

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.

10 | PROPERTY, PLANT AND EQUIPMENT

	BUILDINGS AND LAND	FURNISHINGS AND CONVERSIONS	COMPUTER AND PERIPHERALS	OTHER FIXED ASSETS	TOTAL
BREAKDOWN OF CARRYING AMOUNT AS AT 1 JANUARY 2014					
Cost	804	56,944	14,761	30,437	102,946
Accumulated depreciation and impairments	-68	-48,997	-11,406	-26,146	-86,617
Carrying amount as at 1 January 2014	736	7,947	3,355	4,291	16,329

CHANGES IN CARRYING AMOUNT

Acquisition of subsidiaries	-	-	2	60	62
Investments	-	3,846	1,343	1,309	6,498
Disposals	-	-218	-52	-188	-458
Depreciation	-31	-2,986	-1,556	-1,602	-6,175
Currency translation differences	-	-	-	1	1
Balance	-31	642	-263	-420	-72

BREAKDOWN OF CARRYING AMOUNT AS AT 31 DECEMBER 2014

Cost	804	52,076	13,537	25,578	91,995
Accumulated depreciation and impairments	-99	-43,487	-10,445	-21,707	-75,738
Carrying amount as at 31 December 2014	705	8,589	3,092	3,871	16,257

CHANGES IN CARRYING AMOUNT

Acquisition of subsidiaries	-	-	4	9	13
Investments	-	3,491	1,584	1,385	6,460
Disposals	-	-69	-29	-111	-209
Depreciation	-31	-2,451	-1,457	-1,492	-5,431
Currency translation differences	-	-	3	8	11
Balance	-31	971	105	-201	844

BREAKDOWN OF CARRYING AMOUNT AS AT 31 DECEMBER 2015

Cost	804	47,021	13,599	24,478	85,902
Accumulated depreciation and impairments	-130	-37,461	-10,402	-20,808	-68,801
CARRYING AMOUNT AS AT 31 DECEMBER 2015	674	9,560	3,197	3,670	17,101

An amount of € 2,540 (2014: € 2,351) of the depreciation of property, plant and equipment has been included in the general and administrative expenses. The remainder has been included in the selling expenses.

11 | GOODWILL

	2015	2014
Cost	879,990	875,077
Accumulated impairments	-196,906	-196,906
Carrying amount as at 1 January	683,084	678,171
Acquisition of subsidiaries	181	4,913
Amortisation relating to divestments of subsidiaries	-4,097	-
Balance	-3,916	4,913
Carrying amount as at 31 December	679,168	683,084
Cost	876,074	879,990
Accumulated impairments	-196,906	-196,906
CARRYING AMOUNT AS AT 31 DECEMBER	679,168	683,084

The acquisition of subsidiaries is specified in more detail in note 4.

Goodwill is allocated to cash-generating units. The following allocation is based on the country-focused reporting structure used by the Executive Board to monitor goodwill in 2015:

	2015	2014
The Netherlands General Staffing	98,935	102,851
The Netherlands Specialist Staffing	211,335	211,335
The Netherlands Secretary Plus	5,849	5,849
The Netherlands Professionals	66,598	66,598
The Netherlands Online Business Solutions	7,104	7,104
Belgium General Staffing	141,500	141,500
Belgium Specialist Staffing	21,893	21,893
Belgium Secretary Plus	14,823	14,823
Belgium Professionals	11,389	11,389
Belgium Online Business Solutions	1,703	1,703
France Professionals	1,056	1,056
Germany Specialist Staffing	96,983	96,983
	679,168	683,084

Impairment for cash-generating units where goodwill is capitalised

The cash-generating units are subject to impairment testing annually and in case of a triggering event. Impairment testing involves comparing the carrying amount of the cash-generating units concerned with their recoverable amount. This recoverable amount is the higher of the fair value and the value in use.

The fair value is based on the intended public offer announced by Recruit Holdings Co., Ltd. on 22 December 2015, plus the net financial debt position at the end of 2015 less costs of disposal linked to the public offer. The offer of € 17.50 per ordinary share represents a total share value of € 1,419,578 based on 81,118,761 issued shares. After adding the debt position of € 134,414 and deducting the possible costs of disposal of € 12,168 linked to the public offer, the fair value amounts to € 1,541,824. The fair value is allocated to the cash-generating units based on the relative share in the value in use of USG People N.V. as a whole because it is assumed that the synergies which Recruit Holdings Co., Ltd. expects to achieve (as evidenced by the control premium stated in the intended public offer) will be divided equally among the cash-generating units pro rata their relative share in the value in use. The value in use is calculated based on future cash flows discounted using a pre-tax discount rate. For the different cash-generating units this resulted in a pre-tax discount rate between 12.4% and 16.2% (2014: between 10.7% and 18.0%).

The recoverable amount is based on the fair value because this is higher than the value in use. The post-tax discount rate was between 9.1% and 9.6%. Future cash flows of cash-generating units are estimated based on actual income from operations and projected future performance, which are based on past performance, management expectations and assumptions about revenue growth, the gross margin and cost developments for a period of seven years (2014: seven years). This is tested against external data. Cash flow projections after this period are extrapolated using a growth rate of 0% (2014: 0.6%) for the entire group. The growth rate is based on factors including the current low risk-free interest rate.