Empresaria Group plc

An international specialist staffing group.

Balance and diversity runs through our business.

Annual Report & Accounts 2014

Empresaria Group plc

About Empresaria

Empresaria is an international specialist staffing group, with a strategy to be diversified and balanced across geographies and sectors, with a focus on high-growth markets. The Group follows a multi-branded business model operating in 18 countries.

The Group is organised across three regions: UK, Continental Europe and Rest of the World and operates across six key sectors. We target a balanced and diversified spread of operations across our regions and sectors to minimise the dependence on any single market, so reducing the impact from market fluctuations and other external factors. We also target professional and specialist job levels where our brands can offer value added services to clients.

The Group applies a philosophy of management equity to align the interests of shareholders and key management through the sharing of risk and reward, with operating company management teams investing directly in their own businesses. There is a decentralised structure with local management retaining operational autonomy and central functions focussing on financial planning and control, Group development and administration.

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Cautionary statement

The Chairman's statement and Strategic report ("the reviews") have been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed. The reviews should not be relied on by any party or for any other purpose.

The reviews contain certain forward looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

Highlights

- Revenue of £187.9m down 3% with negative currency impact and a focus on higher margin work
- Net fee income up 5% on prior year, despite currency impact
- Conversion ratio* increases to 14.7% from 14.2%
- Operating profit up 16% to £6.4m
- Profit before tax up 20% to £5.9m
- Diluted earnings per share up 44% to 7.5p
- Strong recovery in German profits after restructuring in 2012 and 2013
- Continued growth of Offshore Recruitment Services in India
- Net debt reduced by 36% to £9.8m
- Organic investments in Chile, Hong Kong, Malaysia, Mexico and UK
- Investment in March 2014 in Dubai based professional staffing company
- Investment in December 2014 in UK based marketing recruitment company

Net fee income

+5%▲

Adjusted profit before tax

+13%▲

Adjusted eps

+29%▲

Proposed divided

+100%▲

	2014	2013	2012	2011	2010
Revenue (£m)	187.9	194.4	194.3	208.9	206.8
Gross profit (£m)	44.6	42.6	43.9	46.9	46.5
Operating profit (£m)	6.4	5.5	4.4	2.8	7.2
Adjusted operating profit (£m) **	6.6	6.0	5.4	5.3	7.4
Profit before tax (£m)	5.9	4.9	3.6	1.9	6.5
Adjusted profit before tax (£m) **	6.1	5.4	4.6	4.5	6.6
Diluted earnings/(loss) per share (pence)	7.5	5.2	3.0	(0.4)	7.0
Adjusted diluted earnings per share (pence) **	8.0	6.2	5.0	4.0	6.2
Proposed dividend per share (pence)	0.70	0.35	0.35	0.35	0.35

* Conversion ratio defined as the adjusted operating profit as a percentage of net fee income.

** Adjusted measures exclude amortisation of intangible assets, gains or losses on business disposals, movements on put and call options and exceptional items.

Group at a glance

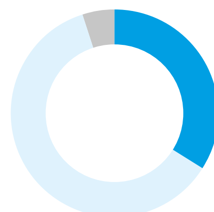
3 REGIONS

- UK – 35%
- Continental Europe – 34%
- Rest of the World – 31%

6 CORE SECTORS

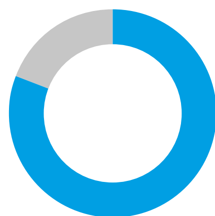
- Technical & Industrial – 46%
- IT, digital & design – 15%
- Financial – 11%
- Retail – 7%
- Executive search – 6%
- Healthcare – 3%
- Other services – 12%

RECRUITMENT SERVICES



- Permanent – 34%
- Temporary – 61%
- Other – 5%

SPECIALIST BUSINESS



- Professional & Specialist – 81%
- General – 19%

UK

£'m	2014	2013	2012
Revenue	65.8	70.7	66.5
Net fee income	15.9	15.8	16.0
Adjusted operating profit	2.2	2.1	2.2
% of Group net fee income	35%	37%	36%
Average number of employees	197	197	201

Continental Europe

Countries of operation: Germany, Austria, Finland, Estonia

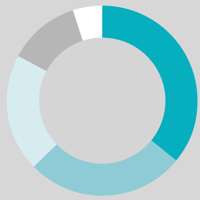
£'m	2014	2013	2012
Revenue	76.8	76.9	83.2
Net fee income	15.0	13.9	15.7
Adjusted operating profit	3.2	1.8	1.7
% of Group net fee income	34%	33%	36%
Average number of employees	132	155	198

Rest of the World

Countries of operation: Japan, Indonesia, India, Australia, Chile, UAE, Thailand, Singapore, China, Hong Kong, Philippines, Malaysia, Mexico

£'m	2014	2013	2012
Revenue	45.3	46.8	44.6
Net fee income	13.7	12.9	12.2
Adjusted operating profit	1.2	2.1	1.5
% of Group net fee income	31%	30%	28%
Average number of employees	613	509	435

% Net fee income by sector

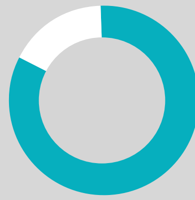


- Technical & industrial – 36%
- Financial – 27%
- Other services – 20%
- IT, digital & design – 12%
- Retail – 5%

% Net fee income by services

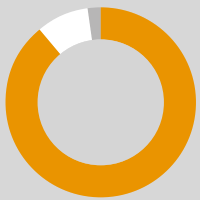
- Permanent – 50%
- Temporary – 50%

% Net fee income by job levels



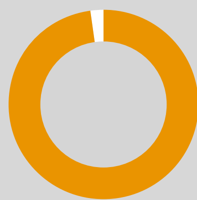
- Professional & Specialist – 83%
- General – 17%

% Net fee income by sector



- Technical & industrial – 90%
- Healthcare – 8%
- IT, digital & design – 2%

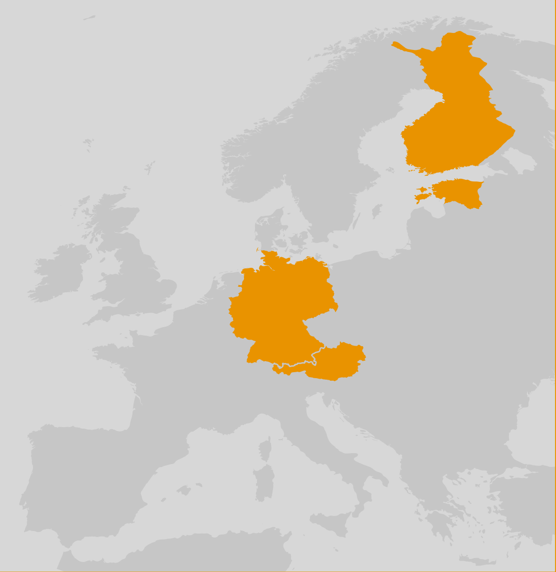
% Net fee income by services



- Temporary – 98%
- Permanent – 2%

% Net fee income by job levels

- Professional & Specialist – 68%
- General– 32%



% Net fee income by sector

- IT, digital & design – 32%
- Executive search – 19%
- Retail – 17%
- Other services – 17%
- Technical & industrial – 10%
- Financial – 5%

% Net fee income by services

- Permanent – 50%
- Temporary – 34%
- Other – 16%

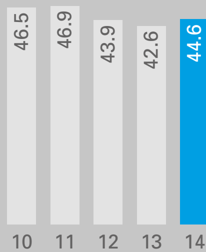
% Net fee income by job levels

- Professional & Specialist – 93%
- General – 7%

Chairman's statement

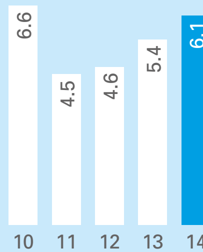
"The Group delivered a strong growth in profit and earnings per share in 2014, despite the negative impact of foreign exchange."

Net fee income (£m)



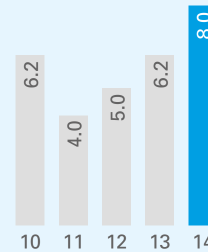
+3% £44.6m
(2013: £42.6m)

Adjusted profit before tax (£m)



+13% £6.1m
(2013: £5.4m)

Adjusted EPS (p)



+29% 8.0p
(2013: 6.2p)

Diluted earnings per share grew strongly by 44% to 7.5p in line with our vision to deliver sustainable growth in earnings per share. On an adjusted basis it grew by 29% to 8.0p, increasing for the third year in a row.

+44%

Performance overview

The Group delivered a strong growth in profit and earnings per share in 2014, despite the negative impact of foreign exchange.

In 2014, the Group generated revenue of £187.9m (2013: £194.4m). However, net fee income grew 5% to £44.6m (2013: £42.6m). There were three primary factors that influenced the small decline in revenue during the year: Firstly were adverse currency movements, in particular from Indonesia, Japan and the Euro-zone. On a constant currency basis revenue was up 2% and net fee income increased 11% on prior year. The second impact was lower volumes within the Technical & Industrial sector, due to the completion of a large airport project in the UK and a reduction in lower pay work in line with our strategy of focussing on professional and specialist job levels. Finally, the impact of the prior year disposal and branch closures outweighed revenues generated from the businesses acquired during the year.

Market conditions have generally been good during the year, particularly in the UK. However we are mindful that our markets continue to be influenced by uncertainty, illustrated by the recent drop in oil price and the impact of the Greek elections on the Euro currency.

We are pleased to report the gross margin increased to 23.8% (2013: 21.9%), helped by an increase in permanent sales of 7% and an increase in the temporary margin to 16.3% (2013: 15.3%), although temporary sales reduced by 4%. Permanent sales now account for 38% of net fee income (2013: 36%), helped by the new office openings in recent years being in markets that are primarily focused on permanent sales.

Operating profit grew by 16% to £6.4m (2013: £5.5m), with costs being tightly managed to help the conversion ratio improve to 14.7% (2013: 14.2%). Interest costs were down on the prior year due to the reduction in debt levels, resulting in profit before tax increasing 20% to £5.9m. On an adjusted basis, excluding amortisation, exceptional items and profit or loss on disposal of businesses, operating profit was £6.6m up 10% on prior year and profit before tax was £6.1m, up 13%.

Diluted earnings per share grew strongly by 44% to 7.5p in line with our vision to deliver sustainable growth in earnings per share. On an adjusted basis it grew by 29% to 8.0p, increasing for the third year in a row.

We have made good progress in reducing our debt. During the year the Group generated £6.7m of cash from operations which enabled a reduction in net debt from £15.2m to £9.8m during the period. This was achieved despite our continued investment in the business through opening new offices and purchasing stakes in two businesses in Dubai and the UK, the latter only being finalised in December 2014. The benefit of these investments will be seen over the next few years.

We are committed to developing our brands for long-term profit growth through organic and external investment.

Operational performance

UK

In the UK revenue declined by 7% due to a reduction in the Technical & Industrial sector which was predominantly driven by the completion of a large project coupled with the deliberate move away from low value work. This was partially offset by growth from Financial services and Domestic services, with the banking and insurance markets seeing a marked rise in confidence in the year. Net fee income grew by 1% to £15.9m (2013: £15.8m), but adjusting for the prior year branch closures and disposal of the payroll services business the underlying growth was 6%. An improvement in the conversion ratio resulted in adjusted operating profit growth of 4% to £2.2m (2013: £2.1m). We opened new offices in Manchester during the year in Technical & Industrial and Domestic services, so we now have three sectors operating in this market.

Trading summary

£'m	2014	2013	% change	% change constant currency**
Revenue	187.9	194.4	(3%)	2%
Net fee income	44.6	42.6	5%	11%
Operating profit	6.4	5.5	16%	24%
Profit before tax	5.9	4.9	20%	31%
Adjusted operating profit*	6.6	6.0	10%	16%
Adjusted profit before tax*	6.1	5.4	13%	22%

* The adjusted operating profit and adjusted profit before tax figures exclude exceptional items, profit or loss on disposal of businesses and intangible amortisation.

** The like-for-like currency movement is calculated by translating the 2013 results at the 2014 exchange rates.

Chairman's statement continued

Continental Europe

The strongest profit growth in the year came from Continental Europe, with adjusted operating profit increasing to £3.2m, up 79% on prior year (2013: £1.8m). Revenue was marginally down in the year at £76.8m (2013: £76.9m) with net fee income up 8% to £15.0m (2013: £13.9m). Currency movements impacted on these results, with revenue up 5% and net fee income up 14% on a constant currency basis. Germany was the main driver for profit growth, which was particularly pleasing following the branch restructuring and cost reductions in previous years. All claims for retrospective pay and social security have been agreed with the completion of the 2010 audit, and no further claims are able to be made. We therefore released £0.1m of provision that was no longer required, concluding this matter. Whilst the changes to the business were difficult, the result is a much improved structure and solid foundation from which to grow the business. We are excited with the team we have in place and see opportunities to grow our presence in the market. In Finland, the business returned to profit in the year, although market conditions remain difficult due to the severe economic situation. In line with our strategy, in the beginning of 2015 we disposed of and closed down the underperforming small businesses in Czech Republic and Slovakia respectively.

Rest of the World

In the Rest of the World region we saw revenue decline by 3% to £45.4m (2013: £46.8m). However, net fee income grew 6% to £13.7m (2013: £12.9m). Again we suffered from negative currency impacts, with revenue up 10% and net fee income up 9% in constant currency, excluding the positive impact from the investment in Dubai. There were particularly good performances in Japan, India, Thailand and Australia. Due to the costs associated with the investments in new offices in Mexico City, Santiago, Kuala Lumpur and Hong Kong, adjusted operating profit reduced to £1.2m (2013: £2.1m), although £0.3m of this variance was due to adverse currency movements. We have started to restructure our training business in Indonesia and our executive search business in China, where less favourable economic conditions have had a short-term negative impact on profit. The standalone search business in Malaysia was sold to management in January 2015 following a small loss in the year. However, the opening of a new office in Kuala Lumpur by Monroe Consulting means we remain present in this market.

Investments

As well as the organic investment in opening new offices we also brought two new high quality companies into the Group.

In March we purchased 51% of BW&P FZ LLC, a professional search firm operating from Dubai and servicing clients throughout the GCC states, which creates an exciting new growth market for the Group. The company specialises in construction and engineering but also covers a wider range of professional sectors. The region is benefitting from significant infrastructure spend, with key projects such as the Expo 2020 in Dubai leading to over US$6.5bn of investment, as well as the 2022 football world cup in Qatar. The business is not directly reliant on the oil price and the experienced management team has a proven track record in the region. The business has been operating for three years and has demonstrated strong growth during that time. We believe it will become one of the key recruiters in the region.

In December we purchased 75% of Ball and Hoolahan Limited, a specialist UK based recruiter serving the marketing industry. Ball and Hoolahan has been operating for 25 years and has a strong reputation in the market. It focuses on servicing the corporate marketplace working with a range of leading brands in the UK and Europe. Ball and Hoolahan is a complementary addition to our Become brand, which specialises in the creative, media and digital sectors, strengthening our offering in the Creative sector (part of IT, digital & design). We see exciting opportunities to expand the Ball and Hoolahan business across the Become offices, currently London, Manchester, Sydney, Melbourne and Hong Kong, as well as increasing their temporary and interim recruitment offering.

People

A key part of our business model is management equity, aligning key management and shareholder interests. This approach enables Empresaria to attract and retain the best people and I am pleased that during the year the number of management shareholders with an equity stake in their business increased by 7 to 44. We expect to increase this further during 2015.

The success of the Group is down to the hard work and commitment of our staff and the Board would like to thank every individual for their contribution to the business.

Governance

The Group adopts high standards of corporate governance which we believe is a core requirement for a successful business operating across different regions with separate brands. There is a strong culture of financial control in the Group, with clear policies covering corporate conduct and governance. The Board develops the Group's corporate governance arrangements with reference to the UK Corporate Governance Code.

Dividend

The Board has reviewed the dividend in the light of the strengthening balance sheet and reduction in total debt. For the year ending 31 December 2014 the Board has proposed a final dividend of 0.70p per share (2013: 0.35p per share) which, if approved by shareholders at the Annual General Meeting, will be paid on 12 June 2015 to shareholders on the register on 22 May 2015.

Our strategy

Our priority is to deliver a sustainable growth in earnings per share which we will achieve by developing leading specialist brands. We remain committed to being diversified by region and sector.

Outlook

The Group has delivered a strong growth in profit and earnings per share, and has continued to deliver against the clear growth strategy. The Board is focused on driving further growth to build the business and enhance shareholder value. We see exciting opportunities for growth across our network, particularly from the investments made in 2014, and look forward to the year ahead with confidence.

Anthony Martin
Chairman

4 March 2015

The Group has delivered a strong growth in profit and earnings per share, and has continued to deliver against the clear growth strategy.

Vision & strategy

Vision

The vision of the Group is to be a leading international, specialist staffing group delivering a quality service to our customers and candidates that generates a sustainable growth in earnings per share.

Business model

- Multi-branded model
- Management Equity philosophy
- Focus on growth markets
- Operational bias towards temporary recruitment

Strategy

- Develop leading specialist brands within our sector expertise
- Maintain diversification and balance by geography and sector
- Retain operational mix: professional and specialist job roles
- Increase footprint in key economic centres
- Continue financial performance

KPI's

For KPI's see page 14

Risks

For Risks see page 16

Multi-branded business model

Our business model sets us apart from the rest of the staffing industry.

- Multi-branded model
  We use different brands to target different segments of the market. Each brand has specific expertise and knowledge of their market so they understand the requirements of clients and candidates alike and allows them to attack the market vertically rather than horizontally. We offer a quality value added service, helping provide solutions to clients. Our market expertise also helps us attract candidates which is increasingly important as a lot of our markets suffer from talent shortages. As brands become successful in their domestic markets we are able to internationalise them across various geographies.
- Management Equity philosophy
  Management Equity means that managers who are responsible for running a business have a direct ownership in their business, making them highly incentivised to grow their profits into the long-term, so aligning their interests with the other shareholders. It attracts entrepreneurial people with ambition, who recognise that to grow significantly it would be beneficial to use the infrastructure of a larger group and share the gains. The subsidiary managers, who have the in-depth knowledge and expertise in their markets, have operational responsibility for their businesses and commercial autonomy, but they also have the security and financial backing of being part of a Group. We operate a highly decentralised structure, with a small head office team focussed on strategy & planning, financial reporting and controls.
- Focus on growth markets
  The Group is focussed on growth markets, whether this is country or sector based. We have a large exposure to emerging staffing markets in Asia, Latin America and Continental Europe. Our operations in Continental Europe are primarily in Germany and Finland. Our sector specialism is in markets with long term growth prospects.
- Operational bias towards temporary recruitment
  We have an overall bias for temporary recruitment. This is generally expected to be more stable throughout the economic cycle and there is an increasing trend for clients to want flexible staffing solutions and use staff for specific project work.

  In emerging staffing markets where there are typically low levels of staffing regulations traditional temporary staffing does not exist and is characterised by low margin payroll services. In these markets we only provide permanent recruitment services.

Strategic focus

The Group's strategy is focused on growth facilitating our vision to be a leading international, specialist staffing group delivering a quality service to our customers and candidates and creating a sustainable business for the long-term benefit of shareholders:

- Develop leading specialist brands within our sector expertise. Each brand should have sufficient scale and deliver significant profit to the Group. The sectors we operate in are international and have good long term growth prospects and we plan to increase our footprint in them.
- Maintain diversification and balance by geography and sector. This reduces the reliance on any particular country or industry so minimises the impact from market fluctuations or other external factors.
- Retain operational mix: professional and specialist job roles. The margins are highest in these roles and our tailored service from market experts adds the most value to clients and candidates.
- Increase footprint in key economic centres. In the countries in which we operate, we focus on economic centres which have the highest concentration of business and so the greatest need for recruitment services. Focusing on the key economic centres ensures that we get the best return on our investment, and the key cities in a country typically have higher growth rates than national averages.
- Continue financial performance. Having a solid financial foundation is key to the long-term sustainability of the Group.

What we are doing to deliver on strategy

- New offices were opened in key economic centres to develop the geographic coverage of our brands:

  Kuala Lumpur – Monroe Consulting, Executive search

  Santiago – Monroe Consulting, Executive search

  Mexico City – Monroe Consulting, Executive search

  Hong Kong – Become, IT, digital & design

  Manchester – FastTrack, Technical & Industrial, Greycoat, Other
- Investments were made in two companies:

  BW&P – a professional services recruitment firm operating in Dubai, UAE. This provides the Group with access to a new high growth emerging staffing market as well as strengthening our expertise in the Technical & Industrial sector. We see opportunities for BW&P to work with other Group brands to develop our sector coverage in the region.

  Ball and Hoolahan – an established UK based recruiter serving the marketing industry. This strengthens our offering in the Creative sector (part of IT, digital & design) where we also operate with the Become brand. We see opportunities to expand the Ball and Hoolahan service internationally and to grow their temporary and interim recruitment offering.
- The net fee income derived from professional and specialist job roles increased from 78% to 81%, mainly due to improvements in the UK and Germany within the Technical & Industrial sector.
- The proportion of total debt to trade receivables has reduced to 32%, down from 47% in 2013. Our target is to reach 25%.
- With our focus on developing leading specialist brands with scale and coverage, we have finalised on the divestment of two non-core brands from the Group. Both transactions were finalised in the first two months of 2015, with both brands loss making in 2014. The GiT brand operated in Czech Republic and Slovakia and Metis operated in Malaysia. We did not feel that either brand would deliver significant profits over the medium term if they remained within the Group.
- We have entered 2 new emerging staffing markets, UAE and Mexico, so diversifying our geographic spread further, whilst the opening of the Monroe office in Kuala Lumpur maintains our presence in this country, following the disposal of the Metis brand.
- Our executive search recruitment business in China is rebranding to Monroe Consulting, our successful brand covering South East Asia and recently moving into Latin America. This will help the Shanghai based company to benefit from the systems, processes, marketing and experience in the Monroe team and will make it easier to work on cross border opportunities.
- The number of managers holding equity in their companies increased to 44 (2013: 37). We still have three companies without any management shareholders. We are working on plans to reduce this during 2015.

Multi-branded business model

Our multi-branded business model and how it delivers sustainable growth in earnings per share.

RESOURCES & RELATIONSHIPS

Financial

The level and type of funds available to the business dictate the investments that can be made.

People

The key asset for a staffing group. Our employees have the skills and expertise in their sector to deliver to client requirements and help candidates find jobs.

Brand reputation

Built up by having an in-depth knowledge and expertise in their markets. This is important to attract and retain clients and candidates.

Network

Our office network helps us to deliver services to clients and candidates across the world.

Technology

How technology is used by recruiters, clients and candidates to search for talent.

HOW WE GENERATE REVENUE

We focus on what we know best with 95% of our business from recruitment services.

Permanent recruitment

(34% of net fee income)

We earn fees when a candidate is placed in a role with a client, with the fee typically being a percentage of the candidate's total salary. Services are generally provided on a contingent basis, so fees are only earned when a vacancy is filled.

Temporary recruitment

(61% of net fee income)

A fee is earned for the time worked by the candidate with the client, as a percentage of the salary earned in the period.

Other services

(5% of net fee income)

We also provide Training services in South East Asia & Offshore Recruitment Services in India.

The value created by the business is used to invest in further

Organic investment

Organic investment helps brands develop their services and grow scale and coverage:

- Increase the headcount in an existing brand
- Add a new vertical specialism to an existing brand
- Enter an existing geography with an existing brand
- Enter a new geography with an existing brand

External investment

External investment is used where we don't currently have a presence in a region or sector or to help develop an existing brand by filling in gaps in their service offering:

- Enter a new geography or sector with a new brand
- Grow an existing brand with a bolt-on acquisition

HOW WE CREATE VALUE

Multi-branded model
We target different segments of the market with different brands. Each brand has specific in-depth knowledge and expertise in their market.

Management equity philosophy
Senior managers hold equity in their company, so aligning their interests with shareholders. This helps attract and then retain ambitious and talented managers.

Focus on growth markets
We target operations in growth regions and sectors and have a good presence in high growth markets.

Operational focus on temporary recruitment
Providing ongoing temporary recruitment services develops long-term client relationships and helps financial planning through more predictable earnings.

OUTCOMES

Financial
Sufficient funds are generated to grow and invest in the business. An improved balance sheet provides a solid financial foundation for future growth.

People
We attract staff with entrepreneurial flair who have a good experience in their markets. Our equity philosophy creates loyalty and ties in senior managers.

Branch reputation
Brands develop sector expertise and this helps them to deliver value added services to clients and candidates, with a focus on providing solutions to clients.

Network
We have a growing regional coverage in key markets for our sectors. It is a global focus with local presence and expertise. This improves our access to the best candidates.

Technology
Effective use of technology and understanding social trends helps improve candidate attraction in talent shortage markets.

development and to manage the total debt position

Second generation management equity

As we acquire shares held by management we provide a second generation equity programme to the next tier of management to incentivise a further growth phase. This equity has a threshold profit limit with management shareholders benefitting from growth in profit above this limit.

We do not expect any significant spend in this area in the next few years, having spent £8m since 2010. This investment has helped increase the earnings per share for shareholders of the Company.

Managing capital and debt

Our investment activity is dependent on the resources we have available. We are in an overall debt position and we target a debt to debtors ratio of 25%. We have a disciplined approach towards capital and funding with an intention for investments to be funded through equity or from operating cash flows.

Market factors where we operate

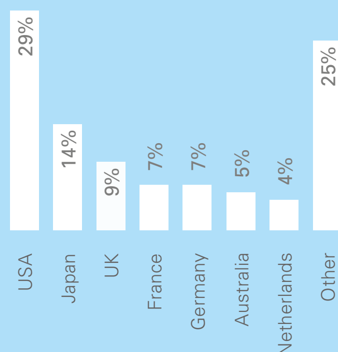
Market size

The size of a market illustrates the existing opportunity for staffing companies and the level of specialism in the market, with larger markets having a greater degree of specialism.

Economic growth

Staffing growth is heavily linked to economic growth and levels of business confidence. Good economic conditions increase hiring activity by creating new roles and candidates having confidence to move between roles, creating job churn.

Estimated share of annual sales for the major staffing markets

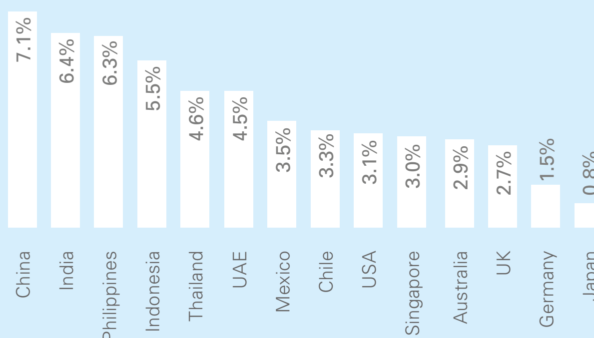


(Source: Staffing Industry Analysts – Global Staffing Industry 2013)

We are present in the UK, Germany and Japan, three of the top five largest staffing markets in the world, which accounts for 75% of Group net fee income.

We also have a significant exposure to high growth markets across Asia and Latin America, including Indonesia, India, UAE, Chile and Australia.

GDP growth projections for key staffing markets



(Source: IMF World Economic Outlook Projections October 2014)

Staffing market performance is correlated to economic conditions, but growth is expected to be greater than for GDP due to the impact of both new roles being created and job churn. Staffing Industry Analysts forecast that the global staffing market will grow by 8% in 2015. In some of our largest countries the growth rate for the staffing market is forecast to grow as follows:

UK 7% Germany 9% Japan 9% Australia 2%

Market trends

We believe the global staffing sector will be influenced by the following trends over the next few years:

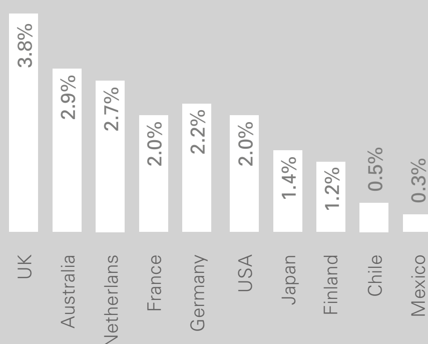
- Increased use of Preferred Supplier Lists (PSL) and Managed Service Providers (MSP) in established markets. These models are being developed in the US market and have already been adopted in the UK and other established markets. They are more prevalent with large companies having global arrangements with staffing companies and are used to manage the costs of recruitment and ensure a consistent supply of service to the client. We have limited exposure to these arrangements as our client base is typically small and mid-sized companies.
- Talent shortages in key sectors such as Engineering, Healthcare and IT. This will fuel the globalisation of the workforce in these sectors and the need for specialist recruiters to be able to find the best talent available.
- Growth of middle classes and education levels in emerging markets. This creates opportunities for growth in the staffing markets but also we are increasingly seeing discriminatory policies being adopted by Governments to promote the employment of local nationals over foreigners. This has been seen in particular in Singapore and Dubai, within our markets.
- Infrastructure spend is expected to increase in both established markets, where spend was postponed due to the financial crisis and also in the emerging markets driven by economic growth and the need to provide services to growing populations in key cities.
- An increase in flexible working practices, including project based work and outsourcing. This is coming from changing candidate preferences and the need for clients to manage costs. This increases the importance of having a strong temporary and interim recruitment service offering.

Market opportunity

Market growth is influenced by the following factors:

- The level of regulation in the market (higher regulation creates a bigger staffing industry). This can be seen by the temporary penetration rate which represents the number of agency workers in a country as a percentage of the total working population.
- Population size. As the countries develop the size of the staffing market will increase in line with the size of population.
- The trend for urbanisation is leading to a concentration of workers in the key economic centres in each country. This is why we target our attention to the key cities rather than covering the whole country.

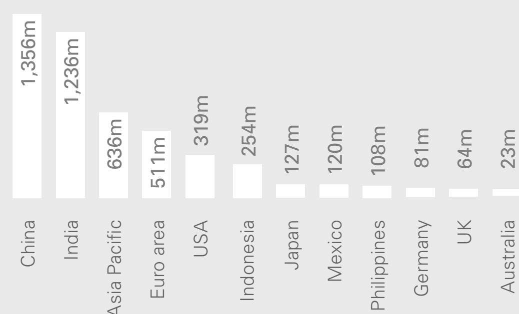
Temporary penetration rates



(Source: Ciett estimates for 2012 from their Economic report 2014).

The more established and deregulated staffing markets typically have the highest penetration rates.

Population sizes for selected countries



(Source: CIA World Factbook 2014 estimates)

The population size shows the potential for the size of the staffing market in the long term. We would expect the emerging staffing markets to grow as the economies and skill base in the countries develop. Given their population size they have the potential to be larger markets than the US and Euro area.

The UK market is highly developed with an established staffing sector. This provides a significant market opportunity as well as the ability to find experienced managers who have the skills and expertise to develop international brands.

The German staffing market is relatively immature having only de-regulated in 2004. It is the largest economy in Europe and we expect their staffing market to grow to be the biggest in Europe.

With the exception of Japan and Australia, the Asian and Latin American staffing markets are immature. There is little or no temporary recruitment in South East Asia, but as the staffing market develops we expect this will start to grow.

The population sizes across Asia and Latin America are significant which suggests good potential for staffing requirements as their markets mature.

Another trend that is prevalent across the world is urbanisation, with the largest cities attracting increasing numbers of workers and so creating opportunities for staffing firms to help find work for people.

We are present in the UK, Germany and Japan, three of the top five largest staffing markets in the world, which accounts for 75% of Group net fee income.

Key performance indicators

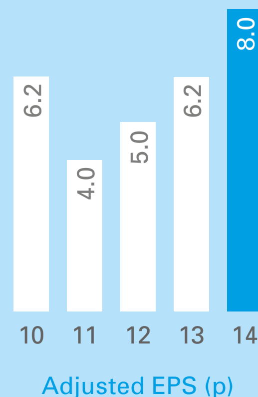
These are used to measure progress against objectives and strategy.

Adjusted Earnings per share growth

This demonstrates the return to shareholders. Our strategy is designed to deliver a sustainable growth in earnings per share.

The remuneration of the executive directors (annual bonus and LTIP) is linked to this measure.

Progress
EPS grew by 29%.



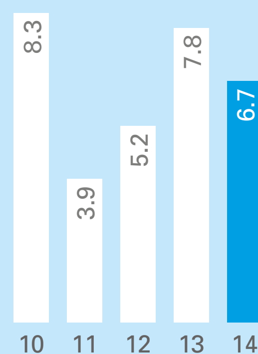
Adjusted EPS (p)

Cash generated from operations

This demonstrates how much cash is being generated from the operations of the business before investing and financing decisions. To be able to reduce debt levels we need to generate positive cash flow. It is measured as the operating profit of the Group, excluding non-cash items and including working capital movements.

The remuneration of the executive directors (annual bonus) is linked to this measure.

Progress
This reduced to £6.7m (2013: £7.8m), due to an increase in funding for working capital.



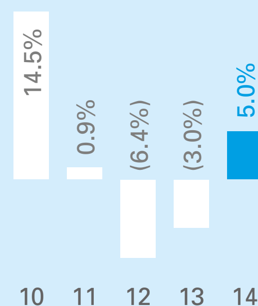
Cash generated from operations (£m)

Net fee income growth

Sustainable growth in net fee income is needed to deliver long term growth in net profit and earnings per share.

Target
Average annual growth of 10%.

Progress
The growth in the year was 11% in constant currency, with a reported growth of 5%, representing a return to positive growth.



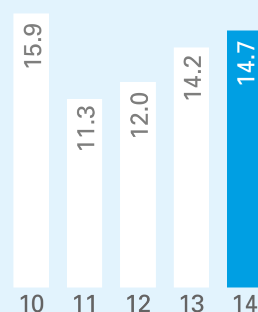
Net fee income growth (%)

Conversion ratio

This demonstrates how efficiently the business is operating and how well the cost base is being managed. It measures the adjusted operating profit as a percentage of net fee income.

Target
Reach 20% ratio over 5 years.

Progress
The conversion ratio increased from 14.2% to 14.7%, the third consecutive year of increase.



Conversion ratio (%)

Number of managers holding equity

This demonstrates how many senior managers around the Group are incentivised through equity ownership in their companies which is a key part of our business model.

Target
All brands have management holding equity.

Progress
The total number of managers has increased by 7. Currently 3 brands have no management holding equity (2013: 5).

2014: 44

2013: 37

% of net fee income from Professional & Specialist roles

This demonstrates how much of the business is from professional and specialist positions.

Target
We want to maximise our exposure to professional and specialist job levels as these are generally higher margin sectors where specialist brands can offer added value services.

Progress
There has been a 3 percentage point improvement during the year, helped by the investments made in the year and improvement in the Technical & Industrial sector in the UK and Germany.

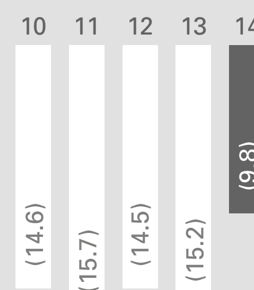
2014: 81%

2013: 78%

Total net debt

This demonstrates the financial strength of the business.

Progress
Total debt reduced by 36% to £9.8m from £15.2m.



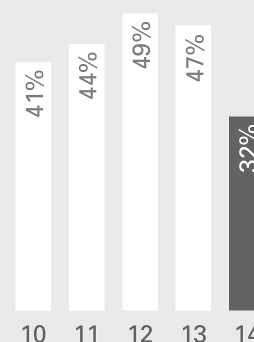
Total net debt (£m)

Debt as a % of debtors

This demonstrates how leveraged the Group is. The Group needs a sound financial foundation for long-term sustainability and to be able to react to opportunities in the market.

Target
To reduce this to 25%.

Progress
This reduced to 32% from 47% in the prior year.



Total debt as a % of trade debtors

Risks and uncertainties

As part of the board's continuous focus on risks, the following were identified as the principal risks that could affect business operations and hence its financial results and delivery of strategy.

Risk	Impact on business	Change in risk profile	Actions taken to mitigate risk
Economic environment The performance of staffing businesses has historically shown a strong correlation with performance of the economies in which they operate.	An economic slowdown will impact on the demand for recruitment services and could reduce the Group's profits.	▼ Reduced. The UK economy has shown good growth in 2014 and is predicted to grow in 2015. The global economy overall is expected to grow in 2015, with the greatest risks seen in the Euro area and China. The impact of the drop in the price of oil will generally increase worldwide growth rates but will have a negative effect on certain countries. The global staffing market is forecast to grow in 2015 at a stronger rate than in 2014.	The Group's strategy is designed to minimise the negative impact from an economic downturn in any one market, whilst acknowledging that a significant economic downturn will impact all businesses: • Sector and geographic diversification. This was improved in the year by entering new markets (Dubai and Mexico). • Develop core brands. By creating more robust businesses they should be able to better withstand any economic downturn. In the year we strengthened our presence in the Creative/IT sector and Executive search with new investments, as well as organic growth. We have reduced the number of brands in the Group by 50% since 2008, with 18 currently as we focus on those brands with the ability to deliver strong profit growth. • Focus on temporary recruitment which is typically less volatile than permanent sales during the economic cycles. Overall our exposure to permanent recruitment has increased in the year which increases this risk.
Loss of key staff • Incentivising managers • Choosing good staff • Succession planning The Group's future success relies on recruiting, developing and incentivising its senior management and other key employees. The Group has a highly decentralised management structure, with operating company managing directors having commercial autonomy to run their businesses. Therefore it is important that management are incentivised and tied into the business, suitable for the role, able to make the decisions necessary to run the business and develop a team to help provide succession planning.	The loss of a key staff member without a suitable successor in place could lead to a deterioration in trading and profitability. The choice of the wrong manager for a business could lead to sub-optimal decision making and losing ground to competitors or failing to operate procedures properly and so being liable to fines or penalties.	▼ Reduced. We have increased the number of management holding equity in the period and divested two non-core brands.	The Group's business model is based on management equity to incentivise key management through equity ownership, with the aim of keeping people within the business for the long-term. We monitor the number of managers with equity in their own businesses and work with existing shareholders to identify key staff to participate in equity in the future. Currently there are 3 companies in the Group with no minority shareholders, reduced from 5 last year. We have active plans to reduce this further by the end of 2015

Risk	Impact on business	Change in risk profile	Actions taken to mitigate risk
Political & social changes • Labour regulations • Social changes The Group's businesses are subject to legislation and regulations in each of their locations. In particular this impacts temporary recruitment which is more heavily regulated to protect the rights and treatment of temporary workers and in developing staffing markets where new regulations are made as the market grows and develops. Social changes impact how people search for jobs and where they are likely to live.	Any changes to labour regulations could impact on the manner in which any business, or the Group as a whole, conducts its business and could therefore affect the financial performance of the Group. If local practices are not followed it could lead to sanctions being taken against the company, including penalties and fines. In some territories a recruitment licence is required so if local laws are not followed the licence, and so ability to operate in that country, could be revoked. Our businesses need to be based in the best locations where people want to work. They also need to be able to identify and communicate with candidates to ensure job vacancies are filled.	Increased. In the UK there is a general election in May 2015 which creates uncertainty in the market. The level of legislation in the staffing sector has also increased in recent years with the adoption of false self-employment legislation, EU rulings on holiday pay calculations for certain workers and a Government consultation on umbrella payroll arrangements. In Germany there was the introduction of an increased minimum wage in January 2015. There are also proposals to limit the length of time a worker can be a temporary worker. In the Rest of the World region the risk has reduced following elections in Indonesia, India and Chile during 2014. Within the Middle East market there is a trend for discriminatory policies in favour of local residents to increase employment rates for nationals. This must balance with practical needs for growth and the reliance on imported skills but this issue remains a key political risk in the region.	The Group closely monitors the legal and regulatory situations in the markets in which it operates, in particular where we operate temporary recruitment as this is an area that generally has more rules and regulations. The Group is a member of many local industry associations which help identify arising issues and lobby on behalf of the industry. We also use professional advisers with good local knowledge and understanding of the relevant laws and labour regulations to ensure we are compliant in the territories in which we operate. Our strategy is designed to minimise the negative impact from any political and social changes: • Diversification and balance across sectors and regions helps to reduce the potential impact in any one area • Growth to come from professional and specialist job levels reduces the exposure to changes in legislation, which are typically introduced to protect the most vulnerable and lowest paid workers. • Focus on key economic centres means we are targeting the main centres where candidates want to work. • Developing leading brands in our sectors help increase knowledge of the sector and so we are able to react to changes in legislation better as well as making it easier to attract candidates because of our reputation and expertise.

Risks and uncertainties continued

Risk	Impact on business	Change in risk profile	Actions taken to mitigate risk
Investments poorly executed			
There is a risk of losing value from poorly executed investments. Investments may be overvalued or poorly integrated into the Group. Organic investments in new offices will generally be loss making in the first 1-2 years so this needs to be carefully managed to minimise the cost to the business.	If an investment is overvalued the Group will pay too much for it and risks a lower return in the future from profits being generated. Also a poorly executed integration into the Group could lead to poor decisions being made and lost value from the investment. New office openings increase the risk of higher losses than planned if the business is not managed well.	▲ Increased. With two external investments, six new offices opened in 2014 and a plan to continue to invest in the business this risk has increased.	All investments, whether organic or external, must have board approval. Investments must have a clearly defined integration plan, with responsibility for implementation of the plan with the executive directors. Due diligence findings need to be acted upon to minimise any risks identified pre-acquisition. Any funding requirements must be taken into account for Group cashflow forecasts to ensure sufficient and appropriate funding is in place. When investing in organic growth or bolt-on acquisitions for existing brands it is key that local management are fully involved and driving the process to ensure the best chance of success. With any investment activity the fit of the people is the most important factor. This is especially important in our Group where there is a highly decentralised structure. This is the first criteria that must be met before any investment activity is pursued.

Risk	Impact on business	Change in risk profile	Actions taken to mitigate risk
Financial • Funding & liquidity • Foreign exchange The Group is reliant on debt financing to fund the working capital of the business. By operating in 18 countries the Group is exposed to movements in foreign currency rates.	If the Group was unable to secure funding at current levels it could be forced to dispose of parts of the business to repay the debt. An increase in interest rates will increase costs and so reduce the profit in the business. The Group reports in Sterling but has operations in countries with different currencies. Negative movements in exchange rates would impact the reporting of Group profitability and may devalue the cash and assets around the Group.	▼ Reduced. Although there is still a lot of currency volatility, in particular with the Euro, the overall volatility across the Group has reduced since the prior year. The Group's total debt has reduced and is significantly closer to our target rate of 25% of trade receivables.	The Group finances its operations by a combination of cash reserves from retained profit and bank borrowings. Treasury management is led by the Group finance team, which manages and monitors external and internal funding requirements and maintains the key Group banking relationships. There are regular meetings held with the bank to update them on trading and to maintain a strong relationship and ongoing support from them. We have reached agreement in principle with HSBC to refinance our core bank facilities, with increased facilities made available in Germany directly to our operating company, allowing the central facilities to reduce. This is currently in the process of obtaining credit approval. This is in line with our stated policy of matching facilities to the countries where it is required. The Group is exposed to movements in interest rates for its primary facilities. The Group does not currently hedge this exposure but monitors movements in the relevant interest rates to be able to react if the rates move adversely. Nearly two thirds of the Group's business is transacted outside of the UK so we are exposed to movements in exchange rates. The Group does not currently hedge translation risk as there is to some degree a natural hedge from our strategy of being diversified by region. Intra-group balances are hedged using cash or overdraft balances to act as a natural currency hedge, for US Dollar, Euro, Japanese Yen, Singapore Dollar and Australian Dollars. No derivative instruments are currently used for hedging.

The Group's total debt has reduced and is significantly closer to our target rate of 25% of trade receivables.

Finance review

"The Group maintains a range of appropriate facilities to manage its working capital and medium-term financing requirements."

Tax rate	Total bank facilities	Proposed dividend
35% (2013: 43%)	£32.5m (2013: £30.2m)	70p (2013: 35p)

Total net debt reduced to £9.8m (£15.2m)

▼36%

A description of the performance of the business in the year is included in the Chairman's statement.

Finance income and costs

Finance income was £0.1m (2013: £0.1m), all being bank interest income. Finance costs were £0.6m (2013: £0.7m), which all related to interest payable on invoice discounting, bank loans and overdrafts.

Exceptional items

In Germany there was the release of £0.1m of the provision for claims for retrospective pay and social security following an agreed position on this matter with the authorities.

Loss on business disposals

In 2014 we entered into sale agreements to dispose of GiT in Czech Republic and Metis in Malaysia. The completion of these transactions took place during the first two months of 2015. We have recognised a £0.1m provision for the expected loss on disposal of these businesses. The underlying disposals were at nil gain or loss with the provision relating to the recycling of the cumulative currency reserve required on a disposal.

Taxation

The total tax charge in the year is £2.1m (2013: £2.1m) representing an effective tax rate of 35% (2013: 43%). There is an ongoing tax audit in Germany covering the years 2007 to 2011 which we expect to conclude during 2015. The profits earned by the Group are subject to different tax rates in the countries in which the Group operates with the majority of profits being taxed at higher rates than in the UK.

Dividend

During the year, the Group paid a dividend of £0.2m in respect of the year ended 31 December 2013, amounting to 0.35p per share. For the year ended 31 December 2014, the Board is proposing a dividend of 0.70p per share, which if approved by shareholders at the Annual General Meeting, will be paid on 12 June 2015 to shareholders on the register on 22 May 2015.

Treasury

The Group's treasury function is centrally managed. The treasury policy is that speculative transactions are not permitted and where possible debt should match the location and currency of the related assets. The following matters are reserved for Board approval:

- Changes to the Group's capital structure;
- Approval of Group financing arrangements or significant changes to existing arrangements;
- Approval of treasury policies and any activity involving forward contracts, derivatives, hedging activity and significant foreign currency exposures; and
- Approving the appointment of any of the Group's principal bankers.

Treasury is managed to deal with the following risk areas.

Liquidity & Funding risk

The Group maintains a range of appropriate facilities to manage its working capital and medium-term financing requirements. At the year-end the Group had banking facilities totalling £32.5m (2013: £30.2m) with the increase coming from overdraft facilities.

	2014 £m	2013 £m
Overdrafts (UK)	4.8	2.8
Revolving credit facility (UK)	7.8	8.3
Term loan (UK)	0.8	1.4
Overdrafts and other loans (non-UK)	6.1	4.7
Invoice financing facility (UK)	13.0	13.0
	32.5	30.2
Amount of facility undrawn at year-end	10.2	7.1

The amount of facility undrawn of £10.2m (2013: £7.1m) excludes the headroom on the invoice financing facility. The invoice financing facility is available to the UK companies only. The term loan of £0.8m (2013: £1.4m) expires in 2016.

The Group has agreed in principle new facilities with HSBC which are in the process of obtaining credit approval. The UK revolving credit facility, which has been used for German working capital financing, will be replaced by a 3 year term loan of €5m and increased overdrafts of €8m provided directly to the business in Germany. In the UK the Sterling and euro overdrafts will be consolidated into a new £5m facility which applies across the whole year.

Group net debt decreased to £9.8m at 31 December 2014 (2013: £15.2m), as detailed below:

	2014 £m	2013 £m
Cash at bank and in hand	7.8	5.7
Overdraft facilities	(2.4)	(2.1)
Invoice financing	(8.1)	(10.8)
Bank loans	(7.1)	(8.1)
Total net debt	(9.8)	(15.2)

Finance review continued

The Group had to meet certain bank covenant tests on a quarterly basis. These tests were all met during the year. The figures at year end were:

Covenant	Target	Actual 2014	Actual 2013
Net debt: EBITDA	< 2.5 times	0.4	0.8
Interest cover	> 3.0 times	14.4	10.6
Debt service cover	> 1.25 times	3.8	3.4

Interest rate risk

The Group's bank facilities are subject to floating interest rates. This is expected to match the interest costs with the economic cycle (eg when interest rates are higher there is typically better economic growth and so for a cyclical industry such as recruitment, profits should be greater when the economy is performing positively). The majority of facilities are now in place to fund specific working capital requirements for temporary recruitment businesses. During a downturn there is typically an unwinding of working capital as trade receivables are collected, so reducing the financing requirement and subsequent interest cost.

Within the UK Group the majority of bank accounts are included in a cash pooling arrangement. An interest optimisation model allows currency balances (including overdrafts) to be included within the cash pooling arrangement. With interest income not generally paid on current accounts, the Group aims to minimise the external interest cost by repatriating surplus funds from around the Group to minimise the use of the overdraft facilities.

Finance costs were £0.6m (2013: £0.7m), which all related to interest payable on invoice discounting, bank loans and overdrafts. The effective interest rate for the year was 3.4% (2013: 3.4%).

Foreign exchange risk

There was a foreign exchange loss of £11,000 (2013: gain of £457,000).

The Group remains open to translation risk from reporting overseas results in Sterling. We do not actively hedge this exposure, with the diversity of operations across different countries providing an element of natural hedge. During the year, we witnessed significant movements in exchange rates, as detailed below:

Currency	Decline in value versus Sterling in the year using average rates (P&L)	Decline/(increase) in value versus Sterling using closing rates (Balance Sheet)
Japanese Yen	14%	7%
Indonesian Rupiah	19%	(4%)
Australian Dollar	13%	3%
Indian Rupee	10%	(4%)
Chilean Peso	21%	9%

Credit risk

The main credit risks arise through the use of different banks across the Group and on the Group's trade receivables. The credit ratings of the banks used within the Group are monitored with a target that no more than 10% of Group cash is held in banks with a rating below BBB (Fitch rating) or equivalent. This target was fully met throughout the year.

Debtor days are reviewed monthly with high balances followed up with local management. Average debtor days for the Group in 2014 were 52 (2013: 50), with a year-end balance of 51 (2013: 54 days). The debtor days in UAE are higher than the Group average, in line with typical business practice in this region. This is an area of particular focus to improve in 2015.

Cashflow

Net debt decreased by £5.4m in the year to £9.8m (2013: £15.2m). The main areas of expenditure were on business investments and purchasing shares in existing subsidiaries, which was a net £1.6m. Dividend payments were £0.4m, of which £0.2m was to Group shareholders. There was a net funding of working capital of £0.5m in the year, against an unwinding of £1.8m in the prior year. The net tax and interest payment was £1.5m, down £0.9m on 2013, mostly due to the phasing of tax payments in Germany.

Investments and disposals

During the year, the Group made the following investments and purchases of shares in subsidiaries held by minority shareholders:

- In March 2014, 51% of the shares in BW&P FZ LLC, A Dubai based recruiter specialising in the Technical & Industrial sector, for an initial cash payment of £0.3m. Two further payments are contingent on the performance of the company during the two years ended 31 December 2015. We do not expect to make any payments under this arrangement and no contingent consideration has been recognised.
- In July 2014, we increased our effective shareholding in Intelligence HR, our executive search company in Shanghai for initial cash consideration of £0.3m, with a further £0.1m deferred until 2015.
- In December 2014, 75% of the shares in Ball and Hoolahan Limited, a UK marketing recruiter in the IT, digital and design sector, for an initial cash payment of £1.0m. Cash

of £0.1m was acquired as part of the transaction. A further payment is contingent on the results for the twelve months ended 31 March 2015, with £0.4m recognised in the accounts at year-end.

The Group received £0.1m in deferred consideration from the disposal made in 2011 of the supply chain business in the UK and the disposal in 2013 of the Bar 2 payroll business. There was also the final payment of deferred consideration for MediradiX following the purchase of management equity in July 2013.

Post balance sheet events

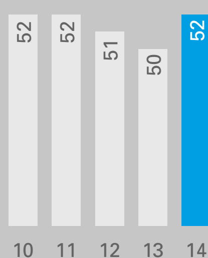
In January and February 2015 the Group completed the disposals of 55% of Metis Consulting and 100% of GiT Consult Czech SPA respectively.

Going concern

The Board has undertaken a recent and thorough review of the Group's budget, forecasts and associated risks and sensitivities. The Group has an existing revolving credit facility in place until March 2016. Credit approval is in the process of being approved by the bank to replace this with a new term loan and overdraft in Germany and increased overdraft facilities in the UK. The Group has been fully compliant with its bank covenants during the year and based on forecasts this is expected for the remainder of the term of the revolving credit facility. Given these developments and the business forecasts, the Group is expected to be able to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of approval of the accounts. As a result, the going concern basis continues to be appropriate in preparing the financial statements. Further details on going concern are found in note 1.

Investments made in Dubai with BW&P FZ LLC and UK with Ball and Hoolahan Limited

Average debtor days for year



52 days
(2013: 50 days)

Board of Directors

Anthony Martin (Chairman)

Appointed: July 2004
Committee Membership: None

Skills & experience
Anthony has over 30 years experience of running international specialist staffing companies. He served as Chairman and CEO of Select Appointments (Holdings) Plc from 1992 to 1999 when he became Vice Chairman and member of the Board of Management of Vedior NV, the world's third largest staffing services group. In August 2000 he assumed the role of Chairman and CEO, which he served until his retirement in February 2004. Anthony held the position of Executive Chairman at Corporate Services Group until standing down in September 2007.

Other key external appointments
None

Joost Kreulen (Chief Executive Officer)

Appointed: January 2012
Committee Membership: None

Skills & experience
Joost has 28 years experience of working in the staffing sector. He has been with Empresaria since 2009. He was initially responsible for its Asian operations and more recently also for a number of its UK based businesses. He was appointed Chief Operating Officer and Chief Executive Officer designate on 7 September 2011. Prior to joining Empresaria, Joost had spent 20 years working in various roles for businesses which now form part of Randstad N.V., most recently as head of specialist staffing operations in the Netherlands.

Other key external appointments
None

Spencer Wreford (Group Finance Director)

Appointed: May 2010
Committee Membership: None

Skills & experience
Spencer has over 10 years' experience in senior finance roles, particularly with international businesses in the services sector. He joined Empresaria from BPP Group, where he was the Finance Director of the BPP Professional Education division, a provider of international professional training. Prior to this he spent 8 years at ITE Group Plc, the international conference and exhibition organising group, as Deputy Finance Director, during which time he also spent six months as Acting Group Finance Director. Spencer is a member of the Institute of Chartered Accountants of England & Wales, qualifying with Arthur Andersen.

Other key external appointments
None

Penny Freer
(Non-Executive Director)

Appointed: December 2005
Committee Membership:
Remuneration Committee (Chairman),
Nomination Committee (Chairman),
Audit Committee

Skills & experience
Penny has worked in investment banking for over 25 years. She is a partner of London Bridge Capital, a corporate finance advisory firm. Until 2004 Penny was Head of Equity Capital Markets at Robert W Baird and from 2004 to 2005, Deputy Chairman of Robert W Baird Limited. Prior to this she was Head of Small/Mid Cap Equities for Credit Lyonnais. Together with Zach Miles, Penny performs the role of Senior Independent Director.

Other key external appointments
Senior Independent Director, Advanced Medical Solutions plc; Non-Executive Director, Crown Place VCT plc.

Zach Miles
(Non-Executive Director)

Appointed: October 2008
Committee Membership:
Audit Committee (Chairman),
Remuneration Committee,
Nomination Committee

Skills & experience
Zach has 27 years experience working in the staffing sector, as a Finance Director, CEO and Chairman. Before joining Empresaria Zach held the position of Chairman and Chief Executive Officer of Vedior N.V. He was a member of the Board of Management from 1999, and Chairman since February 2004. Before joining Vedior, Zach was CFO and a member of the Board of Directors of Select Appointments (Holdings) Plc. His career in the recruitment industry began in 1988. He was formerly a partner in the international accountancy firm Arthur Andersen and is a qualified Chartered Accountant. Together with Penny Freer, Zach performs the role of Senior Independent Director.

Other key external appointments
Chairman of the Board of Trustees of The Abbeyfield Kent Society.

Corporate social responsibility

Empresaria believes that corporate and social responsibility is an important part of the Group's culture and looks to adopt good practice in these areas. The Board gives due consideration to risks arising from social, environmental and ethical issues as part of its ongoing risk review process.

Social interaction

Empresaria's business is all about finding people jobs and so helping them develop their careers. This is important to enable people to provide for themselves and their families and we aim to provide candidates with the best possible service. As a diversified international business, we recognise the importance of working in a culturally sensitive way with local communities and follow non-discriminatory employment policies. We encourage the employment of local nationals at all levels in the Group. Outside of the UK, 94% of staff working in the Group are local nationals.

Employees are selected and promoted on the basis of merit and ability, regardless of age, gender, race, religion, sexual orientation or disability.

The Group recognises the need to provide a safe working environment for its staff and clients. Each office is responsible for ensuring that their business operates in compliance with Group policies and local health and safety legislation.

The Group operates an employee exchange programme, now in its fourth year, which allows staff to spend between a week and a month working in an office of another Group company in another country, to learn how their business operates and to swap ideas and best practice. So far five brands have participated in this programme, helping to incentivise and reward their staff.

The Group communicates with staff by providing regular group news through a quarterly newsletter. News is also made available on its intranet site which stores key Group policies and procedures.

The Group and senior management are supportive of staff working with their local communities and charitable concerns.

Ethics

The Group actively promotes integrity in its dealings with employees, shareholders, customers and suppliers and the authorities of the countries in which it operates. Empresaria recognises that its reputation is a valuable asset gained over a long period. The Group promotes high ethical standards in carrying on its business activities and has a Code of Conduct for dealing with gifts, hospitality, corruption, fraud and the use of inside information. All staff must comply with the laws and regulations of the country in which they operate.

The Group aims to provide a high-quality service to clients and candidates alike and seeks to build strong and lasting relationships with both parties. The Group ensures that advertising and public communications avoid untruths or overstatements. Empresaria builds relationships with suppliers based on mutual trust and undertakes to pay suppliers on time and in accordance with agreed terms of business.

The Group builds relationships with candidates based on trust and quality of service. It recognises that information about candidates is sensitive and confidential and must be kept securely and not disclosed without a candidate's permission.

Environment

Whilst it is recognised that the Group operates in a business sector that has a low environmental impact, the Group remains committed to minimising its impact on the environment. The Group is aware that this is an area of increasing importance to employees, shareholders and customers alike. The Group is not involved in the manufacture of any tangible products and has identified the principal areas of environmental impact as energy use, waste recycling, paper and printing and travel.

The Group encourages the recycling of office waste and waste paper and has seen a continued reduction in the use of printed materials around the Group by increasingly relying on electronic media for its primary marketing activity. Shareholders have also been asked to consent to the supply of information and documents through the Company website which will help reduce the amount of paper used in printing the annual report.

As an internationally diverse group we recognise that some travel is inevitable and necessary for the effective management of the business, however, full use is made of telephonic conference facilities and working from home to minimise this as far as is practical.

Directors' report

The Directors present their annual report on the affairs of Empresaria Group plc, together with the financial statements and auditor's report, for the year ended 31 December 2014. The Corporate governance statement set out on pages 31 to 35 forms part of this report.

Post balance sheet events

Details of significant events since the balance sheet date are contained in note 29 to the financial statements. An indication of likely future developments in the business of the Company is included in the Strategic report.

Financial instruments

Information about the use of financial instruments by the Company and its subsidiaries is given in note 22 to the financial statements.

Dividends

For the year ended 31 December 2014 the Directors recommend a final dividend of 0.70p per ordinary share to be paid on 12 June 2015 to ordinary shareholders on the register on 22 May 2015. For the year ended 31 December 2013 a final dividend was paid of 0.35p per ordinary share on 23 June 2014.

Greenhouse Gas Emissions (GHG) Reporting

The regulations concerning the reporting of GHG do not apply to the Company.

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 21. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Issue and acquisition of the Company's own shares

At the end of the year, the Directors had authority, under the shareholders' resolutions dated 22 May 2014, as follows:

Resolution	Resolution number	Number of shares	Number of shares issued or purchased under the authority as at the date of the report
Issue shares (1/3 of issued share capital plus additional)	7a	16,025,998	–
Issue shares by way of rights issue (2/3 of issued share capital)	7b	29,708,565	–
Purchase through the market (5% of issued share capital)	9	2,228,142	–

All authorities expire on the earlier of 31 July 2015 or the conclusion of the next Annual General Meeting.

Details of employee share schemes

In 2008 shareholder approval was obtained for a Long Term Incentive Plan (LTIP) for the issue of share options in Empresaria Group plc to Directors and senior executives. During the year ending 31 December 2014 an award was made under the LTIP. Details of all awards made under the LTIP can be found in the Directors' remuneration report on pages 39 to 43 and in note 28.

Directors' report continued

Directors and their interests

The Directors, who served throughout the year, had the following interests in the Company's ordinary share capital:

	31 December 2014		31 December 2013	
	Number of ordinary shares	Percentage holding	Number of ordinary shares	Percentage holding
Executive Directors				
Joost Kreulen, Chief Executive Officer	60,000	0.13%	60,000	0.13%
Spencer Wreford, Group Finance Director	15,000	0.03%	15,000	0.03%
Non-Executive Directors				
Anthony Martin, Chairman	12,924,595	29.00%	12,924,595	29.00%
Penny Freer	15,000	0.03%	15,000	0.03%
Zach Miles	–	0.00%	–	0.00%
Total	13,014,595	29.21%	13,014,595	29.21%

During the period between 31 December 2014 and 4 March 2015 no changes took place in the interests of the Directors. None of the Directors had interests in other Group companies.

Director changes

There were no changes in Directors during the year.

Appointment, retirement and replacements of Directors

The Company is governed by its Articles of Association (the "Articles"), the Companies Act 2006 and related legislation and AIM Rules. The Board support and comply with the principles of the 2012 UK Corporate Governance Code which requires that all Directors of the Company submit themselves for re-election at least every three years. The Articles of Association require that a third of the Directors retire by rotation. The Articles may be amended by special resolution of the shareholders.

At the next Annual General Meeting Joost Kreulen, Penny Freer and Zach Miles retire by rotation and submit themselves for re-election having been last appointed by shareholders on 29 May 2012.

Biographical details of all Directors can be found on pages 24 and 25.

Directors' powers

The Directors' powers are conferred on them by UK legislation and by the Articles of Association. Further details can be found in the Corporate governance statement on pages 31 to 35.

Directors' indemnities

The Company has made no qualifying third-party indemnity provisions for the benefit of its Directors during the year.

Substantial shareholdings

As at 31 December 2014, excluding the Directors, the following interests in 3% or more of the issued ordinary share capital in the register maintained under the provision of section 113 of the Companies Act 2006 were identified:

Name of holder	Number of ordinary shares	Percentage holding
Caledonia Investments plc	6,789,264	15.24%
Liontrust Asset Management	4,073,468	9.14%
M W R Hunt (former Director)	3,665,586	8.23%
T J D Sheffield (former Director)	2,049,307	4.60%
City Financial Investments	1,400,000	3.14%

During the period between 31 December 2014 and the 4 March 2015 the Company was notified of a number of changes to the shareholding of Caledonia Investments plc and the revised holding is shown below:

Name of holder	Number of ordinary shares	Percentage holding
Caledonia Investments plc	5,299,264	11.89%

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, a quarterly newsletter to all staff, the Group's website and intranet.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Political contributions

The Group did not make any political donations during the year (2013: nil).

Auditor

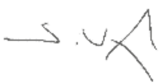
Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor of the Company and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board:



Spencer Wreford
Company Secretary
4 March 2015

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the AIM rules and have chosen to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group's financial statements, International Accounting Standard 1 requires that Directors:

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

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

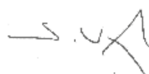
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.empresaria.com). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other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

Directors' responsibility statement

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the management report, which is incorporated into the Strategic report and Directors' report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board



Joost Kreulen
Chief Executive Officer
4 March 2015

Spencer Wreford
Group Finance Director

Corporate governance statement

Corporate governance

Since listing on AIM in late 2004, the Group has developed in line with its strategic aims, increasing its spread in terms of both geography and sector. The Board recognises that with this growth comes the need to provide a sound framework of corporate governance and is committed to the continued review, development and implementation of corporate governance practices which will support the business as it continues to deliver its strategic objectives for the benefit of shareholders over the longer term.

Corporate governance codes

The Board seeks to follow best practice in corporate governance appropriate with the size and regulatory framework that applies to AIM companies. The Board recognises the importance of adopting good corporate governance practices in the best interests of all shareholders.

Although the Company is not required to report on compliance with the UK Corporate Governance Code ("the Code") since its shares are traded on the AIM market, the Company applies the principles of the Code as outlined below. The Board are reviewing the principles and provisions of the 2014 UK Corporate Governance Code to assess if any changes are necessary.

Key actions during the year

Section	Actions
Leadership	**Role of the Board** • Annual review and approval of the matters reserved for the Board's decision • 5 year plan reviewed and approved
Effectiveness	**Appointments to the Board** • Separate Nomination Committee report describing the work of the Nomination Committee **Commitment** • Annual review of independence and conflicts of interest **Evaluation** • Audit Committee performance evaluation • Remuneration Committee performance evaluation • Executive director performance evaluation
Accountability	**Risk Management and Internal Control** • Group risk management policy, framework and register reviewed
Remuneration	**Level and components of remuneration and Procedure** • Executive director performance evaluation • Non-Executive time commitment reviewed
Relations with shareholders	**Dialogue with shareholders** • Appointment of financial PR firm, Redleaf Polhill

Leadership

The role of the Board

Every company should be headed by an effective board which is collectively responsible for the long-term success of the Company.

The Company is controlled through the Board of Directors which has established Audit, Remuneration and Nomination Committees to which it delegates clearly defined powers. Details of the board directors are as follows:

Name	Roles	Independence	Tenure as board director *
Anthony Martin	Chairman of the Board	Non-independent	10 years 5 months
Penny Freer	Chairman of the Remuneration Committee Chairman of the Nomination Committee Member of the Audit Committee Joint Senior Independent Director	Independent	9 years
Zach Miles	Chairman of the Audit Committee Member of the Remuneration Committee Member of the Nomination Committee Joint Senior Independent Director	Independent	6 years 3 months
Joost Kreulen	Chief Executive Officer		3 years
Spencer Wreford	Group Finance Director		4 years 7 months

* From date of appointment to 31 December 2014.

Corporate governance statement continued

The principal roles of the Board are the protection and advancement of shareholders' interests, providing overall direction for the Group and establishing and maintaining a framework of delegated authorities and controls which ensure the efficient and effective management of the Group's operations. A formal schedule of matters reserved for consideration by the Board gives it responsibility for the following:

Matters reserved for the Board

- overall Group strategy and objectives
- approval of the Group annual budget and progress towards achievement of this budget
- changes to the Group's capital structure
- changes to the Group's principal activities
- review and approval of the annual financial statements
- changes to the senior management structure
- approval of Group financing arrangements and treasury policy
- approval of major investments, disposals and additional investments in existing operations
- approval of major unbudgeted expenditure

The schedule of matters reserved for the Board is reviewed by the Board annually to ensure it remains appropriate and complete. The Board has also approved the schedule of matters which are delegated to operational management.

The terms of reference for each of the Committees are available to view on the Company's website (www.empresaria.com). Details of the work carried out by the Audit, Remuneration and Nomination Committees can be found in the Audit Committee report on pages 36 to 38, Directors' remuneration report on pages 39 to 43 and Nomination Committee report on page 44.

During the year the number of meetings of the Board and Committees and individual attendance by the members were as follows:

	Main Board*	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings held	10	5	5	1
Anthony Martin (Chairman)	10	–	–	–
Joost Kreulen (Chief Executive Officer)	10	–	–	–
Spencer Wreford (Group Finance Director)	10	–	–	–
Penny Freer (Non-Executive Director)	9	5	5	1
Zach Miles (Non-Executive Director)	9	5	5	1

* The Board held 8 scheduled meetings in the year which were attended by all Directors. There were also 2 meetings outside the normal course of events. Directors who were unable to attend these additional meetings had the opportunity to discuss the agenda items beforehand.

Division of responsibilities

There should be a clear division of responsibilities at the head of the Company between the running of the Board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision.

There is a clear division of responsibilities between the Chairman and Chief Executive Officer. The statement of division of responsibilities was formally approved by the Board prior to the appointment of Joost Kreulen to the role of Chief Executive Officer and can be found on the Company's website (www.empresaria.com).

The Chairman is primarily responsible for the running of the Board. The Chief Executive Officer is responsible for implementing Group strategy.

The Chairman

The Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role.

The Board is led by the Chairman. It is recognised that the Chairman has not been considered as independent from appointment due to his significant shareholding in the Company.

All meetings have a pre-agreed formal agenda setting out those matters for discussion, together with supporting papers. Time is allocated at all meetings to discuss any other business which all directors are invited to raise.

Non-Executive Directors

As part of their role as members of a unitary board, Non-Executive Directors should constructively challenge and help develop proposals on strategy.

All Non-Executive Directors participate in strategy development and decisions required to implement actions to progress towards meeting the objectives of the Company. The Board will conduct a review of Group strategy during the course of 2015.

Effectiveness

The composition of the Board

The Board and its Committees should have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

The Board has a balance and depth of skills and experience and biographies of the Directors can be found on pages 24 and 25.

Independence of all Non-Executive Directors is reviewed on an annual basis, with reference to their independence of character and judgement and whether any circumstances or relationships exist that could affect their judgement. The Board considers that Penny Freer and Zach Miles continue to remain independent. For Penny Freer, who has served for 9 years as a director, the Board specifically considered her skills and external experience as well as her involvement and insight in board meetings and considers that her period of service does not affect her independence. Penny holds a shareholding in the Company but the Board considers this to be highly immaterial and considers that this does not affect her independence. Anthony Martin, Chairman of the Company, is considered to remain non-independent due to his significant shareholding in the Company.

Conflicts of interest of all Directors are reviewed on an ongoing basis and on an annual basis. Situations which may create a conflict of interest are presented to the Board for review and approval as appropriate.

Appointments to the Board

There should be a formal, rigorous and transparent procedure for the appointment of new directors to the Board.

A Nomination Committee is in place to review the appointment of new Directors.

Details of all of the work of the Nomination Committee can be found in the Nomination Committee report on page 44.

Commitment

All Directors should be able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Chairman and Non-Executive Directors serve under letters of appointment which are available for inspection at the Company's registered office and at the Annual General Meeting.

The annual time commitments are as follows:

- Chairman – not less than 25 days
- Non-Executive Directors – not less than 20 days

Although additional days were served by the Chairman and Non-Executive Directors during 2014, the time commitments were reviewed by the Nomination Committee which was satisfied with the current letters of appointment.

Neither Executive Director holds external Non-Executive Director roles.

Development

All Directors should receive induction on joining the Board and should regularly update and refresh their skills and knowledge.

All Directors determine the training requirements appropriate to their role and the needs of the business. Examples of events attended include the attendance by the Chairman and Chief Executive Officer at the annual Staffing Industry Analysts conference in the USA, whilst the Chairman of the Audit Committee has attended seminars on Audit Committees and Corporate Governance delivered by Deloitte LLP. The Chairman of the Remuneration Committee maintains her knowledge of current issues regarding remuneration through attendance at seminars and regular contact with external remuneration consultants. Developments in corporate governance are reported to the Board by the Company Secretary.

It has not been deemed necessary to formalise a training and development programme for each Director.

Corporate governance statement continued

Information and support

The Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

At the beginning of each year, Board meetings are scheduled in line with the key financial reporting dates. A more detailed agenda, together with the Board papers, is distributed before each Board meeting. All Directors receive sufficient relevant information on financial, business and corporate issues to enable informed decisions to be taken by them at the Board meetings. Any specific actions arising during meetings are agreed by the Board and a follow-up procedure ensures their completion. Monthly financial and operational reviews are distributed to the Board, irrespective of whether a scheduled meeting is to take place. This assists the Board to be informed of developments on a regular basis.

The Directors are able to take independent professional advice in the furtherance of their duties if necessary.

Evaluation

The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors.

The Board have considered the benefits from undertaking formal evaluations of its performance and those of its Committees and individual Directors.

Executive Director formal performance evaluations are conducted annually in preparation for the review and approval of the annual remuneration packages.

Non-executive Director performance is evaluated as an outcome of the performance evaluations of the Committees of which they are a member.

The Audit and Remuneration Committees oversee an annual self-evaluation process. which is used by the Board and by each Committee to determine their effectiveness and opportunities for improvement.

The Board considers that the evaluation of the Executive Directors and the Committees provides an appropriate review of individual Directors' performance in relation to their specific roles. A formal evaluation of Board performance has not been deemed necessary due to the size and composition of the Board.

Further details of the Committee performance reviews can be found in the Audit Committee report as set out on pages 36 to 38 and the Directors' remuneration report as set out on pages 39 to 43.

Re-election

All Directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.

All Directors, in accordance with the Code, will submit themselves for re-election at least once every three years. Any Directors appointed to the Board during the year will submit themselves for re-election at the next Annual General Meeting following their appointment. In accordance with the Company's Articles of Association one third of the Board is required to retire by rotation each year.

At the Annual General Meeting in 2014 Anthony Martin was re-elected to the Board. At the forthcoming Annual General Meeting Joost Kreulen, Penny Freer and Zach Miles will retire and offer themselves for re-election having been last appointed by shareholders on 29 May 2012.

A summary of the Directors' appointments by shareholders is provided below:

Director	Last appointed by shareholders
Anthony Martin (Chairman)	22 May 2014
Joost Kreulen (Chief Executive Officer)	29 May 2012
Spencer Wreford (Group Finance Director)	23 May2013
Penny Freer (Non-Executive Director)	29 May 2012
Zach Miles (Non-Executive Director)	29 May 2012

Accountability

Financial and business reporting

The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.

The Board reviews and approves all reports on the Company's position. This includes reports of a statutory and regulatory nature, as required by the AIM rules, which are of a price-sensitive nature.

Risk management, internal control and auditor

The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board should maintain sound risk management and internal control systems.

The Board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the Company's auditor.

Risk management remains the responsibility of the Board of Directors. The Audit Committee has delegated responsibility to keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management system.

The Board has identified and evaluated the significant risks faced by the Group for the delivery of the Group strategy. The Board has agreed how each risk is to be addressed and the necessary actions to be taken. Details of the principle risks identified are set out in the Strategic report on pages 8 to 23.

The Audit Committee meets specifically to review the effectiveness of the Group's risk management and internal control systems and to review the Group and subsidiary risks identified and progress of actions taken to manage the risks. Following the review, progress and actions are reported to the Board. A separate Audit Committee report is set out on pages 36 to 38 and provides details of the role and activities of the Audit Committee and its relationship with the external auditor.

Remuneration

The level and components of remuneration and procedure

A separate Directors' remuneration report is set out on pages 39 to 43 and provides details of the remuneration policy, level and components of remuneration and procedure for fixing the individual remuneration packages of individual Directors.

Relations with shareholders

Dialogue with shareholders

There should be a dialogue with shareholders based on the mutual understanding of objectives. The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

The Directors seek to build on a mutual understanding of objectives between the Company and its shareholders by:

- making annual and interim presentations to institutional investors, which are made available to all shareholders on the Company's website (www.empresaria.com);
- meeting shareholders to discuss long-term issues and obtain their views; and
- communicating regularly during the year.

Relations with shareholders are managed principally by the Chief Executive Officer and Group Finance Director. The views of shareholders are communicated to the Board as a whole through regular Board meetings and communication between meetings. Although primary responsibility for effective communication with shareholders lies with the Chairman, the Executive Directors prepare presentations for analysts and institutional investors following the interim and preliminary announcements.

Constructive use of the Annual General Meeting

The Board should use the AGM to communicate with investors and to encourage their participation.

The Board seeks to use the Annual General Meeting to communicate to shareholders. Shareholders are encouraged to participate in the Annual General Meeting at which the Chairman will present an update on the Group's performance. The Board, together with the Chairmen of the Audit, Remuneration and Nomination Committees, will be available at the Annual General Meeting to answer questions from shareholders.

Audit Committee report

Role and composition of the Audit Committee

The role and terms of reference for the Audit Committee includes all matters indicated in the 2012 Code and can be found on the Company's website (www.empresaria.com).

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The Audit Committee is appointed by the Board from the independent Non-Executive Directors of the Company, with a minimum requirement of two such Directors, one of whom should be a financially qualified member. Appointments to the committee are made by the Board and are for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the committee. The members of the Audit Committee are:

Name	Date of appointment to the Committee	Qualification
Zach Miles (Chairman)	1 October 2008	Chartered accountant
Penny Freer	2 November 2011	

Director's biographies can be found on pages 24 to 25. It is the Board's position that both Zach Miles and Penny Freer continue to be independent.

Meetings

The Audit Committee is required to meet formally twice per year. During 2014 the following formal meetings were held:

Meeting	Main purpose	Additional attendees
February	2013 financial statements - review of judgemental areas 2013 audit - review of progress	External auditor Group Finance Director
March	2013 audit report from the external auditor - review External auditor - review of performance and recommendation on re-appointment	External auditor Group Finance Director
July	Risk management and internal control systems	Group Finance Director
November	2014 financial statements - review of judgemental areas	Group Finance Director
December	2014 audit planning	External auditor Group Finance Director

Since the beginning of 2015 to the date of this report the Audit Committee has met twice to fulfil its responsibilities relating to the 2014 audit process.

The Audit Committee invites the Group Finance Director and senior representatives of the external auditor to attend all of its meetings, although it reserves the right to request any of these individuals to withdraw from the meeting.

Principal activities since the beginning of 2014 to the date of this report

Activity	Action
Financial reporting	• Reviewed 2013 and 2014 financial statements • Reviewed 2014 interim statement (unaudited) • Approval of the proposal to adopt FRS 102 for UK company reporting
Internal controls and risk management systems	• Reviewed the risk strategy and implementation of risk management processes • Reviewed reports on control reviews conducted covering financial, operational and compliance controls • Introduction of an Annual Disclosure Form for all Group brands • Appointment of Compliance Officer
External audit	• Managed the relationship with the external auditor relating to the 2013 and 2014 audits
Reporting responsibilities	• Reported to the Board following each meeting • Compiled the 2013 and 2014 Audit Committee reports for inclusion in the Annual Reports
Other matters	• Completed a performance evaluation • Review and approval of bank refinancing proposal • Approval for sending shareholders an abbreviated annual report in response to guidance on removing clutter from shareholder communication

Financial reporting
The reviews of the financial statements included the accounting policies, significant financial reporting issues and key judgements and estimates underpinning the financial statements, including:

- going concern;
- carrying value of goodwill, intangible assets and investments;
- Accounting for investments and disposals;
- appropriateness of provision balances; and
- tax accounting, including deferred tax assets value;

as disclosed within note 3.

For going concern and the carrying value of goodwill and investments, the Committee examined the assumptions supporting the Group’s profit and cash flow forecasts and the sensitivities applied to those forecasts, the banking facilities available and the assessment of the Group’s covenant compliance based on the forecasts. Details of the matters reviewed are included in notes 1 and 14 to the financial statements.

For the other key judgements and estimates, the Committee was satisfied with the assumptions made and the accounting treatments adopted.

Internal controls and risk management systems
Risk management is the responsibility of the Board of Directors. The Committee’s responsibility is to keep under review the adequacy and effectiveness of the Company’s internal financial controls and internal control and risk management systems.

Following approval of the Group’s risk management policy, framework and register during 2013, actions have been agreed for each risk identified, with progress against those actions being monitored at a specific meeting held to discuss risk management and internal control systems.

Subsidiaries are required to complete risk registers for their businesses and monitor progress against the actions in line with the risk management policy.

Details of the principal risks and uncertainties that could affect business operations can be found in the Strategic report on pages 8 to 23.

Audit Committee report continued

Due to the size of the Group, and the costs involved, the Audit Committee continues to recommend to the Board that there is no requirement for a separate internal audit function. A review of the internal controls for each Group company is performed each year with the findings presented to the Committee. This is currently managed by the Group Finance Director, assisted by the regional financial controllers.

The Group's whistle blowing policy contains arrangements for the Group Company Secretary to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters.

The Group has a mandatory Code of Conduct which sets out the minimum expected behaviours for all employees. A copy of this can be found on the Company's website www.empresaria.com.

External auditor
The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The terms of reference assigns responsibility to the Committee for overseeing the relationship with the external auditor.

The Group's policy on non-audit related services prescribes the types of engagements for which the external auditor can be used and those engagements which are prohibited. For services which are non-recurring in nature, prior approval must be sought from the Audit Committee.

Note 7 to the financial statements includes disclosure of the auditor's remuneration for the year, including an analysis of audit services, audit related services and other non-audit services under those headings prescribed by law.

Following an external tender process during 2013 Deloitte LLP was re-appointed as the Company's auditor for the 2014 audit. Deloitte LLP was first appointed in October 2002 resulting in tenure of 12 years.

Following completion of the 2014 audit process, the Audit Committee is satisfied with the performance of Deloitte LLP and has recommended to the Board that Deloitte LLP is re-appointed.

Assessment of the Audit Committee
The Committee conducted a self-assessment of its performance during the year following completion of the 2013 audit process. The evaluation process measured performance against its terms of reference and identified the following areas for further development.

- Presentation of compliance reports by the Compliance Officer
- Review and implementation of risk management processes by subsidiaries
- Ongoing, regular reviews of internal controls

The Board concluded that the Committee has acted in accordance with its terms of reference and had ensured the independence and objectivity of the external auditor.

The Chairman of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

On behalf of the Audit Committee

Zach Miles
Chairman of the Audit Committee

4 March 2015

Directors' remuneration report

The Board has considered the principles of Schedule 8 to the Accounting Regulations under the Companies Act 2006 (The Act) and has complied where practical and where it supports the Board's policies. This report meets the relevant requirements of the AIM rules and describes how the Board has applied, where appropriate, the principles relating to Directors' remuneration in the 2012 UK Corporate Governance Code.

A resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved. The Act requires the auditor to report to the Company's members on certain parts of the Directors' remuneration report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Accounting regulations. The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information

Role and composition of the Remuneration Committee

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the 2012 UK Corporate Governance Code. The terms of reference of the Remuneration Committee is available on the Company's website (www.empresaria.com).

The Remuneration Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The Remuneration Committee is appointed by the Board from the independent Non-Executive Directors of the Company, with a minimum requirement of two such Directors. No Director is involved in any decisions as to their own remuneration.

The members of the Remuneration Committee during 2014 were:

Name	Date of appointment to the Committee
Penny Freer (Chairman)	13 December 2005
Zach Miles	1 October 2008

It is the Board's position that both Penny Freer and Zach Miles continue to be independent.

Meetings

The Remuneration Committee is required to meet at such times as the Chairman of the Committee shall require. During 2014 the following formal meetings were held:

Meeting	Main purpose	Additional attendees
February	Approval of 2013 bonus payable	
March (3)	Consideration of awards under the LTIP, approval of LTIP awards	
November	Approval of 2015 executive remuneration	Chairman

Since the beginning of 2015 to the date of this report the Remuneration Committee has met once to determine and approve the extent of annual bonus payable based on achievement of 2014 targets.

Principal activities since the beginning of 2014 to the date of this report

Activity	Action
Remuneration policy	• Meeting with Remuneration consultants to review best practice in Director incentives
Annual remuneration packages	• Determined 2015 individual remuneration packages for executive directors • Determined 2015 targets for annual bonus scheme for executive directors
Share awards	• Approved the issue of awards under the LTIP scheme
Other responsibilities	• Reported to the Board following each meeting • Completed a performance evaluation • Compiled the 2013 and 2014 Directors' remuneration reports for inclusion in the Annual Reports

The Remuneration Committee will review the format of the LTIP and bonus structure during 2015 following initial meetings with Remuneration consultants on best practice in this area.

The Chairman has been invited to attend meetings where appropriate.

Directors' remuneration report continued

Remuneration practices

Remuneration policy for the Executive Directors

Executive remuneration packages are designed to attract, retain, motivate and reward Executive Directors whilst aligning rewards with the business objectives and performance and the interests of shareholders.

Link between business objectives and remuneration policy

It is the Company's policy for performance-related pay of Executive Directors to be linked to key performance indicators of the Company. The Company's key objectives include developing sustainable growth in earnings, through a combination of organic growth and investments, alongside a gradual reduction in debt levels. The performance measures chosen to link executive remuneration to the achievement of these objectives are growth in earnings per share and cash generated from operations.

Executive Directors' contracts

It is the Company's policy that Executive Directors should have contracts with indefinite terms providing for a maximum of one year's notice. In the event of early termination, the Directors' contracts provide for compensation up to a maximum of the basic salary for the notice period.

The details of the Directors' contracts are summarised in the table below:

Director	Effective date of contract	Notice period
Chief Executive Officer (Joost Kreulen)	1 January 2012	12 months
Group Finance Director (Spencer Wreford)	4 May 2010	6 months

Basic salary

The basic annual salary of each Executive Director is reviewed annually by the Remuneration Committee with changes taking effect on 1 January. The salaries for the Executive Directors for the financial years beginning on 1 January are as follows:

Director	2015 £000	2014 £000	2013 £000
Chief Executive Officer	211	205	200
Group Finance Director	154	150	140

Pension and other benefits-in-kind

In addition to the basic remuneration payable under the service agreements, each of the Executive Directors is entitled to a pension provision and a range of other benefits, including private medical insurance and car allowance.

Currently the Company has agreed to make contributions into private pension schemes as follows:

- Chief Executive Officer – 15% of basic salary.
- Group Finance Director – 10% of basic salary.

Annual bonus

The Remuneration Committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid. For the financial years 2014 and 2015 the targets and % of bonus payable for the Chief Executive Officer and Group Finance Director are as follows:

	2015	2014
Bonus at 80% of target	0%	0%
Bonus at 100% of target	50%	50%
Bonus at 120% of target	100%	100%

Targets were as detailed below:

Target	2015	2014
Cash generated from operations	50% of bonus	50% of bonus
EPS	50% of bonus	50% of bonus

Maximum bonus	2015	2014
% of basic salary	75%	50%

80% of both targets must be met for any bonus to be payable. The entire bonus is payable in cash.

Based on the delivery against the performance targets for the year ending 2014 a bonus is payable at an aggregate rate of 26.1% of base salary (equivalent to 52.2% of the maximum potential bonus).

In reviewing the Executive Director's remuneration for 2015 more emphasis has been placed on the performance related element.

Long-term incentive plan (LTIP)

In July 2008 the Company gained shareholder approval to introduce a LTIP for Executive Directors and senior executives within the business. The Remuneration Committee has responsibility for supervising the scheme and making awards under its terms. The maximum value of shares that could be awarded in the first year is 200% of basic salary and in any subsequent year is 100% of basic salary. The current policy is to review the final audited results of the Company prior to agreeing if awards are to be made.

Awards under the LTIP

Three awards have been made, each award representing 100% of basic salary. Vesting of the Awards is subject to the achievement of the performance criteria of the LTIP over the holding periods.

A summary of the three LTIP awards, and their qualifying conditions with respect to performance, is as follows:

Date of award	28 September 2011	6 September 2013	12 March 2014
Expected vesting date	March 2015	March 2017	March 2018
Performance targets			
1) Earnings per share growth			
% of award	70%	70%	70%
Measurement period:			
From	31/12/2011 **	31/12/2013	31/12/2014
To	31/12/2014 **	31/12/2016	31/12/2017
Performance level			
Threshold *	10% + RPI	10% + RPI	10% + RPI
Maximum *	30% + RPI	40% + RPI	30% + RPI
2) Share price growth			
% of award	30%	30%	30%
Measurement period:			
From	28/09/2011	06/09/2013	12/03/2014
To	close of business on the day following announcement of the preliminary results for the year ended 31 December 2014	close of business on the day following announcement of the preliminary results for the year ended 31 December 2016	close of business on the day following announcement of the preliminary results for the year ended 31 December 2017
Performance level			
Threshold *	10%	50%	50%
Maximum *	15%	100%	100%

* Performance below the threshold would result in no release of the award, at the threshold level 20% of the relevant part of the award is released and at the maximum level 100% of the relevant part of the award is released. Between these points there is a straight line release of the award.

** For the award made on 28 September 2011 adjusted EPS will be used in place of the unadjusted EPS due to the base year figure for the year ended 31 December 2011 being negative.

Directors' remuneration report continued

Earnings per share ("EPS") growth is defined as the annual growth in earnings per share over the holding period.
Share price growth is defined as the absolute share price growth over the holding period.

Shareholding guidelines
There are no requirements for Executive Directors or senior executives to hold shares in the Company. The details of shares held by Directors can be found in the Directors' report on pages 27 to 29.

Chairman and Non-Executive Directors
Non-Executive Directors, including the Chairman, serve under letters of appointment and either party can terminate on three month's written notice. Their remuneration is determined by the Board within the limits set by the Articles of Association and is based on information on fees paid in similar companies and the skills and expected time commitment of the individual concerned. The fees are reviewed each year as part of the annual budgeting process. The Non-Executive Directors do not receive any additional remuneration for chairing committees. The annual fees for the Non-Executive Directors for the financial years beginning on 1 January are as follows:

Name	2015 £000	2014* £000	2013 £000
Anthony Martin	59	71	56
Penny Freer	38	41	36
Zach Miles	38	41	36

* The actual fees paid for 2014 include fees for days in excess of the letters of appointment.

Neither the Chairman nor the Non-Executive Directors have any right to compensation on the early termination of their appointment.

Neither the Chairman nor the Non-Executive Directors participate in the Group's LTIP. Nor do they receive other benefits.
Assessment of the Remuneration Committee

The Committee conducted a self-assessment of its performance during the year. The evaluation process measured performance against its terms of reference and identified the following areas for development.

- LTIP scheme to be reviewed and assessed to look for current best practice and consideration of different performance measures.
- Succession planning for directors and senior executives to be developed.

The Chairman of the Remuneration Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Audited information

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2014 £000	2013 £000
Salaries, fees, bonuses and benefits-in-kind	618	558
Money purchase pension contributions	45	44
	663	602

Name of Director	Salary and fees £000	Benefits in kind**	Annual bonuses	2014 Total £000	2013 Total £000
Executive					
Joost Kreulen	205	11	53	269	253
Spencer Wreford	150	7	39	196	177
Non-Executive					
Anthony Martin *	71	–	–	71	56
Penny Freer *	41	–	–	41	36
Zach Miles *	41	–	–	41	36
				618	558

* 2014 fees include fees for days in excess of the letters of appointment. The Board recognised the additional work performed during 2014 by each of the Non-Executive Directors. Subsequently the Nomination Committee undertook a review of the letters of appointment and recommended no changes at this time.

** Benefits in kind include car allowance and private medical insurance for Spencer Wreford and private medical insurance and travel & accommodation costs for Joost Kreulen.

Long-term incentive plan (LTIP)

During the year there were awards of share options in the Company, pursuant to the Company's LTIP.

Details of the options for Directors who served during the year are as follows:

Name of Director	Scheme	1 January 2014	Granted	Vested	31 December 2014
Joost Kreulen	LTIP	1,283,380	379,630	–	1,663,010
Spencer Wreford	LTIP	894,366	277,778	–	1,172,144

Directors' pension entitlements

The Executive Directors are paid a percentage of their basic salary as a contribution to their private pension schemes. Contributions paid by the Company in respect of such Directors were as follows:

	2014 £000	2013 £000
Joost Kreulen	30	30
Spencer Wreford	15	14
	45	44

This report was approved by the Board of Directors on 4 March 2015 and signed on its behalf by:

Penny Freer
Chairman, Remuneration Committee

4 March 2015

Nomination Committee report

Role and composition of the Nomination Committee

The role and terms of reference for the Nomination Committee includes all matters indicated in the 2012 Code and can be found on the Company's website (www.empresaria.com).

The Nomination Committee is required to report to the Board on its proceedings and make recommendations it deems appropriate on any area within its remit where action or improvement is needed.

The Nomination Committee is appointed by the Board from the Non-Executive Directors of the Company, with a minimum requirement of two such Directors. Appointments to the Committee are made by the Board and are for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the committee.The members of the Nomination Committee are:

Name	Date of appointment to the Committee
Penny Freer (Chairman)	5 November 2013
Zach Miles	5 November 2013

All members of the Committee are considered by the Board to be independent.

Meetings

The Nomination Committee is required to meet formally once per year. During 2014 the following formal meeting was held:

Meeting	Main purpose	Additional attendees
September	To review the role and responsibilities of the Committee	None

Principal activities since the beginning of 2014 to the date of this report

The Committee focused on a review of its role and responsibilities. The following activities were undertaken:

Activity	Action
Composition of the Board and Committees	• Reviewed Board and Committees composition. All directors continue to serve in their roles. There were no compositional changes proposed. • Proposal for re-appointment of Zach Miles and Penny Freer to the Remuneration and Audit Committees.
Time commitments of Non-Executive Directors	• Reviewed 2014 time commitments. No changes to the letters of appointment were proposed.

Currently the Board does not have a separate policy or objectives on diversity, including gender. The Nomination Committee, in making recommendations to the Board, will give due regard to the benefits of diversity in the board room, including gender.

Penny Freer
Chairman, Nomination Committee

4 March 2015

Independent auditor's report to the members of Empresaria Group plc

We have audited the group financial statements of Empresaria Group plc for the year ended 31 December 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matters

We have reported separately on the parent Company financial statements of Empresaria Group plc for the year ended 31 December 2014 and on the information in the Directors' remuneration report that is described as having been audited.

Ian Smith
(Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

4 March 2015

Consolidated income statement

	Note	2014 £m	2013 £m
Continuing operations			
Revenue	4	187.9	194.4
Cost of sales		(143.3)	(151.8)
Net fee income	4	44.6	42.6
Administrative costs		(38.0)	(36.6)
Operating profit before exceptional items, loss on business disposal and intangible amortisation	4	6.6	6.0
Exceptional items	5	0.1	(0.3)
Loss on business disposal	6	(0.1)	–
Intangible amortisation	15	(0.2)	(0.2)
Operating profit	4, 7	6.4	5.5
Finance income	9	0.1	0.1
Finance costs	9	(0.6)	(0.7)
Profit before tax		5.9	4.9
Tax	10	(2.1)	(2.1)
Profit for the year		3.8	2.8
Attributable to:			
Equity holders of the parent		3.5	2.4
Non-controlling interest		0.3	0.4
		3.8	2.8
From continuing operations			
Earnings per share			
Basic	12	7.8	5.2
Diluted	12	7.5	5.2
Earnings per share (adjusted)			
Basic	12	8.3	6.2
Diluted	12	8.0	6.2

Consolidated statement of comprehensive income

	2014 £m	2013 £m
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	(0.9)	(0.7)
Items that will not be reclassified to income statement:		
Exchange differences on translation of foreign operations of non-controlling interest	(0.1)	(0.5)
Net expense recognised directly in equity	(1.0)	(1.2)
Profit for the year	3.8	2.8
Total comprehensive income for the year	2.8	1.6
Attributable to:		
Equity holders of the parent	2.6	1.7
Non-controlling interest	0.2	(0.1)
	2.8	1.6

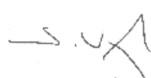
Consolidated balance sheet

	Note	2014 £m	2013 £m
Assets			
Non-current assets			
Property, plant and equipment	13	1.2	1.0
Goodwill	14	23.7	24.3
Other intangible assets	15	2.3	1.7
Deferred tax assets	20	0.9	0.6
		28.1	27.6
Current assets			
Trade and other receivables	17	34.5	36.6
Cash and cash equivalents	19	7.8	5.7
		42.3	42.3
Total assets		70.4	69.9
Liabilities			
Current liabilities			
Trade and other payables	18	21.9	21.4
Current tax liabilities		2.7	1.7
Borrowings	19	11.2	13.6
		35.8	36.7
Non-current liabilities			
Borrowings	19	6.4	7.3
Deferred tax liabilities	20	1.1	1.2
Total non-current liabilities		7.5	8.5
Total liabilities		43.3	45.2
Net assets		27.1	24.7
Equity			
Share capital	21	2.2	2.2
Share premium account		19.4	19.4
Merger reserve		0.9	0.9
Retranslation reserve		1.8	2.6
Equity reserve		(7.1)	(6.7)
Other reserves		(1.1)	(1.2)
Retained earnings		7.8	4.4
Equity attributable to owners of the Company		23.9	21.6
Non-controlling interest		3.2	3.1
Total equity		27.1	24.7

These financial statements of Empresaria Group plc were approved by the Board of Directors and authorised for issue on 4 March 2015.

Signed on behalf of the Board of Directors

Joost Kreulen
Director



Spencer Wreford
Director

Consolidated statement of changes in equity

	Share capital £m	Share premium account £m	Merger reserve £m	Retranslation reserve £m	Equity reserve £m	Other reserves £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
Balance at 31 December 2012	2.2	19.4	1.5	3.3	(6.1)	(1.3)	1.6	3.4	24.0
Profit for the year	–	–	–	–	–	–	2.4	0.4	2.8
Dividend	–	–	–	–	–	–	(0.2)	–	(0.2)
Currency translation differences	–	–	–	(0.7)	–	–	–	(0.5)	(1.2)
Non-controlling interest acquired during the year	–	–	–	–	(0.6)	–	–	(0.1)	(0.7)
Disposal of business	–	–	–	–	–	–	–	0.1	0.1
Share based payment	–	–	–	–		0.1	–	–	0.1
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	(0.2)	(0.2)
Transfer of Merger relief	–	–	(0.6)	–	–	–	0.6	–	–
Balance at 31 December 2013	2.2	19.4	0.9	2.6	(6.7)	(1.2)	4.4	3.1	24.7
Profit for the year	–	–	–	–	–	–	3.5	0.3	3.8
Dividend	–	–	–	–	–	–	(0.2)		(0.2)
Currency translation differences	–	–	–	(0.8)	–	(0.1)	–	(0.1)	(1.0)
Non-controlling interest acquired during the year	–	–	–	–	(0.4)	–	–	(0.1)	(0.5)
Business acquisition	–	–	–	–	–	–	–	0.2	0.2
Share based payment	–	–	–	–	–	0.2	–		0.2
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	(0.2)	(0.2)
Balance at 31 December 2014	2.2	19.4	0.9	1.8	(7.1)	(1.1)	7.8	3.2	27.1

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium account" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Merger reserve" relates to premiums arising on shares issued subject to the provisions of section 612 "Merger relief" of the Companies Act 2006.
- "Retranslation reserve" represents the exchange differences arising from the translation of the financial statements of foreign subsidiaries.
- "Equity reserve" represents movement in equity due to acquisition of non-controlling interests under IFRS 3 Business combination.
- "Other reserves" mainly represents exchange differences on intercompany long-term receivables which are treated as a net investment in foreign operations and the share based payment reserve of £0.4m.
- "Retained earnings" represents accumulated profits less distributions and income/expense recognised in equity from incorporation.
- "Non-controlling interest" represents Equity in a subsidiary not attributable, directly or indirectly, to a parent.

Consolidated cash flow statement

	Note	2014 £m	2013 £m
Profit for the year		3.8	2.8
Adjustments for:			
Depreciation		0.7	0.9
Intangible amortisation		0.2	0.2
Taxation expense recognised in income statement		2.1	2.1
Exceptional items		(0.1)	0.3
Loss on business disposal		0.1	–
Cash paid for exceptional items		(0.3)	(1.0)
Share based payments		0.2	0.1
Net finance charge		0.5	0.6
		7.2	6.0
(Decrease) / increase in invoice discounting		(2.6)	3.3
Decrease / (increase) in trade receivables		1.2	(4.2)
Increase / (decrease) in trade payables		0.9	2.7
Cash generated from operations		6.7	7.8
Interest paid		(0.6)	(0.8)
Income taxes paid		(0.9)	(1.6)
Net cash from operating activities		5.2	5.4
Cash flows from investing activities			
Cash acquired with business acquisition		0.1	–
Consideration paid for business acquisition		(1.3)	–
Consideration received for business disposals		0.1	0.2
Purchase of property, plant and equipment and intangibles		(1.0)	(0.8)
Finance income		0.1	0.1
Net cash used in investing activities		(2.0)	(0.5)
Cash flows from financing activities			
Further shares acquired in existing subsidiaries		(0.5)	(1.3)
Increase / (decrease) in borrowings		0.4	(1.1)
Proceeds from bank loan		0.1	–
Repayment of bank and other loan		(0.6)	(2.2)
Dividends paid to shareholders		(0.2)	(0.2)
Dividends paid to non-controlling interest in subsidiaries		(0.2)	(0.2)
Net cash from financing activities		(1.0)	(5.0)
Net increase / (decrease) in cash and cash equivalents		2.2	(0.1)
Effect of foreign exchange rate changes		(0.1)	(0.4)
Cash and cash equivalents at beginning of the year		5.7	6.2
Cash and cash equivalents at end of the year	19	7.8	5.7

Notes to the consolidated financial statements

1 Basis of preparation and general information

Empresaria Group plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Old Church House, Sandy Lane, Crawley Down, Crawley, West Sussex, RH10 4HS. Its company registration number is 03743194.

The consolidated financial statements are for the twelve months ended 31 December 2014. The financial statements have been prepared in accordance with IFRS as adopted by the European Union (EU) and therefore the Group financial statements comply with AIM rules.

The financial statements have been prepared under the historical cost convention except that they have been modified to include the revaluation of certain financial assets and liabilities. The measurement bases and principal accounting policies of the Group are set out below.

These consolidated financial statements are presented in Pounds Sterling (£) because that is the presentational currency of the Group. Foreign operations are included in accordance with the policies set out in note 2.

Changes in accounting policies

Adoption of new and revised standards

In the current year, the following new and revised Standards and Interpretations have been adopted.

- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- IAS 27: Separate Financial Statements (Amendment)
- IAS 28: Investments in Associates and Joint Ventures (Amendment)
- IFRIC 21: Levies
- IAS 32: Financial Instruments: Presentation (Amendment)
- IAS 36: Impairment (Amendment)
- IAS 39: Financial Instruments: Recognition and Measurement (Amendment)

None of the above amendments have had a material impact on the Group consolidated financial statements.

Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations have not been applied in these financial statements. The following standards and amendments are not yet effective and remain subject to endorsement by the European Union (EU):

- IFRS 9: Financial Instruments
- IFRS 15: Revenue from Contracts with Customers
- IFRS 11: Joint Arrangements (Amendment)
- IAS 16: Property Plant & Equipment and IAS 38 Intangible Assets (Amendment)
- Annual Improvement Project 2012-2014
- IAS 1: Presentation of Financial Statements (Amendment)

The following standards are not yet effective but have been endorsed by the EU:

- Annual Improvement Project 2010-2012
- Annual Improvement Project 2011-2013
- IAS 19 Employee Benefits (Amendment)

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods, except for disclosure.

Going concern

The Group's activities are funded by a combination of long-term equity capital and bank facilities, primarily term loans, invoice discounting and overdrafts. The day-to-day operations are funded by cash generated from trading and the use of invoice discounting and overdraft facilities. The board has reviewed the Group's profit and cash flow projections, and applied sensitivities to the underlying assumptions.

These projections demonstrate that the Group will meet its obligations as they fall due with the use of existing facilities. The Group's core banking facilities have been reviewed and renewed during 2014 with the changes being applied in the first quarter of 2015. The Group's overdraft facilities are due for renewal in January 2016 and, based on informal discussions the board has had with its lenders, we have no reason to believe that these facilities will not continue to be available to the Group for the foreseeable future. The financial statements do not reflect the adjustments that would be necessary were the trading performance of the Group to deteriorate significantly or if the funding available from invoice discounting or overdrafts were to become unavailable. Thus the Group continues to prepare the financial statements on a going concern basis.

Borrowings presentation

During the year, management have performed a review of the accounting associated with invoice factoring arrangements of the Group following earlier changes in credit insurer from the provider of the debt factoring services to an external third party. In the prior year financial statements, the liability owed to the debt provider was offset against the corresponding receivables. Given the change of the credit protection provider in 2012, the debt provider has recourse to the Group for any irrecoverable debt and therefore, it has been concluded that the liability and the corresponding receivable should be presented gross. As a result, the comparative balance sheet has been presented to reflect the full invoice factoring liability within current borrowings. The impact of this is a £9.4m increase in trade receivables and current borrowings compared to the numbers in the previously filed 2013 annual financial statements. There has been no impact on net assets or income statement measures.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings as at 31 December 2014. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights.

Intra-group transactions and profits are eliminated fully on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liability incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is a maximum of one year. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are recognised in the income statement as per IFRS3 (2008). Changes in the fair value of contingent consideration classified as equity is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date, except for deferred tax assets and liabilities or assets related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 Income taxes and IAS 19 Employee Benefits respectively.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for items for which the accounting is incomplete, which are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect the new information obtained.

Goodwill

Goodwill arising on a business combination is recognised as an asset at the date that control is acquired and is stated after separating out identifiable intangible assets.

Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. If, after measurement, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is tested at least annually for impairment. Goodwill is allocated to each of the Group's cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated against goodwill and then to the other assets of the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period. Goodwill is carried at cost less accumulated impairment losses.

On disposal of a subsidiary, the attributable goodwill is included in the calculation of profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS (1 January 2006) has been retained at the previous UK GAAP carrying amount.

Intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably.

Intangible assets acquired separately – intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with any changes being accounted for on a prospective basis.

Intangible assets acquired in a business combination – Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (regarded as their cost). They are subsequently reported at cost less accumulated amortisation and accumulated impairment on the same basis as intangible assets acquired separately.

Amortisation of intangible assets
Amortisation is charged to the income statement and calculated using the straight-line method over its estimated useful life as follows:

Customer relations
up to fifteen years

Trademarks
up to fifteen years

Software
up to three years

Impairment of tangible and intangible assets excluding goodwill
The carrying amounts of the Group's tangible and intangible assets are reviewed against their recoverable amount for any indication of impairment at each balance sheet date or whenever there is an indication that the asset may be impaired. An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that it does not exceed the carrying amount that would have existed had no impairment loss been recognised. The reversal of the impairment loss is recognised in profit or loss.

Property, plant and equipment
Property, plant and equipment is stated at historical cost, net of accumulated depreciation and any recognised impairment loss.

Depreciation is calculated using the straight-line method to write off the cost or valuation of the assets less their residual values over their useful lives as follows:

Leasehold property
over the term of the lease up to a maximum of 10 years

Fixtures, fittings and equipment
up to three years

Motor vehicles
up to five years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with any changes accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

Cash and cash equivalents
Cash and cash equivalents comprise cash-in-hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within the balance sheet in current liabilities – short-term borrowings.

Borrowing costs
Interest costs are recognised as an expense in the period in which they are incurred. Facility arrangement fees incurred in respect of borrowings are amortised over the term of the agreement.

Financial assets
Financial assets are recognised in the Group's balance sheet and, other than hedging instruments, can be divided into the following categories:

- loans and receivables
- financial assets at fair value through profit and loss
- available-for-sale financial assets

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether resulting income and expenses are recognised in profit or loss or charged directly against equity.

Generally, the Group recognises all financial assets using transfer value basis. An assessment of whether a financial asset is impaired is made at least at each reporting date. For receivables, this is based on the latest credit information available, (ie. recent third-party defaults and external credit ratings). Financial assets that are substantially past due are also considered for impairment. All income and expense relating to financial assets are recognised in the income statement line item Finance costs or Finance income, respectively.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost using the effective interest method, less any impairment. Any change in their value is recognised in profit or loss. The Group's trade and other receivables fall into this category of financial instruments.

Individual receivables are considered for impairment when they are past due at the balance sheet date or when objective evidence is received that a specific third party will default.

Financial liabilities and equity instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies continued

Financial liabilities

The Group's financial liabilities include borrowings and trade and other payables (including finance lease liabilities). They are recognised initially at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in the instrument's fair value that are reported in the profit or loss are included in the income statement line items Finance costs or Finance income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Revenue and revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services provided in the ordinary course of the Group's activities. Revenue is shown net of value added tax, trade discounts, rebates and other sales-related taxes.

Permanent placement revenue is recognised at the point when the candidate commences employment. Contract placement revenue (including outsourced services) is recognised on the basis of actual work performed in the relevant period based on timesheets submitted. Training revenue is recognised at the point when the training is provided to clients.

Net fee income

Net fee income represents revenue less the remuneration cost of temporary workers. For permanent placements net fees are equal to revenue.

Employee benefits

Retirement benefit costs

Payments made to defined contribution retirement benefit schemes are charged to the income statement as they fall due.

Share based payments

The Group issues equity-settled share-based payments to the Executive Directors, which are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The fair value of the options granted is measured using a Monte Carlo simulation model and Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

Leases

Leases that result in the Group receiving substantially all of the risks and rewards of ownership of an asset are treated as finance leases. An asset held under a finance lease is recorded in the balance sheet and depreciated over the shorter of its estimated useful life and the lease term. Future installments net of finance charges are included within borrowings. Minimum lease payments are apportioned between the finance charge element, which is allocated to each period to produce a constant periodic rate of interest on the remaining liability and charged to the income statement and the principal element which reduces the outstanding liability.

Rental costs arising from operating leases are charged on a straight-line basis over the period of the lease. Where an incentive is received to enter into an operating lease, such incentive is treated as a liability and recognised as a reduction to the rental expense on a straight-line basis over the period of the lease.

Current and deferred tax

The tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally 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. 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. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that there will be sufficient future taxable profit to allow the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is calculated at tax rates that are expected to apply in the relevant period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

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 in which case the related deferred tax is also charged or credited directly to equity.

Foreign currencies

(i) Functional and presentational currency

Items included in the individual financial statements of each Group company are measured using the individual currency of the primary economic environment in which that subsidiary operates (its "functional currency"). The consolidated financial statements are presented in Pounds Sterling which is the Company's functional and presentational currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognised initially in other comprehensive income. These exchange differences are reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

iii) Group companies

The results and financial position of Group companies (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity within the Retranslation reserve.

(iv) Hedges of net investments in foreign operations

Any gain or loss on the hedging instrument relating to the effective portion of net investment hedge is recognised in equity in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Gains and losses accumulated in the foreign currency translation reserve are reclassified to profit or loss on disposal of the foreign operation.

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

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not clear from other sources. These estimates and judgements are continually evaluated and are based on historical experience and other relevant factors. Actual results may differ from these estimates.

Key sources of estimation uncertainty

The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Impairment of goodwill

The Group is required to test whether goodwill has suffered any impairment. The recoverable amount is determined based on the value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Details of the impairment review calculation are set out in note 14.

Intangible assets (including goodwill)

The Group recognises intangible assets acquired as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an appropriate cost of capital.

In addition, management must assess the value of any contingent consideration that is due to the seller following the completion of the initial purchase. The value of this consideration is frequently based on the financial performance of the business post acquisition. Therefore management must assess the likely value of this performance and so give a value to the expected contingent consideration. Actual post-completion performance may vary from management's estimate.

Furthermore, management must estimate the expected useful lives of intangible assets and charge amortisation on these assets accordingly. Further details on the intangible assets and goodwill are disclosed in notes 14 and 15.

Recognition of deferred tax asset

The ability to use brought forward tax losses depends on future profitability in the company with the losses and the tax regulations in the country. Management must assess the likelihood of being able to use the losses and so whether to recognise a deferred tax asset. Details of the deferred tax balances are set out in note 20.

Notes to the consolidated financial statements continued

4 Segment analysis

Information reported to the Group's Chief Executive who is considered to be Chief operating decision maker of the Group for the purpose of resource allocation and assessment of segment performance is based on geographic region. The Group's business is segmented into three regions, UK, Continental Europe and Rest of the World.

The Group has one principal activity, the provision of staffing and recruitment services. Each unit is managed separately with local management responsible for determining local strategy.

The analysis of the Group's business by geographical origin is set out below:

Year ended 31 December 2014	UK £m	Continental Europe £m	Rest of the World £m	Eliminations £m	Total £m
Revenue	65.8	76.8	45.3	–	187.9
Net fee income	15.9	15.0	13.7	–	44.6
Adjusted operating profit*	2.2	3.2	1.2	–	6.6
Operating profit	2.2	3.0	1.2	–	6.4

* Adjusted operating profit represents operating profit before exceptional items, gain or loss on business disposal and intangible amortisation.

	UK £m	Continental Europe £m	Rest of the World £m	Eliminations £m	Total £m
Goodwill	7.7	12.7	3.3	–	23.7
Segmental assets	30.3	18.0	18.2	(19.8)	46.7
Segmental liabilities	(24.8)	(19.8)	(9.9)	11.2	(43.3)
Net assets	13.2	10.9	11.6	(8.6)	27.1
Capital expenditure incurred (including intangibles)	0.3	0.2	0.5	–	1.0
Significant non-cash expenses (depreciation, amortisation and trade receivable impairment)	0.4	0.4	0.3	–	1.1

Year ended 31 December 2013	UK £m	Continental Europe £m	Rest of the World £m	Eliminations £m	Total £m
Revenue	70.7	76.9	46.8	–	194.4
Net fee income	15.8	13.9	12.9	–	42.6
Adjusted operating profit*	2.1	1.8	2.1	–	6.0
Operating profit	2.1	1.3	2.1	–	5.5

* Adjusted operating profit represents operating profit before exceptional items, gain or loss on business disposal and intangible amortisation.

	UK £m	Continental Europe £m	Rest of the World £m	Eliminations £m	Total £m
Goodwill	7.2	13.8	3.3	–	24.3
Segmental assets	39.6	18.7	17.1	(29.8)	45.6
Segmental liabilities	(35.8)	(23.0)	(8.9)	22.5	(45.2)
Net assets	11.0	9.5	11.5	(7.3)	24.7
Capital expenditure incurred (including intangibles)	0.3	0.2	0.3	–	0.8
Significant non-cash expenses (depreciation, amortisation and impairment)	0.9	0.5	0.4	–	1.8

5 Exceptional items

Exceptional items are those which, in management's judgement, need to be disclosed separately by virtue of their size or incidence in order for the reader to obtain a proper understanding of the financial information.

Exceptional charges	2014 £m	2013 £m
Continental Europe		
Release of provision against potential retrospective pay claims and social security liability in Germany	0.1	0.3
Germany restructuring charges	–	(0.6)
	0.1	(0.3)

In Germany the residual provision for potential social security liability amounts to £0.5m (2013: £0.7m). During the year £0.1m was released and £0.1m was paid.

6 Business investments and disposal

Business investments

On 10 March 2014 the Group purchased 51% of the shares in BW&P FZ LLC, a Dubai based company specialising in permanent sales in the Technical & Industrial sector. Initial consideration is £300,000 with two further payments that are contingent on the performance of the company in the two years ended 31 December 2015.

On 12 December 2014 the Group purchased 75% of the shares in Ball and Hoolahan Limited, a UK based company specialising in permanent sales in the Marketing sector. Initial consideration is £984,000 with one further payment that is contingent on the performance of the company in the year ended 31 March 2015.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Ball and Hoolahan Limited £000	BW&P FZ LLC £000
Property plant and equipment	18	–
Trade and other receivable	776	269
Cash and cash equivalents	142	–
Trade and other payable	(461)	(221)
	475	48
Identifiable Intangible: Customer relations	763	210
Deferred tax liability on Intangible	(161)	–
Net assets	1,077	258

The above table represents fair value on date of investment.

The amounts recognised in respect of Goodwill and purchases consideration are as set out in the table below:

	Ball and Hoolahan Limited £000	BW&P FZ LLC £000
Goodwill	503	66
Purchases consideration recognised		
Cash consideration paid	984	300
Contingent consideration accrued	478	-
	1,462	300

Acquisition related costs for both the investments amounts to £45,000.

Notes to the consolidated financial statements continued

6 Business investments and disposal continued

If the investments had been completed on 1 January 2014 the Group would have generated additional revenues of £2.4m for the period to 31 December 2014 and profit attributed to equity holders of the parent for the period would have been additional £0.2m during the period.

The investments have contributed £1.5m to the Groups revenue and £nil to profit attributed to equity holders of the parent for the period ended 31 December 2014.

Business disposal

	2014 £m	2013 £m
Gain on disposal of business	–	0.5
Provision for losses on business disposal	(0.1)	–
Impairment of goodwill on disposal of business	–	(0.5)
	(0.1)	–

In 2014 we entered into sale agreements to dispose of GiT in Czech Republic and Metis in Malaysia. The completion of these transactions took place during the first two months of 2015. We have recognised a £0.1m provision for the expected loss on disposal of these businesses. The underlying disposals were at nil gain or loss with the provision relating to the recycling of the cumulative currency reserve required on a disposal.

7 Operating profit

Operating profit is stated after charging:

	2014 £m	2013 £m
Depreciation of property, plant and equipment	0.7	0.9
Amortisation of intangible assets	0.2	0.2
Loss/(gain) on business disposal	0.1	(0.5)
Impairment on business disposal	–	0.5
Operating lease charges:		
– Land and buildings (office)	1.4	1.6
– Motor vehicles (office)	0.3	0.5
– Employee accommodation	1.6	1.7
– Employee transportation	0.2	0.2
Net foreign exchange gain	–	(0.5)
Share based payments	0.2	0.1
Exceptional charges	(0.1)	0.3
Trade receivable impairments	0.2	0.2
Auditor’s remuneration	0.3	0.1

The analysis of auditor’s remuneration is as follows:

	2014 £000	2013 £000
Auditor’s remuneration:		
Fee payable to the Company’s auditor for the audit of the Group annual accounts	275	123
Other fee	3	2
Total auditor’s remuneration	278	125

Auditor’s remuneration includes fees payable of £196,000 (2013: £39,000) for the audit of the Company’s subsidiaries pursuant to legislation. Following the audit tender process at the end of 2013, the auditor is now responsible for a greater share of the subsidiary audits around the group.

8 Directors and employees

	2014 £m	2013 £m
Staff costs		
Wages and salaries	22.8	21.4
Social security costs	2.6	2.8
Pension costs	0.4	0.3
Share based payments	0.2	0.1
	26.0	24.6

Details of directors' remuneration are given on pages 39 to 43.

	No.	No.
Average monthly number of persons employed (including directors)		
Sales, distribution and administration	942	861

9 Finance income and cost

	2014 £m	2013 £m
Finance income		
Bank interest receivable	0.1	0.1
	0.1	0.1
Finance cost		
On amounts payable to invoice discounters	(0.2)	(0.2)
Bank loans and overdrafts	(0.4)	(0.5)
	(0.6)	(0.7)
Net finance cost	(0.5)	(0.6)

10 Taxation

(a) The tax charge for the year is based on the following

	2014 £m	2013 £m
Current taxation		
Current tax charge	(2.4)	(1.5)
Adjustment to tax charge in respect of previous periods	(0.2)	(0.1)
Adjustment to tax charge in respect of exceptional item transferred from deferred tax	–	0.3
	(2.6)	(1.3)
Deferred tax charge - current year	0.2	(0.3)
Deferred tax charge - prior year	0.3	(0.2)
Deferred tax charge in respect of exceptional item transferred to current tax	–	(0.3)
	0.5	(0.8)
Total income tax expense in the income statement	(2.1)	(2.1)

Notes to the consolidated financial statements continued

10 Taxation continued

(b) Factors affecting the tax charge for the year

	2014 £m	2013 £m
Profit before taxation	5.9	4.9
Profit before tax at standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(1.2)	(1.1)
Effects of:		
Expenses not deductible for tax purposes	(0.1)	(0.3)
Goodwill impairment on disposal of trading assets	–	(0.1)
Current year losses not recognised for tax purposes	(0.1)	(0.1)
Benefit of prior year losses not previously recognised for tax purposes	0.1	0.1
Write down of losses previously recognised for tax purposes	–	(0.2)
Adjustment to tax charge in respect of previous periods	(0.2)	(0.1)
Irrecoverable withholding tax	(0.1)	(0.1)
Amortisation disallowed	(0.1)	–
Overseas tax at different tax rates	(0.4)	(0.2)
Tax expense	(2.1)	(2.1)

The movement in deferred tax is explained in note 20.

11 Reconciliation of Adjusted profit before tax to Profit before tax

	2014 £m	2013 £m
Profit before tax	5.9	4.9
Amortisation of intangibles	0.2	0.2
Exceptional items	(0.1)	0.3
Loss on business disposal	0.1	–
Adjusted profit before tax from continuing operations	6.1	5.4

12 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the average number of shares in issue during the year. A reconciliation of the earnings and weighted average number of shares used in the calculations are set out below.

The calculation of the basic and diluted earnings per share is based on the following data:

	2014 £m	2013 £m
Earnings		
Earnings attributable to equity holders of the parent	3.5	2.4
Adjustments:		
Exceptional items	(0.1)	0.3
Loss on business disposal	0.1	–
Amortisation of intangible assets	0.2	0.2
Tax on exceptional items and intangible amortisation	–	–
Earnings for the purpose of adjusted earnings per share	3.7	2.9

Number of shares	Millions	Millions
Weighted average number of shares- basic	44.6	44.6
Weighted average number of shares- diluted	46.5	45.4

Earnings per share	Pence	Pence
Basic	7.8	5.2
Diluted	7.5	5.2

Earnings per share (adjusted)	Pence	Pence
Basic	8.3	6.2
Diluted	8.0	6.2

The dilution on the number of shares is from share options granted to the executive directors. Further details of these share options can be found in note 28 and the Remuneration report on pages 39 to 43.

13 Property, plant and equipment

	Leasehold property £m	Fixtures, fittings and equipment £m	Motor vehicles £m	Total £m
Cost				
At 1 January 2014	0.2	5.9	0.2	6.3
Additions	0.2	0.7	0.1	1.0
Assets acquired with business acquisition	–	0.1	–	0.1
Disposals	–	(0.8)	–	(0.8)
Exchange differences	–	(0.3)	–	(0.3)
At 31 December 2014	0.4	5.6	0.3	6.3
Accumulated depreciation				
At 1 January 2014	0.1	5.1	0.1	5.3
Depreciation	0.1	0.5	0.1	0.7
Disposals	–	(0.7)	–	(0.7)
Exchange differences	–	(0.2)	–	(0.2)
At 31 December 2014	0.2	4.7	0.2	5.1
Net book value				
At 31 December 2013	0.1	0.8	0.1	1.0
At 31 December 2014	0.2	0.9	0.1	1.2

Fixtures, fittings and equipment includes £0.1m (2013: £nil) of secured finance leases.

Notes to the consolidated financial statements continued

14 Goodwill

	2014 £m	2013 £m
At 1 January	24.3	24.8
Acquisition of new subsidiary undertakings	0.6	–
Adjustment due to deferred consideration in existing subsidiaries	(0.3)	–
Impairment on disposal of business	–	(0.5)
Foreign exchange	(0.9)	–
At 31 December	23.7	24.3

Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU) at lowest level of cashflow, including goodwill, with the recoverable amount of that income-generating unit.

The recoverable amount of each cash-generating unit is determined based on the higher of value in use calculations and its fair value less costs to sell. The value in use calculations are based on cash flow projections derived from the Group budget for the year ended 31 December 2015 and growth forecasts extrapolated into perpetuity. The growth forecast uses growth rates based on the average three year GDP growth forecast for the relevant country, which ranged from 1.1% to 8.5%. Any growth rate in excess of 3.0% was capped for the purpose of this calculation. A discount rate of 12.5% (2013: 12.5%) has been applied in discounting the projected cash flows, being the estimated industry weighted average cost of capital.

As part of the impairment review, management has considered the sensitivity of the recoverable amount for each unit to changes in the growth rate and discount rate. This sensitivity analysis showed that the long-term growth rate could reduce to nil without giving rise to an impairment of goodwill. The discount rates were also increased in line with estimated country discount rates, ranging from 12.5% to 21.0%. None of these changes in the key assumptions are expected to reasonably occur.

The carrying amount of goodwill has been allocated as follows:

	2014 £m	2013 £m
Goodwill by region		
United Kingdom	7.7	7.2
Continental Europe	12.7	13.8
Rest of the World	3.3	3.3
	23.7	24.3

15 Intangible assets

	Customer relationship £m	Trade marks £m	Software £m	Total £m
Carrying amount at 1 January 2014	2.6	0.6	0.4	3.6
Acquisition	1.0	–	–	1.0
Foreign exchange	(0.2)	–	–	(0.2)
Gross carrying amount at 31 December 2014	3.4	0.6	0.4	4.4
Amortisation				
Carrying amount at 1 January 2014	1.1	0.6	0.2	1.9
Charge for year	0.1	–	0.1	0.2
Accumulated amortisation at 31 December 2014	1.2	0.6	0.3	2.1
Net book value as at 31 December 2013	1.5	–	0.2	1.7
Net book value as at 31 December 2014	2.2	–	0.1	2.3

16 Subsidiaries

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 6 to the Company's financial statements.

The following consolidated UK subsidiary companies are exempt from an annual audit under section 479A of the Companies Act 2006 for which the Company has provided a guarantee under section 479C of the Companies Act 2006. This guarantees all outstanding liabilities to which the subsidiary is subject to as at 31 December 2014 until they are settled in full. The guarantee is enforceable against the Company by any person to whom the subsidiary is liable in respect of those liabilities.

Name of Subsidiary	Company Number
Empresaria Asia Limited	07384224
Empresaria GIT Holdings Limited	05669458
Empresaria GIT Limited	05669176
Interim Management International Limited	04067140
TLN 1004 Limited	04598490
TLN 1006 Limited	03570249

17 Trade and other receivables

	2014 £m	*Restated 2013 £m
Current		
Trade receivables	31.2	32.5
Less provision for impairment of trade receivables	(0.3)	(0.2)
Net trade receivables	30.9	32.3
Prepayments and accrued income	1.7	1.3
Deferred and contingent consideration	0.4	0.6
Other receivables	1.5	2.4
	34.5	36.6

Trade receivable includes £23.8m (2013: £25.9m) on which security has been given as part of bank facilities.

All amounts are due within one year. The carrying value of trade receivables is considered to be a reasonable approximation of fair value.

Further analysis on trade receivables is set out in note 22.

*Borrowing and Trade receivables have been restated as detailed in note 1.

Notes to the consolidated financial statements continued

18 Trade and other payables

	2014 £m	2013 £m
Current		
Trade payables	0.9	1.0
Other tax and social security	6.1	5.7
Other payables	3.5	3.8
Accruals	10.3	9.6
Provision for exceptional items (note 5)	0.5	0.9
Deferred and contingent consideration	0.6	0.4
	21.9	21.4

	2014 £m	2013 £m
Provision for exceptional items		
Potential social security liability in Germany	0.5	0.7
Germany restructuring	–	0.2
	0.5	0.9

All amounts are payable within one year. The fair values of trade and other payables are not materially different from those disclosed above.

19 Financial liabilities

a) Borrowings

	2014 £m	*Restated 2013 £m
Current		
Bank overdrafts	2.4	2.1
Amounts related to invoice financing	8.1	10.8
Current portion of bank loans	0.7	0.7
	11.2	13.6
Non-current		
Bank loans	6.4	7.3
	6.4	7.3
Total financial liabilities	17.6	20.9

The bank loans include a revolving credit facility and a term loan of £0.8m which both expire in March 2016. The bank loans are secured by a first fixed charge over all book and other debts given by the Company and certain of its subsidiaries. Interest rates vary over the term of the loan. In 2014, interest was payable at 2.0% over UK base rate on the term loan and 2.0% over EURIBOR on the revolving credit facility.

The interest rate on the UK bank overdrafts was fixed during the year at rates up to 1.0% above applicable currency base rates. The value of the UK bank overdrafts at 31 December 2014 was £2.0m (2013: £1.8m). Other overseas overdrafts had interest rates of between 1.2% and 5.8% during the year.

b) Movement in net borrowings

	2014 £m	*Restated 2013 £m
As at 1 January	(15.2)	(14.5)
Net increase / (decrease) in cash and cash equivalents	2.2	(0.1)
Decrease in loans	0.2	3.2
Decrease / (increase) in invoice financing	2.6	(3.3)
On acquisition of business	0.1	–
Currency translation differences	0.3	(0.5)
As at 31 December	(9.8)	(15.2)

c) Analysis of net borrowings

	2014 £m	*Restated 2013 £m
Financial liabilities – borrowings	(17.6)	(20.9)
Cash and cash equivalents	7.8	5.7
As at 31 December	(9.8)	(15.2)

Cash and cash equivalents at 31 December 2014 include cash with banks of £0.1m (2013: £0.2m) held by a subsidiary in China which is subject to currency exchange restrictions.

*Borrowing and Trade receivables have been restated as detailed in note 1.

20 Deferred tax

	Tax losses £000	Capital allowances £000	Holiday pay £000	Timing differences £000	Intangible assets £000	Total	
						2014 £000	2013 £000
1 January	262	75	111	(128)	(867)	(547)	246
(Charge) / credit to income	112	(14)	(22)	434	8	518	(809)
Paid on distribution	–	–	–	–	–	–	114
Business acquisition	–	–	–	–	(160)	(160)	–
Foreign exchange difference	(34)	–	(3)	21	26	10	(98)
31 December	340	61	86	327	(993)	(179)	(547)

Analysis of deferred tax	2014 £000	2012 £000
Deferred tax asset	932	620
Deferred tax liability	(1,111)	(1,167)
	(179)	(547)

At the balance sheet date, the Group has unused tax losses of £1.5m (2013: £2.8m) available for offset against future taxable profits. A deferred tax asset has been recognised in respect of £1.1m (2013: £0.7m) of such losses. No deferred tax asset has been recognised in respect of the remaining £0.4m (2013: £2.1m) as it is not considered probable that there will be future taxable profits available.

No deferred tax liability is recognised on temporary differences of £4.0m (2013: £4.1m) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

Notes to the consolidated financial statements continued

21 Share capital

	2014		2013	
	Number of shares	£m	Number of shares	£m
Allotted and fully paid				
Ordinary shares of 5p each	44,562,847	2.2	44,562,847	2.2

22 Financial instruments

The principal financial assets of the Group are cash and cash equivalents and trade and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations. The principal financial liabilities are trade and other creditors that arise directly from operations, amounts owed to invoice discounters and bank loans. Further information on the Group's treasury policy and activities during the year can be found in the Finance review on pages 20 to 23.

Credit risk analysis

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Classes of financial assets – carrying amounts

	2014 £m	2013 £m
Cash and cash equivalents	7.8	5.7
Trade and other receivables	34.5	36.6

The credit risk on liquid funds is limited because the third parties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a likely reduction in the recoverability of the cash flows. The Group has no significant concentration of risk, with exposure spread over a large number of third parties and customers.

Debtors ageing and impairment losses

The age of trade receivables net of impaired debts as of the reporting date is as follows:

	2014 £m	2013 £m
0-30 days	17.2	17.8
31-60 days	10.6	11.9
61-90 days	1.7	1.6
Over 90 days	1.4	1.0
Total trade receivables (note 17)	30.9	32.3

Average debtor days during the year was 52 days (2013: 50 days).

All of the Group's trade receivables have been reviewed for indicators of impairment and a provision of £0.3m (2013: £0.2m) has been recorded accordingly.

Included in the Group's trade receivable balance are debtors with a carrying amount of £5.0m (2013: £3.9m) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2014 £m	2013 £m
Balance as 1 January	0.2	0.2
Impairment loss recognised	0.2	0.2
Impairment loss utilised	(0.1)	(0.2)
Balance at 31 December	0.3	0.2

Liquidity risk analysis
The Group's funding strategy is to ensure a mix of financing methods offering flexibility and cost effectiveness to match the requirements of the Group. The Group monitors its liquidity risk on an ongoing basis by undertaking cash flow forecasting procedures. In order to ensure continuity of funding, the Group seeks to arrange funding ahead of business requirements and maintain sufficient un-drawn committed borrowing facilities.

As at 31 December 2014, The Group's liabilities have contractual maturities which are summarised below:

	Current				Non-current	
	within 6 months		6 to 12 months		1 to 5 years	
	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m
Long-term bank loans	0.3	0.4	0.4	0.3	6.1	6.7
Trade and other payables	21.9	21.4	–	–	–	–
Other short-term financial liabilities	10.5	12.9	–	–	–	–
Total	32.7	34.7	0.4	0.3	6.1	6.7

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

All bank loans are on floating interest rates.

At the year end the Group had £10.2m (2013: £7.1m) of undrawn bank facilities (excluding invoice financing).

There was no loan repayment default during the year (2013: nil). At the year end past due loans were nil (2013: nil).

Market risk analysis
The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks.

Capital risk
The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt, which includes the borrowings and cash and cash equivalents disclosed in note 19 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 21 and in the Consolidated statement of changes in equity.

The board reviews the capital structure of the Group on an ongoing basis, considering the cost of capital and the risks associated with each class of capital. The Group has a target debt to debtors ratio of 25%. In 2014 this ratio was 32% (2013: 47%). The Board closely monitor the level of borrowings.

Notes to the consolidated financial statements continued

22 Financial instruments continued

Debt to debtors ratio

	2014 £m	2013 £m
Total net borrowing	9.8	15.2
Trade receivable	30.9	32.3
Debt to debtors ratio	32%	47%

Gearing ratio

	2014 £m	2013 £m
Gross borrowings	17.6	20.9
Less: Cash and cash equivalents	(7.8)	(5.7)
Net debts	9.8	15.2
Equity attributable to company shareholders	23.9	21.6
Net debt to equity ratio	41%	70%

Foreign currency risk

Most of Empresaria Group plc's transactions are carried out in pounds sterling. Most of the subsidiary companies transactions are carried out in the local currency of their respective countries. Exposures to currency exchange rates arising from the overseas sales and purchases are minimal.

To mitigate the Group's exposure to foreign currency risk, non-UK pound cash flows are monitored and if applicable, forward exchange contracts are entered into in accordance with the Group's risk management policies. Generally, Empresaria's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

During the year ended 31 December 2014 no forward exchange contracts were entered into (2013: nil).

The Group's main currency exposure is on the translation of subsidiaries results into pound Sterling. The Group does not hedge this exposure. There is an element of natural hedge by having operations in different countries. The amount of currency retranslation loss recognised in equity was £1.0m (2013: £1.2m).

The carrying amounts of the Group's significant non-sterling denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2014 £m	2013 £m	2014 £m	2013 £m
Euro	16.1	15.5	18.5	18.8
Japanese Yen	3.3	3.0	2.9	2.2
Chilean Peso	3.0	3.9	1.2	1.8
Indonesian Rupiah	1.9	1.9	1.0	0.8
USD	0.4	2.0	–	–

Sensitivity analysis

A 10% strengthening of pound sterling against the following currencies would have (decreased) / increased equity and the income statement by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2014					2013				
	Euro £m	Japanese Yen £m	Chilean Peso £m	Indonesian Rupiah £m	USD £m	Euro £m	Japanese Yen £m	Chilean Peso £m	Indonesian Rupiah £m	USD £m
Net result for the year	(0.4)	(0.1)	–	–	(0.1)	(0.2)	(0.1)	–	(0.1)	(0.2)
Equity	(1.3)	(0.2)	(0.3)	(0.3)	(0.1)	(1.4)	(0.3)	(0.3)	(0.3)	(0.2)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of Empresaria's exposure to currency risk.

Interest rate risk

The Group manages its interest rate risk through a combination of cash pooling, shareholder funding and borrowing. Management monitors movements in interest rates to determine the most advantageous debt profile for the Group. At 31 December 2014, Empresaria is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates. For further information see note 19.

	2014	2013
Effective interest rate on borrowings in the year	3.4%	3.4%

An increase of 100 basis points in interest rates would have decreased equity and the income statement by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Interest rate

	2014 £m	2013 £m
Net result for the year	(0.2)	(0.2)
Equity	(0.2)	(0.2)

Fair value

The carrying value of all financial instruments equates to fair value.

23 Financial commitments

Operating leases

	Motor vehicles (office)		Land and buildings (office)		Employee accommodation	
	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m
Total minimum operating lease payments due:						
Within one year	0.5	0.4	1.2	1.3	0.3	0.4
One to five years	0.5	0.4	1.1	1.7	–	–
After five years	–	–	0.1	0.2	–	–
	1.0	0.8	2.4	3.2	0.3	0.4

Notes to the consolidated financial statements continued

24 Dividends

	2014 £m	2013 £m
Amount recognised as distribution to equity holders in the period:		
Final dividend for the year ended 31 December 2013 of 0.35 pence (2012: 0.35 pence) per share	156	156
Proposed final dividend for the year ended 31 December 2014 is 0.70 pence (2013: 0.35 pence) per share	312	156

The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

25 Contingent liabilities

Contingent consideration

Various contingent consideration payments have been deemed probable at 31 December 2014 totalling £0.5m (2013: £0.4m) which has been recognised as a liability. The fair value of contingent consideration is accrued once it is probable that all the conditions for payment will be met.

Guarantees

Cross guarantees exist in respect of bank loans and overdrafts between all of the Group companies. Guarantees and contingencies exist in the ordinary course of business.

26 Profit of parent company

As permitted by Section 408 of the Companies Act 2006, retained earnings of the parent company are not presented as part of these financial statements. The parent Company's profit for the financial year was £2.3m (2013: £1.1m).

27 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. These transactions include intra-group management charges and net interest charges to subsidiaries, which amounted to £2.9m (2013: £2.2m) and £0.5m (2013: £0.5m), respectively.

Remuneration of key management personnel

The remuneration of directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24. Further information about the remuneration of individual directors is provided in the audited part of the Directors' remuneration report on pages 39 to 43.

	2014 £m	2013 £m
Short-term employee benefits	0.6	0.6

There were share based payment costs of £189,000 in the year (2013: £79,000) and pension contributions of £48,000 (2013: £49,000) but no other benefits in the year.

Directors' transactions

Dividends totalling £46,000 (2013: £34,000) were paid in the year in respect of ordinary shares held by the Company's directors.

Empresaria Group plc transacted with 24/7 Translations Limited for the provision of translation services. Spencer Wreford, Group Finance Director, jointly owns this company with his wife. In total the services charged were for £788 (2013: £902).

28 Share based payments

The Company operates a share option scheme for directors and senior executives. During the year options were granted as detailed below. The options are forfeited if the employee leaves the Group before the options are exercised.

	2014 Number of share options	2013 Number of share options
Outstanding at beginning of year	2,177,746	1,220,000
Granted during the year	657,408	957,746
Outstanding at the end of the year	2,835,154	2,177,746

All the options have a zero cost exercise price. The total aggregate fair value of the options granted is £750,000. In 2013 a total expense of £189,000 (2013: £79,000) was recognised in the income statement. Cumulatively to the end of December 2014, the total amount expensed for the above options is £338,000. The fair value was estimated using a Black-Scholes model for the EPS element and a Monte Carlo model for the total shareholder return element. Details of the performance conditions can be found in the Directors' remuneration report on pages 39 to 43.

The inputs into these models are as follows:

	Award in 2014	Award in 2013	Award in 2011
Share price at date of grant	54p	35p	25p
Weighted average exercise price	Nil	Nil	Nil
Expected volatility	43.7%	45.0%	46.5%
Expected life	4 years	3.5 years	3.5 years
Risk-free rate	1.47%	1.2%	1.0%
Expected dividend yields	0.65%	1.0%	1.5%
Vesting dates	March 2018	March 2017	March 2015

The expected volatility is determined from the daily log normal distributions of the Company share price over a period equal to the expected holding period calculated back from the date of grant. The risk free rate was the zero coupon bond yield derived from UK government bonds at the date of grant, with a life equal to the expected holding period.

29 Events after the balance sheet date

In 2014 we entered into sale agreements to dispose of GiT in Czech Republic and Metis in Malaysia. The completion of these transactions took place during the first two months of 2015. We have recognised a £0.1m provision for the expected loss on disposal of these businesses. The underlying disposals were at nil gain or loss with the provision relating to the recycling of the cumulative currency reserve required on a disposal

Independent auditor's report to the members of Empresaria Group plc

We have audited the parent company financial statements of Empresaria Group plc for the year ended 31 December 2014 which comprise the Parent Company Balance Sheet, the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Other matter

We have reported separately on the group financial statements of Empresaria Group plc for the year ended 31 December 2014.

Ian Smith
(Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

4 March 2015

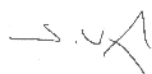
Parent Company balance sheet

	Note	2014 £m	2013 £m
Non-current assets			
Tangible assets	5	0.1	0.1
Investments	6	26.1	23.9
		26.2	24.0
Current assets			
Debtors (including amounts falling due after more than one year of £5.9m (2013: £6.2m))	7	14.6	17.5
Cash at bank		–	1.9
Creditors: amounts falling due within one year	8	(4.5)	(9.6)
Net current assets		10.1	9.8
Total assets less current liabilities		36.3	33.8
Creditors: amounts falling due after more than one year	9	(7.5)	(7.3)
Net assets		28.8	26.5
Capital and reserves			
Called up share capital	10,11	2.2	2.2
Share premium account	10	19.4	19.4
Merger reserve	10	0.9	0.9
Other reserves	10	0.5	0.3
Equity reserve	10	(0.2)	(0.2)
Profit and loss account	10	6.0	3.9
Shareholders' funds	10	28.8	26.5

These financial statements of Empresaria Group plc (Company registration number 03743194) were approved by the Board of Directors and authorised for issue on 4 March 2015.

Signed on behalf of the Board of Directors

Joost Kreulen
Director



Spencer Wreford
Director

Notes to the parent Company financial statements

1 Basis of preparation and significant accounting policies

The financial statements are for the twelve months ended 31 December 2014. They have been prepared in accordance with applicable United Kingdom accounting standards. The financial statements have been prepared under the historical cost convention.

These financial statements are presented in Pounds Sterling (£).

The accounting policies have been applied consistently throughout the period for the purposes of preparation of these financial statements.

Accounting policy for the Company in the United Kingdom

The Company is currently preparing its financial statements using accounting policies consistent with "UK GAAP". Recent changes in UK accounting regulations require the Company to adopt FRS 101 or FRS 102 for the accounting year starting from 1 January 2015. The transition date for the purpose of preparing prior year comparative will be 1 January 2014.

The Company has decided that it will adopt FRS 102 from the year starting 1 January 2015. The first annual financial statements under the new FRS 102 will be published for the year ended 31 December 2015 and the prior year comparative from 1 January 2014 will be published along with those financial statements.

Going concern

Details of going concern are given in note 1 to the Group accounts.

Foreign currencies

(i) Monetary assets and liabilities

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the year end. Exchange rate differences are dealt with through the income statement.

(ii) Hedges of net investments in foreign operations

Any gain or loss on the hedging instrument relating to the effective portion of net investment hedge is recognised in equity in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gain and losses deferred in the foreign currency translation reserve are reclassified to profit or loss on disposal of the foreign operation.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and equipment: between one and five years.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Fixed asset investments

The Company's investments in shares in Group companies are stated at cost less provisions for impairment. Any impairment is charged to the income statement as it arises.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

Pension costs are charged to the income statement and solely relate to contributions made to staff personal pension schemes. Contributions to the scheme are charged to the income statement as they become due for payment.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2 Profit for the year

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own income statement for the year. The Company reported a profit after tax for the financial year ended 31 December 2014 of £2.3m (2013: £1.1m).

3 Directors and employees

	2014 £m	2013 £m
Staff costs		
Wages and salaries	1.1	1.0
Social security costs	0.2	0.1
Share based payments	0.2	0.1
	1.5	1.2

	2014 Number	2013 Number
Average monthly number of persons employed (including directors)	14	14

Pension contributions made in the year were £57,046 (2013: £49,827).

Details of Directors' remuneration are given on pages 39 to 43.

4 Dividends

During 2014 Empresaria Group plc paid a dividend of £0.2m to its equity shareholders (2013: £0.2m). This amounted to 0.35 pence per ordinary share (2013: 0.35 pence).

A final dividend is proposed for the year ended 31 December 2014 of 0.70 pence per ordinary share (2013: 0.35 pence). The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. If approved, the dividend will be paid on 23 June 2015 to members registered on 23 May 2015.

Notes to the parent Company financial statements continued

5 Tangible assets

The following table shows the significant additions and disposals of property, plant and equipment.

	Fixtures, fittings and equipment £m
Cost	
At 1 January 2014	0.6
Additions	–
At 31 December 2014	0.6
Accumulated depreciation	
At 1 January 2014	0.5
Charge for the year	–
At 31 December 2014	0.5
Net book value	
At 31 December 2013	0.1
At 31 December 2014	0.1

6 Investments held as fixed assets

	Shares in subsidiary undertakings £m	Total £m
Cost		
At 1 January 2014	29.8	29.8
Additions	2.2	2.2
Disposals	–	–
At 31 December 2014	32.0	32.0
Impairment		
At 1 January 2014	5.9	5.9
At 31 December 2014	5.9	5.9
Net book value		
At 31 December 2013	23.9	23.9
As 31 December 2014	26.1	26.1

Investments comprise of the following principal subsidiary companies:

Company	Class of share held	2014 Effective % holding	Country of Incorporation
Ball and Hoolahan Limited	"A" Ordinary	75	UK
FastTrack Management Services Limited*	"A" Ordinary	75	UK
Greycoat Placements Limited*	"A" Ordinary	90	UK
LMA Recruitment Limited*	"A" Ordinary	63	UK
Mansion House Recruitment Limited *	"A" Ordinary	58	UK
McCall Limited*	"A" Ordinary	82	UK
Reflex HR Limited *	"A" Ordinary	84	UK
Teamsales Limited *	"A" Ordinary	95	UK
The Recruitment Business Limited*	"A" Ordinary	80	UK
Headway Holding GmbH	Ordinary	100	Germany
Interactive Manpower Solutions Private Limited*	Equity Share	71	India
Mediradix Oy*	Ordinary	96	Finland
Learning Resources	Shares	51	Indonesia
Marketing y Promociones S.A. 'Alternattiva'	Common	56	Chile
Monroe Consulting Group	"A" Ordinary	80	Indonesia
Monroe Recruitment Consulting	Ordinary	70	Thailand
Skillhouse Staffing Solutions K.K.	Ordinary	90	Japan
The Recruitment Business Pty Limited	Ordinary	80	Australia
Empresaria Intelligence HR Consultants*	Ordinary	100	China
FINES KK	Ordinary	51	Japan
Beresford Wilson and Partners FZ-LLC	Ordinary	51	UAE

* These companies are directly held by Empresaria Group plc. The remaining investments are indirectly held. The percentage shown is as at 31 December 2014.

The nature of each investment is the provision of staffing services and each entity operates in its country of incorporation.

Notes to the parent Company financial statements continued

7 Debtors

	2014 £m	2013 £m
Amounts owed by group undertakings (including amounts falling due after more than one year of £5.9m (2013: £6.2m))	13.8	16.0
Other debtors	0.3	0.2
Prepayments and accrued income	0.5	1.3
	14.6	17.5

8 Creditors: amounts falling due within one year

	2014 £m	2013 £m
Bank overdraft and loans due within one year	3.3	7.3
Trade creditors	0.1	–
Amounts owed to subsidiary undertakings	0.1	1.0
Deferred consideration and other creditors	0.2	0.5
Accruals	0.8	0.8
	4.5	9.6

Other creditors include a finance lease of £Nil (2013: £Nil).

9 Creditors: amounts falling due after more than one year

	2014 £m	2013 £m
Loan from subsidiary undertakings	1.4	0.2
Bank loans	6.1	7.1
	7.5	7.3

The bank loans include a revolving credit facility and a term loan of £0.8m which both expire in 2016. The bank loans are secured by a first fixed charge over all book and other debts given by the Company and certain of its subsidiaries. Interest rates vary over the term of the loan. In 2014, interest was payable at 2.0% over UK base rate on the term loan and 2.0% over EURIBOR on the revolving credit facility.

The interest rate on the UK bank overdrafts was fixed during the year at rates up to 1.0% above applicable currency base rates.

	2014 £m	2013 £m
Bank loans		
Repayable within one year	0.6	0.6
Repayable between one and two years	6.1	0.6
Repayable between two and five years	–	6.5
	6.7	7.7

10 Reconciliation of movements in shareholders' funds

	2014							2013
	Share capital £m	Share premium £m	Merger reserve £m	Other reserve £m	Equity reserve £m	Profit and loss account £m	Total Shareholders' funds £m	Total Shareholders' funds £m
Profit for the financial year	–	–	–	–	–	2.3	2.3	1.1
Dividend paid	–	–	–	–	–	(0.2)	(0.2)	(0.2)
Movement in share options	–	–	–	0.2	–	–	0.2	0.3
Net (reduction) / addition to shareholders' funds	–	–	–	0.2	–	2.1	2.3	1.2
Opening shareholders' funds	2.2	19.4	0.9	0.3	(0.2)	3.9	26.5	25.3
Closing shareholders' funds	2.2	19.4	0.9	0.5	(0.2)	6.0	28.8	26.5

11 Called up share capital

	2014		2013	
	Number of shares	£m	Number of shares	£m
Allotted and fully paid				
Ordinary shares of 5p each	44,562,847	2.2	44,562,847	2.2

The Company has one class of ordinary share which carries no rights to fixed income. All ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

During the years ended 31 December 2014 and 31 December 2013 no ordinary shares were issued.

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Spencer Wreford

Anthony Martin

Penny Freer

Zach Miles

Secretary

Spencer Wreford

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Company registration number

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