

ANNUAL REPORT 2015





2015 ANNUAL REPORT

FORWARD-LOOKING STATEMENT

This annual report contains certain forward-looking statements regarding the financial situation and results of USG People N.V., as well as a number of associated plans and objectives. Forward-looking statements by their nature can provide no guarantee for the future. As a result of various factors actual results may differ from current expectations. These factors may include changes in tax rates, mergers and acquisitions, economic developments and changes in labour legislation. The forward-looking statements in this annual report are current at the time the report was adopted and provide no guarantees for the future. The annual report is available in Dutch and English. In the event of ambiguities, the Dutch text shall prevail.

The breakdown of employee costs is disclosed below:

	2015	2014
Wages and salaries of indirect employees	215,385	208,034
Social security contributions	45,823	45,815
Premiums for defined contribution pension schemes	4,917	4,413
Costs of defined benefit pension schemes	534	876
Costs of share-based payments	4,880 ¹⁾	404
Other employee expenses	42,072	40,588
TOTAL	313,611	300,130

¹⁾ These costs are disclosed in note 24

The number of indirect employees (FTE) totals:

	2015	2014
Number as at 31 December	4,740	4,918
Average throughout the financial year	4,861	4,821

08 | NET FINANCE COSTS

	2015	2014
Interest on borrowings	6,425	7,695
Payments on derivate financial instruments	188	165
Commitment and utilisation fee syndicated credit facility	1,099	1,309
Revaluation of French government loan	354	-
Revaluation of receivable resulting from CICE tax measure	-	127
Valuation changes relating to acquisition related contingent considerations	590	2,252
Other interest expenses	2,626	727
Currency translation differences	20	-
TOTAL FINANCE COSTS	11,302	12,275
EXCEPTIONAL FINANCE COSTS RELATING TO URSSAF ASSESSMENT	4,640	-
Interest received	350	35
Revaluation of receivable resulting from CICE tax measure	228	-
Revaluation of French government loan	-	2,684
Currency translation differences	-	17
TOTAL FINANCE INCOME	578	2,736
NET FINANCE COSTS	15,364	9,539

More information on the determination of finance costs on loans can be found in note 18. The valuation changes to acquisition-related contingent considerations is the result of a reconsideration of the earn-outs which are to be paid for former investments in subsidiaries.

The other interest expenses include € 1,583 expenses on the sale of the receivables from the CICE tax measure (note 13) and interest on current accounts held with banks.

Exceptional finance costs relates to the interest expense on the URSSAF liability (note 6).

The revaluation of the loan issued to the French government relates to the change in the market interest rate against which the cash flows from this loan are discounted. The interest received on this loan is lower than the market interest rate.

09 | INCOME TAX EXPENSE

	2015	2014
Current taxes	21,493	18,498
Deferred taxes	3,880	11,003
CHARGE IN FINANCIAL STATEMENT FROM CONTINUING OPERATIONS	25,373	29,501

Taxation on group profit before taxes differs as disclosed below from the charge as calculated using the weighted average standard tax rate for the group:

	2015	2015 %	2014	2014 %
Income before tax	45,901		57,615	
Taxation based on weighted average tax rates	15,991	34.8%	20,834	36.2%
Non tax-deductible costs	6,674	14.5%	4,454	7.7%
Tax-deductible tax on added value	-2,670	-5.8%	-2,502	-4.3%
Tax-exempt revenue	-9,251	-20.1%	-11,602	-20.1%
Additional unrecognised losses	14,629	31.9%	14,545	25.2%
Unrecognised temporary differences	-	-	1,964	3.4%
Reassessed income tax charge from previous years	-1,425	-3.1%	-623	-1.1%
Tax on added value	7,044	15.3%	6,595	11.4%
Settlement of loss on subsidiary	-5,619	-12.2%	-4,164	-7.2%
CHARGE IN FINANCIAL STATEMENT FROM CONTINUING OPERATIONS	25,373	55.3%	29,501	51.2%

The weighted average nominal tax rate was 34.8% (2014: 36.2%). This rate is composed of the results of subsidiaries in the various countries.

In France a tax is charged on added value which is recognised as income tax. This tax is deductible for the calculation of the result for tax purposes and is recognised in the above table as tax-deductible tax on added value. Tax-exempt revenue mainly relates to the notional interest allowance in Belgium and the CICE tax measure in France. The item additional unrecognised losses mainly relate to the impairment of deferred tax assets in France, Germany and Austria. In the Netherlands and Belgium deferred tax assets are recognised with respect to the settlement of losses on subsidiaries on future results for tax purposes.

Deferred tax assets and liabilities are specified according to maturity as disclosed below:

	2015	2014
Deferred tax assets:		
- Deferred tax asset recoverable after 12 months	31,762	41,593
- Deferred tax asset recoverable within 12 months	13,424	8,284
	45,186	49,877
Deferred income tax liabilities:		
- Deferred tax liability recoverable after 12 months	5,634	5,233
- Deferred tax liability recoverable within 12 months	1,021	2,100
	6,655	7,333
NET DEFERRED ASSET	38,531	42,544

Changes in deferred income taxes are as disclosed below: