29 October 2015

Matchtech Group plc
Preliminary Results for the year ended 31 July 2015

Matchtech Group plc ("Matchtech" or the "Group"), the specialist Engineering, IT and Telecoms recruitment agency, today announces its Preliminary Results for the year ended 31 July 2015. The results include a maiden four months' contribution from Networkers International plc ("Networkers"), which was acquired on 2 April 2015.

Financial Highlights

	2015			2014	Change	
	Matchtech	**Networkers**	**Group**	Group	**Matchtech**	**Group**
	£m	**£m**	**£m**	£m	**%**	**%**
Revenue	**445.0**	**57.3**	**502.3**	451.6	**-1%**	**+11%**
Net Fee Income[1] (NFI)	**45.3**	**9.5**	**54.8**	45.0	**+1%**	**+22%**
Contract NFI	**33.1**	**7.0**	**40.1**	32.8	**+1%**	**+22%**
Permanent recruitment fees	**12.2**	**2.5**	**14.7**	12.2	**-**	**+20%**
Adjusted EBITA[2]	**14.5**	**2.3**	**16.8**	13.6	**+7%**	**+24%**
Adjusted PBTA[2]	**13.8**	**1.9**	**15.7**	12.6	**+10%**	**+25%**

	2015 Group	2014 Group	Change Group
% Contract NFI / Permanent fees	**73 / 27**	73 / 27	
Profit before tax	**£11.3m**	£11.9m	
Basic earnings per share	**31.0p**	37.0p	
Adjusted basic earnings per share[2]	**45.3p**	39.2p	**+16%**
Adjusted diluted earnings per share[2]	**43.3p**	37.1p	**+17%**
Final proposed dividend	**16.32p**	14.59p	**+12%**
Total proposed dividend	**22.00p**	20.00p	**+10%**
Operating cash conversion	**124%**	115%	
Net debt[3]	**£33.6m**	£3.1m	**+£30.5m**

The following footnotes apply, where indicated, throughout these preliminary results:
[1] NFI is calculated as revenue less contractor payroll costs
[2] Adjusted results exclude £1.7m of acquisition costs, £1.0m of restructuring costs and £1.7m (2014: £0.7m) of amortisation from acquired intangibles
[3] Increase in net debt due to funding of the Networkers acquisition

Operational Highlights

- Trading performance in line with market expectations
- Strong growth in permanent fees in Engineering, up 24%
- Engineering markets remain buoyant
- Transformational acquisition of Networkers
- Integration plans on track
- On course to achieve synergy targets by 2017

Commenting on the results, Brian Wilkinson, Chief Executive of the Group said:
"The Group delivered solid results in what was a significant year for the Group, as we acquired Networkers, the highly respected international recruitment firm specialising in Telecommunications, IT and Engineering, and began to integrate the two businesses.

The 2016 financial year has started well in-line with management's expectations, with many buoyant markets across the Group's core sectors. The Group is realising cost synergies from the combination and early signs of sales synergies are coming through.

Looking ahead, we regard all our international locations to be a huge opportunity to advance our activities in local and regional markets across the world and are planning for substantial growth over the next few years.

We believe the high engagement levels of our exceptional people will continue to underpin the lasting loyalty of clients and candidates alike, delivering enhanced shareholder value and improved returns.

I am optimistic about the future prospects for the Group and look forward to strong growth in all our markets based on the truly global scale and the greater brand awareness that comes with leadership status."

For further information please contact:

Matchtech Group plc	**+44 (0) 1489 898989**
Brian Wilkinson, Chief Executive Officer Tony Dyer, Chief Financial Officer	
Newgate Communications – Financial PR	**+44 (0) 20 7653 9847**
Andrew Jones / Edward Treadwell	
Numis Securities Limited	**+44 (0) 20 7260 1000**
Michael Meade (NOMAD)/ James Serjeant	

Chairman

Reflecting on a watershed year for Matchtech Group
Looking back at the 2015 financial year, the Board recognises that it was a watershed year for Matchtech, with the acquisition in April 2015 of Networkers International plc.

In Networkers, we found the excellent international network and telecoms expertise we sought. Equally important, it is culturally well aligned with Matchtech.

Under Brian Wilkinson's leadership as our CEO, we also made significant progress in strengthening the Group to position it for future challenges and opportunities.

Financial results and final dividend
Reflecting a year of solid achievement, adjusted basic earnings per share were up 16% to 45.3 pence (2014: 39.2 pence). Further information on the Group's financial performance is provided in the Chief Financial Officers Report.

The Group's progressive dividend policy remains an important part of our investment proposition and this will continue following the acquisition. The Board recommends to shareholders a final dividend of 16.32 pence per share, an increase of 12% on last year. This gives a total dividend for the year of 22.00 pence per share (2014: 20.0 pence) up 10% with an adjusted dividend cover of 2.1 times (2014: 2.0 times).

If approved by shareholders at the Annual General Meeting, to be held on 2 December 2015, the final dividend will be payable on 11 December 2015 to those shareholders registered on 13 November 2015.

Delivering the future
The CEO's Statement explains how we have reorganised reporting structures to support even stronger client relationships and make the best use of our expanded reach and expertise.

The formation of our new Management Board has also given a more appropriate managerial structure for future development and growth.

We are delivering against our ambition to be the employer of choice for staff as we develop and accelerate their careers. The Board thanks all our colleagues for their achievements and commitment in this watershed year.

We have made good progress on integrating Networkers into the Group, focusing primarily on gaining the greatest possible benefits for clients from our new global scale.

In an important exercise to get to know every individual, the CEO visited all 10 overseas offices in the network within 2 months of the acquisition. These are early days however, and much remains to be done, particularly in terms of client integration and also investing to upgrade some regional back office systems to support future growth.

New Chairman
I am very pleased to welcome Patrick Shanley as Non-Executive Chairman with effect from the end of the Annual General Meeting on 2 December 2015. I am confident that Patrick's skills and experience will be invaluable for the Group over the coming years.

Outlook
As I step down from my period as Interim Non-Executive Chairman, I have never felt more positive about the potential of Matchtech Group, its performance and that of the industries it serves.

We have great staff and management, well led by an exceptional CEO in Brian Wilkinson.

Above all we have our culture, one which has served us so very well over the last three decades.

I know the business will strive to capitalise on all of the opportunities in front of it.

Ric Piper
Interim Chairman

Chief Executive's Report

A key strategic move in meeting client and candidate needs

The year under review was highly significant for the Group as we acquired and began to integrate into our business Networkers International plc, the highly respected international recruitment firm specialising in Telecommunications, IT and Engineering.

The acquisition was a key strategic move as we respond to and anticipate the development of client and candidate needs. As the UK's leading provider of white collar engineering professionals, we believe that the evolution to advanced electronic software-based systems from traditional mechanical and older electrical technologies and the increasing globalisation of many of our leading clients are equally significant to our future.

The acquisition of Networkers addressed both these important trends more rapidly, more cost-effectively and with less risk than the alternative of organic growth to achieve the same result.

New market entry

Networkers' presence in the telecoms and connectivity arena brings us immediate access to an important new market, as the Internet of Things (IoT) becomes a reality.

One high-profile example is the growing emphasis that automotive manufacturers are placing on the so-called connected car. In the 10 years that Matchtech has focused on automotive technology, we have seen software development building on engine-control and safety systems to enable connectivity. This further increases the value of advanced software and electronics expertise to the automotive industry, and similar trends are now being seen in some of our other markets, including avionics and maritime. The expanded Matchtech Group can now meet substantially more of the R&D recruitment needs of the biggest players in all these markets.

Rapid globalisation

Acquiring Networkers has given us a physical presence in nine countries – all regional hubs – to add to Matchtech's strong position in the UK. As noted above, the acquisition has substantially reduced the costs and risk involved in international expansion, giving us instantaneous access to the key markets of the Middle East, North America and South-East Asia that we had already identified as strategically vital to our future.

Further, the international presence and new competencies in multi-site management that the acquisition brings us correlates to the changing needs and expectations of our clients as they expand their businesses across the world. We are well positioned to deliver the global staffing solutions that such clients need, enabling us to attract and retain much more of their recruitment business.

The world's best projects

Additional factors also persuaded us that Networkers was the right acquisition target. It has a great brand, with the quality, reputation and status as a leading player in telecoms recruitment that we were looking for. It was already profitable in all its national markets, including its most recently opened operations. It was in the right places across the world to serve all global Anglo-Saxon and Anglo-American recruitment markets. And the acquisition formed what we believe can be the world's leading tech-focused recruiter in our shared specialist markets.

Critically, it also means that we can now demonstrate to the best candidates that we are their route to the world's best engineering, telecoms and technology projects, no matter where these are to be found.

In short, the acquisition of Networkers has accelerated the achievement of the company vision for 2017 that we set out last year: to be the market-leading specialist recruiter; the employer of choice in our sectors; the best partner for clients and candidates alike; to have a fast-developing international business and to be the premium recruitment stock for investors.

The most engaged consultants

At the core of achieving this vision is the additional power we now have to engage with the industry's best and most productive recruitment consultants, based on the enhanced career opportunities our larger, more diverse and international business can now offer our people. This is fundamental to achieving significantly faster organic growth over the coming years and our research confirms to us that individuals are critical if we are to build, evolve and maintain all-important long-term relationships with clients and candidates alike.

We believe, therefore, that the recruitment business with the most engaged consultants will perform at the highest levels. Developing and retaining our staff is a key priority. The Board and senior management team continually review staff attraction and development and seek to reduce attrition to levels below the industry average.

Enhancing strategic delivery

The acquisition has confirmed the validity of our three pillared strategy.

First, we have sharpened our focus on our three core vertical markets of Engineering, IT and Telecommunications by reorganising the reporting structure of our various Group companies to reflect where our vertical-market expertise is strongest.

Networkers' energy and engineering business has been integrated into Matchtech Engineering and teams combined from the established IT businesses of Networkers, Connectus and Provanis teams. Barclay Meade and Alderwood continue to provide the professional staffing and training recruitment services which are so vital to our key client base and we intend to continue the development of both businesses from our Whiteley, Hampshire campus.

Secondly, we are already seeing positive movement up the value chain. For example, average time-sheet value has grown by 5%, while the average fee charged in our permanent business is up by 12%. The introduction of Networkers' historically higher margin and higher fee business can only accelerate this progression.

The acquisition has most clearly acted as a catalyst for our third strategic priority – to "go global"; already, we are generating a combined 30% on our net fee income from outside the UK, up from just 2% before the acquisition. We have subsequently amended this priority to "think global" which is encouraging our people to maximise cross-selling opportunities around the world to support and drive growth in all our local and regional markets.

Integrating our organisations
The process of integrating the two organisations has started well. As the two management teams have come together, we have found a great deal in common both culturally and professionally. Following a series of visits to all our offices across the world, during which I have met almost every member of staff, I have been extremely impressed by the attitude, enthusiasm and energy of everybody in the business.

We now have the rare opportunity to learn from one another and pick the best aspects of each organisation to apply to the integrated "whole", ensuring that the resulting Group will be considerably stronger than its composite parts. We are applying this "best of both" approach to our brands, our structure and roles – allocating key roles to the most appropriate and experienced people, regardless of which company they come from. Already, we have been able to identify a number of talented individuals and relocate them from the UK to other countries to drive growth. We are increasingly recognising the value to our business of having people with local cultural understanding and languages across the world, based alongside the English-speaking core of the organisation.

Operational aspects of the integration programme are continuing. In areas like Finance, HR, IT and management, we are already achieving cost synergies and best practice. Areas for rationalisation remain. For example, we still have two CRMs, two back offices and two sets of associated systems. This duplication will be addressed.

We have already identified synergies in Stock Exchange listing costs, the Board, management overhead and the rationalisation of property. These synergies should realise in the region of £1.3m in FY2016 on a fully annualised basis. We expect more cost synergies to follow as we progress the integration and we combine some back office functions.

We have chosen to re-invest some of these cost synergies to improve the business and accelerate future growth. We are investing to improve connectivity in some regional offices to support long term growth, as well as strengthening functional management in some areas. We are building on our existing strong business development capability and we expect to see sales synergies come through in FY2016, although early-stage progress, such as on joint bids, is already highly encouraging.

In addition, we are currently undertaking in-depth research to better understand the positioning and value that our brands currently have in their individual markets. This will ultimately enable us to reduce costs and maximise growth by taking our strongest brands forward.

Culture and values
In my view, the most important work currently underway is our initiative to link culture and values across and through every level of the organisation. Cultural integration is vital to our long-term success, so we are taking this process extremely seriously, carrying out a worldwide series of workshops and "get-to-know-you" sessions as important precursors to, and catalysts for, seamless integration.

Performance
This year the Group has delivered NFI of £54.8m, with both Matchtech and Networkers delivering broadly at the same level as the same period last year. Our ability to effectively manage our costs base has led to a 10% growth in adjusted profit before taxation from the existing businesses to £13.8m, before the beneficial impact of Networkers' four months' contribution of £1.9m in the period.

The acquisition now gives us a platform to push on and continue to grow into a global marketplace. On behalf of the Board I would like to thank all our dedicated staff, contractors and candidates for their contribution to the business this year.

Outlook

The 2016 financial year has started well, in-line with management's expectations, with many buoyant markets across the Group's core sectors.

In engineering, particularly encouraging is the continued progress in the Infrastructure division where relationships with key multi-national clients will be expanded internationally, as well as in the Automotive, Aerospace and Maritime markets. In Energy, the Group now enjoys a strong position in the growing European renewables arena. The Telecoms sector is also performing well, fueled by clients investing in 4G and converged service offerings. The newly combined IT team is well placed to take advantage of strong demand.

We are delivering cost synergies in areas including listing costs, the Board, management and property, with the remainder of the envisaged synergies on track for FY2017. A portion of the savings will be used to make investments in sales and marketing, regional management and connectivity for some international offices, to increase the focus on large major accounts and to optimize operational efficiency.

The Group has a good new business pipeline and signs of sales synergies are coming through, with early joint bids progressing well. We are now in a position to pursue more larger-scale relationships and have identified opportunities across multiple geographies and disciplines in our three verticals. A number of staff have already been selected to relocate to international offices to accelerate the growth opportunities.

Looking ahead, we regard all international locations to be a huge opportunity to advance our activities in local and regional markets across the world and are planning for substantial growth over the next few years.

We believe the high engagement levels of our exceptional people will continue to underpin the lasting loyalty of clients and candidates alike, delivering enhanced shareholder value and improved returns.

I am optimistic about the future prospects for the Group and look forward to strong growth in all our markets based on the truly global scale and the greater brand awareness that comes with leadership status.

Brian Wilkinson
Chief Executive Officer

Operational Review

Engineering

This was a solid period for Engineering, during which we delivered 6% growth in NFI to £28.7m (2014: £27.1m). Contract NFI grew 2% to £23.1m (2014: £22.6m) and permanent fees were up 24% to £5.6m (2014: £4.5m).

Engineering comprises six clearly defined divisions, enabling us to keep niche specialisation in each of our markets. The structure also enables us to react quicker than ever before to emerging changes in individual markets, allowing us to maximise opportunities for growth in particular sectors or to respond to challenges in others.

From the engineering perspective, the addition of Networkers' energy and engineering business is a tremendous advance thanks to the new internationalism of its market place and its success in a broad range of niches that are mainly complementary to those already established within Matchtech.

Infrastructure

Our Infrastructure Division, which focuses on primarily UK-based projects in environmental & water engineering, highways, transportation & planning, property and rail sectors, had a highly successful year with significant NFI growth in both contract and permanent recruitment.

We supported major players in many key infrastructure projects, including the Thames Tideway Tunnel (due to start construction in 2016) and the HS2 high-speed rail link between London, Birmingham, the North West and Yorkshire (with first-phase construction starting in 2017). Other major projects include the new M8 scheme, part of a major programme of improvement to Scotland's motorway network, and the M1 smart motorway scheme, which has been underway since 2013.

While the completion of the water industry's AMP5 capital investment framework period meant demand for engineers lessened somewhat during the year, decline was not as marked as in the previous AMP interregnums. We are now active in meeting the new recruitment demand stimulated by the commencement of AMP6, which runs from 2015 to 2020.

Maritime

Very strong growth in permanent placement in the maritime sector contributed to a highly successful year, during which we expanded our international focus with particular emphasis on clients in Canada.

This focus culminated with a contract to work on the Canadian National Shipbuilding Procurement Strategy, where the government selected two shipyards to rebuild Canada's naval (in Halifax, Nova Scotia) and coast guard fleets (in Vancouver) with packages of work worth a combined $33 billion. This is an extremely exciting development for Matchtech, and we are confident that our increased international presence will enable further relationships of this kind in the future.

In the UK, the Maritime division worked closely throughout the year with BAE Systems on the major ongoing projects to build and supply the Royal Navy's new Type 26 Frigate (the Global Combat Ship) and the Successor programme.

Energy

Issues around the falling price of oil and other fossil-based fuels have inevitably had an impact upon recruitment numbers among traditional energy and resources companies across the world.

However, the Networkers acquisition has given us a very strong foothold in the fast-growing and increasingly significant renewable energy sector, particularly in areas like offshore wind power in Europe. So while we are poised to respond as and when exploration and production activities in the traditional energy sector increase once again, we are placing a much greater emphasis on exploiting our expertise in renewable energy.

Automotive

Our decision to downsize our German operation during the year was balanced by a substantial increase in our UK OEM business, which was driven in particular by our increasingly close and broad-based relationship with Jaguar Land Rover.

The global nature of the automotive industry has in the past restricted our ability to service the wider recruitment needs of major manufacturers. Now, with an international presence that will increasingly match the industry's worldwide footprint, we are well positioned to grow this business segment in the years to come.

Aerospace

The division underwent a major shift in emphasis during the year, as we responded to changing patterns in client demand. Across the industry, focus in the production cycle has moved from a primarily design-led phase to manufacturing, significantly altering the type of engineering personnel that aerospace companies are seeking.

As a result, we too moved our primary attention away from the declining contract opportunities to concentrate on the more in-demand high-margin and permanent positions that clients need to fill. In doing so, we successfully protected our position in a largely flat market.

General Engineering

This was a very successful year for our General Engineering division, particularly for skilled and semi-skilled placements throughout the South and reaching as far as the west of London. Growth was particularly strong on the permanent side of the business.

Professional Services

Professional services delivered a solid performance, its results being affected by the closure of the Barclay Meade London operation.

NFI for the year was down 7% to £16.6m (2014: £17.9m) with Contract NFI of £10.0m (2014: £10.2m) was down 2% and Permanent Fees of £6.6m (2014: £7.7m) down 14%.

Excluding Barclay Meade London, results of the continuing operations were total NFI of £15.1m (2014: £15.6m) was 3% down, with Contract NFI broadly similar at £9.6m (2014: £9.7m) and Permanent Fees of £5.5m (2014: £5.9m) were 7% down.

Connectus

The Connectus IT recruitment business had a varied year, with strong performance in both our corporate account client base and within our core ERP business area, offset by challenges faced in growing NFI in our other specialist markets.

The corporate accounts team was able to deliver an effective and profitable service, with high fulfilment and 800 placements across the year, retaining a place on the NHS framework, which will allow us to further enhance our position as a top 10 supplier of IT contractors to the NHS. The team also served as a vital support function to key Group engineering clients.

The development of the specialist markets including software, project management and IT infrastructure was challenging, however, we saw significant contract wins with a number of technology, professional services and engineering clients which will fuel growth across FY2016.

We have realigned our staff, focusing them on talent pooling which has strengthened our ability to source difficult-to-find candidates. The structure in place has allowed a rapid and seamless integration of the Connectus and Networkers businesses, where the teams will complement rather than compete with each other.

Barclay Meade

As an important step in delivering against our Group strategy, we reviewed our position within the professional staffing market, announced in April 2015.

We have a strong profitable business based in our head office in Whiteley, Hampshire, operating largely within the engineering and technology markets, where there is significant cross-over with the Group's client base, and covering the disciplines of procurement & supply chain, finance & accountancy, sales & marketing and HR.

However, the Board believed that our London operation, which serviced other markets, has not, as a whole, gained enough traction to be viable over the medium term. Accordingly, during the second half of the year, we closed this part of the business.

This decision is now enabling us to focus on expanding our scope within the engineering and technology markets, whilst also supporting our Group strategy to "move up the value chain" through concentrating on mid to high level placements. This focus is not only our best area of return within a highly competitive market place, but also enables us to place individuals into strategically important roles within the Group's client base.

Alderwood

During the year we diversified our product offering, putting a larger emphasis on engineering and technical training professionals. This has allowed us to utilise the Group's client and candidate base whilst also working to support the number of candidates gaining the skills and qualifications to enter industries with significant skills shortages.

We also internationalised our offering, working with education providers in regions such as the Middle East to help them with the delivery of teaching in areas including English, maths and IT, as well as general engineering, construction and the service sector. This will be a major focus moving forward as the Saudi Arabian government continues to put significant investment into up-skilling the population as part of its 5 year education plan. We also shifted the emphasis of our UK recruitment business to focus on a technical and vocational product offering.

Networkers International

About Networkers
Networkers International is a global specialist recruitment company delivering bespoke recruitment services to some of the world's leading organisations, supplying clients with highly skilled staff on a permanent and temporary basis locally, regionally and internationally in the telecoms; IT and energy & engineering sectors.

Trading for the 4 months to 31 July 2015 was in line with the same period last year generating NFI of £9.5m (2014: £9.5m), with contract NFI of £7.0m up 3% and permanent fees of £2.5m down 7%.

Telecommunications
Networkers International has been providing recruitment services to the telecommunications sector for over 15 years and during this time has become a market leader in providing skilled technical resource to the industry's leading vendors, operators and service providers with an emphasis on the emerging markets of Africa, Asia and Latin America.

Networkers provides a full talent management service for mobile, wireless and fixed line telecoms clients. With its international footprint, Networkers is able to offer its services both locally as well as internationally through its 10 international offices, providing cross border recruitment services to our telecoms clients in over 100 countries. Similar to Matchtech, Networkers' consultants have specialised in very niche vertical markets over many years and this means clients benefit from access to an unrivalled candidate talent pool.

The telecoms sector is an extremely dynamic and evolving sector which provides significant opportunities for growth for the Group, particularly within the emerging markets where communication infrastructure is less advanced and where the Group has been operating for many years.

The industry is going through a rapid period of innovation and change with the convergence of technologies within mobile telecoms and IT, utilising 4G networks. This has led to investment being made within the sector in exciting converging areas such as Cloud, Internet of Things, mobile broadcasting, smart metering etc. which are all reliant on robust, fast and efficient means of communication. Networkers is already focused on providing resources into these markets and well placed to benefit from the continued investment being made in such converging technologies.

IT
Due to the innovative and ever-changing nature of the IT industry, there remains a high demand for candidates in specialist technologies where skill shortages are greatest and therefore demand from clients is strongest. Networkers IT divisions provides highly skilled resources for permanent and contract positions globally. The IT division is structured to specialise in niche skillsets which means its teams have a strong understanding of their clients' needs. By working with a pool of specialist candidates, they can quickly select skilled professionals who will be the right match for a client's environment.

As a result of the convergence within mobile communications detailed above, Networkers' IT division works closely with its telecommunications counterparts to benefit from opportunities that this convergence presents. Additionally, the division has developed service offerings within new growth markets globally including big data, cloud technologies and digital media whilst continuing to develop its core markets in ERP, development, management and infrastructure. Whilst the core IT business has been largely developed in the UK market, Networkers continues to develop its IT presence within selective international markets. Investment in teams in the US, Middle East and Asia mean the IT business is well placed to grow its overseas market presence.

Energy & Engineering
Networkers' Energy & Engineering division continues to show impressive growth rates despite the slowdown in the oil and gas sector. This is due to the specialist nature of its services, together with a strong focus on renewable energy.

Within renewable energy, Networkers principally service the European wind sector supplying the industry with both permanent and contract blue and white-collar engineering resources. Networkers has been trading in this sub-sector since 2009 and has built up a solid reputation servicing some of the largest operators in the industry.

The European wind sector has been growing at a rate of around 10% per annum over the past 5 years and the growth rate is set to increase over the years leading up to 2020.

Networkers is not only well placed to continue its strong growth within the European sector, but also further afield in Asia and the Americas. As these markets begin to grow, we will export our knowledge and services via our international office footprint. This international network also provides an office infrastructure for the Matchtech Energy and Engineering division to expand into.

Networkers engage with clients at all stages of the life cycle – from development, Front End Engineering Design, procurement, construction, installation, commissioning, operations and maintenance, and integrity management.

Chief Financial Officers Report

Excellent financial position provides substantial investment headroom to implement growth strategy
The Networkers acquisition in April 2015 has transformed the Group's future, accelerating our "go global" (now "think global") strategy more rapidly and with less associated risk than an alternative organic approach.

Following the acquisition, for a 50% cash consideration of £29.2m with the balance funded by Group shares, and the assumption of £8.4m of Networkers' debt, we continue to be in a stable and strong financial position. With net debt at 31 July 2015 of £33.6m, our £95m facility with HSBC ensures that we have the headroom to make any necessary investments in the strength, reach and quality of our national and international networks.

We have seen an immediate positive impact from the coming together of two highly cash-generative and culturally aligned businesses, generating £20.8m in cash from operating activities.

Altogether, our growing financial strength and excellent funding facilities have enabled us to continue our progressive dividend policy.

Performance
Revenue of £502.3m (2014: £451.6m) generated Net Fee Income (NFI) of £54.8m (2014: £45.0m).

NFI can be analysed as follows:

					Change vs. comparable period		
Combined Group	FY 2014 £m	**H1 2015 £m**	**H2 2015 £m**	**FY 2015 £m**	H1 2015	H2 2015	**FY 2015**
Contract NFI	32.8	**16.3**	**23.8**	**40.1**	+3%	+41%	**+22%**
Permanent NFI	12.2	**6.2**	**8.5**	**14.7**	+0%	+42%	**+20%**
Total NFI	45.0	**22.5**	**32.3**	**54.8**	+2%	+41%	**+22%**

					Change vs. comparable period		
Matchtech	FY 2014	**H1 2015**	**H2 2015**	**FY 2015**	H1 2015	H2 2015	**FY 2015**
Contract	£m	**£m**	**£m**	**£m**			
Engineering	22.6	**11.3**	**11.8**	**23.1**	+3%	+2%	**+2%**
Professional Services	10.2	**5.0**	**5.0**	**10.0**	+2%	-6%	**-2%**
Total Contract NFI	32.8	**16.3**	**16.8**	**33.1**	+3%	-1%	**+1%**
Permanent							
Engineering	4.5	**2.7**	**2.9**	**5.6**	+17%	+32%	**+24%**
Professional Services	7.7	**3.5**	**3.1**	**6.6**	-10%	-18%	**-14%**
Total Permanent NFI	12.2	**6.2**	**6.0**	**12.2**	0%	0%	**+0%**
Total NFI	45.0	**22.5**	**22.8**	**45.3**	+2%	+0%	**+1%**

				Change vs. comparable period	
Networkers (4 months)	4 mths 2014* £m	**4 mths 2015 £m**	**4 mths FY 2015 £m**	H2 2015	**FY 2015**
Contract NFI	6.8	**7.0**	**7.0**	+3%	**+3%**
Permanent NFI	2.7	**2.5**	**2.5**	-7%	**-7%**
Total NFI	9.5	**9.5**	**9.5**	+0%	**+0%**

**Prior to ownership by the Group not included in Combined Group total above*

Contract NFI of £40.1m (2014: £32.8m) was delivered at a margin of 8.2% (2014: 7.5%), and permanent recruitment fees were £14.7m (2014: £12.2m). Gross margins rose to 10.9% (2014: 10.0%).

The following results include a maiden 4 months' contribution from Networkers trading in the period and adjusted results exclude acquisition costs of £1.7m, non-recurring costs of £1.0m and amortisation of acquired intangibles of £1.7m (2014: £0.7m).

Adjusted EBITA was up 24%, to £16.8m (2014: £13.6m), reflecting a NFI conversion rate of 31% (2014: 30%). Adjusted profit before tax of £15.7m was up 25% (2014: £12.6m).

Adjusted basic earnings of 45.3 pence per share rose 16% (2014: 39.2 pence) with adjusted diluted earnings per share of 43.3 pence up 17% (2014: 37.1 pence).

Further details on the trading and the acquisition can be found in Note 2 to the Financial Statements: Segmental Information and Note 10: Acquisition.

Dividends paid

In the year the Group paid a final dividend of 14.59 pence per share on 5 December 2014 and an interim dividend of 5.68 pence per share on 19 June 2015 totalling £5.4m in the year.

Effective tax rate

The Group's effective tax rate (ETR) has increased from 23.6% to 26.2%. The nature of Networkers international business leads to a higher average corporate tax rate than the UK standard rate. Withholding taxes, which are managed through increased gross margins charged to clients, also increase the ETR. It is expected that in FY2016 the ETR will increase due to a full year of Networkers contribution. Further details on the effective tax rate are detailed in Note 8 to the Financial Statements: Taxation.

Tangible and intangible assets

Capital expenditure, in the year, including tangible assets and software, was £0.9m (2014: £0.3m). Tangible assets at 31 July 2015 of £1.5m (2014: £1.3m) consist of the Group's motor fleet, office equipment, leasehold improvements and computer equipment.

Intangible assets at 31 July 2015 were £52.6m (2014: £3.7m), details of which are shown in Note 11 to the Financial Statements.

Working capital, cash flow and net debt

Debtor days of the combined Group at the year-end were 49 days (31 July 2014: 46), Matchtech 44 days; Networkers 64 days. Net cash from trading activities was £20.8m (2014: £15.7m) with an operating cash conversion of 124% (2014: 115%).

Net debt at 31 July 2015 was £33.6m (31 July 2014: £3.1m), consisting of a working capital facility of £9.2m (2014: £3.3m), bank term loan £28.6m (2014: £nil), bank overdrafts £nil (2014: £0.4m) less cash £4.0m (2014: £0.6m) and capitalised finance costs £0.2m (2014: £nil). The movement in net debt can be analysed as follows:

	H1 2015	**H2 2015**	**FY 2015**
	£m	£m	£m
At start of period	(3.1)	(1.9)	(3.1)
Dividends paid	(3.6)	(1.8)	(5.4)
Net cash from trading activities[1]	6.9	13.9	20.8
Capital expenditure, interest and tax	(2.1)	(3.5)	(5.6)
Acquisition		(29.2)	(29.2)
Acquisition & Integration costs		(2.7)	(2.7)
Networkers trading debt at acquisition		(8.4)	(8.4)
At end of period	**(1.9)**	**(33.6)**	**(33.6)**

[1] Adjusted EBITA plus working capital and non-cash items

Banking facilities

As at 31 July 2015 the Group has agreed banking facilities of £95m with HSBC consisting of a £65m Invoice Financing Facility, with borrowings at 1.1% over HSBC bank base rate and a £30m three year term loan.

Net assets and shares in issue

At 31 July 2015 the Group had net assets of £76.5m (2014: £42.7m) and had 30.9m fully paid ordinary shares in issue (2014: 25.0m).

Critical accounting policies

The Statement of Significant Accounting Policies is set out in Note 1 to the Financial Statements.

Group financial risk management

The Board reviews and agrees policies for managing financial risks. The Group's finance function is responsible for managing investment and funding requirements including banking and cash flow monitoring. It seeks to ensure that adequate liquidity exists at all times in order to meet its cash requirements.

The Group's financial instruments comprise borrowings, cash and various items, such as trade receivables and trade payables that arise from its operations and some matching forward foreign exchange contracts. The main purpose of these financial instruments is to finance the Group's operations. The Group does not trade in financial instruments. The main risks arising from the Group's financial instruments are described below.

Liquidity and interest rate risk
The Group had net debt of £33.6m at the year end, comprising £37.6m debt less £4.0m cash. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank loan and sales financing facility debt obligations. Bank interest is charged on a floating rate basis.

Credit risk
The Group trades only with recognised, creditworthy third parties. The international aspect of the acquisition of Networkers does increase the credit risk of the Group. Receivable balances are monitored on an on-going basis with the result that the Group's Board feels that the exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group, with no single debtor accounting for more than 3% (2014: 9%) of total receivables balances at 31 July 2015.

Foreign currency risk
Following the acquisition of Networkers in April 2015 around 30% of the Group's annualised NFI is generated from overseas markets. The Group does have risks to both its reported performance and cash position arising from the effects of exchange rate fluctuations.

Consolidated Income Statement

For the year ended 31 July 2015

	Note	**2015 £'000**	2014 £'000
Revenue	2	**502,293**	451,591
Cost of sales		**(447,474)**	(406,609)
GROSS PROFIT	2	**54,819**	44,982
Administrative expenses		**(42,459)**	(32,024)
PROFIT FROM OPERATIONS	3	**12,360**	12,958
Profit from operations before amortisation of acquired intangibles and non-recurring costs		**16,750**	13,621
Non-recurring costs included within administrative expenses	3	**(2,710)**	–
Amortisation of acquired intangibles	3	**(1,680)**	(663)
Finance cost	5	**(1,074)**	(1,015)
PROFIT BEFORE TAX		**11,286**	11,943
Taxation	8	**(2,959)**	(2,821)
PROFIT FOR THE YEAR		**8,327**	9,122
Attributable to:			
Equity holders of the parent		**8,311**	9,122
Non-controlling interests		**16**	–
		8,327	9,122

All of the activities of the Group are classed as continuing.

EARNINGS PER ORDINARY SHARE

	Note	**2015 pence**	2014 pence
Basic	9	**31.0**	37.0
Diluted	9	**29.6**	35.0

Statement of Comprehensive Income

For the year ended 31 July 2015

	2015 £'000	2014 £'000
PROFIT FOR THE YEAR	**8,327**	9,122
OTHER COMPREHENSIVE INCOME		
Items that may be classified to profit or loss:		
Exchange differences on retranslation of foreign operations	**(109)**	120
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**(109)**	120
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**8,218**	9,242
Attributable to:		
Equity holders of the parent	**8,202**	9,242
Non-controlling interests	**16**	–
	8,218	9,242

Statement of Changes in Equity

For the year ended 31 July 2015

A) Group

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Translation of foreign operations £'000	Retained earnings £'000	Non-controlling interests £'000	Total £'000
At 1 August 2013	**236**	**3,231**	**224**	**1,094**	**(31)**	**27,568**	**–**	**32,322**
Profit for the year	–	–	–	–	–	9,122	–	9,122
Other comprehensive income	–	–	–	–	120	–	–	120
Total comprehensive income	–	–	–	–	120	9,122	–	9,242
Dividends paid in the year	–	–	–	–	–	(4,516)	–	(4,516)
Deferred tax movement re share options	–	–	–	–	–	109	–	109
IFRS 2 charge	–	–	–	1,335	–	–	–	1,335
IFRS 2 reserves transfer	–	–	–	(808)	–	808	–	–
Shares issued	14	4,157	–	–	–	–	–	4,171
Transactions with owners	14	4,157	–	527	–	(3,599)	–	1,099
At 31 July 2014	**250**	**7,388**	**224**	**1,621**	**89**	**33,091**	**–**	**42,663**
At 1 August 2014	**250**	**7,388**	**224**	**1,621**	**89**	**33,091**	**–**	**42,663**
Profit for the year	–	–	–	–	–	8,311	16	8,327
Other comprehensive income	–	–	–	–	(109)	–	–	(109)
Total comprehensive income	–	–	–	–	(109)	8,311	16	8,218
Dividends paid in the year	–	–	–	–	–	(5,382)	–	(5,382)
Deferred tax movement re share options	–	–	–	–	–	174	–	174
IFRS 2 charge	–	–	–	1,623	–	–	–	1,623
IFRS 2 reserves transfer	–	–	–	(1,104)	–	1,104	–	–
Reacquisition of non-controlling interest	–	–	–	–	–	(650)	–	(650)
Shares issued	59	1,306	28,526	–	–	–	–	29,891
Transactions with owners	59	1,306	28,526	519	–	(4,754)	–	25,656
At 31 July 2015	**309**	**8,694**	**28,750**	**2,140**	**(20)**	**36,648**	**16**	**76,537**

B) Company

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2013	**236**	**3,231**	**–**	**1,094**	**1,771**	**6,332**
Profit and total comprehensive income for the year	–	–	–	–	3,345	3,345
Dividends paid in the year	–	–	–	–	(4,516)	(4,516)
IFRS 2 charge	–	–	–	1,335	–	1,335
IFRS 2 reserves transfer	–	–	–	(808)	808	–
Shares issued	14	4,157	–	–	–	4,171
Transactions with owners	14	4,157	–	527	(3,708)	990
At 31 July 2014	**250**	**7,388**	**–**	**1,621**	**1,408**	**10,667**
At 1 August 2014	**250**	**7,388**	**–**	**1,621**	**1,408**	**10,667**
Profit and total comprehensive income for the year	–	–	–	–	3,482	3,482
Dividends paid in the year	–	–	–	–	(5,382)	(5,382)
IFRS 2 charge	–	–	–	1,623	–	1,623
IFRS 2 reserves transfer	–	–	–	(1,104)	1,104	–
Shares issued	59	1,306	28,526	–	–	29,891
Transactions with owners	59	1,306	28,526	519	(4,278)	26,132
At 31 July 2015	**309**	**8,694**	**28,526**	**2,140**	**612**	**40,281**

Statement of Financial Position

For the year ended 31 July 2015

	Note	Group		Company	
		2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
NON-CURRENT ASSETS					
Intangible assets	11	**52,230**	3,704	**–**	–
Property, plant and equipment	12	**1,535**	1,328	**–**	–
Investments	13	**–**	–	**5,676**	3,403
Deferred tax asset	14	**1,237**	388	**–**	–
Total Non-Current Assets		**55,002**	5,420	**5,676**	3,403
CURRENT ASSETS					
Trade and other receivables	15	**98,897**	72,248	**72,135**	9,414
Cash and cash equivalents		**3,997**	569	**–**	39
Total Current Assets		**102,894**	72,817	**72,135**	9,453
TOTAL ASSETS		**157,896**	78,237	**77,811**	12,856
NON-CURRENT LIABILITIES					
Deferred tax liability	14	**(4,967)**	–	**–**	–
Provisions	16	**(278)**	(278)	**–**	–
Bank loans and overdrafts	22	**(28,608)**	–	**(28,608)**	–
Total Non–Current Liabilities		**(33,853)**	(278)	**(28,608)**	–
CURRENT LIABILITIES					
Trade and other payables	17	**(37,562)**	(30,112)	**(8,922)**	(2,189)
Current tax liability		**(911)**	(1,506)	**–**	–
Bank loans and overdrafts	22	**(9,033)**	(3,678)	**–**	–
Total Current Liabilities		**(47,506)**	(35,296)	**(8,922)**	(2,189)
TOTAL LIABILITIES		**(81,359)**	(35,574)	**(37,530)**	(2,189)
NET ASSETS		**76,537**	42,663	**40,281**	10,667
EQUITY					
Called-up equity share capital	20	**309**	250	**309**	250
Share premium account		**8,694**	7,388	**8,694**	7,388
Merger reserve		**28,750**	224	**28,526**	–
Share based payment reserve		**2,140**	1,621	**2,140**	1,621
Translation of foreign operations		**(20)**	89	**–**	–
Retained earnings		**36,648**	33,091	**612**	1,408
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**76,521**	42,663	**40,281**	10,667
Non-controlling interests		**16**	–	**–**	–
TOTAL EQUITY		**76,537**	42,663	**40,281**	10,667

These financial statements were approved by the Board of Directors on 29 October 2015, and signed on their behalf by:

Tony Dyer

Chief Financial Officer

Consolidated Cash flow Statement

For the year ended 31 July 2015

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after taxation	**8,327**	9,122	**3,482**	3,345
Adjustments for:				
Depreciation and amortisation	**2,696**	1,385	**–**	–
(Profit)/loss on disposal of property, plant and equipment	**(13)**	18	**–**	–
Finance cost	**1,074**	1,015	**–**	–
Taxation expense recognised in profit and loss	**2,959**	2,821	**–**	–
Decrease/(increase) in trade and other receivables	**12,524**	(1,896)	**4,101**	(4,501)
(Decrease)/increase in trade and other payables	**(11,157)**	1,906	**6,733**	1,501
Share based payment charge	**1,623**	1,335	**–**	–
Investment income	**–**	–	**(4,250)**	(4,500)
Cash generated from operations	**18,033**	15,706	**10,066**	(4,155)
Interest paid	**(848)**	(642)	**–**	–
Income taxes paid	**(3,965)**	(2,809)	**–**	–
NET CASH FROM OPERATING ACTIVITIES	**13,220**	12,255	**10,066**	(4,155)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(524)**	(293)	**–**	–
Purchase of intangible assets	**(387)**	(10)	**–**	–
Acquisitions net of cash received	**(37,587)**	(4,170)	**(37,587)**	–
Proceeds from sale of property, plant and equipment	**58**	19	**–**	–
Dividends received	**–**	–	**4,250**	4,500
NET CASH USED IN INVESTING ACTIVITIES	**(38,440)**	(4,454)	**(33,337)**	4,500
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	**6**	4,171	**6**	4,171
Drawdown of term loan	**28,608**	–	**28,608**	–
Dividends paid	**(5,382)**	(4,516)	**(5,382)**	(4,516)
NET CASH FROM/(USED IN) FINANCING	**23,232**	(345)	**23,232**	(345)
Effects of exchange rates on cash and cash equivalents	**(143)**	20	**–**	–
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(2,131)**	7,476	**(39)**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**(3,109)**	(10,585)	**39**	39
CASH AND CASH EQUIVALENTS AT END OF YEAR	**(5,240)**	(3,109)	**–**	39
CASH AND CASH EQUIVALENTS				
Cash	**3,997**	569	**–**	39
Bank overdrafts	**(14)**	(332)	**–**	–
Working capital facility used (note 22)	**(9,223)**	(3,346)	**–**	–
CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENTS	**(5,240)**	(3,109)	**–**	39

Notes forming part of the financial statements

1 The Group and Company Significant Accounting Policies

i The Business and Address of the Group

Matchtech Group plc is a human capital resources business dealing with contract and permanent recruitment in the private and public sectors. The Company is incorporated in the United Kingdom. The Group's address is: Matchtech Group plc, 1450 Parkway, Whiteley, Fareham PO15 7AF.

ii Basis of Preparation of the Financial Statements

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and which are effective at 31 July 2015 and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

These financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently throughout both the Group and the Company for the purposes of preparation of these financial statements. A summary of the principal accounting policies of the Group are set out below.

The consolidated financial statements are presented in Sterling. Additional analysis of administration expenses has been provided in the consolidated income statement. This has not resulted in any restatement of the 2014 consolidated income statement.

iii Going Concern

The Directors have reviewed forecasts and budgets for the coming year, which have been drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Group operates. These were prepared with reference to historical and current industry knowledge, taking future strategy of the Group into account. As a result, at the time of approving the financial statements, the Directors consider that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future, and accordingly, that it is appropriate to adopt the going concern basis in the preparation of the financial statements. As with all business forecasts, the Directors cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty about future events.

iv New Standards and Interpretations

These following standards and amendments to existing standards are applicable for the period ending 31 July 2015:

Standard		Effective date (Annual periods beginning on or after)
IAS 27	Separate Financial Statements	1 January 2014
IAS 28	Associates and Joint Ventures	1 January 2014
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014

The adoption of the above standards has had no material impact on the financial statements.

New Standards in Issue, Not Yet Effective

The following relevant standards, amendments to existing standards and Interpretations, which are new and yet to become mandatory, have not been applied in the Group financial statements.

Standard		Effective date (Annual periods beginning on or after)
IAS 19	Defined Benefit Plans: Employee Contributions	1 February 2015
IFRS 11	Joint Arrangements	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IAS 27	Equity Method in Separate Financial Statements	1 January 2016
IFRS 9	Fair Values	1 January 2016
IFRS 15	Revenue	1 January 2016
IFRS improvements	Various	Various

Based on the Group's current business model and accounting policies, the Directors do not expect material impacts on the figures in the Group's financial statements when the interpretations become effective.

The Group does not intend to apply any of these pronouncements early.

v Basis of Consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the Statement of Financial Position date. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns through its involvement with an entity and it has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Group Statement of Financial Position at their fair values, which are also used as the bases for subsequent measurement in accordance with Group accounting policies.

Transactions between Group companies are eliminated on consolidation.

vi Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services provided, excluding VAT and trade discounts. Revenue on temporary placements is recognised upon receipt of a client approved timesheet or equivalent. Revenue from permanent placements, which is based on a percentage of the candidate's remuneration package, is recognised when candidates commence employment, at which point it is probable that the economic benefits associated with the transaction will be transferred. Fees for the provision of engineering services are recognised on completion of work performed in accordance with customer contracts. Other fees are recognised on confirmation from the client committing to the agreement.

vii Non–recurring Items

Non-recurring items are items that are unusual because of their size, nature or incidence and are presented within the consolidated income statement but highlighted through separate disclosure. The Group's Directors consider that these items should be separately identified within the income statement to enable a true and fair understanding of the Group's results.

Items which are included within this category include:

- costs of acquisitions;
- integration costs of acquisitions;
- significant restructuring costs;
- other particularly significant or unusual items.

viii Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset in terms of annual depreciation as follows:

Motor vehicles	25.0%	Reducing balance
Fixtures, Fittings and Office equipment	12.5% to 33.0%	Straight line
Leasehold Improvements	Over the period of the lease term	

Residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

ix Intangible Assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the fair value of the consideration given for a business over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is stated at cost less accumulated impairment.

Goodwill is allocated to cash-generating units and is not amortised, but is tested at least annually for impairment. For the purpose of impairment testing, goodwill acquired in a business acquisition is allocated to each of the cash generating units (CGUs), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Expenditure on internally generated goodwill, brands and intangibles is expensed in the Income Statement when incurred.

Intangible Assets

Software Licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight line method to allocate the cost of the software licences over their useful lives of between 2 and 5 years. Software licences are stated at cost less accumulated amortisation.

Customer relationships

Acquired customer relationships comprise principally of existing customer relationships which may give rise to future orders (customer relationships), and existing order books (backlog orders). Acquired customer relationships are recognised at fair value at the acquisition date and have a finite useful life. Amortisation of customer relationships is amortised in line with the expected cashflows. Acquired customer relationships are stated at cost less accumulated amortisation and impairment. Backlog orders are recognised at fair value at the acquisition date and amortised in line with the expected cash flows. Backlog orders are stated at cost less accumulated amortisation and impairment. Customer relationships are amortised over their useful economic life of between 2 and 10 years.

Trade names and trademarks
Trade names and trademarks have arisen on the consolidation of acquired businesses and are recognised at fair value at the acquisition date. Where trade names and trademarks are considered to have a finite useful life, amortisation is calculated using the straight line method to allocate the cost of trade names and trademarks over their estimated useful lives. Where trade names and trademarks are considered to have an indefinite useful life, they are not subject to amortisation; they are tested annually for impairment and when there are indications that the carrying value may not be recoverable, detailed within the impairment of non-financial assets section below. Trade names and trademarks are stated at cost less accumulated amortisation and impairment. Trade names and trademarks are amortised over their useful economic life of between 2 and 11 years.

Other
Other intangible assets acquired by the Group that have a finite life useful life are measured at cost less accumulated amortisation and accumulated losses. Other intangibles are amortised over their useful economic life of between 2 and 5 years.

Amortisation of intangible assets is recognised in the income statement under administrative expenses. Provision is made against the carrying value of intangible assets where an impairment in value is deemed to have occurred. Impairment losses are recognised in the Income Statement under administrative expenses.

x Disposal of Assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the Income Statement.

xi Operating Lease Agreements

Rentals applicable to operating leases are charged against profits on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

xii Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided if these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as share-based payments) in which case the related deferred tax is also charged or credited directly to equity.

xiii Pension Costs

The Company operates defined contribution pension schemes for employees. The assets of these schemes are held separately from those of the Company. The annual contributions payable are charged to the Income Statement as they accrue.

xiv Share-based Payments

The transitional arrangements of IFRS 1 have been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 August 2006. All share-based remuneration is ultimately recognised as an expense in the Income Statement with a corresponding credit to "share-based payment reserve". All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options, proceeds received net of attributable transaction costs are credited to share capital and share premium.

The Company is the granting and settling entity in the group share-based payment arrangement where share options are granted to employees of its subsidiary companies. The Company recognises the share-based payment expense as an increase in the investment in subsidiary undertakings.

The Group operates a Share Incentive Plan (SIP) which is HMRC approved, and enables employees to purchase Company shares out of pre-tax salary. For each share purchased the Company grants an additional share at no cost to the employee. The expense in relation to these 'free' shares is recorded as employee remuneration and measured at fair value of the shares issued as at the date of grant.

xv Business Combinations Completed Prior to Date of Transition to IFRS

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to 1 August 2006.

Accordingly the classification of the combination (merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised as at the date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax is adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

xvi Financial Assets

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

In the Company financial statements, investment in the subsidiary Company is measured at cost, and provision made where an impairment value is deemed to have occurred.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Income Statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

A financial asset is derecognised only where the contractual rights to cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Trade receivables subject to the invoice discounting facility are recognised in the Statement of Financial Position until they are settled by the customer.

xvii Financial Liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument and comprise trade and other payables and bank loans. Financial liabilities are recorded initially at fair value, net of direct issue costs and are subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

xviii Financial instruments

Financial instruments often consist of a combination of debt and equity and the Group has to decide how to attribute values to each. They are treated as equity only to the extent that they meet the following two conditions:

(i) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
(ii) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability, and where such an instrument takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance costs. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity

The Group uses financial instruments, in particular forward currency contracts to manage the financial risks associated with the Group's underlying business activities. The forward exchange contracts are used to hedge foreign currency exposures arising on forecast receipts and payments in foreign currencies. These forward contracts are revalued to the rates of exchange at the Statement of Financial Position date and any aggregate unrealised gains and losses arising on revaluation are included in other debtors or creditors. At maturity, or when the contract ceases to be a hedge, gains and losses are taken to the Income Statement. The Group does not undertake any trading activity in financial instruments.

Fair value hierarchy
The Group analyses financial instruments carried at a fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. directly from prices); and
- Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

xix Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, on demand deposits, bank overdrafts and working capital facilities.

xx Dividends

Dividend distributions payable to equity shareholders are included in “other short term financial liabilities” when the dividends are approved in the annual general meeting prior to the balance sheet date.

xxi Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise.

The assets and liabilities in the financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the Statement of Financial Position date. Income and expenses are translated at the actual rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to “Translation of foreign operations” in equity. On disposal of a foreign operation the cumulative translation differences are transferred to the Income Statement as part of the gain or loss on disposal.

As permitted by IFRS 1, the balance on the cumulative translation adjustment on retranslation of subsidiaries’ net assets has been set to zero at the date of transition to IFRS.

xxii Equity

Equity comprises the following:

- “Share capital” represents the nominal value of equity shares.
- “Share premium” represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- “Share based payment reserve” represents equity-settled share-based employee remuneration until such share options are exercised.
- “Merger reserve” represents the equity balance arising on the merger of Matchtech Engineering and Matchmaker Personnel and to record the excess fair value above the nominal value of the consideration on the acquisition of Networkers International plc
- “Translation of foreign operations” represents the foreign currency differences arising on translating foreign operations into the presentational currency of the Group.
- “Retained earnings” represents retained profits.

xxiii Significant Accounting Estimates and Judgments

Estimates and assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group’s accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments
The judgments made which, in the opinion of the Directors, are critical in drawing up the financial statements are as follows:

Invoice Discounting Facility
The terms of this arrangement are judged to be such that the risk and rewards of ownership of the trade receivables do not pass to the finance provider. As such the receivables are not derecognised on draw-down of funds against this facility. This facility is recognised as a liability for the amount drawn.

Factoring Arrangements
In the event of sale of receivables and factoring, the Group derecognises receivables when the Group has given up control or continuing involvement.

The Group derecognises receivables in case of sale and factoring when the Group has transferred its rights to receive cash flows from the receivables; and either the Group has transferred substantially all of the risks and rewards of the ownership of the receivables, or the Group has neither transferred nor retained substantially all of the risks and rewards, but has transferred control of the assets.

Key Sources of Estimation Uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date are discussed below. These are included for completeness, although it is the Directors' view that none of these have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated Useful Lives of Property, Plant and Equipment
The cost of equipment is depreciated on a straight line basis and the cost of motor vehicles is depreciated on a reducing balance basis over their useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 8 years. These are common life expectancies applied in the industry in which the Group operates. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment Loss of Trade and Other Receivables
The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and ageing analysis of the trade and other receivables and on management's judgments. Considerable judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of the Group's receivables were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of trade and other receivables may be required. The carrying amounts of these assets are shown in note 15.

Intangibles
The Group determines whether goodwill and other intangible assets (including acquired intangibles) are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This is requires an estimation of the recoverable amount of the cash generating unit to which the assets are allocated. Consideration is given to the future cash flows of each cash generating unit and the discount rate applied to calculate the present value of those cash flows.

2 Segmental information

The Group has 3 main reportable segments, Engineering, Professional Services and Networkers, following the acquisition of Networkers International plc in April 2015.

The Group determines and presents operating segments based on the information that is provided internally to the Board of Directors.

An operating segment's results are reviewed regularly by the Board to assess performance, which is measured based on segment profit before tax before non-recurring items and amortisation of acquired intangibles.

Reportable Segments

2015

All amounts in £'000	Engineering	Professional Services	Networkers	**Total**	Non-recurring items and amortisation of acquired intangibles	**Group**
Revenue	312,494	132,782	57,017	**502,293**	–	**502,293**
Gross profit	28,688	16,677	9,454	**54,819**	–	**54,819**
Profit from operations	10,546	4,213	1,991	**16,750**	(2,710)	**14,040**
Amortisation of acquired intangibles	–	–	–	**–**	(1,680)	**(1,680)**
Finance cost	(699)	(267)	(108)	**(1,074)**	–	**(1,074)**
Profit before tax	9,847	3,946	1,883	**15,676**	(4,390)	**11,286**
Depreciation and amortisation	564	339	113	**1,016**	1,680	**2,696**
Segment assets	52,381	9,440	32,051	**93,872**		**93,872**
Unallocated net liabilities						**(17,335)**
Total net assets						**76,537**

2014

All amounts in £'000	Engineering	Professional Services	Total	Amortisation of acquired intangibles	Group
Revenue	311,602	139,989	451,591	–	451,591
Gross profit	27,077	17,905	44,982	–	44,982
Profit from operations	10,548	3,073	13,621	–	13,621
Amortisation of acquired intangibles	–	–	–	(663)	(663)
Finance cost	(649)	(366)	(1,015)	–	(1,015)
Profit before tax	9,899	2,707	12,606	(663)	11,943
Depreciation and amortisation	432	290	722	663	1,385
Segment assets	59,295	11,046	70,341		70,341
Unallocated net liabilities					(27,678)
Total net assets					42,663

A segmental analysis of total assets has not been included as this information is not available to the Board; the majority of assets are centrally held and are not allocated across the reportable segments. Only trade receivables are reported by segment and as such they are included as segment assets above. Unallocated net liabilities include non-current assets, other receivables, cash and cash equivalents and current liabilities.

Geographical Information

	Revenue		Non-current assets	
All amounts in £'000	**2015**	2014	**2015**	2014
UK	**488,611**	448,693	**54,582**	5,419
Rest of Europe	**1,575**	2,898	**–**	1
Middle East and Africa	**4,298**	–	**199**	–
Americas	**6,103**	–	**57**	–
Asia Pacific	**1,706**	–	**164**	–
	502,293	451,591	**55,002**	5,420

Revenue and non-current assets are allocated to the geographic market based on the domicile of the respective subsidiary.

Largest Customers

No single client contributed more than 10% of the Group's revenues (2014: none).

3 Profit from Operations

	2015 £'000	2014 £'000
Profit from operations is stated after charging/(crediting):		
Depreciation	**743**	591
Amortisation of acquired intangibles	**1,680**	663
Amortisation of software licences	**273**	131
(Profit)/loss on disposal of property, plant and equipment	**(13)**	18
Auditors' remuneration – fees payable for the audit of the Parent Company financial statements	**10**	10
– fees payable for the audit of the Subsidiary Company financial statements	**234**	77
– Non audit services: taxation	**73**	36
other services pursuant to legislation	**41**	21
Operating lease costs: – Plant and machinery	**272**	197
– Land and buildings	**1,121**	787
Share based payment charge	**1,623**	1,335
Net foreign currency exchange differences	**288**	280

Non-recurring costs included within administrative expenses:		
Acquisition costs	**1,685**	–
Restructuring costs	**1,025**	–
	2,710	–

Directly attributable acquisition and subsequent integration costs of £1,685,000 were incurred in respect of the Networkers International plc acquisition in April 2015, as described in Note 10. These are separately presented as they are not part of the Group's underlying administrative expenditure. The restructuring costs are non-recurring items relating to the integration of Networkers International Plc and Matchtech Group and redundancy costs following the restructuring of Barclay Meade.

4 Particulars of Employees

The average number of staff employed (including Directors) by the Group during the financial year amounted to:

	2015 No.	2014 No.
Sales	**383**	305
Administration	**147**	111
Directors	**10**	10
Total	**540**	426

The aggregate payroll costs of the above were:

	2015 £'000	2014 £'000
Wages and salaries	**23,344**	18,827
Social security costs	**2,515**	2,221
Other pension costs	**1,190**	1,206
Total	**27,049**	22,254

Disclosure of the remuneration of key management personnel, as required by IAS 24, is detailed below. Disclosure of the remuneration of the statutory Directors is further detailed in the Directors' Remuneration Report contained in the Annual Report and Accounts.

	2015 £'000	2014 £'000
Short term employee benefits	**2,180**	1,534
Post employment benefits	**212**	77
Share based payments	**1,039**	461
Total	**3,431**	2,072

5 Finance Cost

	2015 £'000	2014 £'000
Bank interest payable	**773**	642
Amortisation of capitalised finance costs	**13**	92
Net foreign currency exchange differences	**288**	281
Total	**1,074**	1,015

6 Dividends

	2015 £'000	2014 £'000
Equity dividends paid during the year at 20.27 pence per share (2014: 18.26 pence)	**5,382**	4,516
Equity dividends proposed after the year end (not recognised as a liability) at 16.32 pence per share (2014: 14.59 pence)	**5,046**	3,642

A dividend will be declared from Matchtech Group (Holdings) Limited prior to the payment of the proposed dividend above.

7 Parent Company Profit

	2015 £'000	2014 £'000
The amount of profit dealt with in the accounts of the Company is	**3,482**	3,345

The Company has taken advantage of the exemption in S408 of the Companies Act 2006 not to present the parent Company's Income Statement.

8 Taxation

		2015 £'000	2014 £'000
Current tax:	UK corporation tax	**2,977**	2,936
	Overseas corporation tax	**626**	–
	Prior year (over)/under provision	**(235)**	79
		3,368	3,015
Deferred tax (note 14)		**(409)**	(194)
Income tax expense		**2,959**	2,821

UK corporation tax has been charged at 20.7% (2014: 22.3%).
The charge for the year can be reconciled to the profit as per the income statement as follows:

	2015 £'000	2014 £'000
Profit before tax	**11,286**	11,943
Profit before tax multiplied by the standard rate of corporation tax in the UK of 20.7% (2014: 22.3%)	**2,336**	2,663
Expenses not deductible/(chargeable) for tax purposes	**386**	(3)
Irrecoverable withholding tax	**340**	–
Adjustments to tax charge in respect of previous periods	**(235)**	79
Overseas losses not provided for	**46**	82
Difference between UK and overseas tax rates	**86**	–
Total tax charge for period	**2,959**	2,821

Tax charge recognised directly in equity:

	2015 £'000	2014 £'000
Deferred tax recognised directly in equity	**174**	109
Total tax recognised directly in equity	**174**	109

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. The Budget on 8 July 2015 announced additional planned reductions to 18% by 2020. This will reduce the Group's future current tax charge accordingly. Deferred tax at 31 July 2015 has been calculated based on the rate of 20% substantively enacted at the Statement of Financial Position date.

9 Earnings Per Share

Earnings per share has been calculated by dividing the consolidated profit after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share has been calculated on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares (arising from the Group's share option schemes) into ordinary shares has been added to the denominator. There are no changes to the profit (numerator) as a result of the dilutive calculation.

Adjusted earnings per share is disclosed below to show the trading performance of the Group excluding non-recurring costs and amortisation of acquired intangibles.

	2015 £'000	2014 £'000
Profit after tax attributable to ordinary shareholders	**8,327**	9,122
Amortisation of acquired intangibles (note 3)	**1,680**	663
Acquisition costs (note 3)	**1,685**	–
Restructuring costs (note 3)	**1,025**	–
Less: Tax effect on above adjustments	**(548)**	(116)
Earnings for the purposes of adjusted EPS	**12,169**	9,669

	2015 '000s	2014 '000s
Weighted average number of ordinary shares in issue	**26,841**	24,655
Effect of dilutive potential ordinary shares	**1,263**	1,418
Total	**28,104**	26,073

		2015 pence	2014 pence
Earnings per ordinary share	– basic	**31.0**	37.0
	– diluted	**29.6**	35.0
Adjusted earnings per ordinary share	– basic	**45.3**	39.2
	– diluted	**43.3**	37.1

10 Acquisition

The Group completed the acquisition of the entire ordinary share capital of Networkers International plc, on 2 April 2015. As consideration the Company issued and allotted 0.063256 new Matchtech Group plc shares of 1p each for every 1 ordinary share held by Networkers shareholders totalling 5,439,189 new Matchtech shares and paid cash of 34 pence per ordinary share. Total consideration was £58,471,000.

Networkers is an international recruitment business which supplies skilled staff on a permanent or temporary basis in the Telecoms, IT and Energy & Engineering sectors. The acquisition creates a more geographically balanced business with scale in a fast growing international markets whilst maintaining a healthy contract to permanent NFI split.

The acquisition had the following effect on the Group's assets and liabilities:

	Acquirees net assets at acquisition date £'000	Fair value adjustments £'000	Fair value £'000
Intangible assets:			
- software	41	–	41
- customer relationships	–	18,552	18,552
- trade names	–	4,741	4,741
- candidate databases	–	1,560	1,560
Property, plant and equipment	470	–	470
Deferred tax asset	281	–	281
Trade and other receivables	39,357	–	39,357
Cash and cash equivalents	2,554	–	2,554
Current tax liability	(26)	–	(26)
Trade and other payables	(17,991)	–	(17,991)
Bank loans and overdrafts	(10,905)	–	(10,905)
Deferred tax liability	–	(4,971)	(4,971)
Net identifiable assets	13,781	19,882	33,663
Goodwill			24,808
Consideration			**58,471**

Analysis of consideration:	
Equity	29,235
Cash	29,236
Consideration	**58,471**

Analysis of net cashflows:	
Cash consideration paid	29,236
Cash and cash equivalents acquired	(2,554)
Bank loans and overdrafts acquired	10,905
Net cash outflow	**37,587**

Intangible assets have been identified relating to the customer relationships, candidate databases and trademarks, intangible assets have been recognised at fair value. Goodwill represents expected synergies from combining operations of the acquiree and acquirer, the employees of Networkers and intangibles that do not qualify for separate recognition.

Fair value adjustments have been made to reflect the identified intangible assets arising on acquisition and the deferred tax liability on those assets.

Amortisation of intangible assets is on a straight line basis, over the following useful economic lives:

Customer relationships	10 years
Candidate databases	5 years
Trade names	1 to 11 years

The Group incurred acquisition costs of £1,685,000 relating to external legal fees, broker fees and due diligence costs. These costs have been recognised in administrative expense in the Income Statement.

In the period between the acquisition and 31 July 2015 Networkers contributed revenue of £57,017,000, Gross Profit of £9,454,000 and profit from operations after amortisation of acquired intangibles of £471,000. If the acquisition had occurred on 1 August 2014, revenue for the combined Group would be £630,158,000, Gross Profit of £74,639,000 and profit from operations after amortisation of acquired intangibles £16,691,000. The amortisation of acquired intangibles would be £4,057,000.

11 Intangible Assets

Group		Goodwill £'000	Customer relationships £'000	Trade names £'000	Other £'000	Software licences £'000	Total £'000
COST	At 1 August 2013	–	–	–	400	973	1,373
	Additions	–	–	–	–	(22)	(22)
	Acquisitions	1,643	1,600	166	476	–	3,885
	At 1 August 2014	1,643	1,600	166	876	951	5,236
	Additions	–	–	–	–	777	777
	Acquisitions	24,808	18,552	4,741	1,560	41	49,702
	At 31 July 2015	**26,451**	**20,152**	**4,907**	**2,436**	**1,769**	**55,715**
AMORTISATION	At 1 August 2013	–	–	–	316	422	738
	Charge for the year	–	453	15	195	131	794
	At 31 July 2014	–	453	15	511	553	1,532
	Charge for the year	–	946	511	223	273	1,953
	At 31 July 2015	**–**	**1,399**	**526**	**734**	**826**	**3,485**
NET BOOK VALUE	At 31 July 2014	1,643	1,147	151	365	398	3,704
	At 31 July 2015	**26,451**	**18,753**	**4,381**	**1,702**	**943**	**52,230**

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.

Goodwill is allocated to CGUs, which are determined as the reportable segments, as follows:

	2015 £'000	2014 £'000
Professional Services	**1,643**	1,643
Networkers International plc	**24,808**	–
	26,451	1,643

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:

Profit from operations	Profit from operations is based on the latest annual forecast approved by the Group's Board of Directors which was prepared using expectations of revenue and operating cost growth
Discount rates	The pre-tax rate used to discount the forecast cash flows was 12.5% (2014: 12.5%) reflecting the Group's weighted average cost of capital
Growth rates	The long-term growth rates are based on management forecasts which are consistent with external sources at an average growth rate of 2.5% (2014: 2.5%)

Impairment reviews are 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.

The impairment review determined that there has been no impairment to any of the CGUs. Sensitivity analysis has been performed in assessing recoverable amounts of goodwill. The sensitivity analysis shows no impairment would arise under each reasonably foreseeable scenario for any of the CGUs.

Amortisation is charged through administrative expenses in the Income Statement.

12 Property, Plant and Equipment

Group		Motor vehicles £'000	Leasehold improveme nts £'000	Fixtures fittings & equipment £'000	Total £'000
COST	At 1 August 2013	1,712	706	2,888	5,306
	Additions	–	221	68	289
	Acquisitions	–	4	–	4
	Disposals	(539)	(108)	–	(647)
	At 1 August 2014	1,173	823	2,956	4,952
	Additions	–	351	173	524
	Acquisitions	–	94	377	471
	Disposals	(233)	–	(16)	(249)
	At 31 July 2015	**940**	**1,268**	**3,490**	**5,698**
DEPRECIATION	At 1 August 2013	1,083	223	2,256	3,562
	Charge for the year	154	107	330	591
	Released on disposal	(469)	(60)	–	(529)
	At 31 July 2014	768	270	2,586	3,624
	Charge for the year	102	262	379	743
	Released on disposal	(204)	–	–	(204)
	At 31 July 2015	**666**	**532**	**2,965**	**4,163**
NET BOOK VALUE	At 31 July 2014	405	553	370	1,328
	At 31 July 2015	**274**	**736**	**525**	**1,535**

Included within Leasehold Improvements is a cost of £215,000 (2014: £215,000) relating to the dilapidations provision (see note 16).

There were no capital commitments as at 31 July 2015 or 31 July 2014.

13 Investments

	Company	
	2015 £'000	2014 £'000
At 1 August	**3,403**	2,068
Acquisition of Networkers	**58,471**	–
Transfer of Networkers to subsidiary company	**(58,471)**	–
Acquisition of non-controlling interest	**650**	
Capital contribution	**1,623**	1,335
At 31 July	**5,676**	3,403

In April 2015 the Company acquired 100% of the ordinary share capital of Networkers International plc for £58.5m. Subsequently this investment was transferred to Matchtech Group (Holdings) Limited for £58.5m, in return for an intercompany receivable.

The additional increase in investments represents the acquisition of a non-controlling interest in Matchtech Group Management Limited and a capital contribution made in Matchtech Group (UK) Limited relating to share based payments.

Subsidiary Undertakings

Company	Country of Incorporation	Share Class	% held 2015	%held 2014	Main Activities
Matchtech Group (Holdings)	United Kingdom	Ordinary	100%	100%	Holding

Company	Country of Incorporation	Share Class	% held 2015	%held 2014	Main Activities
Limited					
Matchtech Group Management Company Limited	United Kingdom	Ordinary	100%	69%	Non trading
Matchtech Group (UK) Limited	United Kingdom	Ordinary	99.998%	99.998%	Provision of recruitment consultancy
Matchtech Engineering Limited	United Kingdom	Ordinary	100%	100%	Non trading
Matchmaker Personnel Limited	United Kingdom	Ordinary	100%	100%	Non trading
Barclay Meade Limited	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Alderwood Education Limited	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Elemense Limited	United Kingdom	Ordinary	100%	100%	Non trading
Connectus Technology Limited	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Matchtech Limited	United Kingdom	Ordinary	100%	100%	Non trading
Matchtech GmbH	Germany	Ordinary	100%	100%	Provision of recruitment consultancy
Matchtech BV	Netherlands	Ordinary	100%	100%	Non trading
Matchtech Engineering Inc	USA	Ordinary	100%	100%	Provision of recruitment consultancy
Application Services Limited	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Provanis Limited	United Kingdom	Ordinary	100%	100%	Non trading
Networkers International Plc	United Kingdom	Ordinary	100%	–	Holding
Networkers International (UK) Plc	England	Ordinary	100%	–	Provision of recruitment consultancy
Networkers International LLC	United States	Ordinary	100%	–	Non trading
Networkers Telecommunications Inc.	United States	Ordinary	100%	–	Provision of recruitment consultancy
NWI de Mexico S. de R.L. de C.V	Mexico	Ordinary	100%	–	Provision of recruitment consultancy
Networkers International South Africa Proprietary Limited	South Africa	Ordinary	87%	–	Provision of recruitment consultancy
Networkers International (China) Co. Limited	China	Ordinary	100%	–	Provision of recruitment consultancy
Networkers International (Malaysia) Sdn Bhd	Malaysia	Ordinary	100%	–	Provision of recruitment consultancy
Networkers International (Canada) Inc	Canada	Ordinary	100%	–	Provision of recruitment consultancy
Networkers International Trustees Limited	United Kingdom	Ordinary	100%	–	Non trading
The Comms Group Limited	United Kingdom	Ordinary	100%	–	Holding
CommsResources Limited	United Kingdom	Ordinary	100%	–	Provision of recruitment consultancy
CommsResources Sdn Bhd	Malaysia	Ordinary	100%	–	Provision of recruitment consultancy
Comms Software Limited	United Kingdom	Ordinary	100%	–	Non trading
CommsResources SAS	Colombia	Ordinary	100%	–	Provision of recruitment consultancy
Elite Computer Staff Limited	United Kingdom	Ordinary	100%	–	Non trading
NWKI FZ LLC (formerly SNS FZ LLC)	Dubai	Ordinary	100%	–	Provision of recruitment consultancy
Networkers Recruitment Services Limited	United Kingdom	Ordinary	100%	–	Non trading
MSB International GMBH	Germany	Ordinary	100%	–	Provision of recruitment consultancy
NWKI Communications LLC	Dubai	Ordinary	49%	–	Provision of recruitment consultancy
Networkers Consultancy (Singapore) PTE Limited.	Singapore	Ordinary	100%	–	Provision of recruitment consultancy
Cappo Group Limited	United Kingdom	Ordinary	100%	–	Holding
Cappo International Limited	United Kingdom	Ordinary	100%	–	Provision of recruitment

Company	Country of Incorporation	Share Class	% held 2015	%held 2014	Main Activities
					consultancy
Cappo Qatar LLC	Qatar	Ordinary	49%	–	Provision of recruitment consultancy
Networkers Consultoria Em Technologia Da Informacao Limiteda	Brazil	Ordinary	100%	–	Provision of recruitment consultancy
Networkers International (India) Private Limited	India	Ordinary	100%	–	Non trading
Concilium Search Limited	United Kingdom	Ordinary	100%	–	Provision of recruitment consultancy
Kelsey House Limited	United Kingdom	Ordinary	100%	–	Provision of recruitment consultancy

All holdings are indirect except Matchtech Group (Holdings) Limited, Matchtech GmbH and Matchtech Group Management Company Limited.

The Group consolidates NWKI Communications LLC and Cappo Qatar LLC as subsidiaries in the consolidation due to contractual arrangements in place giving the Group effective control of the entities.

14 Deferred Tax

	Asset 2015 £'000	**Liability 2015 £'000**	**Net 2015 £'000**	**Credited/ (charged) to profit 2015 £'000**	**Credited/ (charged) to equity 2015 £'000**
Share based payments	**1,003**	**–**	**1,003**	**116**	**174**
Depreciation in excess of capital allowances	**76**	**–**	**76**	**(44)**	**–**
Acquired intangibles	**–**	**(4,967)**	**(4,967)**	**336**	**–**
Other temporary and deductible differences	**158**	**–**	**158**	**1**	**–**
Net deferred tax assets/(liabilities)	**1,237**	**(4,967)**	**(3,730)**	**409**	**174**

	Asset 2014 £'000	Liability 2014 £'000	Net 2014 £'000	Credited/ (charged) to profit 2014 £'000	Credited/ (charged) to equity 2014 £'000
Share based payments	713	–	713	78	109
Depreciation in excess of capital allowances	7	–	7	–	–
Acquired intangibles	–	(332)	(332)	116	–
Net deferred tax assets/(liabilities)	720	(332)	388	194	109

The movement on the net deferred tax (liability)/asset is as shown below:

	Group	
	2015 £'000	2014 £'000
At 1 August	**388**	533
Acquired intangibles	**(4,971)**	(448)
Acquisitions	**270**	–
Recognised in income	**409**	194
Recognised in equity	**174**	109
At end of year	**(3,730)**	388

The rate of UK corporation tax applied to deferred tax calculations is 20% (2014: 20%).

15 Trade and Other Receivables

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Trade receivables	**93,872**	70,341	**–**	–
Amounts owed by Group companies	**–**	–	**72,135**	9,414
Other receivables	**3,438**	1,050	**–**	–
Prepayments	**1,587**	857	**–**	–
Total	**98,897**	72,248	**72,135**	9,414

The amounts due from Group undertakings in the Company Statement of Financial Position are considered to approximate to fair value.

Days sales outstanding at the year end based upon the preceding 3 months' revenue were 49.4 days (2014: 45.9 days). The allowance for doubtful debts has been determined by reference to previous experience and management assessment of debts.

The Directors consider that the carrying amount of trade and other receivables approximates to the fair value.

Included in the Group's trade receivable balance are debtors with a carrying amount of £10,056,000 (2014: £8,367,000) which are past due at the reporting date for which the Group has not provided as the Directors do not believe there has been a significant change in credit quality and consider the amounts to be recoverable in full. The Group does not hold any collateral over these balances.

The Group uses a third party credit scoring system to assess the credit worthiness of potential new customers before accepting them. Credit limits are defined by customer based on this information. All customer accounts are subject to review on a regular basis by senior management and actions are taken to address debt ageing issues.

The Directors believe that there is no requirement for further provision over and above the allowance for doubtful debts.

Ageing of past due but not impaired trade receivables:

	Group	
	2015 £'000	2014 £'000
0-30 days	**7,585**	7,251
30-60 days	**1,663**	976
60-90 days	**458**	140
90+ days	**350**	–
Total	**10,056**	8,367

Movement in the allowance for doubtful debts:

	Group	
	2015 £'000	2014 £'000
At 1 August	**300**	585
Acquisitions	**867**	–
Impairment losses recognised/(reversed)	**68**	(285)
At 31 July	**1,235**	300

Ageing of impaired trade receivables:

	Group	
	2015 £'000	2014 £'000
Not past due at reporting date	**319**	–
0-30 days	**58**	–
30-60 days	**–**	8
60-90 days	**–**	91
90+ days	**858**	201
Total	**1,235**	300

16 Provisions

	Group	
	2015 £'000	2014 £'000
At 1 August	**278**	278
Acquisition	**364**	–
Provisions released during the year	**(16)**	–
At 31 July	**626**	278
Non-current	**278**	278
Current	**348**	–
	626	278

The above provision relates to a dilapidations provision based on the requirement to return leased buildings to their original condition at the end of the lease term. The provision relates to offices held under lease arrangements that expire between January 2016 and June 2017.

17 Trade and Other Payables

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Trade payables	**538**	10	**–**	–
Amounts owed to Group companies	**–**	–	**8,922**	2,189
Taxation and Social Security	**5,415**	5,280	**–**	–
Contractor wages creditor	**16,698**	21,108	**–**	–
Accruals and deferred income	**14,227**	3,405	**–**	–
Provisions	**348**	–	**–**	–
Other payables	**336**	309	**–**	–
Total	**37,562**	30,112	**8,922**	2,189

18 Financial Assets and Liabilities Statement of Financial Position Classification

The carrying amount of the Group's financial assets and liabilities as recognised at the Statement of Financial Position date of the reporting periods under review may also be categorised as follows:

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Trade and other receivables				
– Loan and receivables	**97,310**	71,391	**72,135**	9,414
Cash and cash equivalents				
– Loan and receivables	**3,997**	569	**–**	39
Total	**101,307**	71,960	**72,135**	9,453

Financial liabilities are included in the Statement of Financial Position within the following headings:

	Group	
	2015 £'000	2014 £'000
Current liabilities		
Borrowings		
– Financial liabilities recorded at amortised cost	**37,641**	3,678
Trade and other payables		
– Financial liabilities recorded at amortised cost	**32,147**	24,832
Total	**69,788**	28,510

The amounts at which the assets and liabilities above are recorded are considered to approximate to fair value.

The Group has working capital facilities with HSBC which are secured by way of an all assets debenture, which contains fixed and floating charges over the assets of the Group. The facility held with HSBC Bank allows the Company to borrow up to 90% of its invoiced debtors up to a maximum of £65 million. Interest is charged on borrowings at a rate of 1.1% over HSBC Bank base rate.

The Group agreed a 3 year, £30m term loan facility agreement with HSBC dated 27 January 2015 which is secured by way of a fixed and floating charge over assets of the Group. Interest is charged on borrowings at a rate of 3% over HSBC LIBOR rate.

19 Commitments Under Operating Leases

At 31 July 2015 the Group had commitments to pay the following amounts under non-cancellable operating leases as set out below:

			Group	
			2015 £'000	2014 £'000
Land/buildings	Payments falling due:	within 1 year	**1,057**	875
		within 1 to 5 years	**1,157**	1,824
		after 5 years	**–**	138
Other	Payments falling due:	within 1 year	**269**	233
		within 1 to 5 years	**483**	541

The company had no commitments under non-cancellable operating leases (2014: none).

20 Share Capital

Authorised Share Capital

	Company	
	2015 £'000	2014 £'000
40,000,000 Ordinary shares of £0.01 each	**400**	400

Allotted, called up and fully paid:

	Company	
	2015 £'000	2014 £'000
30,922,000 (2014: 24,965,000) Ordinary shares of £0.01 each	**309**	250

The number of shares in issue in the Company is shown below:

	Company	
	2015 '000	2014 '000
In issue at 1 August	**24,965**	23,616
Exercise of share options	**399**	299
Issue of restricted shares	**119**	–
Share placing	**5,439**	1,050
In issue at 31 July	**30,922**	24,965

During the year the Company issued 119,000 Ordinary shares of £0.01 each, these shares were issued with restrictions as the shares cannot be sold or transferred without the consent of the Board and have no dividend or voting rights.

The excess consideration above the nominal value of the shares issued in respect of the acquisition of Networkers International plc was accounted for within the merger reserve.

Share Options

The following options arrangements exist over the Company's shares:

				Exercis e price	Exercise period	
	2015 '000s	2014 '000s	Date of grant	pence	From	To
Key Share Options	**5**	5	01/12/2005	146	01/06/2007	01/12/2015
Target/Loyalty Share Options	**2**	3	01/12/2005	146	01/12/2006	01/12/2015
Deferred Share Bonus	**6**	6	18/01/2010	1	18/01/2012	18/01/2020
Deferred Share Bonus	**6**	6	18/01/2010	1	18/01/2013	18/01/2020
Zero Priced Share Option Bonus	**1**	1	18/01/2010	1	18/01/2012	18/01/2020
Zero Priced Share Option Bonus	**1**	1	18/01/2010	1	18/01/2013	18/01/2020
Zero Priced Share Option Bonus	**1**	2	04/02/2011	1	25/01/2013	04/02/2021
Zero Priced Share Option Bonus	**2**	2	04/02/2011	1	03/02/2014	04/02/2021
Long Term Incentive Plan Options	**23**	51	31/01/2012	1	30/01/2015	31/01/2022
Zero Priced Share Option Bonus	**–**	12	31/01/2012	1	30/01/2014	31/01/2022
Zero Priced Share Option Bonus	**13**	213	31/01/2012	1	30/01/2015	31/01/2022
Long Term Incentive Plan Options	**32**	57	31/01/2013	1	30/01/2016	31/01/2023
Zero Priced Share Option Bonus	**–**	38	31/01/2013	1	30/01/2015	31/01/2023
Zero Priced Share Option Bonus	**210**	257	31/01/2013	1	30/01/2016	31/01/2023
Value Creation Plan	**–**	380	14/11/2013	1	18/11/2016	18/11/2021
Value Creation Plan	**–**	380	14/11/2013	1	18/11/2017	18/11/2021
Long Term Incentive Plan Options	**104**	156	24/01/2014	1	24/01/2017	24/01/2024
Deferred Share Bonus	**10**	19	24/01/2014	1	24/01/2015	24/01/2024
Deferred Share Bonus	**10**	19	24/01/2014	1	24/01/2016	24/01/2024

Zero Priced Share Option Bonus	**51**	60	01/01/2014	1	01/01/2016	01/01/2024
Zero Priced Share Option Bonus	**292**	383	01/01/2014	1	01/01/2017	01/01/2024
Zero Priced Share Option Bonus	**22**	–	28/01/2015	1	28/01/2017	28/01/2025
Zero Priced Share Option Bonus	**137**	–	28/01/2015	1	28/01/2018	28/01/2025
Zero Priced Share Option Bonus	**44**	–	30/01/2015	1	30/01/2018	30/01/2025
Zero Priced Share Option Bonus	**16**	–	26/06/2015	1	26/06/2018	26/06/2025
Value Creation Plan	**389**	–	02/07/2015	1	18/11/2016	18/11/2021
Value Creation Plan	**389**	–	02/07/2015	1	18/11/2017	18/11/2021
Total	**1,766**	2,051				

During the year the Group granted share options under a Long Term Incentive Plan (LTIP) for Executive Directors and a Zero Priced Share Option Bonus for key staff. The LTIP options were granted on 30 January 2015 and are subject to an EPS performance target. The zero priced share options were granted on 28 January 2015 and 26 June 2015 to members of staff subject to two and three year holding periods. All grants made during the year were under the same terms as share options granted in previous years.

During the year options under the Value Creation Plan (VCP) were waived and re-granted. The VCP options were granted to Executive Directors and key staff, 50% of the options are exercisable on 18 November 2016 and 50% exercisable one year later.

All share options have a life of 10 years and are equity settled on exercise.

The movement in share options is shown below:

	2015			2014		
	Number '000s	**Weighted average exercise price (pence)**	**Weighted average share price (pence)**	Number '000s	Weighted average exercise price (pence)	Weighted average share price (pence)
Outstanding at 1 August	**2,051**	**1.7**	**–**	1,002	7.2	–
Granted	**1,074**	**1.0**	**–**	1,434	1.0	–
Forfeited/lapsed	**(986)**	**1.0**	**–**	(108)	1.0	–
Exercised	**(373)**	**1.0**	**525.0**	(277)	19.3	561.9
Outstanding at 31 July	**1,766**	**1.7**		2,051	1.7	
Exercisable at 31 July	**70**	**1.3**		38	1.7	

The number of share options granted includes the deferred share bonus options.

The numbers and weighted average exercise prices of share options vesting in the future are shown below.

	2015			2014		
Exercise Date	**Weighted average remaining contract life (months)**	**Number '000s**	**Weighted average exercise price (pence)**	Weighted average remaining contract life (months)	Number '000s	Weighted average exercise price (pence)
24/01/2015	**–**	**–**	**–**	6	19	1.0
30/01/2015	**–**	**–**	**–**	6	302	1.0
01/01/2016	**5**	**51**	**1.0**	17	60	1.0
24/01/2016	**6**	**10**	**1.0**	18	19	1.0
30/01/2016	**6**	**242**	**1.0**	18	314	1.0
18/11/2016	**16**	**389**	**1.0**	28	380	1.0
01/01/2017	**17**	**292**	**1.0**	29	383	1.0
24/01/2017	**18**	**104**	**1.0**	30	156	1.0
28/01/2017	**18**	**22**	**1.0**	–	–	–
18/11/2017	**28**	**389**	**1.0**	40	380	1.0
28/01/2018	**30**	**137**	**1.0**	–	–	–
30/01/2018	**30**	**44**	**1.0**	–	–	–
26/06/2018	**35**	**16**	**1.0**	–	–	–
Total		**1,696**			2,013	

In addition to the share option schemes the Group operated a Share Incentive Plan (SIP), which is an HMRC approved plan available to all employees enabling them to purchase shares out of pre-tax salary. For each share purchased the Company grants an additional share at no cost.

The fair values of the LTIP options were calculated using a Monte Carlo simulation method along with the assumptions detailed below. The values of the Zero price options granted in the year were calculated using a Black Scholes method along with the assumptions as detailed below. The fair values of the SIPS and Deferred Bonus Shares were calculated as the market values on the date of the grant adjusted for the assumptions as detailed below.

Date of grant		Share Price on the date of grant (£)	Exercise Price (£)	Volatility (%)	Vesting Period (yrs)	Dividend Yield (%)	Risk Free Rate of interest (%)	Fair Value (£)
07/08/2012	SIP	2.03	0.01	N/A	3.00	N/A	N/A	2.03
12/09/2012	SIP	2.04	0.01	N/A	3.00	N/A	N/A	2.04
05/10/2012	SIP	2.21	0.01	N/A	3.00	N/A	N/A	2.21
09/11/2012	SIP	2.37	0.01	N/A	3.00	N/A	N/A	2.37
12/12/2012	SIP	2.33	0.01	N/A	3.00	N/A	N/A	2.33
11/01/2013	SIP	2.63	0.01	N/A	3.00	N/A	N/A	2.63
31/01/2013	LTIP	2.67	0.01	14.0%	2.00	5.8%	0.56%	1.76
31/01/2013	Deferred bonus	2.67	0.01	N/A	3.00	5.8%	0.56%	2.27
31/01/2013	Deferred bonus	2.67	0.01	N/A	2.00	5.8%	0.37%	2.41
31/01/2013	Zero price bonus	2.67	0.01	14.0%	3.00	5.8%	0.56%	2.24
31/01/2013	Zero price bonus	2.67	0.01	14.0%	3.00	5.8%	0.56%	2.24
08/02/2013	SIP	2.73	0.01	N/A	3.00	N/A	N/A	2.73
12/03/2013	SIP	2.87	0.01	N/A	3.00	N/A	N/A	2.87
12/04/2013	SIP	3.47	0.01	N/A	3.00	N/A	N/A	3.47
10/05/2013	SIP	3.38	0.01	N/A	3.00	N/A	N/A	3.38
01/01/2014	LTIP	5.75	0.01	16.8%	2.00	3.1%	1.2%	5.22
01/01/2014	LTIP	5.75	0.01	16.8%	3.00	3.1%	1.2%	5.22
24/01/2014	Zero price bonus	5.93	0.01	17.0%	3.00	3.0%	1.2%	5.40
28/01/2015	LTIP	5.08	0.01	16.4%	2.00	3.9%	0.7%	4.51
28/01/2015	LTIP	5.08	0.01	16.4%	3.00	3.9%	0.7%	4.51
30/01/2015	Zero price bonus	5.08	0.01	16.4%	3.00	3.9%	0.6%	4.51
26/06/2015	LTIP	5.49	0.01	16.4%	3.00	3.9%	1.1%	4.90

The volatility of the Company's share price on each date of grant was calculated as the average of the annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over 5 years back from the date of grant, where applicable. The risk-free rate is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the life of the option. The 2013 LTIP awards are subject to a TSR test, this 'market' based condition is taken into account in the date of grant fair calculation.

During the year, Matchtech Group (Holdings) Limited, a subsidiary of Matchtech Group plc, issued 1,000 shares of £0.001 each. These shares were issued to Executive Directors and key staff as Employee Shareholder shares.

The share based payment charge is analysed by share scheme as follows:

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
VCP	**178**	30	**178**	30
LTIP	**1,151**	999	**1,151**	999
Zero price bonus	**265**	211	**265**	211
Deferred bonus	**(10)**	32	**(10)**	32
SIP	**39**	63	**39**	63
Total	**1,623**	1,335	**1,623**	1,335

During the year £1,104,000 (2014: £808,000) was recycled back to retained earnings as a result of lapsed share options.

21 Transactions with Directors and Related Parties

During the year the Group made sales of £114,000 (2014: £268,000) to InHealth Group which is a related party by virtue of common directorship of Richard Bradford and sales of £624,000 (2014:£261,000) to the Waterman Group by virtue of common directorship of Ric Piper. At the year end Waterman Group has a balance outstanding of £137,000 (2014: £30,000) and InHealth Group has a balance outstanding of £20,000 (2014: £44,000). All transactions were undertaken at an arm's length price.

There were no other related party transactions with entities outside of the Group.

During the year Matchtech Group (UK) Limited charged Matchtech Group plc £767,000 (2014: £496,000) for provision of management services. Further details of transactions with directors are included in the Director's Remuneration Report in the Annual Report and Accounts.

22 Financial Instruments

The financial risk management policies and objectives including those related to financial instruments and the qualitative risk exposure details, comprising credit and other applicable risks, are included within the Chief Financial Officer's report under the heading Group financial risk management.

Maturity of Financial Liabilities

The Group financial liabilities analysis at 31 July 2015 was as follows:

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
In less than one year or on demand:				
Bank overdrafts	**14**	332	**–**	–
Working capital facility	**9,223**	3,346	**–**	–
Finance costs capitalised	**(204)**	–	**–**	–
Bank loans and overdrafts	**9,033**	3,678	**–**	–
Trade and other payables	**32,147**	24,832	**–**	–
Total	**41,180**	28,510	**–**	–
More than one year but less than three years				
Term Loan	**28,608**	–	**28,608**	–

Borrowing Facilities

The Group makes use of working capital facilities and a term loan, details of which can be found in note 18. The undrawn facility available at 31 July 2015 in respect of which all conditions precedent had been met was as follows:

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Expiring in one to five years	**57,169**	46,654	**1,392**	–

The Directors have calculated that the effect on profit of a 1% movement in interest rates would be £420,000 (2014: £285,000).

The Directors believe that the carrying value of borrowings approximates to their fair value.

Foreign Currency Risk

The Group's main foreign currency risk is the short-term risk associated with trade debtors denominated in US dollars and Euros relating to the UK operations whose functional currency is Sterling. The risk arises on the difference between exchange rates at the time the invoice is raised to when the invoice is settled by the client. For sales denominated in foreign currency, the Group ensures that direct costs associated with the sale are also denominated in the same currency. Further foreign exchange risk arises where there is a gap in the amount of assets and liabilities of the Group denominated in foreign currencies that are required to be translated into sterling at the year end rates of exchange. Where the risk to the Group is considered to be significant, the Group will enter into a matching forward foreign exchange contract with a reputable bank.
The Group's net exposure to foreign exchange risk was as follows:

	Group	
	2015 £'000	2014 £'000
US Dollar	**6,821**	–
Euro	**2,720**	–

The effect of a 25c strengthening of the Euro and Dollar against Sterling at the balance sheet date on the Euro/Dollar denominated trade and other receivables and payables carried at that date would, all other variables held constant, have resulted in a net increase in pre-tax profit for the year and increase of net assets of £1,906,000. A 25c weakening in the exchange rates would, on the same basis, have decreased pre-tax profit and reduced net assets by £1,355,000.

Company

The Company holds no material balances of this nature other than intercompany balances, which are not subject to a fair value adjustment.

23 Capital Management Policies and Procedures

Matchtech Group plc's capital management objectives are:

- to ensure the Group's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the Statement of Financial Position.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. Capital for the reporting period under review is summarised as follows:

	Group	
	2015 £'000	2014 £'000
Total equity	**76,537**	42,663
Cash and cash equivalents	**(3,997)**	(569)
Capital	**72,540**	42,094
Total equity	**76,537**	42,663
Borrowings	**37,845**	3,678
Overall financing	**114,382**	46,341
Capital to overall financing ratio	**63%**	91%

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 July 2015 or 2014 but is derived from those accounts. Statutory accounts for 2014 have been delivered to the registrar of companies, and those for 2015 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial information presented on this web site does not comprise the statutory accounts of Matchtech Group plc for the financial years ended 31 July 2015 and 31 July 2014 but represents extracts from them. These extracts do not provide as full an understanding of the financial performance and position, or financial and investing activities, of the company as the complete Annual Report.