accordingly, the Committee has recommended to the Board that Deloitte be reappointed as external Auditor to the Group.

Risk management and internal control

The Board is responsible for the adequacy and effectiveness of the Group's internal control system and risk management framework, which in order to fulfil its responsibilities the Board has delegated authority to the Committee.

In order to establish an assessment from both a financial and operational control perspective, the Committee looks to the work of the Internal Audit function, specifically to consider whether significant process and control weaknesses are identified, improved and monitored and that risks have been identified, evaluated and managed.

The Committee considered the Group's risk assessment process, which included coverage across the regions, businesses and functions within the Group, reviewing the effectiveness of the risk methodology employed, the risk mitigation measures implemented and future risk management and monitoring.

Internal Audit

The Committee oversees and monitors the work of the Internal Audit function, which reviews key controls and processes throughout the Group on a rolling basis, including resources, scope and effectiveness of the function.

The Group Head of Internal Audit has direct access to the Committee, and meets regularly with both the Committee and its Chairman without the presence of management to consider the work of Internal Audit.

The Committee approved the programme of work for the Internal Audit function in respect of the 2014 financial year, which was focused on addressing both financial and overall risk management objectives across the Group. During the year 38 internal audit reviews were undertaken, with the findings reported to both the Management Board and the Committee, with recommendations tracked and progress subsequently reported back to the Committee.

No significant weaknesses were identified as a result of risk management and internal control reviews undertaken by Internal Audit during the reporting period.

The Committee believes that the Group's enterprise risk management framework needs to continue to evolve in accordance with the growth of the Hays' business around the world. Throughout the financial year the Internal Audit team has been working to enhance the enterprise risk management framework and work with the operating companies across the globe to further develop and embed the framework methodology at a local level.

Raising Concerns at Work

The whistleblowing procedure in place across the Group ensures that employees are able to raise any concerns about any possible improprieties in business practices, or other matters, in confidence; this is managed and reported through an external third party.

The disclosures under this arrangement are investigated promptly by Internal Audit and escalated to the Management Board and the Committee as appropriate, with follow-up action being taken as soon as practicable thereafter.

The Committee, as part of its overall review of the Group's system of internal control, reviewed the procedures in place during the reporting period and is satisfied that they are appropriate to the size and scale of the Group.

Anti-bribery and corruption

Hays has a zero-tolerance approach to bribery and corruption. The Group Anti-Bribery and Corruption Policy (with specific reference to the UK Bribery Act 2010) is issued to all employees. Overall responsibility for, and oversight of, the Policy lies with the Hays plc Board. Training is provided to all employees annually in local languages and ongoing support is provided when and where necessary. In addition, risk assessments are carried out on an ad hoc basis, for example when new countries are under consideration (whether they are considered to be low or high risk) or prior to entry into new public sector markets. The Committee reviewed the effectiveness of the Policy during the year and concluded that it was sufficient for managing the anti-bribery and corruption risks faced by the Group.

Audit Committee effectiveness

The Committee considered its effectiveness in discharging its duties during the year. The Committee looked at the work it had carried out during the year and considered that its performance during the year was effective when measured against its terms of reference and general audit committee best practice. Details of the main activities of the Committee and its role and responsibilities have been detailed earlier in this Report.

The Chairman of the Committee will be available at this year's AGM to answer any questions on the work of the Committee.

DIRECTORS' REPORT

Hays is incorporated in the UK and registered as a public limited company in England and Wales. Its headquarters are in London and it is listed on the main market of the London Stock Exchange.

STRATEGIC REPORT
A description of the Company's business model and strategy is set out in the Strategic Report along with the factors likely to affect the Group's future development, performance and position. An overview of the principal risks and uncertainties faced by the Group are also provided in the Strategic Report.

The Statement of Compliance with the Code for the reporting period is contained in the Corporate Governance Statement.

Information on environmental, employee, social and community matters, including information on gender diversity within the Group, is detailed in the Corporate Responsibility Report.

Information relating to matters addressed by the Audit, Remuneration and Nomination Committees, which operate within clearly defined terms of reference, are set out within the Audit, Remuneration and Nomination Committee Reports.

All of the matters above are incorporated by reference into this Directors' Report.

The purpose of this Report is to provide information to the members of the Company, as a body. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. This Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report. Nothing in this Report should be construed as a profit forecast.

RELATED PARTY TRANSACTIONS
Details of the related party transactions undertaken during the reporting period are contained in note 30 to the Consolidated Financial Statements.

POST BALANCE SHEET EVENTS
There have been no significant events to report since the date of the balance sheet.

DIVIDENDS
An interim dividend of 0.83 pence (2013: 0.83 pence) per Ordinary share was paid to shareholders on 9 April 2014. The Board recommends the payment of a final dividend of 1.80 pence (2013: 1.67 pence) per Ordinary share, representing a total dividend of 2.63 pence (2013: 2.50 pence) for the financial year ended 30 June 2014. Subject to the shareholders of the Company approving this recommendation at the 2014 AGM, the final dividend will be paid on 14 November 2014 to those shareholders appearing on the register of members as at 10 October 2014. The ex-dividend date is 9 October 2014.

FINANCIAL INSTRUMENTS
Details of the financial instruments used by the Group are set out in notes 17 to 19 of the Consolidated Financial Statements. A general outline of Hays' use of financial instruments is set out in the treasury management section on page 27 of the Financial Review of this Report.

DIRECTORS
Biographies of the serving directors of Hays are provided on pages 42 and 43 of this Report. They all served on the Board throughout the 2014 financial year.

GENERAL POWERS OF DIRECTORS
The powers of the directors are contained in the Company's Articles of Association. These powers may be exercised by any meeting of the Board at which a quorum of three directors is present. The power of the Board to manage the business is subject to any limitations imposed by the Companies Act 2006, the Articles of Association (Articles) or any directions given by special resolution of the shareholders applicable at a relevant time.

The Articles contain an express authority for the appointment of executive directors and provide the directors with the authority to delegate or confer upon such directors any of the powers exercisable by them upon such terms and conditions and with such restrictions as they see fit. The Articles contain additional authorities to delegate powers and discretions to committees and subcommittees.

DIRECTORS' POWERS TO ALLOT AND BUY BACK SHARES
The directors have the power to authorise the issue and buy-back of the Company's shares by the Company, subject to authority being given to the directors by the shareholders in general meeting, applicable legislation and the Articles.

APPOINTMENT AND REPLACEMENT OF DIRECTORS
Shareholders may appoint any person who is willing to act as a director by ordinary resolution and may remove any director by ordinary resolution. The Board may appoint any person to fill any vacancy or as an additional director, provided that they are submitted for election by the shareholders at the AGM following their appointment. Specific conditions apply to the vacation of office, including cases where a director becomes prohibited by law or regulation from holding office, or is persistently absent from directors' meetings, or if three-quarters of appointed directors request his or her resignation or in the case of mental incapacity or bankruptcy.

DIRECTORS' INTERESTS
Details of the interests of Hays' directors and their connected persons in the ordinary shares of the Company are outlined in the Remuneration Report.

DIRECTORS' INDEMNITIES

The Company continues to maintain third party directors' & officers' liability insurance for the benefit of its directors. This provides insurance cover for any claim brought against directors or officers for wrongful acts in connection with their positions. The directors have also been granted qualifying third-party indemnities, as permitted under the Companies Act 2006, which remain in force. Neither the insurance nor the indemnities extend to claims arising from fraud or dishonesty and do not provide cover for civil or criminal fines or penalties provided by law.

SHARE CAPITAL

Hays has one class of Ordinary shares which carry no right to fixed income or control over the Company. These shares may be held in certificated or uncertificated form. On 30 June 2014, the Company had 1,464,096,566 fully paid Ordinary shares in issue, of which 57,869,244 Ordinary shares were held in treasury by the Company.

The rights and obligations attaching to the Company's Ordinary shares are contained in the Articles. In brief, the Ordinary shares allow holders to receive dividends and to exercise one vote on a poll per Ordinary share for every holder present in person or by proxy at general meetings of the Company. They also have the right to a return of capital on the winding up of the Company.

There are no restrictions on the size of holding or the transfer of shares, which are both governed by the general provisions of the Company's Articles and legislation. Under the Articles, the directors have the power to suspend voting rights and the right to receive dividends in respect of Ordinary shares and to refuse to register a transfer of Ordinary shares in circumstances where the holder of those shares fails to comply with a notice issued under Section 793 of the Companies Act 2006. The directors also have the power to refuse to register any transfer of certificated shares that does not satisfy the conditions set out in the Articles.

The Company is not aware of any agreements between shareholders that might result in the restriction of transfer of voting rights in relation to the shares held by such shareholders.

TREASURY SHARES

As Hays has only one class of share in issue, it may hold a maximum of 10% of its issued share capital in treasury. As at 30 June 2014, 3.95% of the Company's shares were held in treasury. Legislation restricts the exercise of rights on Ordinary shares held in treasury. The Company is not allowed to exercise voting rights conferred by the shares whilst they are held in treasury. It is prohibited from paying any dividend or making any distribution of assets on treasury shares. Once in treasury, shares can only be sold for cash, transferred to an employee share scheme or cancelled. During the 2014 financial year, Hays transferred 7,379,069 shares out of treasury to satisfy the award of shares under the Company's employee share schemes.

SHARES HELD BY THE EMPLOYEE BENEFIT TRUST

The Hays plc Employee Share Trust (the Trust) is an employee benefit trust which holds Ordinary shares in the Company for employee share schemes purposes. The total number of shares held by the Trust as at the year end are detailed in note 28 to the Consolidated Financial Statements on page 105. The shares will be held in the Trust until such time as they may be transferred to participants of the various Group share schemes. No voting rights are exercised in relation to shares unallocated to individual beneficiaries.

DILUTION LIMITS IN RESPECT OF SHARE SCHEMES

The current Association of British Insurers (ABI) guidance on dilution limits provide that the overall dilution under all share plans operated by a company should not exceed 10% over a 10-year period in relation to the Company's share capital, with a further limitation of 5% in any 10-year period on executive plans. The Company's share plans operate within ABI recommended guidelines on dilution limits.

MAJOR SHAREHOLDERS

As at 30 June 2014, the following shareholders held an interest of 3% or more of the Company's issued share capital:

	% of total voting rights
Virtus Trust Limited	7.4%
Cedar Rock Capital Limited	6.6%
Baillie Gifford & Co	5.6%*
Marathon Asset Management	3.4%
Heronbridge Investment Management LLP	3.3%
BlackRock Inc	3.2%
Legal & General Group Plc	3.1%
Standard Life	3.1%

* On 27 August 2014 the Company was notified that the interest in its shares held by Baillie Gifford was 5.08%.

DIRECTORS' REPORT CONTINUED

EMPLOYEES

Our goal at Hays is for our people to reach their full potential and to give of their best as individuals and in teams. In this context, we are committed to never discriminating on the grounds of race, colour, creed, disability, religion, ethnic origin, gender, sexual orientation or age. All Hays employees are required to abide by these principles which are set out in the Group's Equal Opportunities Policy and Code of Conduct.

Hays gives full consideration to applications for employment from disabled persons where they have the right skills and abilities for the role. Should an employee become disabled whilst working for the Group, Hays would make every effort to accommodate them, to assist them in any re-training or to find suitable alternative employment within the Group.

EMPLOYEE INVOLVEMENT

Ongoing communication forms the basis of the partnership between Hays' leadership and workforce. Employees receive business performance updates from Alistair Cox, the Chief Executive, and from their respective regional managing directors, by email on a four-weekly basis. These are posted on the Group's intranet, which acts as a source of reference for the Group's brand, values, policies and procedures. Regular presentations are also made to employees by the Chief Executive and regional managing directors during office visits made over the course of the year.

Hays continues to provide tailored training to the people who are in the front line of delivering recruitment solutions as well as in management and leadership roles. These programmes take a number of different guises across the Group's regional businesses but all share the common goal of improving the service we provide to clients.

To ensure that Hays employees remain engaged in its business, an annual employee engagement survey, known as TALKback, is carried out each year. This allows employees to voice their views and opinions on all aspects of their workplace environment, training and development, work culture, leadership and client relations. The results, which indicate employee engagement levels and highlight any areas of concern, are presented to the Management Board and to the Board.

Hays believes that loyalty works and considers its employee incentive programme of commission schemes, performance-related cash bonuses and share schemes to be important factors in keeping its employees motivated. The employee share schemes have been running successfully since inception and provide many employees with an additional stake in the business.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review, with details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk included in notes 18 and 19 to the Consolidated Financial Statements.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. The Group is therefore well placed to manage its business risks, despite the current uncertain economic outlook.

After making enquiries, the directors have formed the judgment at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

ARTICLES OF ASSOCIATION

The Company's Articles may only be amended by special resolution of the shareholders.

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as the directors who held office at the date of approval of this Report are aware, there is no relevant audit information of which the external Auditor is unaware and each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the external Auditor is aware of that information.

This confirmation should be interpreted in accordance with Section 418 of the Companies Act 2006.

2014 ANNUAL REPORT AND ACCOUNTS

On the recommendation of the Audit Committee and having considered all matters brought to the attention of the Board during the financial year, the Board is satisfied that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable. The Board believes that the disclosures set out in the Annual Report provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

ANNUAL GENERAL MEETING

The Notice of AGM, to be held at 12 noon on 12 November 2014 at the offices of UBS, 100 Liverpool Street, London EC2M 2RH, is contained in a separate circular to shareholders which is being mailed or otherwise provided to shareholders at the same time as this Report.

The Notice of Meeting sets out the resolutions to be proposed at the AGM and gives details of the voting record date and proxy appointment deadline for that Meeting.

AUDITOR

Resolutions 13 and 14 at the forthcoming AGM will respectively propose the reappointment of Deloitte LLP as Auditor of the Company and authorise the directors to determine its remuneration. These resolutions will be proposed as ordinary resolutions and shall have effect until the conclusion of the next general meeting of the Company at which accounts are laid.

POLITICAL DONATIONS

The Company made no political donations during the year and intends to maintain its policy of not making such payments. It will however as a precautionary measure to avoid inadvertent breach of the law, seek shareholder authority at the 2014 AGM to make limited donations or incur limited political expenditure, although it has no intention of using the authority.

Resolution 15 will be proposed as an ordinary resolution to seek authority to make political donations, and if passed, such authority shall expire at the conclusion of the 2015 AGM.

AUTHORITY TO ALLOT SHARES
At the 2013 AGM, shareholders authorised the directors, subject to the Companies Act 2006, to allot Ordinary shares or grant rights to subscribe for or grant rights to subscribe for or convert any securities into shares without the prior consent of shareholders. This authority expires at the conclusion of the 2014 AGM. Accordingly, Resolution 16 will be proposed as an ordinary resolution to renew this authority for a period expiring at the conclusion of the 2015 AGM. The directors have no present intention of exercising this authority.

DISAPPLICATION OF PRE-EMPTION RIGHTS
Also at last year's meeting, a special resolution was passed under the Companies Act 2006 empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. Resolution 17 will seek to renew this authority. If approved, the resolution will authorise directors in accordance with the Articles to issue shares in connection with a rights issue and otherwise to issue shares for cash up to a specified maximum nominal amount which includes the sale on a non pre-emptive basis of any shares held in treasury.

Resolution 17 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2015 AGM.

AUTHORITY TO PURCHASE OWN SHARES
A special resolution was also passed at last year's meeting enabling the Company to purchase its own shares in the market. Resolution 18 will seek to renew this authority. The directors intend only to exercise this authority if to do so would, in their opinion, enhance shareholder value. The Company will have the option of holding, as treasury shares, any of its own shares that it purchases pursuant to the authority conferred by this resolution. This would give the Company the ability to sell treasury shares, providing the Company with flexibility in the management of its employee shares schemes. No dividends will be paid on shares whilst held in treasury and no voting rights will attach to the treasury shares.

The price paid for Ordinary shares will not be less than the nominal value of 1 pence per share and not more than the higher of 5% above the average of the middle market quotations of the Company's Ordinary shares as derived from the London Stock Exchange.

Resolution 18 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2015 AGM.

NOTICE OF GENERAL MEETINGS
The notice period required by the Companies Act 2006 for general meetings of the Company is 21 clear days, unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days.

At last year's AGM, shareholders authorised the calling of general meetings other than an AGM on not less than 14 clear days' notice and Resolution 19 will be proposed as a special resolution and seeks to renew this authority. The authority granted by this resolution, if passed, will be for a period expiring at the conclusion of the 2015 AGM.

The flexibility offered by this resolution will be used where, taking into account the circumstances, the directors consider this appropriate in relation to the business to be considered at the meeting and in the interests of the Company and shareholders as a whole.

RECOMMENDATION
The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

By order of the Board

DOUG EVANS
Company Secretary

28 August 2014

REMUNERATION REPORT

PAUL HARRISON
REMUNERATION COMMITTEE CHAIRMAN

DEAR SHAREHOLDER

As the Chairman of the Remuneration Committee, I am pleased to present the report of the Board covering the remuneration policy and practice. This report has been prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the provisions of the Code and the Listing Rules. The report consists of three sections:

- The Annual Statement by the Remuneration Committee Chairman;
- The Remuneration Policy Report which sets out the Company's remuneration policy for directors and the key factors that were taken into account in setting the policy. This policy will apply for three years from its date of approval at the 2014 AGM; and
- The Annual Report on Remuneration which sets out payments made to the directors and details the link between Company performance and remuneration for the 2014 financial year.

The Chairman's Statement and the Annual Report on Remuneration will be subject to an advisory vote at the AGM. The Policy will be subject to a binding vote.

BACKGROUND

2014 has been a strong year for Hays. Client and candidate sentiment, and with it trading conditions, have improved across many key markets presenting clear opportunities to grow. The Group has capitalised well, driving 5%(1) net fee growth, 20%(1) operating profit growth and a 19%(2) increase in EPS. As a result the Board was able to propose an increase to the final dividend of 5%.

2014 PERFORMANCE AND REWARD

Reward highlights for 2014

- Base salary increase from 1 July 2014 of 2.5% in line with average base pay increase for other UK employees;
- Annual bonus payments in respect of 2014 are 122.5% of salary for both executive directors; and
- 2011 PSP award 50% vested reflecting the performance over the three-year period ended 30 June 2014.

KEY ACTIVITIES OF THE COMMITTEE

The Committee considered changes to the bonus deferral mechanism at the start of the financial year, but following feedback from the consultation process decided not to proceed with the proposed change.

More recently the Committee has consulted with its key shareholders and the main shareholder bodies following the end of the financial year in relation to a change to the performance conditions for the Performance Share Plan. The proposed changes were the introduction of a third performance condition, cash conversion, and a change to the method of setting the EPS performance condition to remove the reliance solely on analysts' forecasts. The Committee is grateful for the significant degree of engagement with the Company and its advisers shown by those shareholders consulted throughout the consultation process, and for their comments and feedback. At the end of this process the Committee was pleased that a strong majority of shareholders consulted have indicated they are supportive of the changes.

(1) Like-for-like growth represents organic growth of continuing activities at constant currency.
(2) Continuing operations only.

The Committee's other activities for the 2014 financial year have included:

- A review of the reward strategy in the context of Group risk;
- Consideration of the relationship between executive reward and the reward structures in place for other Group employees;
- A review of the Terms of Reference; and
- A review of the Remuneration Committee advisers including a formal tender and selection process with a number of other advisory firms.

SHAREHOLDERS

The Committee welcomes feedback from shareholders and representative bodies. We will continue to consult with shareholders as and when appropriate and will ensure that the reward arrangements are compliant with the provisions of the Code.

PAUL HARRISON
Remuneration Committee Chairman

28 August 2014

AT A GLANCE

INTRODUCTION

In this section, we summarise the purpose of our remuneration policy, its linkage to our corporate strategic objectives and we highlight the performance and remuneration outcomes for 2014. More detail can be found in the Annual Report on Remuneration.

OUR PRINCIPLES OF REMUNERATION

- There should be a strong link between reward and individual and Group performance to align the interests of senior executives with those of shareholders;
- Variable remuneration makes up a significant proportion of the remuneration package – 68% this year; and
- Stretching performance conditions directly aligned with Group strategy.

OUR STRATEGY

We aim to build the world's pre-eminent specialist recruitment business and to deliver well-diversified and profitable fee growth. Our four Strategic Pillars underpin everything we do in order to deliver on these long-term aims. Additionally, our areas of Operational Focus describe how we manage the business on a day-to-day basis in response to changes in each market as and when they occur. In an industry which has clear structural growth opportunities but is also characterised by cyclicality, this twin-track approach is critical to achieving our long-term aims whilst maximising the short-term performance of the Group.

Four Strategic Pillars
One Hays around the world
Growth tailored to market opportunities
Best people in the industry
Efficiency and operational effectiveness

Operational Focus
Fully capitalise on all opportunities
Defend and maximise financial performance
Respond to and best serve existing and evolving client demands
Recruitment, training and leadership development
Continue to research and respond to new media

REMUNERATION POLICY

How has the structure changed year-on-year?

Element	Operation of Element	Maximum Potential Value	Performance Conditions and Assessment
Salary	No change in policy	No change in policy	n/a
Benefits	No change in policy	No change in policy	n/a
Pension	No change in policy	No change in policy	n/a
Bonus (with deferral)	No change in policy	No change in policy	See below and page 72 of the Annual Report on Remuneration for full details of 2014 performance and bonus earned
Performance Share Plan	No change in policy	No change in policy	See below and page 72 of the Annual Report on Remuneration for full details of level of performance achieved and level of vesting for award in 2014 (granted in September 2011) The Committee has changed the performance conditions for the awards to be granted in the 2015 financial year following a shareholder consultation exercise

HOW HAVE WE PERFORMED?

Bonus	Target	Actual	% of max achieved
EPS	4.99p to 6.09p	6.39p(1)	100%
Cash conversion	71% to 101%	113.19%	100%
Personal	–	–	CEO 90%; FD 90%

September 2011 PSP Award	Target	Actual	% of max achieved
Relative TSR	Median to upper quartile	Above upper quartile	100%
EPS	19.21p to 22.48p	16.59p	0%

(1) See Bonus award table on page 72.

SINGLE TOTAL FIGURE OF REMUNERATION FOR EDS FOR 2014

Executive directors	Salary £'000	Taxable benefits £'000	Annual Bonus £'000	PSP 2011 £'000	Pension Benefits £'000	Other £'000	**Total 2014 £'000**	Total 2013 £'000
Alistair Cox (CEO)	678	46	831	1,332	204	1	**3,092**	2,012
Paul Venables (FD)	489	29	599	960	147	1	**2,225**	1,426

REMUNERATION REPORT CONTINUED

REMUNERATION POLICY

INTRODUCTION

In accordance with the new regulations, the Directors' Remuneration Policy (the Policy) as set out below will become formally effective at the Annual General Meeting on 12 November 2014 and will apply for the period of three years from the date of approval.

POLICY SUMMARY

The Committee determines the remuneration policy for the executive directors, Chairman and other senior executives for current and future years and this is reviewed on an annual basis. The remuneration policy is designed to support the strategic objectives of the Company and to allow the business to attract, retain and motivate the quality of senior management needed to shape and execute strategy and deliver shareholder value.

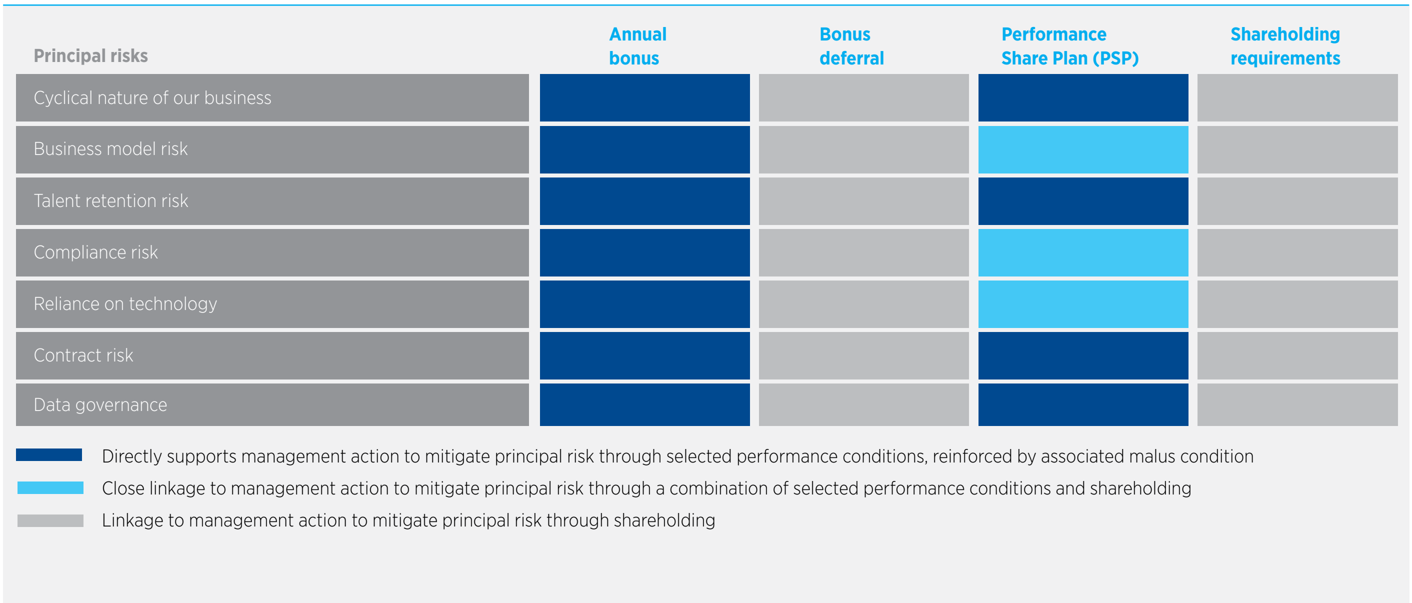
The policy is designed around the following key principles:

- Ensure a strong link between reward and individual and Company performance to align the interests of senior executives with those of shareholders;
- Maintain a competitive package against businesses of a comparable size in the FTSE and comparable peer group businesses in the recruitment sector with reference to the breadth of the role and experience the role holder brings to the Company;
- Operate a consistent reward and performance philosophy throughout the business;
- Encourage a material, personal stake in the business and a long-term focus on sustained growth through long-term shareholding;
- Provide a balanced package with a focus on variable pay; and
- Take into account the associated risks of each aspect of remuneration.

The ways in which these principles are reflected in the remuneration policy and its application are described on page 63 of this Report.

The Committee considers that a successful remuneration policy needs to be sufficiently flexible to take account of future changes in the Company's business environment and in remuneration practice.

The Committee has considered how the remuneration policy reflects Hays' principal risks (set out on pages 22 and 23) and, where appropriate, can mitigate these. In addition, the Committee has incorporated malus provisions into the DAB and the PSP.



DISCRETION

The Committee has discretion in several areas of policy as set out in this Report. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the Committee has the discretion to amend policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

It is the Committee's intention that commitments made in line with its policies prior to the date of the 2014 AGM will be honoured, even if satisfaction of such commitments is made post the AGM and may be inconsistent with the remuneration policies. Such commitments include but are not limited to the following:

Plan	Grant
Deferred Annual Bonus Plan	Deferred share awards outstanding at the date of this Report.
PSP	Outstanding awards at the date of this Report.

Such commitments remain subject to the share plan rules and terms and conditions under which they were granted.

DIFFERENCES IN POLICY FROM THE WIDER EMPLOYEE POPULATION

The Group aims to provide a remuneration package for all employees that is market competitive and operates the same core structure as for the executive directors. The Group operates global employee share and variable pay plans, with pension provisions the same for all executives and employees. In addition, salary increases for executive directors are generally in line with those for UK based employees.

REMUNERATION STRUCTURE (POLICY TABLE)

Elements of executive director remuneration package

	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Base salary	Base salary recognises individual contribution, changes in responsibilities and competitive market rates. Provides a base level of remuneration to support recruitment and retention of directors with the necessary experience and expertise to deliver the Group's strategy. Key element of core fixed remuneration.	Base salary is set annually on 1 July. Payable four-weekly. When determining the base salary of the executive directors the Committee takes into consideration: • The levels of base salary for similar positions with comparable status, responsibility and skills in organisations of broadly similar size and complexity; • The comparator groups currently include the FTSE 250, the companies in the Company's Total Shareholder Return (TSR) comparator group used for PSP awards (see page 66 for details) and UK companies of a similar size and complexity. The Committee intends to review the comparator groups each year and may add or remove companies from the group as it considers appropriate. Any changes made in future to the comparator group will be disclosed to shareholders in setting out the operation of the policy for the subsequent year; • The performance of the individual executive director; • The individual executive director's experience and responsibilities; and • Pay and conditions throughout the Company. The Committee has access to pay and conditions of other employees within the Group when determining remuneration for the executive directors and also considers the relationship between general changes to pay and conditions within the Group as a whole. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved.	The general policy for salary is around median. However actual salary levels may differ due to the impact of the other factors set out in the adjacent column. Increases will normally be in line with the market and the average base pay increase for other employees in the UK. The Company will set out in the section headed Implementation of Remuneration Policy in the following financial year the salaries for that year for each of the executive directors (see page 76).	N/A

REMUNERATION REPORT CONTINUED

Elements of executive director remuneration package (continued)

	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Annual bonus	To align reward to key objectives relating to the Group's financial performance and operational strength. The three-year deferral into shares assists with the retention of executive directors and aligns their interests with those of shareholders.	60% of bonus earned is paid in cash and 40% is deferred into shares for three years under the deferred annual bonus plan (the DAB). Malus provisions allow the Committee to reduce or eliminate share awards granted under DAB in cases of material misstatement of accounts. The Committee has discretion to reduce the number of shares vesting if the underlying financial performance of the Company is not satisfactory over the three-year deferral period. The Company operates in a rapidly changing sector and therefore the Committee may change the balance of the measures, or use different measures for subsequent financial years, as appropriate, to reflect this provided that at least 80% are based on financial performance. The Company will disclose the nature of the targets and their weightings at the end of each year in the relevant Annual Report on Remuneration. The performance conditions, targets, weightings and their level of satisfaction for the year being reported on, are contained in the Annual Report on Remuneration on page 72. The Committee retains discretion in exceptional circumstances to change the performance measures and targets and their respective weightings part way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the Committee believes that the bonus outcome is not a fair and accurate reflection of business performance. Dividend equivalents may be provided on deferred shares.	Maximum 125% of base salary. Threshold level of performance earns 20% of salary based on achieving threshold EPS and cash conversion. Zero payment for below threshold performance.	The current bonus performance conditions are: • Earnings per share; • Cash conversion; and • Personal objectives. The Remuneration Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the annual bonus, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. This avoids the risk of the Company inadvertently providing a profit forecast, because profit targets are linked to budgets, and giving international competitors an unfair advantage because they are not required to report to the same disclosure standard as a UK listed company. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any pay-outs under the annual bonus.
Performance Share Plan (PSP) award	To align executive director interests with those of shareholders and incentivise them to pursue superior results within the limits of the Group's risk appetite.	PSP awards are granted annually and vesting is dependent on the achievement of performance conditions. Malus provisions exist which enable the Committee to reduce or eliminate the number of shares subject to unvested awards in case of material misstatement of accounts. Reviewed annually to ensure that grant levels, performance criteria and other features remain appropriate to the Company's current circumstances, and to ensure that there are no features of the plan that could inadvertently motivate irresponsible behaviour. Dividend equivalents may be provided on vested shares.	Normal awards of 175% of base salary for executive directors and 120% for other senior executives with absolute maximum of 200% of base salary in exceptional circumstances. Maximum and threshold vesting levels for performance conditions are 100% and 25% respectively.	Performance period of three financial years. The current performance conditions are: • One-third based on total shareholder return relative to comparator group with vesting subject to satisfactory financial performance over the period, as determined by the Committee; • One-third based on cumulative earnings per share; and • One-third based on cash conversion. The Company operates in a rapidly changing sector and therefore the Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate. No material change will be made to the type of performance condition without prior shareholder consultation. Details of the performance conditions for grants made in the year will be set out in the Annual Remuneration Committee Report.

Elements of executive director remuneration package (continued)

	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Pension allowance	To provide a competitive retirement benefit.	Company pension contribution or salary supplement in lieu of pension contributions. Salary supplements will not be included in calculating any benefit based on salary including the levels under the Company's incentive arrangements.	Maximum 30% of salary.	N/A
Other benefits	To provide competitive employment benefits.	Benefits will generally include: • Car benefit or equivalent; • Private medical insurance; • Permanent health insurance; and • Life assurance. The level of benefits provided is reviewed every year to ensure it remains market competitive.	The maximum will be set at the cost of providing the listed benefits.	N/A
Shareholding policy	To ensure that executive directors' and other senior executives' interests are aligned with those of shareholders over a longer time horizon.	The Committee requires the Chief Executive to build and maintain a material shareholding in the Company of at least two times base salary and any other executive directors to build and maintain a shareholding of at least one times base salary over a reasonable time frame, which would normally be five years. Other Management Board members also have the same shareholding requirement of one times base salary. Only shares which are beneficially owned by the executives count towards this requirement. The Committee has discretion to increase the shareholding requirement.	N/A	N/A
Sharesave Schemes	To encourage wide employee share ownership and thereby align employees' interests with shareholders.	The Company operates Sharesave Schemes in which the executive directors are eligible to participate (which in the UK is HMRC approved and is open to all eligible staff in the UK). The Company retains the discretion to introduce additional plans, and to make directors eligible for these as appropriate.	UK scheme in line with HMRC limits as amended from time to time. Overseas schemes broadly in line with UK values.	There are no performance conditions, in line with HMRC requirements, other than the inherent share price growth required to receive a benefit.

REMUNERATION REPORT CONTINUED

Non-executive director remuneration

	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Non-executive director fees	Provides a level of fees to support recruitment and retention of non-executive directors with the necessary experience to advise and assist with establishing and monitoring the Group's strategic objectives.	The remuneration of the non-executive directors is determined by the Board annually. The responsibility of the role and international nature of the Group are fully considered when setting the fee levels, along with external benchmarking market data on the chairmanship of, and participation in, Board committees. The comparator groups used are consistent with those used for the executive directors. The non-executive directors' fees are non-pensionable and non-executive directors are not eligible to participate in any incentive plans.	The fees are set around the median compared to the Company's comparator groups. In general, rises will be linked to those provided to UK employees and/or inflation. The fees as at 1 July 2014 for the non-executive directors are paid at the annual rates as shown below: Role – Fees (£'000) Chairman – 240 Senior Independent Director – 5 Base fee – 52.5 Chairman of Board Committee – 12 In addition, travel expenses are reimbursed.	None

Notes to the policy table:

(1) In relation to the annual bonus:
  a. The EPS metric is a key performance measure aligned with shareholder interests.
  b. The cash conversion measure promotes free cash flow through working capital and capital expenditure control and is a key indicator of the efficiency of the business. The method of calculation is as follows: The Operating Cash Flow of the Company as used in the preparation of the Company's audited consolidated report and accounts after deducting Net Capital Expenditure, stated as a percentage of the Company's Operating Profit before Exceptional Items for each year. The calculation may be adjusted for any unusual non-recurring items that the Committee consider do not reflect the underlying performance of the Company.
  c. Personal objectives are linked to the delivery of key projects designed to enhance the Group's operational strength and competitiveness in line with future strategy.

(2) In relation to the PSP:
  a. The relative TSR metric measures the relative return from Hays shares against a basket of comparator companies, providing alignment with shareholders' interests.
  b. The EPS metric is also a key performance measure aligned with shareholders' interests. The Committee takes into account the following factors when setting the EPS targets for an award:
    - Budget (the setting of which is a robust and transparent process).
      - Company budget for year one and the expectations for performance;
      - Strategic direction of the business over the period covered by the PSP award;
      - Market conditions and visibility of future trading.
    - Minimum and maximum ongoing growth expectations set around a fixed range currently RPI+4% to RPI+12%.
    - Analyst forecasts.
  c. The cash conversion measure promotes sustained free cash flow through working capital and capital expenditure control and is a key indicator of the efficiency of the business and supports the implementation of the Company strategy.

(3) The current constituents of the Company's TSR comparator group are shown below:
  - Adecco SA
  - CDI Corporation
  - Kelly Services Inc
  - Manpower Inc
  - Michael Page International plc
  - Randstad Holdings NV
  - Robert Half International Inc
  - Robert Walters plc
  - SThree plc
  - USG People NV

The peer group has been chosen to reflect most closely the mix of the Company's business.

SERVICE CONTRACTS

The Committee's policy for setting notice periods is that a maximum 12 month period will apply for executive directors. The Committee may in exceptional circumstances arising on recruitment, allow a longer period, which would in any event reduce to 12 months following the first year of employment.

In the event of early termination of a director's service contract, the Company would be required to pay compensation reflecting the salary, pension allowance and benefits to which the director would have become entitled under the contract during the notice period. Alternatively, the Company may, at its discretion, pay a predetermined sum in lieu of notice. In the event of early termination, the Committee will give careful consideration to what compensation should be paid, taking into account the circumstances and the responsibility of the individual to mitigate loss.

The contract of the Chief Executive was agreed prior to 27 June 2012 and includes in his sum in lieu of notice an amount equal to his on-target bonus pro-rated for time. All future contracts will contain a 'PILON' clause based purely on salary, pension allowance and benefits with payments staged over the notice period and an obligation to mitigate loss.

	Current contract start date	Unexpired term	Notice period from Company	Notice period from executive
Alistair Cox	Sep 2007	Indefinite	One year	One year
Paul Venables	May 2006	Indefinite	One year	Six months

The non-executive directors do not have service contracts with the Company, but are appointed to the Board under letters of appointment for an initial three-year period. They have agreed to annual retirement and reappointment by shareholders at the Company's annual general meeting and, with the exception of the Chairman, appointments can be terminated immediately by the Company. Letters of appointment are available for review from the Company Secretary and a pro forma letter of appointment can be viewed on the Company's website hays.com.

Non-executive director	Date appointed to the Board	Date of current letter of appointment	Notice period
Alan Thomson	1 October 2010	14 July 2010 (Renewed)	Three months
William Eccleshare	24 November 2004	31 August 2010 (Renewed)	None
Paul Harrison	8 May 2007	31 August 2011	None
Victoria Jarman	1 October 2011	31 August 2011	None
Torsten Kreindl	1 June 2013	30 May 2013	None
Richard Smelt	15 November 2007	31 August 2011	None
Pippa Wicks	1 January 2012	30 November 2011	None

PAYMENTS TO DEPARTING DIRECTORS

The Committee will honour executive directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an executive director's office or employment.

When determining any payment for a departing individual the Committee will always seek to minimise cost to the Company while seeking to address the circumstances at the time.

The table below shows the approach the Committee will apply in respect of base salary, benefits and pension in respect of departing directors.

Component	Approach	Application of Remuneration Committee Discretion
Base salary, benefits and pension	In the event of termination by the Company, there will be no compensation for departure due to misconduct or normal resignation. In other circumstances, executive directors may be entitled to receive payment in lieu of notice. Payment in lieu of notice will be equivalent to the salary payments, benefit value and pension contributions that they would have received if still employed by the Company for a maximum of 12 months.	None
Other contractual obligations	There are no other contractual provisions other than those set out above agreed prior to 27 June 2012.	N/A

REMUNERATION REPORT CONTINUED

The rules of the Performance Share Plan and the Deferred Annual Bonus set out the treatment of leavers. The table below shows the principles that the Committee will apply when determining payments to departing directors. The Committee will consider the details of each case taking into account the principles shown below and give due regard to the interests of the individual and shareholders. It should be noted that the Committee will only use its general discretion to determine that an executive director is a good leaver in exceptional circumstances and will provide a full explanation to shareholders, if possible in advance, of the basis for its determination.

The Committee is unequivocally against rewards for failure.

	Cash Annual Bonus	DAB (Deferred Bonus Shares)	PSP
Resignation	Not paid.	Award lapses.	Award lapses.
Retirement	Bonus paid at normal time, subject to performance with pro-rating for time.	Treated as good leaver, i.e. awards vest in full at normal vesting date, subject to non-compete clause.	Treated as good leaver, i.e. normal vesting period, awards pro-rated for time and performance, subject to non-compete clause.
Injury/Ill-health/ Disability	Bonus paid at normal time, subject to performance with pro-rating for time.	A good leaver as defined by the plan rules, i.e. awards vest in full at normal vesting date.	A good leaver as defined by the plan rules, i.e. normal vesting period, awards pro-rated for time and performance.
Death	Bonus paid immediately based on estimated result, pro-rated for time.	A good leaver as defined by the plan rules, i.e. awards vest in full on cessation of employment.	A good leaver as defined by the plan rules, i.e. early vesting of awards pro-rated for time and performance.
Change of control	Bonus payment subject to pro-rating for time and performance.	Immediate vesting of awards in full in accordance with plan rules.	In accordance with the plan rules, i.e. where no replacement award there will be early vesting of awards pro-rated for time and performance.

Notes:
(1) Other good leaver reasons under the DAB and PSP rules are:-
 a. the executive's employing company ceasing to be a Group company;
 b. the executive's employment being transferred, as part of a business transfer, to a non Group company;
 c. where the Committee determines that the executive is a good leaver. Other than as set out above the Committee will only use its general discretion to determine that an executive director is a good leaver in exceptional circumstances and will provide a full explanation to shareholders, if possible in advance, of the basis for its determination.
(2) It should be noted that shares vesting under the DAB rules are shares related to previously earned bonus and therefore the performance conditions for the relevant annual bonus had to be met before the shares were awarded.
(3) Under the DAB rules the Committee has the discretion to allow the award to vest early in 'exceptional circumstances' following cessation of employment as a good leaver. It is anticipated that this would only apply in the case of death in service.
(4) Where the executive ceases employment for one of the reasons set out in note (1)a. and (1)b. or dies, the PSP award will be pro-rated for time and performance and vests at the date of cessation.
(5) The Committee has discretion under the rules of the PSP to bring forward the date of vesting for a good leaver to the date of the cessation of employment subject to the award being pro-rated for time and performance. It is not the current intention of the Committee to use this discretion.
(6) The Committee has determined that it is a condition in certain circumstances for executives receiving shares under the DAB and PSP on cessation of employment to agree to be subject to a non-compete clause. The Committee retains the discretion not to impose this type of condition.
(7) Executives would be treated in accordance with the scheme rules in respect of the Hays Sharesave scheme.

SETTING PAYMENTS FOR NEW APPOINTMENTS

The Company's principle is the remuneration of any new recruit will be assessed in line with the same principles for the executive directors, as set out in the remuneration policy table above. The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role from the international market in which the Company competes.

The Remuneration Committee will not pay more than it considers necessary to secure the preferred candidate and will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award.

The table below summarises the Company's key policies with respect to recruitment remuneration for executive directors:

Component	Policy
Base salary and benefits	The salary level will be set taking into account a number of factors including market practice, the individual's experience and responsibilities and other pay structures within the Company and will be consistent with the salary policy for executive directors. The executive director shall be eligible to receive benefits in line with the Company's benefits policy as set out in the remuneration policy table.
Pension	Pension will be provided in line with the Company's remuneration policy for executive directors.
Annual Bonus (and Deferred Bonus)	An executive director will be eligible to participate in the annual bonus arrangements as set out in the remuneration policy table. For the first year only, the Committee retains the discretion to set performance conditions in the context of the business priorities on joining and the timeframe available to year end. Awards may be granted up to the maximum opportunity allowable in the remuneration policy table at the Committee's discretion.
Performance Share Plan	An executive director will be eligible to participate in the PSP as set out in the remuneration policy table. Awards may be granted up to the maximum opportunity allowable under plan rules at the Committee's discretion.
Share buy-outs/ replacement awards	The Committee's policy is not to provide buy-outs as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a buyout, the value of any incentives that will be forfeited on cessation of a director's previous employment will be calculated taking into account the following: • the proportion of the performance period completed on the date of the director's cessation of employment; • the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and • any other terms and condition having a material effect on their value (lapsed value). The Committee may then grant up to the equivalent value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.
Relocation policies	In instances where the new executive director is expected to relocate, the Company will provide one-off/on-going payment(s) as part of the relocation benefits compensation. The level of relocation package will be assessed on a case by case basis but will take into consideration any differences in the cost of living/housing/schooling.

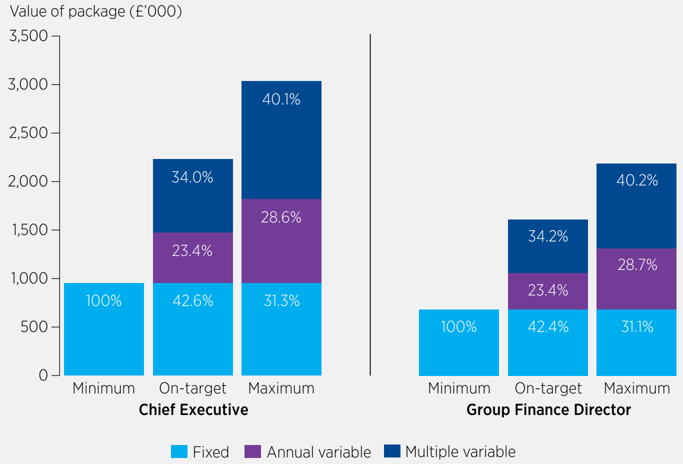
Where an existing employee is promoted to the Board, the policy set out above would apply from the date of promotion but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Annual Remuneration Committee Report for the relevant financial year.

The annual fees payable to newly recruited non-executive directors will be in line with the fees payable to existing non-executive directors.

REMUNERATION REPORT CONTINUED

REMUNERATION SCENARIO GRAPHS FOR EXECUTIVE DIRECTORS

The charts opposite illustrate the remuneration that would be paid to each of the executive directors, based on salaries at the start of financial year 2015, under three different performance scenarios: (i) Minimum; (ii) On-target; and (iii) Maximum. The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual variable; and (iii) Multiple variable.



Each element of remuneration is defined in the table below:

Element	Description
Fixed	Total amount of salary and pension in respect of the 2014 financial year and benefits as disclosed under the single figure.
Annual variable	Money or other assets received or receivable where performance measures relate to one financial year i.e. annual bonus payments.
Multiple variable	Money or other assets received or receivable where performance measures relate to more than one financial year i.e. PSP payments.

Assumptions used in determining the level of payout under given scenarios are as follows:

- Minimum performance scenario assumes fixed pay only and no variable payments under annual bonus and Company's PSP;
- On-target performance scenario assumes performance in line with the Company's expectations, resulting in 109.4% base salary payout in respect of the PSP (62.5% of maximum award of 175% of base salary) and 75% base salary payout in respect of the annual bonus (60% of maximum bonus of 125%). There is no formal on-target figure for the PSP, 62.5% is midway between the 25% threshold and the maximum, based on an award of 175% of basic salary; and
- Maximum performance scenario assumes outstanding level of performance, resulting in 175% base salary payout in respect of the PSP and 125% base salary payout in respect of the annual bonus.

In accordance with the regulations share price growth has not been included. In addition, dividend equivalents have not been added to deferred share bonus and PSP share awards.

STATEMENT OF CONDITIONS ELSEWHERE IN THE GROUP

Each year, prior to reviewing the remuneration of the executive directors and the members of the Management Board, the Committee considers a report prepared by the Group HR Director detailing remuneration practice across the Group. The report provides a regional overview of how employee pay compares to the market, any material changes during the year and includes detailed analysis of basic pay and variable pay changes within the UK where all of the executive directors and most of the Management Board are based. While the Company does not directly consult with employees as part of the process of reviewing executive pay and formulating the remuneration policy set out in this report, the Company does receive an update and feedback from the broader employee population on an annual basis using an engagement survey which includes a number of questions relating to remuneration.

The Company does not use remuneration comparison measurements.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee takes the views of the shareholders seriously and these views are taken into account in shaping remuneration policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee commits to consulting with key shareholders prior to any significant changes to its remuneration policy.

In line with this commitment the Committee consulted this year with shareholders on the change to the performance conditions for the PSP. The Committee is grateful for the significant degree of engagement with the Company and its advisers shown by those shareholders consulted throughout the consultation process, and for their comments and feedback. At the end of this process the Remuneration Committee is pleased that a strong majority of Shareholders consulted have indicated they are supportive of the changes to the Plan.

ANNUAL REPORT ON REMUNERATION

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

Executive directors

The table below sets out the single total figure of remuneration and breakdown for each executive director in respect of the 2014 financial year. Comparative figures for the 2013 financial year have also been provided. Figures provided have been calculated in accordance with Schedule 8 to The Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the provisions of the Code and the Listing Rules.

	2014							2013						
(In £s thousand)	Salary	Taxable benefits(1)	Annual bonus(2)	PSP 2011(3)	Pension benefits(5)	Other(6)	Total	Salary	Taxable benefits(1)	Annual bonus(2)	PSP 2010(4)	Pension benefits(5)	Other(6)	Total
Chief Executive Alistair Cox	678	46	831	1,332	204	1	3,092	665	75	786	287	199	–	2,012
Group Finance Director Paul Venables	489	29	599	960	147	1	2,225	480	28	567	207	144	–	1,426

(1) The type of benefits provided are set out in the Policy section of the Report.
(2) Messrs Cox and Venables are required to compulsorily defer 40% (£332,428 and £239,680 respectively) of their 2014 annual bonuses into shares for a three-year restricted period. The comparative data for 2013 for Messrs Cox and Venables, also based on 40% compulsory deferral, included bonus deferral into shares of £314,450 and £226,718 respectively. Both the value of the cash element and the deferred shares are shown in the annual bonus for the respective years in accordance with the Regulations.
(3) The value of the 2011 PSP is based on a share price of 148.88 pence which was calculated using an average for the final quarter of the 2014 financial year in accordance with the Regulations as the vesting will occur after the date of this report. The share price on award was 70.9 pence.
(4) The value of the 2010 PSP disclosed in the 2013 Remuneration Committee Report was based on a share price of 92.47 pence which was calculated using an average for the final quarter of the 2013 financial year in accordance with the Regulations as the vesting occurred after the Report was signed-off. The actual share price on the date of vesting on 27 September 2013 was 115.23 pence. This price has been used to restate the value of the 2010 LTIP awards in the single figure table for 2013 in the table above.
(5) Other than a cash payment in lieu of pension at the rate of 30% of base salary, there are no other pension arrangements for the directors.
(6) Other payments relate to the value of the discount on SAYE options at the date of grant in accordance with the Regulations. On 31 March 2014 Alistair Cox and Paul Venables were granted SAYE options over 6,870 and 4,122 shares respectively at an option price of 131p per share, representing a 10% discount to the market price.

Non-executive directors

The table below sets out the single total figure of remuneration and breakdown for each non-executive director. With the exception of the Chairman, the fees paid to the non-executive directors were increased by 2% with effect from 1 July 2013.

	2014			2013			
(In £s thousand)	Fees	Taxable benefits	Total	Fees	Taxable benefits	Total	Role
Alan Thomson	230	–	230	230	–	230	Chairman, Chairman of Nomination Committee
Paul Harrison	68	–	68	67	–	67	SID and Chairman of Remuneration Committee
William Eccleshare	51	–	51	50	–	50	Independent non-executive director
Victoria Jarman	63	–	63	62	–	62	Chairman of Audit Committee
Torsten Kreindl	51	–	51	2	–	2	Independent non-executive director
Richard Smelt	51	–	51	50	–	50	Independent non-executive director
Pippa Wicks	51	–	51	50	–	50	Independent non-executive director

(In £s thousand)	2014 Fee	2013 Fee
Chairman	230	230
Senior Independent Director	5	5
Board fee	51	50
Chairman of Board Committee(1)	12	12
Member of Board Committee	0	0

(1) There is no additional Committee Chair fee for the Nomination Committee.

REMUNERATION REPORT CONTINUED

ADDITIONAL INFORMATION REGARDING SINGLE FIGURE TABLE (AUDITED)

The Committee considers that performance conditions for all incentives are suitably demanding, having regard to the business strategy, shareholder expectations, cyclicality of the recruitment markets in which the Group operates and external advice. To the extent that any performance condition is not met, the relevant part of the award will lapse. There is no retesting of performance.

Bonus awards

In respect of the 2014 financial year, the bonus awards payable to executive directors were agreed by the Committee having reviewed the Company's results and the executive directors' performance against their personal objectives. Details of the targets used to determine bonuses in respect of the 2014 financial year and the extent to which they were satisfied are shown in the table below. These figures are included in the single figure table.

Performance condition	Weighting	Threshold performance required	Maximum performance required	Actual performance	Annual bonus value for meeting threshold and maximum performance (% salary)		Annual bonus value achieved (% salary/£'000)	
					Alistair Cox	Paul Venables	Alistair Cox	Paul Venables
EPS*	60%	4.99p	6.09p	6.39p	15% – 75%	15% – 75%	75%/£509	75%/£367
Cash conversion*	20%	71%	101%	113.19%	5% – 25%	5% – 25%	25%/£169	25%/£122
Personal	20%				0% – 25%	0% – 25%	22.5%/£153	22.5%/£110
Total	100%						122.5%/£831	122.5%/£599

* The performance levels between threshold, target and maximum were graduated on a straight-line basis.

Of this amount, 40% will be compulsorily deferred into restricted shares for a period of three years, subject only to continued employment. The basic EPS targets and actual performance were measured at budget exchange rates. Cash conversion is the operating cash flow of the Company, after deducting net capital expenditure items for the financial year, stated as a percentage of operating profit before exceptional items. The Committee has not exercised any discretion in relation to the bonus outcomes. It is the Committee's view that the personal performance conditions are commercially sensitive and therefore details cannot be disclosed.

Performance Share Plan awards

Awards granted under the PSP in September 2011 are scheduled to vest on 23 September 2014. The three-year performance period relating to these awards ended on 30 June 2014. Details of the performance conditions and the extent to which they have been satisfied are set out below (all details apply to both executive directors):

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value for below threshold, threshold and maximum performance (% salary)	Actual performance	PSP value achieved (% salary)
Relative TSR	50%	One quarter of the component will vest for achieving median of the comparator group	Upper quartile of the comparator group	0% – 21.875% – 87.5%	Above upper quartile	87.5%
EPS	50%	19.21p	22.48p	0% – 21.875% – 87.5%	16.59p	0%
Total	100%			0% – 43.75% – 175%		87.5%

Performance levels between threshold and maximum are graduated on a straight-line basis.

Notes:

(1) For the purpose of ranking the performance of Hays shares against a sector group of comparator companies, TSR for each company is the difference between the average market values (in sterling terms) of a notional shareholding in that company on all dealing days for the three-month periods prior to the start and the end of the performance period divided by the average market values (in sterling terms) of a notional shareholding in that company on all dealing days for the three-month period prior to the start of the performance period. The TSR for Hays shares is ranked against the respective TSR performances of Adecco SA, CDI Corporation, Kelly Services Inc, Manpower Inc, Michael Page International plc, Randstad Holdings NV, Robert Half International Inc, Robert Walters plc, SThree plc and USG People NV. Vesting will be subject to satisfactory financial performance over the performance period as determined by the Committee.

(2) Cumulative earnings per share is the consolidated basic earnings per share of the Company calculated in accordance with IAS 33 for each financial year cumulative over the performance period. Goodwill impairments arising from acquisitions prior to 30 June 2006 are excluded from the earnings per share calculation.

(3) The Committee may make adjustments to the calculations of cumulative earnings per share and cumulative cash conversion, including taking account of unusual or non-recurring items that do not reflect underlying performance.

(4) The original award was 1,601,657 shares for the Chief Executive and 1,154,795 for the Group Finance Director of which 50% vested and will be released with the associated dividend equivalent shares, giving totals of 894,674 and 645,059 respectively. The share price on award was 70.9 pence.

LONG-TERM INCENTIVES AWARDED IN 2014 (AUDITED)

The table below sets out the details of the long-term incentive awards granted in the 2014 financial year where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods.

	Award type	Basis on which award made	Face value of award (1)	Percentage of award vesting at threshold performance	Maximum percentage of face value that could vest	Performance period end date	Performance conditions
Alistair Cox	PSP	Annual	£1,187,244	25%	100%	30 June 2016	Relative TSR & EPS equally weighted
Paul Venables	PSP	Annual	£856,002	25%	100%	30 June 2016	Relative TSR & EPS equally weighted

(1) The face value of the award is the maximum number of shares that can vest multiplied by the share price at grant.

The awards were granted on 12 September 2013, the face value is calculated using the closing share price of the preceding day, 11 September 2013 which was 113.9 pence. The performance conditions are as set out in the Policy section of the Report.

The lower and upper EPS growth range for the first year of the performance period is based on consensus forecast for the year being a range of +/-4% around the consensus. The consensus EPS figure for financial year 2014 was 5.66p. The EPS growth range for the remaining two years requires additional growth of between RPI +4% and RPI +12% per annum to achieve threshold and maximum vesting respectively.

PAYMENTS TO PAST DIRECTORS / PAYMENTS FOR LOSS OF OFFICE

There were no payments in the financial year.

STATEMENT OF DIRECTORS' SHAREHOLDINGS (AUDITED)

Shareholding requirements in operation at Hays are currently 200% of base salary for the Chief Executive and 100% for the Group Finance Director. Both the Chief Executive and Group Finance Director are required to build up their shareholdings over a reasonable amount of time which would normally be five years. The number of shares of the Company in which current directors had a beneficial interest and details of long-term incentive interests as at 30 June 2014 are set out in the table below.

				Shares held directly		Other shares held	Options		
Director	Shareholding requirement (% salary)	Number of shares required to hold	Current shareholding* (% salary)	Beneficially owned	DAB interests not subject to performance conditions	PSP interests subject to performance conditions	Vested	Unvested	Shareholding requirement met?
Alistair Cox	200%	928,713	509%	1,909,681	852,614	4,071,315	–	6,870	Yes
Paul Venables	100%	334,801	461%	1,215,125	618,133	2,934,415	–	8,212	Yes

* The share price of 146.10 pence as at 30 June 2014 has been taken for the purpose of calculating the current shareholding as a percentage of salary. Unvested PSP shares do not count towards satisfaction of the shareholding guidelines. Shares awarded under the DAB count towards the shareholding requirement on a post-tax basis, i.e. 53% of the DAB interests shown are included in the current shareholding value.

Directors are not obliged to hold shares after leaving the Company.

SHARE OPTIONS (AUDITED)

Both executive directors participate in the UK Sharesave Scheme on the same terms as other eligible employees. The following are options over Ordinary shares exercised by the directors during the year ended 30 June 2014:

	Scheme Date of Grant	Balance 1 July 2013	Exercised	**Balance 30 June 2014**	Option price	Exercise date	Market price on date of exercise	Gain(1)	Date from which exercisable	Expiry date
Alistair Cox	UK Sharesave 30 March 2011	8,058	8,058	**–**	112.00p	6 May 2014	149.5p	£3,022	1 May 2014	31 Oct 2014
Paul Venables	UK Sharesave 26 March 2010	3,903	3,903	**–**	93.00p	15 Oct 2013	122.3p	£1,144	1 May 2013	31 Oct 2013
	UK Sharesave 30 March 2011	4,834	4,834	**–**	112.00p	20 Jun 2014	147.8p	£1,731	1 May 2014	31 Oct 2014

(1) Gain shown is theoretical gain had all shares been sold on exercise. All shares were retained.

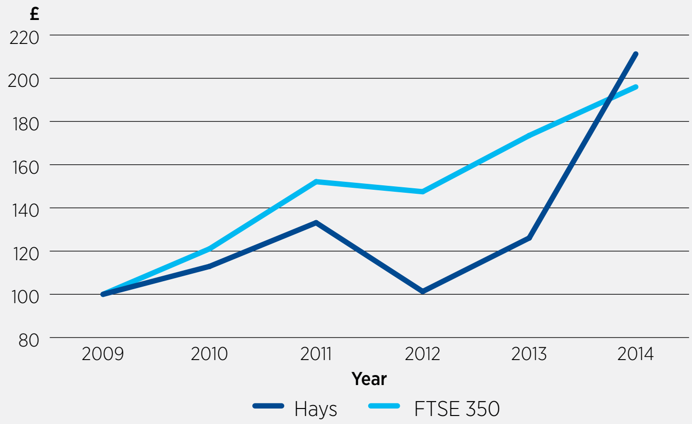
Non-executive directors are not subject to a shareholding requirement. Details of their interests in shares are set out below:

Director	**Shares held 30 June 2014**	Shares held 30 June 2013
Alan Thomson	**200,000**	175,000
Paul Harrison	**8,678**	8,678
William Eccleshare	**3,000**	3,000
Victoria Jarman	**14,000**	14,000
Torsten Kreindl	**–**	–
Richard Smelt	**8,267**	8,267
Pippa Wicks	**–**	–

REMUNERATION REPORT CONTINUED

COMPARISON OF OVERALL PERFORMANCE AND PAY (TSR GRAPH)

The graph opposite shows the value of £100 invested in the Company's shares compared to the FTSE 350 index over a five-year period. The graph shows the Total Shareholder Return generated by both the movement in share value and the reinvestment over the same period of dividend income. The Committee considers that the FTSE 350 is the appropriate index because the Company has been a member of this index throughout the period. This graph has been calculated in accordance with Regulations.



CHIEF EXECUTIVE HISTORIC REMUNERATION

The table below sets out the total remuneration delivered to the Chief Executive over the last five years, valued using the methodology applied to the single total figure of remuneration.

Chief Executive	2010	2011	2012	2013	2014
Total Single Figure (£'000)	1,634	2,157	1,328	2,012	**3,092**
Annual bonus payment level achieved (% of maximum opportunity)	89%	80%	37%	95%	**98%**
PSP vesting level achieved (% of maximum opportunity)	0%	50%	0%	22%	**50%**
DAB match vesting level achieved (% of maximum opportunity)	N/A	59%	60%	N/A	**N/A**

CHANGE IN CHIEF EXECUTIVE'S REMUNERATION COMPARED WITH UK EMPLOYEES

The following table sets out the change in the remuneration paid to the Chief Executive from 2013 to 2014 compared with the average percentage change for UK employees.

The Chief Executive's remuneration disclosed in the table below has been calculated to take into account base salary, taxable benefits, excluding his allowance in lieu of pension, and annual bonus (including any amount deferred).The UK employee pay (on which the average percentage change is based) is calculated using the increase in the earnings of UK-based full-time employees using P60 and P11d data from tax years 2013 and 2014. Part time employees have been excluded from the analysis as many will have experienced material changes in pay during the period due to their change of hours.

The employee analysis is done on a matched basis, that is, the same individuals appear in the 2013 and 2014 populations.

The comparison figures are based on UK employees (as described above) as both executive directors and most of the Management Board are UK based and this is considered to be an appropriate comparison.

	Salary			Taxable benefits			Variable pay		
	£'000	£'000	% change	£'000	£'000	% change	£'000	£'000	% change
	2014	2013		**2014**	2013		**2014**	2013	
Chief Executive	**678**	665	2.0	**46**	75	-38.5	**831**	786	5.7
UK total pay	**45,010**	43,382		**1,404**	1,157		**24,014**	19,153	
Number of employees	**1,284**	1,284		**1,284**	1,284		**1,284**	1,284	
Average per employee	**35**	34	3.8	**1.1**	0.9	21.3	**19**	15	25.4

RELATIVE IMPORTANCE OF THE SPEND ON PAY

The table below sets out the relative importance of spend on pay in the 2014 financial year and 2013 financial year compared with other disbursements. All figures provided are taken from the relevant Hays Annual Report.

	Disbursements from profit in 2014 financial year (£m)	Disbursements from profit in 2013 financial year (£m)	% change
Profit distributed by way of dividend	**37.2**	35.1	5.98
Overall spend on pay including Directors	**424.4**	428.1	- 0.86

COMPOSITION AND TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

The Board has delegated to the Committee, under agreed terms of reference, responsibility for the remuneration policy and for determining specific packages for the executive directors, the Chairman and other senior executives. The Company consults with key shareholders in respect of remuneration policy and the introduction of new incentive arrangements. The terms of reference for the Committee are available on the Company's website, hays.com, and from the Company Secretary at the registered office.

The Committee is Chaired by Paul Harrison and additionally comprises William Eccleshare, Victoria Jarman, Torsten Kreindl, Richard Smelt and Pippa Wicks. All members of the Committee are independent non-executive directors and served throughout the year. The Committee receives assistance from the Chairman, Group HR Director and Company Secretary, who attend meetings by invitation, except when issues relating to their own remuneration are being discussed. The Chief Executive and Group Finance Director also attended by invitation on occasions. The Committee met four times during the financial year ended 30 June 2014 and all members were in attendance at each meeting.

The Committee's activities for the 2014 financial year have included:

- A review of the basic pay, bonus and PSP awards of the executive directors, and other senior executives;
- Consideration of the appropriateness of the existing arrangements for the 2015 financial year;
- A review of the reward strategy in the context of Group risk;
- Consideration of the relationship between executive reward and the reward structures in place for other Group employees;
- A review of the Terms of Reference; and
- A review of the Remuneration Committee advisers including a formal tender and selection process with a number of other advisory firms

ADVISERS TO THE REMUNERATION COMMITTEE

Following a formal tendering process, the Committee continues to engage the services of PricewaterhouseCoopers LLP (PwC) as independent remuneration adviser. During the financial year, PwC advised the Committee on all aspects of remuneration policy for executive directors and members of the Management Board. PwC also provided advice to the Company in relation to corporate tax, indirect tax, legal services and tax administration and compliance matters relating to the operation of the Company's share schemes around the world.

The Committee is satisfied that the advice received was objective and independent. PwC is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees.

Adviser	Fees in relation to remuneration advice (£'000)
PwC	£69.2

SHAREHOLDER CONTEXT

The table below shows the advisory vote on the 2013 Remuneration Report at the Company's 2013 AGM. The Committee believes the 94.85% votes in favour of the Remuneration Report shows strong shareholder support for the Group's remuneration arrangements. The Committee consults with key investors prior to any major changes.

Votes for	%	Votes against	%	Abstentions
971,001,593	94.85	52,754,923	5.15	10,106,320

REMUNERATION REPORT CONTINUED

IMPLEMENTATION OF REMUNERATION POLICY IN FINANCIAL YEAR 2015

The approach for 2015 is shown below:

Salaries and Fees

The salaries and fees for 2015 are set out below:

Chief Executive: £695,386

Group Finance Director: £501,373

Chairman: £240,000

Non-executive director: £52,500

Benefits and Pension

No changes are proposed to benefits or pension in 2015.

Bonus Plan

The maximum bonus opportunities for the executive directors remain at:

- Chief Executive: 125% of salary
- Group Finance Director: 125% of salary

The weighting of the performance conditions remains at:

Performance condition	Weighting
EPS	60%
Cash conversion	20%
Personal	20%
Total	100%

The operation of the Bonus Plan is otherwise as set out in the Policy Report. It should be noted that the Committee views the disclosure of the actual performance targets as commercially sensitive. The Committee will provide full retrospective disclosure of the performance targets for the financial measures to allow shareholders to judge the bonus earned in the context of the performance delivered. The Committee believes that some of the personal objectives may continue to remain commercially sensitive.

PSP Award

The maximum PSP award for the executive directors remain at:

- Chief Executive: 175% of salary
- Group Finance Director: 175% of salary

The performance conditions are as set out in the Policy Section of the Report.

By order of the Board

DOUG EVANS
Company Secretary

28 August 2014

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and 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 are required to prepare the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and they have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company 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.

In preparing the Consolidated Financial Statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

RESPONSIBILITY STATEMENT

The Board confirms to the best of its knowledge that:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The strategic report, including any matters incorporated by reference in the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

ALISTAIR COX
Chief Executive

PAUL VENABLES
Group Finance Director

28 August 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

OPINION ON FINANCIAL STATEMENTS OF HAYS PLC

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 32. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

GOING CONCERN

As required by the Listing Rules we have reviewed the directors' statement contained within the Directors' Report that the Group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Debtor and accrued income recoverability The recoverability of trade debtors, accrued income and the level of provisions for bad debts are considered to be a significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection in reference to the working capital management of the business. Refer to note 17 to the financial statements for further detail.	We have: • challenged management regarding the level and ageing of debtors and accrued income, along with the consistency and appropriateness of debtor and accrued income provisioning by assessing recoverability in reference to cash received in respect of debtors and billings raised against accrued income. In addition we consider the Company's previous experience of bad debt exposure, the individual counterparty credit risk, the level of provision held by other recruitment businesses and general economic environment in each jurisdiction; • critically assessed the recoverability of overdue unprovided debt with reference to the historical levels of bad debt expense and credit profile of the counterparties; • tested these balances on a sample basis through agreement to post period end invoicing, post period end cash receipt or agreement to the terms of the contract in place, as appropriate; and • considered the consistency of judgments made year on year to consider whether there is evidence of management bias through discussion with management on their rationale and obtaining evidence to support judgment areas.

Risk	How the scope of our audit responded to the risk
Revenue recognition The key risks on revenue recognition are: • cut-off of revenue as Hays recognises income on the day an individual commences work, rather than when the placement is agreed for permanent placements and over the course of a temporary placement arrangement; and • the presentation of temporary contractual arrangements where Hays acts as a principal and revenue is recognised and presented on a gross rather than a net basis. The risks noted above in relation to revenue are areas that can involve significant management judgment, therefore they are considered to be significant risks. Refer to note 1 to the financial statements for further detail.	We have: • assessed the design and implementation of key controls around all streams of revenue recognised; • considered the appropriateness and accuracy of any cut-off adjustments processed by considering the start date of permanent placements and the term of a temporary placement in reference to the year end date; • evaluated whether revenue has been recognised in accordance with IAS 18 and with Hays accounting policy by reviewing the Group revenue recognition policy, the application of this and any significant new contracts; and • confirmed that all material temporary worker contractual arrangements where Hays acts as a principal and maintains the majority of the risk and rewards associated with the underlying agreement have been recognised and presented on a gross revenue basis in the financial statements.
Goodwill impairment Management is required to carry out an annual impairment test. This process is complex and highly judgmental given the indefinite nature of the goodwill. This is based on assumptions about future growth and discount rates, particularly given the sensitivity in certain jurisdictions to the growth rates, which are typically linked to individual country GDP and country wage inflation. Therefore, a risk exists that goodwill is overstated on the balance sheet should any judgments or assumptions be considered inappropriate. Refer to note 13 to the financial statements for further detail.	We have: • performed a detailed review and challenge of the models used including the macroeconomic assumptions used; • compared key assumptions used in the model to external data and, where possible, to information provided by Deloitte Valuations experts; • benchmarked the discount and long-term growth rates, against third party data and assessed the reasonableness of forecast future cash flows by comparison to historic performance and future outlook; • utilised internal experts to determine the reasonableness of the discount rates used across the Group in the goodwill impairment assessment; • performed a detailed review and challenge of the disclosures in respect of impairments and impairment testing adopted by management; and • performed sensitivity analysis on key assumptions, including discount rates adopted.
Pension accounting Pension accounting is complex and contains areas of significant judgment, notably the discount and inflation rates used in the valuation of the net liability. Therefore, a risk exists that inappropriate rates are used resulting in an inaccurate pension valuation at year end. Refer to note 21 to the financial statements for further detail.	We have: • assessed the actuarial assumptions (discount rate, inflation rates and mortality assumptions) adopted by the Group for the valuation of its retirement benefit obligations, with specific focus on changes to demographic assumptions in the year; • utilised internal specialists to consider these assumptions and benchmarked them against a relevant comparator group; • reviewed the pension scheme liability. The scheme is currently in a net deficit position. The net pension liability recognised is lower than the present value of future contributions to fund the existing deficit. In order to assess whether an additional liability would need to be recognised, we have reviewed the pension trust documents to assess whether Hays has an unconditional right to any scheme surplus; and • reviewed the disclosures made in note 21 and compared these to the requirements set forth in IAS 19.

The Audit Committee's consideration of these risks is set out on page 54.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC CONTINUED

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

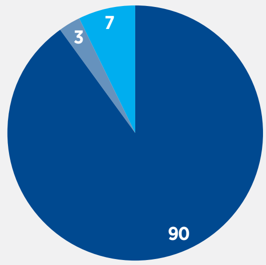
We determined materiality for the Group to be £7.0 million, which is approximately 5.3% of pre-tax profit, and below 3% of equity.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £140,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

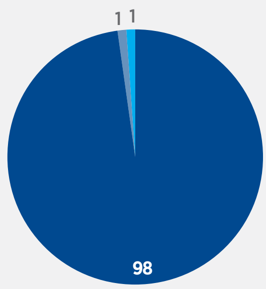
An overview of the scope of our audit

Group scoping (%)

NET FEES



PROFIT BEFORE TAX



- Full scope audit
- Agreed upon procedures
- Head office review

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work at 32 locations. Of these, 18 were subject to a full audit, whilst the remaining 14 were subject to an audit of specified account balances/specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those locations. These 18 locations represent the principal business units within the Group's three reportable segments and account for 90% of the Group's net fees and 98% of profit before tax. The three key locations are Australia (APAC), Germany (CE&RoW) and UK (UK & Ireland) which account for 75% of net fees and 91% of profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above.

Our audit work at the 18 locations was executed at levels of materiality applicable to each individual entity which were lower than Group materiality.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The Group audit team continued to follow a programme of planned visits that has been designed so that the Senior Statutory Auditor or a senior member of the Group audit team visits each of the locations where the Group audit scope was focused at least once every two years. During the 2014 audit, the Senior Statutory Auditor visited the UK, Germany, Australia and Hong Kong. In addition, senior members of the audit team visited Spain, Portugal, France and Sweden. In years when we do not visit a significant component we will include the component audit team in our team planning and risk briefing, discuss their risk assessment, participate in the close meeting and review documentation of the findings from their work.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration	Under the Companies Act 2006 we are also required to report if, in our opinion, certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.
Corporate Governance Statement	Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.
Our duty to read other information in the Annual Report	Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.
Respective responsibilities of directors and Auditor	As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews. 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.
Scope of the audit of the financial statements	An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

STEPHEN GRIGGS (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF DELOITTE LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

28 August 2014

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE

(In £s million)	Note	2014	2013
Turnover			
Continuing operations		**3,678.5**	3,696.9
Net fees[(1)]			
Continuing operations	4	**724.9**	719.0
Operating profit from continuing operations	4	**140.3**	125.5
Finance income	8	**0.5**	0.7
Finance cost	8	**(8.5)**	(7.7)
Profit before tax		**132.3**	118.5
Tax	9	**(46.3)**	(46.8)
Profit from continuing operations after tax		**86.0**	71.7
Profit from discontinued operations	10	**4.9**	–
Profit attributable to equity holders of the parent Company		**90.9**	71.7
Earnings per share from continuing operations			
– Basic	12	**6.13p**	5.14p
– Diluted	12	**6.00p**	5.06p
Earnings per share from continuing and discontinued operations			
– Basic	12	**6.47p**	5.14p
– Diluted	12	**6.34p**	5.06p

(1) Net fees comprise turnover less remuneration of temporary workers and other recruitment agencies.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE

(In £s million)	2014	2013
Profit for the year	**90.9**	71.7
Items that will not be reclassified subsequently to profit or loss:		
Actuarial remeasurement of defined benefit pension schemes	**(21.8)**	(28.8)
Tax relating to components of other comprehensive income	**1.2**	4.1
	(20.6)	(24.7)
Items that may be reclassified subsequently to profit or loss:		
Currency translation adjustments	**(21.4)**	1.2
Mark to market valuation of derivative financial instruments	**0.4**	0.6
Other comprehensive income for the year net of tax	**(41.6)**	(22.9)
Total comprehensive income for the year	**49.3**	48.8
Attributable to equity shareholders of the parent Company	**49.3**	48.8

CONSOLIDATED BALANCE SHEET
AT 30 JUNE

(In £s million)	Note	2014	2013
Non-current assets			
Goodwill	13	**170.6**	177.3
Other intangible assets	14	**36.5**	44.4
Property, plant and equipment	15	**17.6**	22.3
Deferred tax assets	16	**35.1**	34.2
		259.8	278.2
Current assets			
Trade and other receivables	17	**579.3**	565.9
Cash and cash equivalents	18	**48.0**	40.0
		627.3	605.9
Total assets		**887.1**	884.1
Current liabilities			
Trade and other payables	20	**(457.7)**	(433.4)
Current tax liabilities		**(18.6)**	(33.0)
Bank loans and overdrafts	19	**(0.7)**	(0.2)
Provisions	22	**(3.4)**	(4.2)
Derivative financial instruments		**(0.1)**	(0.5)
		(480.5)	(471.3)
Non-current liabilities			
Bank loans	19	**(110.0)**	(145.0)
Retirement benefit obligations	21	**(43.9)**	(33.0)
Provisions	22	**(12.0)**	(18.4)
		(165.9)	(196.4)
Total liabilities		**(646.4)**	(667.7)
Net assets		**240.7**	216.4
Equity			
Called up share capital	23	**14.7**	14.7
Share premium	24	**369.6**	369.6
Capital redemption reserve	25	**2.7**	2.7
Retained earnings	26	**(197.7)**	(244.3)
Cumulative translation reserve	27	**33.4**	54.8
Other reserves	28	**18.0**	18.9
Total shareholders' equity		**240.7**	216.4

The Consolidated Financial Statements of Hays plc, registered number 2150950, were approved by the Board of Directors and authorised for issue on 28 August 2014.

Signed on behalf of the Board of Directors

A R COX **P VENABLES**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

(In £s million)	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Other reserves	Total
At 1 July 2013	14.7	369.6	2.7	(244.3)	54.8	18.9	216.4
Currency translation adjustments	–	–	–	–	(21.4)	–	(21.4)
Mark to market valuation of derivative financial instruments	–	–	–	–	–	0.4	0.4
Remeasurement of defined benefit pension schemes	–	–	–	(21.8)	–	–	(21.8)
Tax relating to components of other comprehensive income	–	–	–	1.2	–	–	1.2
Net expense recognised in other comprehensive income	–	–	–	(20.6)	(21.4)	0.4	(41.6)
Profit for the year	–	–	–	90.9	–	–	90.9
Total comprehensive income for the year	–	–	–	70.3	(21.4)	0.4	49.3
Dividends paid	–	–	–	(35.1)	–	–	(35.1)
Share-based payments	–	–	–	10.1	–	(1.7)	8.4
Deferred tax on share-based payment transactions	–	–	–	1.3	–	–	1.3
Other share movements	–	–	–	–	–	0.4	0.4
At 30 June 2014	**14.7**	**369.6**	**2.7**	**(197.7)**	**33.4**	**18.0**	**240.7**

FOR THE YEAR ENDED 30 JUNE 2013

(In £s million)	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Other reserves	Total
At 1 July 2012	14.7	369.6	2.7	(270.5)	53.6	20.5	190.6
Currency translation adjustments	–	–	–	–	1.2	–	1.2
Mark to market valuation of derivative financial instruments	–	–	–	–	–	0.6	0.6
Remeasurement of defined benefit pension schemes	–	–	–	(28.8)	–	–	(28.8)
Tax relating to components of other comprehensive income	–	–	–	4.1	–	–	4.1
Net expense recognised in other comprehensive income	–	–	–	(24.7)	1.2	0.6	(22.9)
Profit for the year	–	–	–	71.7	–	–	71.7
Total comprehensive income for the year	–	–	–	47.0	1.2	0.6	48.8
Dividends paid	–	–	–	(34.8)	–	–	(34.8)
Share-based payments	–	–	–	13.9	–	(3.8)	10.1
Deferred tax on share-based payment transactions	–	–	–	0.1	–	–	0.1
Other share movements	–	–	–	–	–	1.6	1.6
At 30 June 2013	14.7	369.6	2.7	(244.3)	54.8	18.9	216.4

Details of the Other reserves are explained in note 28.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE

(In £s million)	Note	2014	2013
Operating profit from continuing operations		**140.3**	125.5
Adjustments for:			
Exceptional items[(1)]		**(0.2)**	(0.6)
Depreciation of property, plant and equipment		**9.2**	11.0
Amortisation of intangible fixed assets		**12.9**	12.6
Loss/(profit) on disposal of property, plant and equipment		**0.5**	(0.1)
Net movements in provisions and other items		**(2.0)**	(2.4)
Share-based payments		**8.7**	10.2
		29.1	30.7
Operating cash flow before movement in working capital		**169.4**	156.2
Movement in working capital:			
Increase in receivables		**(32.6)**	(25.1)
Increase in payables		**38.6**	4.6
		6.0	(20.5)
Cash generated by operations		**175.4**	135.7
Pension scheme deficit funding		**(13.5)**	(12.8)
Income taxes paid		**(59.3)**	(45.2)
Net cash inflow from operating activities		**102.6**	77.7
Investing activities			
Purchase of property, plant and equipment		**(5.7)**	(9.3)
Proceeds from sales of business and related assets		**0.1**	0.2
Purchase of intangible assets		**(6.1)**	(1.4)
Cash paid in respect of acquisitions made in previous years		**(0.3)**	(0.8)
Interest received		**0.5**	0.7
Net cash used in investing activities		**(11.5)**	(10.6)
Financing activities			
Interest paid		**(8.4)**	(9.0)
Equity dividends paid		**(35.1)**	(34.8)
Proceeds from exercise of share options		**0.6**	1.6
Decrease in bank loans and overdrafts		**(34.5)**	(26.4)
Net cash used in financing activities		**(77.4)**	(68.6)
Net increase/(decrease) in cash and cash equivalents		**13.7**	(1.5)
Cash and cash equivalents at beginning of year	32	**40.0**	38.7
Effect of foreign exchange rate movements		**(5.7)**	2.8
Cash and cash equivalents at end of year	32	**48.0**	40.0

(1) The adjustment to the Cash Flow Statement in the year to 30 June 2014 of £0.2 million and in the year to 30 June 2013 of £0.6 million relates to cash paid in respect of exceptional items which were recognised in the financial years ended 30 June 2010 and 30 June 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Hays plc is a Company incorporated in the United Kingdom and registered in England and Wales and its registered office is 250 Euston Road, London NW1 2AF.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretation Committee interpretations (IFRICs) as adopted by the European Union and therefore comply with Article 4 of the European Union International Accounting Standard (IAS) Regulation.

New standards and interpretations

The Consolidated Financial Statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ended 30 June 2014. These accounting policies are consistent with those applied in the preparation of the accounts for the year ended 30 June 2013 with the exception of the following new accounting standards, amendments and interpretations which were mandatory for accounting periods beginning on or after 1 January 2013.

- IFRS 7 (amendment) Disclosures – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 (revised) Employee Benefits (effective 1 January 2013)
- Annual Improvements to IFRSs 2011 (effective 1 January 2013)

Following the adoption of IAS 19 (revised) there was no impact on the financial statements in terms of restating prior period numbers as the rate used in the prior year to discount the defined benefit obligation was the same as the rate used for the expected return on assets.

There have been no alterations made to the accounting policies as a result of considering all other IFRS and IFRIC amendments and interpretations that became effective during the financial year, as these were either not material to the Group's operation, or were not relevant.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are only effective for our accounting periods beginning on or after 1 July 2014. These new pronouncements are as follows:

- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 10 Consolidated Financial Statements (EU adoption from 1 January 2014)
- IFRS 11 Joint Arrangements (EU adoption from 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (EU adoption from 1 January 2014)
- IFRS 10, IFRS 12 and IAS 27 (amendment) Investment Entities (effective 1 January 2014)
- IFRS 15 Revenue from contracts and customer (effective 1 January 2017)
- IAS 19R (amendment) Employee Benefits (effective 1 July 2014)
- IAS 27 (revised) Separate Financial Statements (EU adoption from 1 January 2014)
- IAS 28 (revised) Investments in Associates and Joint Ventures (EU adoption from 1 January 2014)
- IAS 32 (amendment) Presentation – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)
- IAS 36 (amendment) Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)
- Annual Improvements to IFRSs 2012 (effective 1 July 2014)
- Annual Improvements to IFRSs 2013 (effective 1 July 2014)
- IFRIC 21 (interpretation) Levies (effective 1 January 2014)

The directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations.

The Group's principal accounting policies adopted in the presentation of these financial statements are set out below and have been consistently applied to all the periods presented.

2 SIGNIFICANT ACCOUNTING POLICIES

a Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with IFRSs adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The Consolidated Financial Statements have been prepared on the historical cost basis with the exception of financial instruments. Financial instruments have been recorded on a fair-value basis.

b Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review on pages 8 to 19. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 24 to 27. In addition, notes 18 to 19 to the Consolidated Financial Statements include details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. Therefore the Group is well placed to manage its business risks, despite the current uncertain economic outlook.

After making enquiries the directors have formed the judgment that at the time of approving the Consolidated Financial Statements there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

c Basis of consolidation

Subsidiaries are fully consolidated from the date on which power to control is transferred to the Group. They are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group whereby the identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The financial statements consolidate the accounts of Hays plc and all of its subsidiaries. The results of subsidiaries acquired or disposed during the year are included from the effective date of acquisition or up to the effective date of disposal as appropriate.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

d Turnover
Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Turnover arising from the placement of permanent candidates is recognised at the time the candidate commences full-time employment. Provision is made for the expected cost of meeting obligations where employees do not work for the specified contractual period.

Turnover arising from temporary placements is recognised over the period that temporary workers are provided. Where the Group is acting as a principal, turnover represents the amounts billed for the services of the temporary workers, including the remuneration costs of the temporary workers.

Where Hays acts as principal in arrangements that invoice on behalf of other recruitment agencies, turnover represents amounts invoiced and collected on behalf of other recruitment agencies, including arrangements where no commission is directly receivable by the Group.

Where the Group is acting as an agent, turnover represents commission receivable relating to the supply of temporary workers and does not include the remuneration costs of the temporary workers.

e Net fees
Net fees represent turnover less the remuneration costs of temporary workers for temporary assignments and remuneration of other recruitment agencies. For the placement of permanent candidates, net fees are equal to turnover.

f Exceptional items
Exceptional items as disclosed on the face of the Consolidated Income Statement are items which due to their size and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements and to show the underlying profits of the Group.

g Foreign currencies
On consolidation, the tangible and intangible assets and liabilities of subsidiaries denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Income and expense items are translated into sterling at average rates of exchange for the period. Any exchange differences which have arisen from an entity's investment in a foreign subsidiary, including long-term loans, are recognised as a separate component of equity and are included in the Group's translation reserve.

On disposal of a subsidiary, any amounts transferred to the translation reserve are included in the calculation of profit and loss on disposal. All other translation differences are dealt with in the Consolidated Income Statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

h Retirement benefit costs
The expense of defined benefit pension schemes and other post-retirement employee benefits is determined using the projected-unit credit method and charged to the Consolidated Income Statement as an expense, based on actuarial assumptions reflecting market conditions at the beginning of the financial year. All remeasurement gains and losses are recognised immediately in reserves and reported in the Consolidated Statement of Comprehensive Income in the period in which they occur. Past service costs/curtailments are recognised immediately in the Consolidated Income Statement to the extent that benefits have vested or, if not vested, on a straight-line basis over the period until the benefits vest.

The Group has chosen under IFRS 1 to recognise in retained earnings all cumulative remeasurement gains and losses as at 1 July 2004, the date of transition to IFRS. The Group has chosen to recognise all remeasurement gains and losses arising subsequent to 1 July 2004 in reserves and reported in the Consolidated Statement of Comprehensive Income.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contribution to the scheme.

Payments to defined contribution schemes are charged as an expense in the Consolidated Income Statement as they fall due.

i Share-based payments
The fair value of all share-based remuneration that is assessed upon market-based performance criteria is determined at the date of grant and recognised as an expense in the Consolidated Income Statement on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest.

The fair value of all share-based remuneration that is assessed upon non-market-based performance criteria is determined at the date of the grant and recognised as an expense in the Consolidated Income Statement over the vesting period, based on the number of shares that are expected to vest. The number of shares that are expected to vest is adjusted accordingly to the satisfaction of the performance criteria at each period end.

The fair values are determined by use of the relevant valuation models. All share-based remuneration is equity settled.

j Borrowing costs
Interest costs are recognised as an expense in the Consolidated Income Statement in the period in which they are incurred. Arrangement fees incurred in respect of borrowings are amortised over the term of the agreement.

k Taxation
The tax expense comprises both current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on all temporary differences, at rates that are enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which to offset the deductible temporary differences.

Temporary differences arise where there is a difference between the accounting carrying value in the Consolidated Balance Sheet and the amount attributed to that asset or liability for tax purposes.

Deferred tax is provided on unremitted earnings of subsidiaries and associates where the Group is unable to control the timing of the distribution, and it is probable that the temporary difference will reverse in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

l Goodwill

Goodwill arising on consolidation represents the excess of purchase consideration less the fair value of the identifiable tangible and intangible assets and liabilities acquired.

Goodwill is recognised as an asset and reviewed for impairment at least annually. For the purpose of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows, known as cash-generating units (CGUs). Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed.

On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS (1 July 2004) has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date. Goodwill arising on acquisitions prior to 1 July 1998 was written off direct to reserves under UK GAAP. This goodwill has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

m Intangible assets

Intangible assets acquired as part of a business combination are stated in the Consolidated Balance Sheet at their fair value as at the date of acquisition less accumulated amortisation and any provision for impairment. The directors review intangible assets for indications of impairment annually.

Internally generated intangible assets are stated in the Consolidated Balance Sheet at the directly attributable cost of creation of the asset, less accumulated amortisation. Intangible assets are amortised on a straight-line basis over their estimated useful lives up to a maximum of 10 years. Software incorporated into major ERP implementations that support the recruitment process and financial reporting process is amortised over a life of up to seven years. Other software is amortised between three and five years.

n Property, plant and equipment

Property, plant and equipment is recorded at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight-line basis over the anticipated useful working lives of the assets, after they have been brought into use, at the following rates:

Freehold land
– No depreciation is provided

Freehold buildings
– At rates varying between 2% and 10%

Leasehold properties
– The cost is written off over the unexpired term of the lease

Plant and machinery
– At rates varying between 5% and 33%

Fixtures and fittings
– At rates varying between 10% and 25%

o Trade and other receivables

Trade and other receivables are measured at fair value after appropriate allowances for estimated irrecoverable amounts have been recognised in the Consolidated Income Statement where there is objective evidence that the asset is impaired.

p Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

q Trade payables

Trade payables are measured at fair value.

r Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of the proceeds received, net of direct-issue costs.

Finance charges, including premiums payable on settlement or redemption and direct-issue costs, are accounted for on an accrual basis in the Consolidated Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

s Derivative financial instruments and hedge accounting

The Group uses certain derivative financial instruments to reduce its exposure to interest rate movements. The Group does not hold or use derivative financial instruments for speculative purposes.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the Consolidated Income Statement.

The Group uses a range of 80% to 125% for hedge effectiveness, in accordance with IAS 39, and any relationship which has effectiveness outside this range is deemed to be ineffective and hedge accounting is suspended.

The fair values of interest rate swaps represent the replacement costs calculated using observable market rates of interest and exchange. The fair value of long-term borrowing is calculated by discounting expected future cash flows at observable market rates.

Amounts deferred in equity are recognised in the Consolidated Income Statement in the same period in which the hedged item affects net income.

Cash flow hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time any cumulative gain or loss on the hedging instrument recognised in equity is either retained in equity until the firm commitment or forecasted transaction occurs, or where a hedge transaction is no longer expected to occur, is immediately credited or expensed in the Consolidated Income Statement.

t Leases

Leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases by the lessee.

Rentals payable under operating leases are charged to the Consolidated Income Statement on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to enter into an operating lease are recognised on a straight-line basis over the lease term.

u Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Revenue recognition

The main areas of judgment in revenue recognition relate to (i) cut-off as revenue is recognised for permanent placements on the day a candidate starts work and temporary placement income over the duration of the placement; and (ii) the recognition of temporary contractual arrangements where Hays acts on a gross basis rather than a net basis. Turnover and Net fees are described in note 1 (d) and (e) to the Consolidated Financial Statements.

Goodwill impairment

Goodwill is tested for impairment at least annually. In performing these tests, assumptions are made in respect of future growth rates and the discount rate to be applied to the future cash flows of income-generating units. These assumptions are set out in note 13 to the Consolidated Financial Statements.

Pension accounting

Under IAS 19 revised 'Employee Benefits', the Group has recognised a pension deficit of £43.9 million (2013: £33.0 million). A number of assumptions have been made in determining the pension deficit and these are described in note 21 to the Consolidated Financial Statements.

Provisions in respect of recoverability of trade receivables

As described in note 17, provisions for impairment of trade receivables have been made. In reviewing the appropriateness of these provisions, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current economic conditions.

4 SEGMENTAL INFORMATION

IFRS 8 Operating Segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segment and to assess their performance.

As a result, the Group continues to segment the business into three regions, Asia Pacific, Continental Europe & Rest of World, and United Kingdom & Ireland. There is no material difference between the segmentation of the Group's turnover by geographic origin and destination.

The Group's continuing operations comprise one class of business, that of qualified, professional and skilled recruitment.

Net fees and operating profit from continuing operations

The Group's Management Board, which is regarded as the chief operating decision maker, uses net fees by segment as its measure of revenue in internal reports, rather than use turnover. This is because net fees exclude the remuneration of temporary workers and payments to other recruitment agencies where the Group acts as principal, which are not considered relevant in allocating resources to segments. The Group's Management Board considers net fees for the purpose of making decisions about allocating resources. The Group does not report items below operating profit by segment in its internal management reporting. The full detail of these items can be seen in the Group Consolidated Income Statement on page 82. The reconciliation of turnover to net fees can be found in note 5.

(In £s million)	2014	2013
Net fees from continuing operations		
Asia Pacific	**173.9**	211.8
Continental Europe & Rest of World	**305.0**	285.2
United Kingdom & Ireland	**246.0**	222.0
	724.9	719.0

(In £s million)	2014	2013
Operating profit from continuing operations		
Asia Pacific	**49.7**	67.2
Continental Europe & Rest of World	**64.4**	52.7
United Kingdom & Ireland	**26.2**	5.6
	140.3	125.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4 SEGMENTAL INFORMATION CONTINUED

Net trade receivables

For the purpose of monitoring performance and allocating resources from a balance sheet perspective, the Group's Management Board monitors trade receivables net of provisions for impairments only on a segment by segment basis. These are monitored on a constant currency basis for comparability through the year. These are shown below and reconciled to the totals as shown in note 17.

(In £s million)	As reported internally	Foreign exchange	**2014**	As reported internally	Foreign exchange	2013
Net trade receivables						
Asia Pacific	69.6	(5.6)	**64.0**	68.2	(4.7)	63.5
Continental Europe & Rest of World	184.0	(12.4)	**171.6**	147.2	9.4	156.6
United Kingdom & Ireland	146.2	(0.6)	**145.6**	152.0	0.4	152.4
	399.8	(18.6)	**381.2**	367.4	5.1	372.5

5 OPERATING PROFIT FROM CONTINUING OPERATIONS

The following costs are deducted from turnover to determine net fees from continuing operations:

(In £s million)	**2014**	2013
Turnover	**3,678.5**	3,696.9
Remuneration of temporary workers	**(2,805.8)**	(2,685.9)
Remuneration of other recruitment agencies	**(147.8)**	(292.0)
Net fees	**724.9**	719.0

Operating profit is stated after charging the following items to net fees of £724.9 million (2013: £719.0 million):

(In £s million)	**2014**	2013
Staff costs (note 7)	**424.4**	428.1
Depreciation of property, plant and equipment	**9.2**	11.0
Amortisation of intangible assets	**12.9**	12.6
Operating lease rentals payable (note 31)	**31.2**	31.2
Impairment loss on trade receivables	**3.4**	2.5
Auditor remuneration (note 6)		
– for statutory audit services	**0.9**	0.8
– for other services	**0.3**	0.6
Other external charges	**102.3**	106.7
	584.6	593.5

6 AUDITOR REMUNERATION

(In £s million)	**2014**	2013
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	**0.2**	0.2
Fees payable to the Company's Auditor and their associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	**0.7**	0.6
Total audit fees	**0.9**	0.8
Half year review pursuant to legislation	**0.1**	0.1
Tax and other services	**0.2**	0.5
Total non-audit fees	**0.3**	0.6

Other services, principally relating to technical accounting advice, totalled £59,000 (2013: £61,000). No services were performed pursuant to contingent fee arrangements.

7 STAFF COSTS

The aggregate staff remuneration (including executive directors) was as follows:

(In £s million)	**2014**	2013
Wages and salaries	**357.4**	358.5
Social security costs	**46.1**	45.8
Other pension costs	**12.2**	13.6
Share-based payments	**8.7**	10.2
	424.4	428.1

Average number of persons employed (including executive directors):

(Number)	**2014**	2013
Continuing operations:		
Asia Pacific	**1,435**	1,458
Continental Europe & Rest of World	**3,067**	3,013
United Kingdom & Ireland	**3,494**	3,391
	7,996	7,862

Closing number of persons employed (including executive directors):

(Number)	**2014**	2013
Continuing operations:		
Asia Pacific	**1,458**	1,418
Continental Europe & Rest of World	**3,124**	3,032
United Kingdom & Ireland	**3,655**	3,390
	8,237	7,840

8 FINANCE INCOME AND FINANCE COST

Finance income

(In £s million)	**2014**	2013
Interest on bank deposits	**0.5**	0.7

Finance cost

(In £s million)	**2014**	2013
Interest payable on bank loans and overdrafts	**(5.5)**	(7.7)
Pension Protection Fund levy	**(0.4)**	0.4
Net interest on pension obligations	**(2.6)**	(0.4)
	(8.5)	(7.7)
Net finance cost	**(8.0)**	(7.0)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9 INCOME TAXES RELATING TO CONTINUING OPERATIONS

The tax (expense)/credit for the year is comprised of the following:

Current tax

(In £s million)	2014	2013
Current tax expense in respect of the current year	**(42.5)**	(43.9)
Adjustments recognised in the current year in relation to the current tax of prior years	**(2.8)**	(5.0)
	(45.3)	(48.9)

Deferred tax

(In £s million)	2014	2013
Deferred tax credit in respect of the current year	**0.8**	2.7
Adjustments to deferred tax attributable to changes in tax rates and laws	**(1.8)**	(0.9)
Adjustments to deferred tax in relation to prior years	**–**	0.3
	(1.0)	2.1
Total income tax expense recognised in the current year relating to continuing operations	**(46.3)**	(46.8)

The income tax expense for the year can be reconciled to the accounting profit as follows:

(In £s million)	2014	2013
Profit before tax from continuing operations	**132.3**	118.5
Income tax expense calculated at 22.50% (2013: 23.75%)	**(29.8)**	(28.1)
Net effect of items that are non-taxable/(non-deductible) in determining taxable profit	**1.3**	(0.7)
Effect of unused tax losses not recognised as deferred tax assets	**(1.5)**	(1.8)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(11.6)**	(10.9)
Effect on deferred tax balances due to the changes in income tax rates	**(1.8)**	(0.9)
Effect of share-based payment charges and share options	**(0.1)**	0.3
	(43.5)	(42.1)
Adjustments recognised in the current year in relation to the current tax of prior years	**(2.8)**	(5.0)
Adjustments to deferred tax in relation to prior years	**–**	0.3
Income tax expense recognised in the Consolidated Income Statement (relating to continuing operations)	**(46.3)**	(46.8)
Effective tax rate for the year on continuing operations	**35.0%**	39.5%

The tax rate used for the 2014 and 2013 reconciliations above is the corporate tax rate of 22.50% (2013: 23.75%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

10 DISCONTINUED

The results of the discontinued operations which have been included in the Consolidated Income Statement were as follows:

(In £s million)	2014	2013
Profit from discontinued operations	**5.0**	–
Profit before tax	**5.0**	–
Tax charge	**(0.1)**	–
Profit from discontinued operations after tax	**4.9**	–

The profit of £4.9 million arose primarily from the write-back of provisions that were established when the Group completed the disposal of its non-core activities between March 2003 and November 2004 which in the light of subsequent events were no longer required.

There were no cash inflows generated from discontinued operations (2013: £nil).

Cash outflows generated from discontinued operations were £2.0 million (2013: £2.4 million).

11 DIVIDENDS

The following dividends were paid by the Group and have been recognised as distributions to equity shareholders in the year:

	2014 pence per share	2014 £s million	2013 pence per share	2013 £s million
Previous year final dividend	**1.67**	**23.5**	1.67	23.2
Current year interim dividend	**0.83**	**11.6**	0.83	11.6
		35.1		34.8

The following dividends have been paid/proposed by the Group in respect of the accounting year presented:

	2014 pence per share	2014 £s million	2013 pence per share	2013 £s million
Interim dividend (paid)	**0.83**	**11.6**	0.83	11.6
Final dividend (proposed)	**1.80**	**25.6**	1.67	23.5
	2.63	**37.2**	2.50	35.1

The final dividend for 2014 of 1.80 pence per share (£25.6 million) will be proposed at the Annual General Meeting on 12 November 2014 and has not been included as a liability as at 30 June 2014. If approved, the final dividend will be paid on 14 November 2014 to shareholders on the register at the close of business on 10 October 2014.

12 EARNINGS PER SHARE

For the year ended 30 June 2014	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
Continuing operations:			
Basic earnings per share from continuing operations	**86.0**	**1,403.9**	**6.13**
Dilution effect of share options	**–**	**30.0**	**(0.13)**
Diluted earnings per share from continuing operations	**86.0**	**1,433.9**	**6.00**
Discontinued operations:			
Basic earnings per share from discontinued operations	**4.9**	**1,403.9**	**0.35**
Dilution effect of share options	**–**	**30.0**	**(0.01)**
Diluted earnings per share from discontinued operations	**4.9**	**1,433.9**	**0.34**
Continuing and discontinued operations:			
Basic earnings per share from continuing and discontinued operations	**90.9**	**1,403.9**	**6.47**
Dilution effect of share options	**–**	**30.0**	**(0.13)**
Diluted earnings per share from continuing and discontinued operations	**90.9**	**1,433.9**	**6.34**

For the year ended 30 June 2013	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
Continuing operations:			
Basic earnings per share from continuing operations	71.7	1,393.8	5.14
Dilution effect of share options	–	23.4	(0.08)
Diluted earnings per share from continuing operations	71.7	1,417.2	5.06

There were no discontinued operations in the prior year.

The weighted average number of shares in issue for both years exclude shares held in treasury and shares held by the Hays plc Employee Share Trust.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13 GOODWILL

(In £s million)	2014	2013
Cost		
At 1 July	**177.3**	177.2
Exchange adjustments	**(6.7)**	0.1
At 30 June	**170.6**	177.3

Goodwill arising on business combinations is reviewed and tested on an annual basis or more frequently if there is indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU), including goodwill, with the recoverable amount. The recoverable amounts of the CGUs are determined from value-in-use calculations.

The key assumptions for the value-in-use calculations are as follows:

Assumption	How determined
Operating profit	The operating profit is based on the latest one-year forecasts for the CGUs approved by the Group's Management Board which are compiled using expectations of fee growth, consultant productivity and operating costs. The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management and extrapolates cash flows in perpetuity based on the long-term growth rates and expected cash conversion rates.
Discount rates	The pre-tax rate used to discount the forecast cash flows is 13.0% (2013: 12.5%) reflecting current market assessments of the time value of money and the risks specific to the relevant CGUs. The discount rate applied to the cash flows of each of the Group's operations is generally based on the weighted average cost of capital (WACC) adjusted for the risk-free rate for 10-year bonds issued by the government in the respective market. Where government bond rates contain a material component of credit risk, high-quality local corporate bond rates may be used. These rates are adjusted for a risk premium to reflect the increased risk of investing in equities and where appropriate, the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the increased return required over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.
Growth rates	The long-term growth rates are based on management forecasts, which are consistent with external sources of an average estimated growth rate of 2.0% (2013: 2.0%), reflecting a combination of GDP expectations and long-term wage inflation driving fee growth. GDP growth is a key driver of our business, and is therefore a key consideration in developing long-term forecasts. Wage inflation is also an important driver of net fees as net fees are derived directly from the salary level of candidates placed into employment. Based on past experience a combination of these two factors is considered to be an appropriate basis for assessing long-term growth rates.

Impairment reviews were performed at the year end by comparing the carrying value of goodwill with the recoverable amount of the CGUs to which goodwill has been allocated.

Management has determined that there has been no impairment to any of the CGUs and in respect of these a sensitivity analysis has been performed in assessing recoverable amounts of goodwill. This has been based on changes in key assumptions considered to be possible by management. This included a change in the discount rate of up to 1% and changes in the long-term growth rate from year 2 onwards between 0% and 2% in absolute terms.

The sensitivity analysis shows no impairment would arise under each scenario for any of the CGUs.

Goodwill acquired in a business combination is allocated, at acquisition, to the groups of CGUs that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

(In £s million)	2014	2013
Asia Pacific	**18.8**	21.5
Continental Europe & Rest of World	**58.7**	62.7
United Kingdom & Ireland	**93.1**	93.1
	170.6	177.3

14 OTHER INTANGIBLE ASSETS

(In £s million)	**2014**	2013
Cost		
At 1 July	**87.7**	86.2
Exchange adjustments	**(1.4)**	0.2
Additions	**6.1**	1.4
Disposals	**(1.2)**	(0.1)
At 30 June	**91.2**	87.7
Amortisation		
At 1 July	**43.3**	30.7
Exchange adjustments	**(0.8)**	0.1
Charge for the year	**12.9**	12.6
Disposals	**(0.7)**	(0.1)
At 30 June	**54.7**	43.3
Net book value		
At 30 June	**36.5**	44.4
At 1 July	**44.4**	55.5

All other intangible assets relate to computer software.

Other intangible asset additions in the current year include £4.1 million in relation to internally generated assets (2013: £nil).

The estimated average useful life of the intangible assets is seven years (2013: seven years). Software incorporated into major ERP implementations is amortised on a straight-line basis over a life of up to seven years. Other software is amortised on a straight-line basis between three and five years.

There were no capital commitments at the year end (2013: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

15 PROPERTY, PLANT AND EQUIPMENT

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost					
At 1 July 2013	1.9	12.5	32.1	30.1	76.6
Exchange adjustments	(0.1)	(1.0)	(1.3)	(1.1)	(3.5)
Capital expenditure	–	1.1	2.5	2.1	5.7
Disposals	–	(0.5)	(7.2)	(3.1)	(10.8)
At 30 June 2014	**1.8**	**12.1**	**26.1**	**28.0**	**68.0**
Accumulated depreciation					
At 1 July 2013	1.0	9.4	21.1	22.8	54.3
Exchange adjustments	–	(0.8)	(1.0)	(0.9)	(2.7)
Charge for the year	0.1	1.4	5.3	2.4	9.2
Disposals	–	(0.5)	(7.2)	(2.7)	(10.4)
At 30 June 2014	**1.1**	**9.5**	**18.2**	**21.6**	**50.4**
Net book value					
At 30 June 2014	**0.7**	**2.6**	**7.9**	**6.4**	**17.6**
At 1 July 2013	0.9	3.1	11.0	7.3	22.3

There were no capital commitments as was the case in the prior year.

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost					
At 1 July 2012	1.5	11.6	29.3	28.0	70.4
Exchange adjustments	0.1	(0.7)	(0.3)	0.5	(0.4)
Capital expenditure	0.3	2.0	4.6	2.4	9.3
Disposals	–	(0.4)	(1.5)	(0.8)	(2.7)
At 30 June 2013	1.9	12.5	32.1	30.1	76.6
Accumulated depreciation					
At 1 July 2012	0.9	8.6	16.9	19.8	46.2
Exchange adjustments	–	(0.5)	(0.1)	0.3	(0.3)
Charge for the year	0.1	1.7	5.8	3.4	11.0
Disposals	–	(0.4)	(1.5)	(0.7)	(2.6)
At 30 June 2013	1.0	9.4	21.1	22.8	54.3
Net book value					
At 30 June 2013	0.9	3.1	11.0	7.3	22.3
At 1 July 2012	0.6	3.0	12.4	8.2	24.2

16 DEFERRED TAX

Deferred tax assets in relation to:

(In £s million)	1 July 2013	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	**30 June 2014**
Accelerated tax depreciation	16.7	0.4	–	–	(0.3)	**16.8**
Retirement benefit obligation	8.3	(0.7)	1.2	–	–	**8.8**
Share-based payments	3.3	(0.5)	–	1.3	–	**4.1**
Provisions	2.5	(0.2)	–	–	(0.1)	**2.2**
Other short-term timing differences	3.4	–	–	–	(0.2)	**3.2**
	34.2	(1.0)	1.2	1.3	(0.6)	**35.1**

(In £s million)	1 July 2012	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	30 June 2013
Accelerated tax depreciation	13.4	3.7	–	–	(0.4)	16.7
Retirement benefit obligation	5.0	(0.8)	4.1	–	–	8.3
Share-based payments	3.3	(0.1)	–	0.1	–	3.3
Provisions	2.9	(0.4)	–	–	–	2.5
Other short-term timing differences	3.7	(0.3)	–	–	–	3.4
	28.3	2.1	4.1	0.1	(0.4)	34.2

The UK deferred tax asset of £29.2 million (2013: £27.8 million) is recognised on the basis of the UK business performance in the year and the forecast approved by management.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse. The rates enacted or substantively enacted by the United Kingdom Government for the relevant periods of reversal are 20% and 21% as at 30 June 2014 (2013: 23%). The reduction in the UK rate to 20% will be effective from 1 April 2015.

Unrecognised deductible temporary differences, unused tax losses and unused tax credits

(In £s million)	**2014**	2013
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
Tax losses (revenue in nature)	**45.7**	46.7
Tax losses (capital in nature)	**4.4**	5.3
Deductible temporary differences	**–**	0.2
	50.1	52.2

Unrecognised taxable temporary differences associated with investments and interests

(In £s million)	**2014**	2013
Taxable temporary differences in relation to investments in subsidiaries, for which deferred tax liabilities have not been recognised are attributable to the following:		
Foreign subsidiaries	**3.0**	1.7
Tax thereon	**0.2**	0.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17 TRADE AND OTHER RECEIVABLES

(In £s million)	2014	2013
Trade receivables	**397.2**	389.4
Less provision for impairment	**(16.0)**	(16.9)
Net trade receivables	**381.2**	372.5
Prepayments and accrued income	**198.1**	193.4
	579.3	565.9

The directors consider that the carrying amount of trade receivables approximates to their fair value. The average credit period taken is 38 days (2013: 37 days).

The ageing analysis of the trade receivables not impaired is as follows:

(In £s million)	2014	2013
Not yet due	**284.1**	278.5
Up to one month past due	**77.9**	77.9
One to three months past due	**19.2**	16.1
	381.2	372.5

The Group's exposure to foreign currency translation is primarily in respect of the Euro and the Australian Dollar. The sensitivity of a one cent change in the year end closing exchange rates in respect of the Euro and Australian Dollar would result in a £1.3 million and £0.3 million movement in trade receivables respectively.

The movement on the provision for impairment of trade receivables is as follows:

(In £s million)	2014	2013
At 1 July	**16.9**	20.2
Exchange movement	**(0.5)**	0.1
Charge for the year	**3.4**	2.5
Uncollectable amounts written off	**(3.8)**	(5.9)
At 30 June	**16.0**	16.9

The ageing of impaired trade receivables relates primarily to trade receivables over three months past due.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Consolidated Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a likely reduction in the recoverability of the cash flows. The Group reduces risk through its credit control process and by contractual arrangements with other recruitment agencies in situations where the Group invoices on their behalf. The Group's exposure is spread over a large number of customers.

The risk disclosures contained on pages 22 and 23 within the Strategic Report form part of these financial statements.

18 CASH AND CASH EQUIVALENTS

(In £s million)	2014	2013
Cash at bank and in hand	**48.0**	40.0

The effective interest rate on short-term deposits was 0.8% (2013: 0.9%). The average maturity of short-term deposits was one day (2013: one day).

Credit risk
Counterparty credit risk on liquid funds is closely monitored using the credit ratings assigned by international credit rating agencies to financial institutions. A credit limit is applied to each bank and deposits held are monitored against those limits.

Interest rate risk profile of cash and cash equivalents
Cash and cash equivalents carry interest at floating rates based on local money market rates.

19 BANK LOANS AND OVERDRAFTS

(In £s million)	2014	2013
Bank loans	**110.0**	145.0
Overdrafts	**0.7**	0.2
	110.7	145.2

Risk management
A description of the Group's treasury policy and controls is included in the Financial Review on page 27.

Interest rate risk
The Group is exposed to cash flow interest rate risk on floating rate bank loans and overdrafts. At 30 June 2014 the Group had drawn down £110 million (2013: £145 million) from its unsecured revolving credit facility. In 2011 the Group entered into interest rate derivatives to partially hedge this risk. The fair value of these derivatives at 30 June 2014 was £0.1 million (2013: £0.5 million).

The interest rate profile of bank loans and overdrafts is as follows:

(In £s million)	2014	2013
Floating rate – sterling	**110.7**	145.2

The floating rate liabilities comprise bank loans and unsecured overdrafts bearing interest at rates based on local market rates.

Committed facilities
The Group has a £300 million unsecured revolving credit facility which expires in October 2017. The financial covenants require the Group's interest cover ratio to be at least 4:1 and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1. The interest rate of the facility is based on a ratchet mechanism with a margin payable over LIBOR in the range of 1.85% to 2.40%.

At 30 June 2014, £190 million of the committed facility was undrawn.

Interest rates
The weighted average interest rates paid were as follows:

	2014	2013
Bank borrowings	**2.8%**	2.8%

For each 10 basis point fall or rise in the average LIBOR rate in the year there would be a reduction or increase in profit before tax by approximately £0.1 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19 BANK LOANS AND OVERDRAFTS CONTINUED

Maturities of bank loans and overdrafts

The maturity of borrowings are as follows:

(In £s million)	2014	2013
Within one year	**0.7**	0.2
More than one year	**110.0**	145.0
	110.7	145.2

Fair values of financial assets and bank loans and overdrafts

The fair value of financial assets and bank loans and overdrafts is not materially different to their book value due to the short-term maturity of the instruments, which are based on floating rates.

Capital management

The Board's priorities for free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable dividend at a level that is affordable and appropriate. The Board targets a dividend cover range of 2.0x to 3.0x, and remains committed to paying a sustainable and progressive dividend. Further details can be found in the Financial Review on page 27.

The capital structure of the Group consists of net debt, which is represented by cash and cash equivalents (note 18), bank loans and overdrafts (note 19) and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in notes 23 to 28.

The Group is not restricted to any externally imposed capital requirements.

Foreign currency risk

The Group did not have a material income statement exposure to foreign exchange gains or losses on monetary assets and liabilities denominated in foreign currencies at 30 June 2014.

The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

The Group's operating profit exposure to foreign currency translation is primarily in respect of the Euro and the Australian Dollar. The sensitivity of a one cent change in the average exchange rates for the year in respect of the Euro and Australian Dollar would result in a £0.7 million and £0.25 million change in operating profit respectively.

20 TRADE AND OTHER PAYABLES

(In £s million)	2014	2013
Current		
Trade creditors	**110.7**	115.5
Other tax and social security	**72.6**	54.6
Other creditors	**28.4**	32.1
Accruals	**246.0**	230.9
Acquisition liabilities	**–**	0.3
	457.7	433.4

The directors consider that the carrying amount of trade payables approximates to their fair value. The average credit period taken for trade purchases is 28 days (2013: 32 days).

21 RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of retirement benefit schemes in the UK and in other countries including both defined benefit and defined contribution schemes. The Group's principal schemes are operated within the UK where the Group operates one defined contribution scheme and two defined benefit schemes. The majority of overseas arrangements are either defined contribution or government-sponsored schemes and these arrangements are not material in the context of the Group results.

UK defined contribution scheme

The Group's principal defined contribution retirement benefit scheme is the Hays Group Personal Pension Plan which is operated for all qualifying employees and is funded via an employee salary sacrifice arrangement, and for qualifying employees additional employer contributions. Employer contributions are in the range of 2% to 18% of pensionable salary depending on the level of employee contribution and seniority.

The total cost charged to the Consolidated Income Statement of £5.9 million (2013: £5.1 million) represents employer's contributions payable to the money purchase arrangements. Contributions of £0.5 million (2013: £0.4 million) were outstanding at the end of the year. The assets of the money purchase arrangements are held separately from those of the Group.

UK defined benefit schemes

The Group's principal defined benefit schemes are the Hays Pension Scheme and the Hays Supplementary Scheme, both in the UK. The Hays Pension Scheme is a funded final salary defined benefit scheme providing pensions and death benefits to members. The Hays Supplementary Scheme is an unfunded unapproved retirement benefit scheme for employees who were subject to HMRC's earnings cap on pensionable salary. The Schemes were closed to future accrual from 30 June 2012 with pensions calculated up until the point of closure. The Schemes are governed by a trustee board, which is independent of the Group, and are subject to full actuarial valuation on a triennial basis.

The last formal actuarial valuation of the Hays Pension Scheme was performed at 30 June 2012, and quantified the deficit at c.£150 million. A revised deficit funding schedule was agreed with effect from 1 July 2012 which maintained the annual contribution at £12.8 million, subject to a 3% per annum fixed uplift over a period of just under 10 years. During the year the Group made a contribution of £13.1 million to the Hays Pension Scheme (2013: £12.8 million) in accordance with the deficit funding schedule. The cash contributions during the year mainly related to deficit funding payments.

The Schemes have continued with an investment strategy of targeting to hold 40% of assets in growth portfolio with a target return of 2.9% over gilts and 60% invested in defensive portfolio targeting 0.7% return over gilts.

The defined benefit schemes expose the Group to actuarial risks, such as longevity risk, inflation risk, interest rate risk and market (investment) risk. The Group is not exposed to any unusual, entity-specific or scheme-specific risks.

The net amount included in the Consolidated Balance Sheet arising from the Group's obligations in respect of its defined benefit pension schemes is as follows:

(In £s million)	**2014**	2013
Present value of defined benefit obligations	**(612.3)**	(560.2)
Less fair value of defined benefit scheme assets:		
Equities	**120.5**	149.0
Bonds and gilts	**267.8**	213.6
Absolute return funds	**34.3**	45.4
Cash and LDI funds	**132.9**	106.8
Real estate	**12.9**	12.4
	568.4	527.2
Net liability arising from defined benefit obligation	**(43.9)**	(33.0)

Virtually all scheme assets have quoted prices in active markets. Real estate can be classified as Level 3 instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

The change in the present value of defined benefit obligations was:

(In £s million)	2014	2013
Change in benefit obligation		
Opening defined benefit obligation at 1 July	**(560.2)**	(491.5)
Current service cost	**(1.3)**	(1.2)
Interest on defined benefit scheme liabilities	**(26.5)**	(24.2)
Net remeasurement loss – change in demographic assumptions	**–**	(32.6)
Net remeasurement loss – change in experience assumptions	**–**	(9.1)
Net remeasurement losses – change in financial assumptions	**(41.3)**	(16.5)
Benefits and expenses paid	**17.0**	14.9
Closing defined benefit obligation at 30 June	**(612.3)**	(560.2)
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	**(602.1)**	(550.5)
Plans that are wholly unfunded	**(10.2)**	(9.7)
Total	**(612.3)**	(560.2)

The defined benefit schemes liability comprises 68% (2013: 67%) in respect of deferred scheme participants and 32% (2013: 33%) in respect of retirees.

The weighted average duration of the UK defined benefit scheme liabilities at the end of the reporting period is 22.8 years (2013: 22.3 years).

The change in the fair value of defined benefit schemes assets was:

(In £s million)	2014	2013
Change in the fair value of scheme assets		
Fair value of plan assets at 1 July	**527.2**	476.1
Interest income on defined benefit scheme assets	**25.2**	23.8
Return on scheme assets	**19.5**	29.4
Employer contributions	**13.5**	12.8
Benefits and expenses paid	**(17.0)**	(14.9)
Fair value of plan assets at 30 June	**568.4**	527.2

The amount of deficit funding contributions which are expected to be paid to the scheme during the financial year to 30 June 2015 is £13.5 million. Following the closure of the Schemes at 30 June 2012 future service contributions are no longer be payable.

The net expense recognised in the Consolidated Income Statement comprised:

(In £s million)	2014	2013
Net interest expense	**(1.3)**	(0.4)
Current service cost	**(1.3)**	(1.2)
Net expense recognised in the Consolidated Income Statement	**(2.6)**	(1.6)

The net expense in the current year was recognised within finance costs. In the prior year the net interest cost of £0.4 million was recognised in finance costs and the current service cost of £1.2 million was recognised within staff costs.

The amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

(In £s million)	2014	2013
The return on plan assets (excluding amounts included in net interest expense)	19.5	29.4
Actuarial remeasurement:		
Net remeasurement loss – change in demographic assumptions	–	(32.6)
Net remeasurement loss – change in experience assumptions	–	(9.1)
Net remeasurement losses – change in financial assumptions	(41.3)	(16.5)
Remeasurement of the net defined benefit liability	(21.8)	(28.8)

A roll forward of the actuarial valuation of the Hays Pension Scheme to 30 June 2014 and a valuation of the Hays Supplementary Pension Scheme have been performed by an independent actuary, who is an employee of Hymans Robertson LLP.

The key assumptions used at 30 June 2014 are listed below.

	2014	2013
Discount rate	4.4%	4.8%
RPI inflation	3.4%	3.4%
CPI inflation	2.4%	2.4%
Rate of increase of pensions in payment	3.3%	3.4%
Rate of increase of pensions in deferment	2.4%	2.4%

The discount rate has been constructed as a gilt yield of 3.5% per annum (2013: 3.7%) plus a credit spread on high-quality debt instruments of 0.9% per annum (2013: 1.1%). The gilt yield of 3.5% is the flat yield equivalent to valuing the liabilities of the gilt curve published by the Bank of England.

The RPI inflation assumption is equivalent to valuing the liabilities on the government debt implied inflation curve published by the Bank of England.

The life expectancy assumptions have been calculated using Club Vita base tables and future improvements in line with the CMI 2011 model with a long-term improvement rate of 1.25% per annum and 'non peaked' short-term future improvements. On this basis a 65-year-old current pensioner has a life expectancy of 24 years and 26 years for males and females respectively.

A sensitivity analysis on the principal assumptions used to measure the schemes liabilities at the year end is:

	Change in assumption	Impact on Schemes
Discount rate	0.5%	£72m
RPI inflation	0.5%	£45m
Assumed life expectancy at age 60 (rate of mortality)	+1 year	£18m

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation to one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Consolidated Balance Sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22 PROVISIONS

(In £s million)	Property	Other	Total
At 1 July 2013	10.8	11.8	22.6
Exchange adjustments	–	(0.1)	(0.1)
Credited to income statement	(3.2)	(1.8)	(5.0)
Utilised	(2.3)	0.2	(2.1)
At 30 June 2014	**5.3**	**10.1**	**15.4**

(In £s million)	**2014**	2013
Current	**3.4**	4.2
Non-current	**12.0**	18.4
	15.4	22.6

Property provisions are for rents and other related amounts payable on certain leased properties for periods in which they are not anticipated to be in use by the Group. The leases expire in periods up to 2015 and the amounts will be paid over this period.

Other provisions include potential warranty claim liabilities arising as a result of the business disposals that were concluded in 2004, deferred employee benefit provisions, and restructuring provisions. Of these provisions, £3.4 million is expected to be paid in the next 12 months and it is not possible to estimate the timing of the payments for the other items.

23 CALLED UP SHARE CAPITAL

Called up, allotted and fully paid Ordinary shares of 1 pence each

	Share capital number (thousand)	Share capital £s million
At 1 July 2013 and 30 June 2014	**1,464,097**	**14.7**

In accordance with the Companies Act 2006, the Company no longer has an authorised share capital.

Under part 18 of the Companies Act 2006, the Company is allowed to hold 10% of issued share capital in treasury.

As at 30 June 2014, the Company held 57.9 million (2013: 65.2 million) Hays plc shares in treasury.

24 SHARE PREMIUM ACCOUNT

(In £s million)	**2014**	2013
At 30 June	**369.6**	369.6

25 CAPITAL REDEMPTION RESERVE

(In £s million)	**2014**	2013
At 30 June	**2.7**	2.7

26 RETAINED EARNINGS

(In £s million)	**2014**	2013
At 1 July	**(244.3)**	(270.5)
Remeasurement of defined benefit pension schemes	**(21.8)**	(28.8)
Tax on items taken directly to reserves	**2.5**	4.1
Profit for the year	**90.9**	71.7
Dividends paid	**(35.1)**	(34.8)
Share-based payments	**10.1**	14.0
At 30 June	**(197.7)**	(244.3)

27 CUMULATIVE TRANSLATION RESERVE

(In £s million)	**2014**	2013
At 1 July	**54.8**	53.6
Currency translation adjustments	**(21.4)**	1.2
At 30 June	**33.4**	54.8

28 OTHER RESERVES

(In £s million)	**2014**	2013
Own shares	**(0.2)**	(0.6)
Equity reserve	**18.3**	20.0
Hedging reserve	**(0.1)**	(0.5)
	18.0	18.9

Other reserves – own shares

(In £s million)	**2014**	2013
At 1 July	**(0.6)**	(2.2)
Movement in own shares	**0.4**	1.6
At 30 June	**(0.2)**	(0.6)

Investments in 'own shares' are held by an employee benefit trust to satisfy share awards made to employees. Dividends in respect of 'own shares' have been waived other than shares held as bare nominee for employees in respect of post-tax share awards. The number of shares held at 30 June 2014 is 458,019 (2013: 1,317,065).

The 'own shares' reserve does not include the shares held in treasury as a result of the share buy-back programme. The share buy-back purchases are deducted from retained earnings. No share buy-backs were made during the year (2013: nil).

Other reserves – equity reserve

(In £s million)	**2014**	2013
At 1 July	**20.0**	23.8
Share-based payments	**(1.7)**	(3.8)
At 30 June	**18.3**	20.0

The equity reserve is generated as a result of IFRS 2 (Share-based payments).

Other reserves – hedging reserve

(In £s million)	**2014**	2013
At 1 July	**(0.5)**	(1.1)
Mark to market valuation of derivative financial instruments	**0.4**	0.6
At 30 June	**(0.1)**	(0.5)

The Group has entered into four interest rate swaps which exchange a fixed payment for a floating rate receipt on a total debt value of £30 million with an equal mix of two-year and three-year maturities. Each of the interest rate swaps commenced in October 2011. These instruments are classified as Level 2 in the IFRS 7 fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

29 SHARE-BASED PAYMENTS

During the year, £8.7 million (2013: £10.2 million) was charged to the Consolidated Income Statement in relation to equity-settled share-based payments.

Share options

At 30 June 2014 the following options had been granted and remained outstanding in respect of the Company's Ordinary shares of 1 pence each under the Company's share option schemes:

	Number of shares	Nominal value of shares £	Subscription price pence/share	Date normally exercisable
Hays UK Sharesave Scheme	197,242	1,972	112	2014
	2,314,785	23,148	78	2015
	1,470,874	14,709	88	2016
	1,296,402	12,964	131	2017
	5,279,303	52,793		
Hays International Sharesave Scheme	140,840	1,408	112	2014
	1,049,320	10,493	78	2015
	803,894	8,039	88	2016
	368,473	3,685	131	2017
	2,362,527	23,625		
Total Sharesave options outstanding	7,641,830	76,418		

The Hays International Sharesave Scheme is available to employees in Australia, New Zealand, Germany, the Republic of Ireland, Canada, Hong Kong, Singapore and the United Arab Emirates.

Details of the share options outstanding during the year are as follows:

	2014 Number of share options (thousand)	**2014 Weighted average exercise price (pence)**	2013 Number of share options (thousand)	2013 Weighted average exercise price (pence)
Sharesave				
Outstanding at the beginning of the year	**7,856**	**86**	9,445	80
Granted during the year	**1,708**	**131**	2,730	88
Forfeited/cancelled during the year	**(1,039)**	**91**	(1,807)	80
Exercised during the year	**(631)**	**102**	(2,374)	70
Expired during the year	**(252)**	**92**	(138)	86
Outstanding at the end of the year	**7,642**	**94**	7,856	86
Exercisable at the end of the year	**338**	**112**	554	93

On 31 March 2014, 1.7 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted on that date is £0.6 million. In the prior year, 2.7 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted in the prior year was £0.6 million.

The inputs into the valuation model (a binomial valuation model) are as follows:

Share price at grant	145 pence
Exercise price	131 pence
Expected volatility	33.7%
Expected life	3.34 years
Risk-free rate	1.40%
Expected dividends	1.70%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years.

Performance Share Plan (PSP) and Deferred Annual Bonus (DAB)

The PSP is designed to link reward to the key long-term value drivers of the business and to align the interests of the executive directors and approximately 320 of the global senior management population with the long-term interests of shareholders. PSP awards are discretionary and vesting is dependent upon the achievement of performance conditions measured over either a three-year period or a one-year period with a two-year holding period.

Only the executive directors and other members of the Management Board participate in the DAB which promotes a stronger link between short-term and long-term performance through the deferral of annual bonuses into shares for a three-year period.

Further details of the schemes for the executive directors can be found in the Remuneration Report on pages 60 to 76.

Details of the share awards outstanding during the year are as follows:

	2014 Number of share options (thousand)	**2014 Weighted average fair value at grant (pence)**	2013 Number of share options (thousand)	2013 Weighted average fair value at grant (pence)
Performance Share Plan				
Outstanding at the beginning of the year	**34,198**	**78**	35,950	81
Granted during the year	**9,291**	**103**	12,998	75
Exercised during the year	**(5,650)**	**109**	(6,983)	106
Lapsed during the year	**(6,942)**	**82**	(7,767)	62
Outstanding at the end of the year	**30,897**	**79**	34,198	78

	2014 Number of share options (thousand)	**2014 Weighted average fair value at grant (pence)**	2013 Number of share options (thousand)	2013 Weighted average fair value at grant (pence)
Deferred Annual Bonus				
Outstanding at the beginning of the year	**2,923**	**84**	3,053	91
Granted during the year	**1,051**	**107**	709	73
Exercised during the year	**(980)**	**103**	(408)	106
Lapsed during the year	**–**	**–**	(431)	96
Outstanding at the end of the year	**2,994**	**86**	2,923	84

30 RELATED PARTIES

Remuneration of key management personnel

The remuneration of the Management Board, who are key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures' and represents the total compensation costs incurred by the Group in respect of remuneration, not the benefit to the individuals. Further information about the remuneration of executive directors is provided in the directors' Remuneration Report on pages 60 to 76.

(In £s million)	**2014**	2013
Short-term employee benefits	**7.7**	8.0
Post-employment benefits	**–**	0.1
Share-based payments	**1.4**	4.0
	9.1	12.1

Information relating to pension fund arrangements is disclosed in note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 OPERATING LEASE ARRANGEMENTS

The Group as lessee

(In £s million)	**2014**	2013
Lease payments under operating leases recognised as an expense for the year	**31.2**	31.2

At 30 June 2014, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

(In £s million)	**2014**	2013
Within one year	**31.4**	33.1
Between two and five years	**52.2**	61.2
After five years	**7.0**	7.2
	90.6	101.5

32 MOVEMENT IN NET DEBT

(In £s million)	1 July 2013	Cash flow	Exchange movement	**30 June 2014**
Cash and cash equivalents	40.0	13.7	(5.7)	**48.0**
Bank loans and overdrafts	(145.2)	34.5	–	**(110.7)**
Net debt	(105.2)	48.2	(5.7)	**(62.7)**

The table above is presented as additional information to show movement in net debt, defined as cash and cash equivalents less bank loans and overdrafts.

HAYS PLC COMPANY BALANCE SHEET
AT 30 JUNE

(In £s million)	Note	Company 2014	Company 2013
Fixed assets			
Tangible assets	4	**0.4**	0.4
Investments	5	**910.4**	910.4
		910.8	910.8
Current assets			
Debtors due within one year	6	**6.3**	6.5
Debtors due after more than one year	7	**145.2**	330.6
Cash at bank and in hand		**2.5**	–
		154.0	337.1
Creditors: amounts falling due within one year	8	**(392.2)**	(520.6)
Net current liabilities		**(238.2)**	(183.5)
Total assets less current liabilities		**672.6**	727.3
Creditors: amounts falling due after more than one year	9	**(35.1)**	(24.7)
Provisions	11	**(8.0)**	(8.1)
Net assets		**629.5**	694.5
Capital and reserves			
Called up share capital	12,13	**14.7**	14.7
Share premium account	13	**369.6**	369.6
Capital redemption reserve	13	**2.7**	2.7
Profit and loss account	13	**242.7**	308.1
Own shares	13	**(0.2)**	(0.6)
Equity shareholders' interests		**629.5**	694.5

The financial statements of Hays plc, registered number 2150950, were approved by the Board of Directors and authorised for issue on 28 August 2014.

Signed on behalf of the Board of Directors

A R COX **P VENABLES**

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

a Accounting basis

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and Law.

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account has not been presented.

The Company's principal accounting policies adopted in the presentation of these financial statements are set out below and have been consistently applied to all periods presented.

b Cash flow statement and related party disclosures

The results, assets and liabilities of the Company are included in the Consolidated Financial Statements of Hays plc, which are publicly available. Consequently, the Company has taken exemption from preparing a cash flow statement under the terms of FRS 1 (revised) 'Cash Flow Statements'. The Company is also exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the Group.

c Investments

Shares in subsidiaries are valued at cost less provision for impairment.

d Property, plant and equipment

Property, plant and equipment is recorded at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight-line basis over the anticipated useful working lives of the assets, after they have been brought into use, at the following rates:

Plant and machinery
– At rates varying between 5% and 33%

Fixture and fittings
– At rates varying between 10% and 25%

e Deferred taxation

Deferred tax is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

f Pension costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs/curtailments are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Total Recognised Gains and Losses.

The main defined benefit scheme is funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the Company Balance Sheet.

g Employee share option schemes

The Company operates a number of employee share option schemes. All equity-settled, share-based payments are measured at fair value at the date of grant and are recorded in the Balance Sheet within total equity shareholders' interests in accordance with FRS 20, 'Share-based Payments'.

h Dividends

Dividends are recognised in the period that they are declared and approved.

2 EMPLOYEE INFORMATION

Details of directors' emoluments and interests are included in the Remuneration Report on pages 60 to 76 of the Annual Report.

3 LOSS/PROFIT FOR THE YEAR

Hays plc has not presented its own profit and loss account and related notes as permitted by Section 408 of the Companies Act 2006. The loss for the financial year in the Hays plc Company Financial Statements is £17.9 million (2013: loss £2.5 million).

4 TANGIBLE FIXED ASSETS

(In £s million)	Plant and machinery	Fixtures and fittings	Total
Cost			
At 1 July 2013	1.2	1.0	2.2
Additions	–	0.2	0.2
At 30 June 2014	**1.2**	**1.2**	**2.4**
Depreciation			
At 1 July 2013	0.8	1.0	1.8
Charge for the year	0.2	–	0.2
At 30 June 2014	**1.0**	**1.0**	**2.0**
Net book value			
At 30 June 2014	**0.2**	**0.2**	**0.4**
At 1 July 2013	0.4	–	0.4

5 INVESTMENTS

(In £s million)	**Shares in subsidiary undertakings**
Cost	
At 1 July 2013 and 30 June 2014	**910.4**
Provision for impairment	
At 1 July 2013 and 30 June 2014	**–**
Total	
At 30 June 2013 and 30 June 2014	**910.4**

The principal subsidiary undertakings of the Group are listed in note 14.

6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

(In £s million)	**2014**	2013
Corporation tax debtor	**4.7**	5.6
Prepayments	**1.6**	0.9
	6.3	6.5

7 DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

(In £s million)	**2014**	2013
Prepayments	**1.2**	2.2
Amounts owed by subsidiary undertakings	**143.3**	327.6
Deferred tax	**0.7**	0.8
	145.2	330.6

The Company charges interest on amounts owed by subsidiary undertakings at a rate of three-month LIBOR plus 1%.

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

(In £s million)	**2014**	2013
Overdrafts	**–**	1.0
Accruals	**20.1**	22.9
Amounts owed to subsidiary undertakings	**372.1**	496.7
	392.2	520.6

Amounts owed to subsidiary undertakings are repayable on demand. The Company is charged interest on amounts owed to subsidiary undertakings at a rate of three-month LIBOR less 1%.

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS CONTINUED

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

(In £s million)	**2014**	2013
Retirement benefit obligations (note 10)	**35.1**	24.7

10 RETIREMENT BENEFIT OBLIGATION

The Company is the sponsoring employer for all of the Hays defined benefit pension schemes and recognises the full liability on its Balance Sheet. Under FRS 17 the actual cost of providing pensions to the Company is charged to the profit and loss account as incurred during the year, net of costs paid by subsidiary companies. The Hays defined benefit pension schemes were closed to the accrual of future benefits on 30 June 2012 at which time active members became deferred members of the scheme.

The current year service charge in the Company's profit and loss account is £1.3 million (2013: £1.2 million).

The life expectancy assumptions have been calculated using Club Vita base tables and future improvements in line with the CMI 2011 model with a long-term improvement rate of 1.25% per annum. On this basis a 65-year-old current pensioner has a life expectancy of 24 years and 26 years for males and females respectively.

Based on actuarial advice, the financial assumptions used in calculating the scheme's liabilities under FRS 17 are:

	2014	2013
Discount rate	**4.4%**	4.8%
RPI inflation	**3.4%**	3.4%
CPI inflation	**2.4%**	2.4%
Rate of increase of pensions in payment	**3.3%**	3.4%
Rate of increase of pensions in deferment	**2.4%**	2.4%

The net expense recognised in profit and loss account comprised:

(In £s million)	**2014**	2013
Net interest expense	**(1.3)**	(0.4)
Current service cost	**(1.3)**	(1.2)
Net expense recognised in the profit and loss account	**(2.6)**	(1.6)

The net expense in the current year was recognised as finance costs. In the prior year the net interest cost of £0.4 million was recognised in finance costs and the current service cost of £1.2 million was recognised in staff costs.

The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit retirement schemes was as follows:

(In £s million)	**2014**	2013
Fair value of scheme assets	**568.4**	527.2
Present value of defined benefit obligations	**(612.3)**	(560.2)
Defined benefit scheme deficit	**(43.9)**	(33.0)
Related deferred tax asset	**8.8**	8.3
Net pension liability recognised under FRS 17	**(35.1)**	(24.7)

The movement in the Company pension deficit during the year is analysed below:

(In £s million)	**2014**	2013
Deficit in the scheme brought forward	**(33.0)**	(15.4)
Current service cost	**(1.3)**	(1.2)
Contributions	**13.5**	12.8
Net financial cost	**(1.3)**	(0.4)
Actuarial loss	**(21.8)**	(28.8)
Deficit in the scheme carried forward	**(43.9)**	(33.0)

The change in the fair value of defined benefit schemes assets was:

(In £s million)	2014	2013
Change in the fair value of scheme assets		
Fair value of plan assets at 1 July	**527.2**	476.1
Interest income on defined benefit scheme assets	**25.2**	23.8
Return on scheme assets	**19.5**	29.4
Employer contributions	**13.5**	12.8
Benefits and expenses paid	**(17.0)**	(14.9)
Fair value of plan assets at 30 June	**568.4**	527.2

The analysis of the scheme assets at the balance sheet date was as follows:

(In £s million)	2014	2013
Equities	**120.5**	149.0
Bonds and gilts	**267.8**	213.6
Absolute return funds	**34.3**	45.4
Cash and LDI funds	**132.9**	106.8
Real estate	**12.9**	12.4
	568.4	527.2

The five-year history of experience adjustments is as follows:

(In £s million)	2014	2013	2012	2011	2010
Present value of defined benefit obligations	**(612.3)**	(560.2)	(491.5)	(452.4)	(445.3)
Fair value of scheme assets	**568.4**	527.2	476.1	440.5	378.2
Deficit in the scheme	**(43.9)**	(33.0)	(15.4)	(11.9)	(67.1)
The history of experience adjustments is as follows:					
Experience adjustments on scheme liabilities					
Amount (£s million)	**–**	(9.1)	0.2	(0.5)	52.2
Percentage of scheme liabilities	**–**	(2%)	–	–	12%
Experience adjustments on scheme assets					
Amounts (£s million)	**19.5**	29.4	7.1	36.8	37.2
Percentage of scheme assets	**3%**	6%	1%	8%	10%

Future profile of Hays Pension Scheme

The Hays Pension Scheme was closed on 30 June 2012. The Group has considered the impact of the FRS 17 deficit in respect of the Group, its employees and pensioners. In the context of the prudent funding structure of the Group, the Company is in a strong position to manage this long-term liability to the satisfaction and benefit of all stakeholders.

The amount of deficit funding contributions which are expected to be paid to the scheme during the financial year to 30 June 2015 is £13.5 million.

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS CONTINUED

11 PROVISIONS

(In £s million)	Total
At 1 July 2013	8.1
Utilised	(0.1)
At 30 June 2014	**8.0**

Provisions include liabilities arising as a result of the business disposals relating to the Group transformation that concluded in 2004. It is not possible to estimate the timing of payments against the remaining provisions.

12 CALLED UP SHARE CAPITAL

Called up, allotted and fully paid Ordinary shares of 1 pence each

	Share capital number (thousand)	Share capital £s million
At 1 July 2013 and 30 June 2014	**1,464,097**	**14.7**

In accordance with the Companies Act 2006, the Company no longer has an authorised share capital.

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

(In £s million)	Share capital	Share premium	Capital redemption reserve	Profit and loss account	Own shares	Total
At 1 July 2013	14.7	369.6	2.7	308.1	(0.6)	694.5
Total recognised gains and losses	–	–	–	(38.6)	–	(38.6)
Other share movements	–	–	–	–	0.4	0.4
Share-based payments	–	–	–	8.3	–	8.3
Dividends paid	–	–	–	(35.1)	–	(35.1)
At 30 June 2014	**14.7**	**369.6**	**2.7**	**242.7**	**(0.2)**	**629.5**

Investments in 'own shares' are held by an employee benefit trust to satisfy share awards made to employees. Dividends in respect of 'own shares' have been waived other than shares held as bare nominee for employees in respect of post-tax share awards. The number of shares held at 30 June 2014 is 458,019 (2013: 1,317,065).

14 PRINCIPAL SUBSIDIARIES

	Country of registration
Holding companies	
* Hays International Holdings Limited	England & Wales
* Hays Specialist Recruitment (Holdings) Limited	England & Wales
Trading companies	
Hays Specialist Recruitment (Australia) Pty Limited	Australia
Hays Specialist Recruitment Limited	England & Wales
Hays AG	Germany

At 30 June 2014, Hays plc and/or a subsidiary or subsidiaries in aggregate owned 100% of each class of the issued shares of each of these companies. Shares in companies marked with an asterisk (*) were owned directly by Hays plc and companies not so marked were owned by a subsidiary or subsidiaries of Hays plc.

The Company has taken advantage of the exemption under Section 410(2) of the Companies Act 2006 by providing information only in relation to undertakings whose results or financial position, in the opinion of the directors, principally affected the financial statements. A complete list of subsidiary and associated undertakings will be attached to the next Hays plc annual return to Companies House.

15 RELATED PARTIES

Hays plc has taken advantage of the exemption granted under FRS 8 'Related Party Disclosure' not to disclose transactions with entities that are part of the Hays plc Group.

16 SUBSEQUENT EVENTS

The final dividend for 2014 of 1.80 pence per share (£25.6 million) will be proposed at the Annual General Meeting on 12 November 2014 and has not been included as a liability as at 30 June 2014. If approved, the final dividend will be paid on 14 November 2014 to shareholders on the register at close of business on 10 October 2014.

SHAREHOLDER INFORMATION

REGISTRAR

The Company's registrar is:

Equiniti Limited
Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
www.shareview.co.uk

Telephone: 0871 384 2843*
International: +44 121 415 7047
Textphone: 0871 384 2255

Equiniti provides a range of services for shareholders:

Service	What it offers	How to participate
Shareholder service	You can access details of your shareholding and a range of other shareholder services.	You can register at www.shareview.co.uk.
Enquiries relating to your shareholding	You can inform Equiniti of lost share certificates, dividend warrants or tax vouchers, change of address or if you would like to transfer shares to another person.	Please contact Equiniti.
Dividend payments	Dividends may be paid directly into your bank or building society account. Tax vouchers will continue to be sent to the shareholder's registered address.	Complete a dividend bank mandate instruction form which can be downloaded from www.shareview.co.uk or by telephoning Equiniti.
Dividend payment direct to bank account for overseas shareholders	Equiniti can convert your dividend into your local currency and send it directly to your bank account.	For more details please visit www.shareview.co.uk or contact Equiniti.
Dividend Reinvestment Plan (DRIP)	The Company has a DRIP to allow shareholders to reinvest the cash dividend that they receive in Hays plc shares on competitive dealing terms.	Further information is available from the Share Dividend helpline on 0871 384 2268 or visit www.shareview.co.uk.
Amalgamation of accounts	If you receive more than one copy of the Annual Report & Financial Statements, it could be because you have more than one record on the register. Equiniti can amalgamate your accounts into one record.	Please contact Equiniti.
Share dealing service**	Equiniti offers Shareview Dealing, a service which allows you to sell your Hays plc shares or add to your holding if you are a UK resident. If you wish to deal, you will need your account/ shareholder reference number which appears on your share certificate. Alternatively, if you hold a share certificate, you can also use any bank, building society or stockbroker offering share dealing facilities to buy or sell shares.**	You can deal in your shares on the internet or by phone. For more information about this service and for details of the rates, log on to www.shareview.co.uk/dealing or telephone Equiniti on 0845 603 7037 between 8.00am and 4.30pm, Monday to Friday.
Individual Savings Accounts (ISAs)**	Investors in Hays plc Ordinary shares may take advantage of a low-cost individual savings account (ISA) and/or an investment account where they can hold their Hays plc shares electronically. The ISA and investment account are operated by Equiniti Financial Services Limited and are subject to standard dealing commission rates.	For further information or to apply for an ISA or investment account, visit Equiniti's website at www.shareview.co.uk/dealing or telephone them on 0845 300 0430.

* Calls charged at 8 pence per minute plus network extras. The helpline is open Monday to Friday 8.30am to 5.30pm, excluding bank holidays.

** The provision of share dealing services is not intended to be an invitation or inducement to engage in an investment activity. Advice on share dealing should be obtained from a professional independent financial adviser.

ID FRAUD AND UNSOLICITED MAIL

Share-related fraud and identity theft affects shareholders of many companies and we urge you to be vigilant. If you receive any unsolicited mail offering advice, you should inform Equiniti immediately.

As the Company's share register is, by law, open to public inspection, shareholders may receive unsolicited mail from organisations that use it as a mailing list. To reduce the amount of unsolicited mail you receive, contact the Mailing Preference Service, FREEPOST 29 LON20771, London W1E 0ZT.
Telephone: 0845 703 4599.
Email: mps@dma.org.uk.
Website: www.mpsonline.org.uk.

SHAREGIFT

ShareGift is a charity share donation scheme for shareholders and is administered by the Orr Mackintosh Foundation. It is especially useful for those shareholders who wish to dispose of a small number of shares whose value makes it uneconomical to sell on a normal commission basis. Further information can be obtained from www.sharegift.org or from Equiniti.

WEBSITE

The Company has a corporate website, hays.com, which holds, amongst other information, a copy of our latest Annual Report & Financial Statements and copies of all announcements made over the last 12 months.

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FINANCIAL CALENDAR

2014	2015
9 October Interim Management Statement	8 January Trading Update for quarter ending 31/12/14
12 November Annual General Meeting	25 February Half Year Report for six months ending 31/12/14
14 November Payment of final dividend	9 April Interim Management Statement
	9 July Trading Update for quarter ending 30/06/15

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