Empresaria Group plc

Annual Report & Accounts 2015

An international **specialist staffing** group.

Balanced and **diversified** by geography and sector.

Empresaria Group plc

Empresaria is an international specialist staffing group, with a strategy to develop leading brands within our sector expertise and to be diversified and balanced across geographies and sectors. The Group follows a multi-branded business model to address global talent and skills shortages.

The Group operates in 18 countries across three primary geographic regions: UK, Continental Europe and Rest of the World. We are organised across six sectors, with each brand being a specialist in their niche market within our broad sector categories. The brand's specific expertise and knowledge of their market enables them to understand the needs of clients and candidates alike, allowing them to attack the market vertically rather than horizontally. Our spread of operations minimises the dependence on any single market, so reducing the impact from market fluctuations and other external factors. We are focused on growth markets, whether this is country or sector based.

The Group has three main service lines, temporary recruitment, permanent recruitment and offshore recruitment services. Overall we like to have a bias for temporary recruitment which is generally expected to be more stable throughout the economic cycle, but this also depends on the maturity of the staffing sector in each country, with less mature markets focused purely on permanent sales. We target professional and specialist job levels where our brands can offer a higher value added service 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 owning shares 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.

19 Brands

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6 Key sectors

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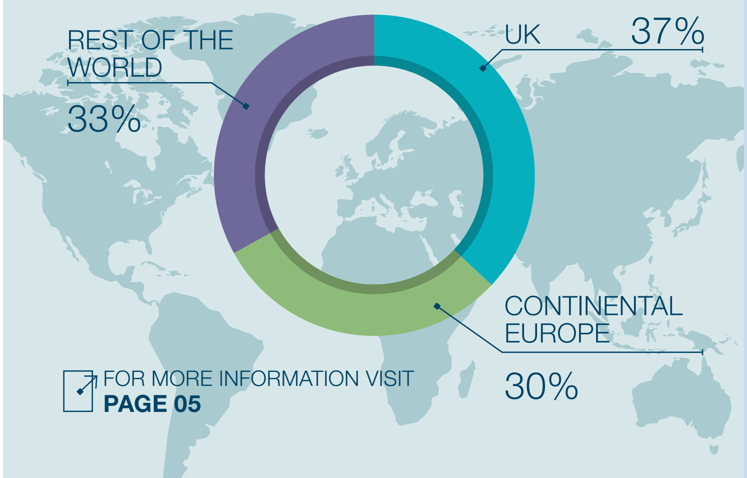
3 Regions



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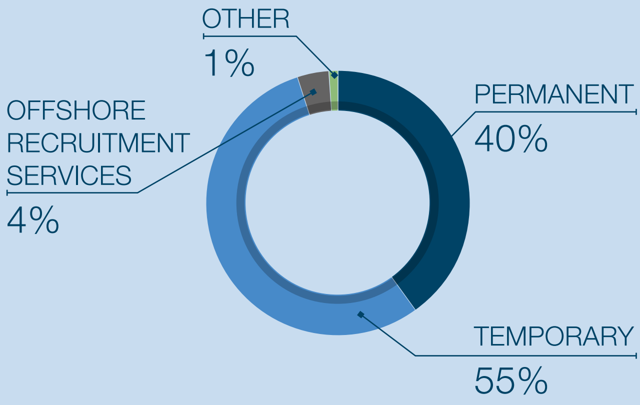
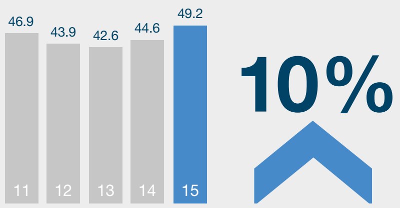
3 Service lines



Financial highlights

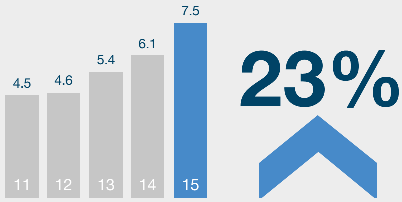
NET FEE INCOME (£M)

£49.2m (2014: £44.6m)



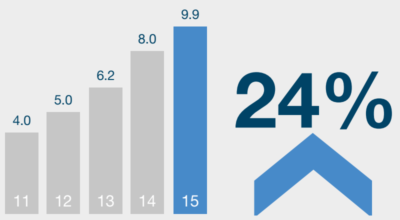
ADJUSTED PROFIT BEFORE TAX (£M)

£7.5m (2014: £6.1m)



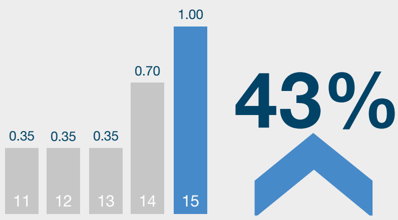
ADJUSTED DILUTED EPS (P)

9.9p (2014 8.0p)



DIVIDEND GROWTH

1.00p (2014: 0.70p)



Operating highlights

- Revenue of £187.3m down 0.3% due to negative currency impacts and a reduction in lower margin work
- Net fee income up 10% on prior year
- Ten consecutive quarters of net fee income growth
- Conversion ratio increases to 16.3% from 14.7%
- Operating profit up 19% to £7.6m
- Profit before tax up 20% to £7.1m
- Diluted earnings per share up 24% to 9.9p
- Continued strength in German performance
- Strong growth of Offshore Recruitment Services from India
- Successful integration of investments made in 2014
- Net debt reduced by 26% to £7.3m
- Second brand launches in UAE
- Investment in October 2015 in USA based professional healthcare staffing company
- 16% increase in average number of staff

Contents

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.

Chairman's statement

'The Group has delivered another period of strong profit and earnings per share growth'

It has been an important year in the Group's development as we delivered a record profit, developed the organic investments made in 2014, invested in new staff across our brands and issued new equity to fund the purchase of a high quality business operating in the USA healthcare sector, which also brought new investors onto the shareholder register.

The Group again delivered strong growth in profit and earnings per share in 2015, despite the continued impact of foreign exchange. This currency issue and our strategy of reducing our exposure to low margin, high volume business in the Technical & Industrial sector meant Group revenue remained broadly flat at £187.3m (2014: £187.9m). However, net fee income grew 10% to £49.2m (2014: £44.6m) as permanent recruitment sales were up 28% year on year. Net fee income from temporary recruitment was down 1.5%, due to a 3.5% reduction in sales, partially offset by improved margins of 16.7% (2014: 16.3%). Permanent sales, including the Offshore Recruitment Services ('ORS') business, now account for 45% of net fee income (2014: 38%).

Operating profit grew by 19% to £7.6m (2014: £6.4m), with costs being carefully managed to help the conversion ratio improve to 16.3% (2014: 14.7%). Interest costs were level with the prior year, resulting in profit before tax increasing 20% to £7.1m. On an adjusted basis, excluding amortisation, exceptional items and profit or loss on disposal of businesses, operating profit of £8.0m was up 21% on prior year and profit before tax was £7.5m, up 23%.

Diluted earnings per share grew by 24% to 9.3p in line with our vision to deliver sustainable growth in earnings per share. On an adjusted basis it grew by 24% to 9.9p, increasing for the fourth year in a row.

Trading summary £'m	**2015**	**2014**	**% change**	**% change constant currency****
Revenue	187.3	187.9	(0.3%)	3%
Net fee income	49.2	44.6	10%	16%
Operating profit	7.6	6.4	19%	29%
Profit before tax	7.1	5.9	20%	30%
Adjusted operating profit*	8.0	6.6	21%	30%
Adjusted profit before tax*	7.5	6.1	23%	44%

* 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 2014 results at the 2015 exchange rates.

ADJUSTED PROFIT BEFORE TAX

£7.5m

(2014: £6.1m)

23%

We have made further progress in reducing our debt whilst also continuing to invest in the business. During the year the Group generated £7.6m of cash from operations which helped reduce our net debt from £9.8m to £7.3m. This includes the new term loan taken out in October to help fund the purchase of Pharmaceutical Strategies in the USA. This means we have achieved our target of a 'debt to debtors' ratio of no more than 25%, with the ratio dropping to 23% this year. This is a great achievement and demonstrates the improving financial strength of the Group.

INVESTMENTS

Underpinning our strategy is our focus on investing in our existing brands, to help develop them to build long-term sustainable profit streams. Complementing this, we evaluate external investment opportunities to accelerate the growth of the Group and increase our presence in sectors where we feel we are under-represented.

In line with our strategy, in October we purchased Pharmaceutical Strategies (PS), a healthcare staffing firm operating from Boston and servicing clients throughout the USA. PS specialises in providing qualified pharmacists and nurses to the healthcare sector, in particular to the Pharmacy Benefit Management companies. This sector is undergoing high growth rates due to the implementation of the Affordable Care Act and we see good prospects for the business over the medium-term. This investment also takes the Group into a new geography and provides a base for other brands to use if they want to enter the USA market. We have been pleased at how quickly it has integrated into the Group.

PEOPLE

The Group has a stable and experienced Board which is working hard to deliver growth, reduce risk and improve our long-term financial performance, which in turn leads to higher shareholder returns.

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. At the end of the year we had 42 management shareholders, owning shares in different Group companies. We expect to increase this number during 2016.

The success of the Group is testament to the hard work and commitment of our staff and the Board would like to thank every individual for their contribution to the business. I have visited a number of our brands over the last year and have been impressed by the dedication and hard work I have seen from our staff.

GOVERNANCE

We have the right system of Governance in place to deliver on our vision and ensure there is a sustainable profitable future.

The Group adopts high standards of corporate governance which we believe is a core requirement for a successful business operating a decentralised model across different regions and 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.

The values and culture of the Group, which is based on shared ownership and true operational autonomy for brand managers, are key to our long-term growth prospects. As the Group continues to grow and operate in more countries the Board pays particular attention to maintaining this strong operating philosophy and it is reinforced during our leader's conference, last held in 2015 in Oman.

DIVIDEND

The Board has reviewed the dividend in the light of the positive trading result, stronger balance sheet and reduction in total debt. The Board intends to follow a progressive dividend policy in line with trading performance and for the year ending 31 December 2015 the Board has proposed a final dividend of 1.0p per share (2014: 0.7p per share) which, if approved by shareholders at the Annual General Meeting, will be paid on 31 May 2016 to shareholders on the register on 6 May 2016.

OUTLOOK

The Group has delivered another period of strong profit and earnings per share growth, driven by our focused growth strategy. We are confident that 2016 will be another year of growth with the Group benefiting from both the investments made in its existing brands and the purchase of Pharmaceutical Strategies.

Despite wider market uncertainties at the start of the year we see exciting opportunities to develop our network. We are committed to growing the business to drive increased profits and enhanced shareholder value. We look forward to the year ahead with confidence.

Anthony Martin
Chairman

1 March 2016

Group at a glance

19 brands, 6 key sectors in 3 geographic regions

TECHNICAL & INDUSTRIAL

NET FEE INCOME

£21.5m

(2014: £20.8m)

BRANDS

IT, DIGITAL & DESIGN

NET FEE INCOME

£9.2m

(2014: £7.2m)

BRANDS

PROFESSIONAL SERVICES

NET FEE INCOME

£6.2m

(2014: £5.1m)

BRANDS

RETAIL

NET FEE INCOME

£3.4m

(2014: £3.2m)

BRANDS

EXECUTIVE SEARCH

NET FEE INCOME

£3.1m

(2014: £2.6m)

BRANDS

HEALTHCARE

NET FEE INCOME

£1.7m

(2014: £1.5m)

BRANDS

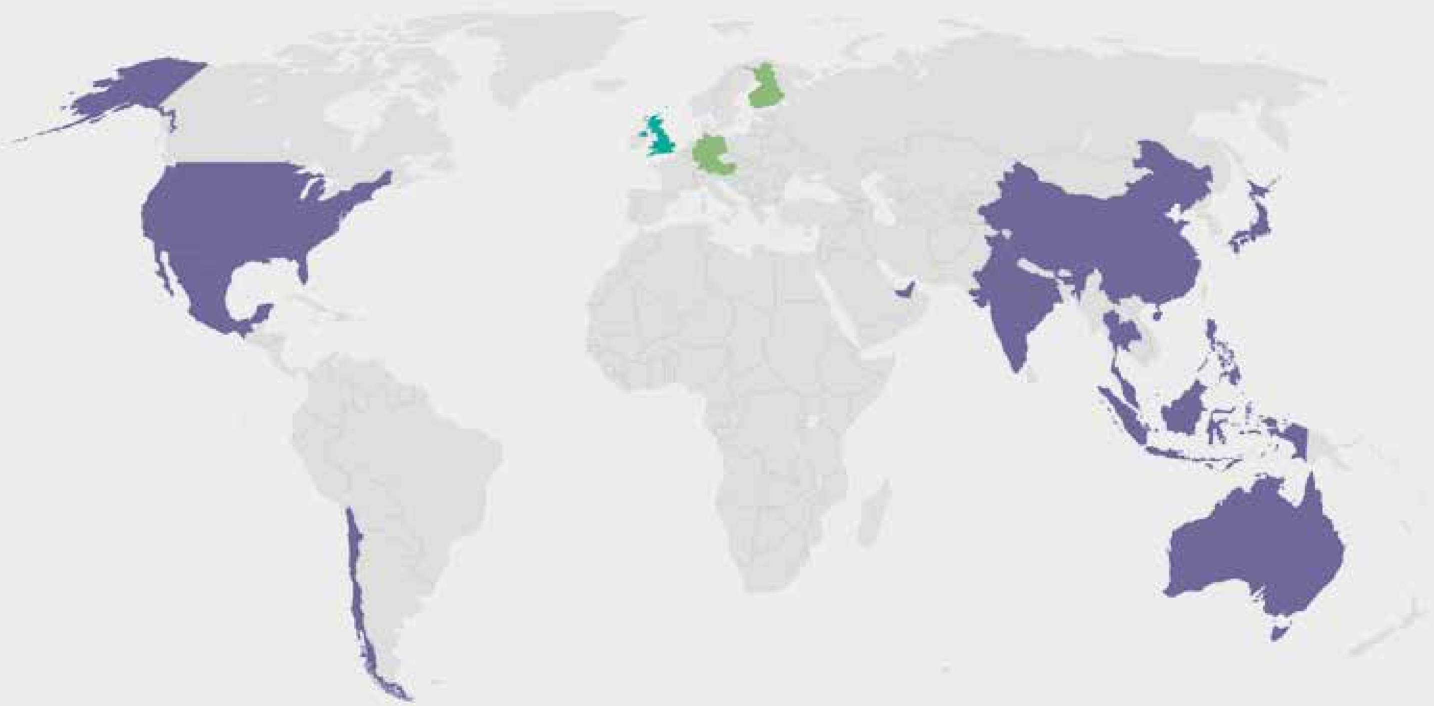
OTHER

NET FEE INCOME

£4.1m

(2014: £4.2m)

BRANDS



UNITED KINGDOM

NET FEE INCOME

£18.4m

(2014: £15.9m)

BRANDS

BECOME · FASTTRACK
REFLEX · LMA
MANSION HOUSE
TEAMSALES
GREYCOAT · McCALL
BALL AND HOOLAHAN

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CONTINENTAL EUROPE

COUNTRIES OF OPERATION:

GERMANY · AUSTRIA
FINLAND

NET FEE INCOME

£14.5m

(2014: £15.0m)

BRANDS

HEADWAY · MEDIRADIX

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REST OF THE WORLD

COUNTRIES OF OPERATION:

JAPAN · INDONESIA · INDIA
AUSTRALIA · CHILE · UAE · USA
THAILAND · SINGAPORE · CHINA
HONG KONG · PHILIPPINES
MALAYSIA · MEXICO

NET FEE INCOME

£16.3m

(2014: £13.7m)

BRANDS

SKILLHOUSE · FINES
BECOME · MONROE · LEARNING
RESOURCES · IMS · BW&P
PHARMACEUTICAL STRATEGIES
ALTERNATTIVA · McCALL

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Multi-branded **business model**

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.

To succeed we need to align our resources behind our strategic priorities. We depend on our staff to develop relationships with clients and candidates, helping to get people working through their in-depth knowledge of their markets. Our structure provides people with the freedom to run their business, supported by a focused central team.

RESOURCES & RELATIONSHIPS

FINANCIAL
Our ability to invest in the business.

PEOPLE
The skills and expertise of our staff.

BRAND REPUTATION
Our brands are experts in their markets.

VALUES
Our decentralised structure with operational autonomy for managers

NETWORK
Our brands are servicing clients and candidates across the world.

TECHNOLOGY
Our ability to connect with clients and candidates.

HOW WE GENERATE REVENUE

We focus on what we know best with 99% of our business from recruitment services.

PERMANENT RECRUITMENT
(40% 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
(55% 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.

OFFSHORE RECRUITMENT SERVICES
(4% of net fee income)

A range of recruitment services are provided to clients from an offshore centre.

OTHER SERVICES
(1% of net fee income)

We also provide Training services in South East Asia.

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. Our decentralised structure and entrepreneurial culture enables managers to run their businesses effectively and react to local opportunities.

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.

INVESTING IN THE FUTURE

We operate with a consistent business model and strategy, focused on growth. We target profit growth rather than simply revenue generation, with the quality of earnings important, so helping create sustainable long-term shareholder value.

If we provide a good service to our clients and candidates it will help us to deliver profits, which creates value for shareholders and allows us to reinvest in the business to benefit more clients and candidates.

We make a direct social and economic contribution in the countries we operate in, helping people to find work, to develop their careers and support their families and through tax payments and use of local suppliers.

STRATEGIC FOCUS

DEVELOP LEADING SPECIALIST BRANDS WITH SECTOR EXPERTISE

We invest in our brands to ensure they have sufficient scale and strength to deliver sustainable profits. Our primary focus is on professional and specialist job roles in sectors which have good long-term growth prospects.

MAINTAIN DIVERSIFICATION AND BALANCE BY GEOGRAPHY AND SECTOR

Having a spread of operations across geographies and sectors reduces the reliance on any single market and minimises the impact from market fluctuations and external shocks.

DEVELOP A SOLID FINANCIAL FOUNDATION

Having a strong financial foundation is key to delivering long-term sustainable results for the Group.

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OUTCOMES

INCREASED SHAREHOLDER RETURNS

We are delivering sustainable returns for shareholders with growth in earnings per share and a progressive dividend policy in line with trading performance.

HELPING PEOPLE FIND JOBS AND DEVELOP THEIR CAREERS

We help people to find work so they can provide for their families and develop their skills and experience.

DEVELOP SUSTAINABLE BRANDS WITH STRONG REPUTATION

By providing a quality value added service to our clients and candidates we enhance our brand reputation which should help generate repeat and new business.

REWARDING CAREERS FOR STAFF

Our culture and values allow staff to develop and flourish, so they can reach their own goals and improve their careers.

SUPPORTING LOCAL BUSINESS

We help businesses find the workers they need to meet their goals.

FINANCIAL RETURNS

Growth in profit and cash-flow allow us to invest in the future of the business.

INVESTING IN THE FUTURE

Market drivers that shape our strategy

The key drivers for the Group's strategy include economic activity, population growth and urbanisation, talent shortages and access to staff. These are explained below.

INDUSTRY OPPORTUNITIES AND CHALLENGES

Talent shortages	Advances in technology & disruptive business models
Flexible working practices	Market regulations

MACRO-ECONOMIC AND SOCIAL DRIVERS

Economic growth	Population size
Market size and specialisation	Urbanisation
Competition for talent – global markets	Growth of the middle classes in emerging markets

OUR STRATEGIC RESPONSE

Develop leading brands which are specialists in their markets	Diversified and balanced by geography and sector
Focus on professional & specialist job roles	Focus on key economic centres
Focus on sectors with long-term growth prospects	Mix of established and emerging markets

INDUSTRY OPPORTUNITIES AND CHALLENGES:

The level of regulation in the market indicates how sophisticated it is, with higher regulations generally creating a bigger staffing industry. This is illustrated by the temporary penetration rate, which represents the number of agency workers in a country as a percentage of the total working population. Regulations generally provide better working conditions and so encourage workers away from unofficial employment, which helps to develop the staffing industry.

Talent shortages exist in key sectors that we operate in such as Engineering, Healthcare and IT, as there are insufficient workers with the necessary skills due to either technological advances or growth from emerging markets fuelling demand. This will increase the globalisation of the workforce in these sectors and the need for specialist recruiters to be able to source the best talent available. There is also an expected reduction in the number of low skilled jobs in the future, with half of US jobs predicted to be at risk of being computerised over the next two decades according to 'The Future of Employment: How susceptible are jobs to computerisation?' by C Frey & M Osborne (2013).

There is an ongoing trend towards flexible working practices, including project based work and outsourcing. This is coming from changing candidate preferences and the need for clients to manage costs. In the established staffing markets we see an increased use of Preferred Supplier Lists (PSL) and Managed Service Providers (MSP) and with advances in technology there are new business models being developed for the industry that could change the way businesses find and hire talent in the future.

OUR OPPORTUNITY:

We have a bias towards temporary recruitment, offering workers the flexibility to work when they want or to help people get into the working environment. We expect this trend to increase and as markets get more regulated it removes any negative sentiment towards temporary working. We look to maintain a strong temporary and interim recruitment service offering. Our focus is also on professional and specialist job roles where we believe the biggest talent shortages exist and where recruitment agencies are needed to help identify hard-to-find candidates, reducing our exposure to generalist roles.

We have a fast-growing ORS business, operating out of India and providing services primarily in the USA and UK, often helping agencies that are operating under MSP arrangements and require outsourced support to meet their agreed service levels. We keep a close eye on new technologies and business models but we believe the key benefit of using a staffing agency is the expertise and knowledge they have of their market, so helping to source hard to find candidates and make the best possible match against job specifications. We encourage staff training and development across the Group and our multi-branded model develops niche sector expertise.

MACRO-ECONOMIC DRIVERS:

Staffing market 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. This dual impact means staffing markets are generally expected to grow at higher rates to country GDP.

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.

The world economy is increasingly inter-connected with businesses operating across international boundaries. Employment opportunities are following this trend with more people working outside their country of birth.

OUR OPPORTUNITY:

We have a presence in both established and emerging staffing markets. Nearly three quarters of our net fee income is derived from the UK, Germany, Japan and USA, which are four of the top five largest staffing markets in the world. The UK, Japanese and USA markets are highly developed with established staffing sectors. This provides a significant market opportunity for our brands to operate as niche market experts 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 over the medium-term. 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 and we are well positioned to benefit from this. These markets also have high growth prospects and over time as they develop and mature, this should lead to more specialisation. The PwC World in 2050 projections predict that by 2030 seven of the world's biggest 12 economies will come from emerging markets.

By developing our brands to be market leaders and with operations across 18 countries we are able to service client and candidate needs across the world. It is an important part of our strategic plans to identify opportunities for brands to cross-border their expertise and provide an international service.

SOCIAL DRIVERS:

The population size in emerging markets points to long-term growth prospects for their staffing markets as skills improve and more people require work. There is also an ongoing trend for urbanisation, leading to a concentration of workers in the key economic centres, especially in emerging markets. The UN Department of Economics and Social Affairs estimate that 1.5 million people are added to the global urban population each week. This concentration of workers to the largest cities means these cities are the main drivers of GDP growth. The Brookings Institution estimates that 50% of global GDP is generated by the 300 largest metropolitan areas.

There is also a trend for growth in the number of middle class and education levels in emerging markets, creating opportunities for growth in staffing markets to find employment opportunities for those newly entering the marketplace. The PwC analysis of OECD projections (2010) predicted that by the end of this year the size of the middle class in Asia Pacific is expected to overtake Europe and North America combined.

OUR OPPORTUNITY:

There is a significant long-term growth potential in the emerging markets coming from the size of their populations, concentration of work in large cities and increasing levels of middle class with better education levels than the previous generations. This is why we like to have a good presence in the emerging markets with a particular focus on Asia Pacific, India and Latin America. As these markets develop we will be positioned to grow with them.

In our markets we focus on the key economic centres, where we will see the best return on our investment. We do not want to have large branch networks but focus where the workers are concentrated and so where we can get the best return on our investment.

Our **strategy**

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.

OBJECTIVE

DEVELOP LEADING SPECIALIST BRANDS WITH SECTOR EXPERTISE

We invest in our brands to ensure they have sufficient scale and strength to deliver sustainable profits. They should be more financially stable during the economic cycle and will benefit from synergies in operational processes, training, systems and marketing.

Focus on professional and specialist job levels where there are the greatest talent shortages which in turn means margins are strongest. Our tailored service and sector expertise helps us to find the most suitable candidates.

Sectors with good long-term growth prospects where our niche sector expertise makes us best placed to deliver to the needs of clients and candidates.

MAINTAIN DIVERSIFICATION AND BALANCE BY GEOGRAPHY AND SECTOR

Having a spread of operations across geographies and sectors reduces the reliance on any single market and minimises the impact from market fluctuations and external shocks.

Footprint in key economic centres where there is the highest concentration of workers and business so delivering the best return on investment.

Established and emerging markets allows access to both stable mature markets and high growth emerging areas.

DEVELOP A SOLID FINANCIAL FOUNDATION

Having a strong financial foundation is key to delivering long-term sustainable results for the Group.

Funding is available to allow the Group to pursue investment opportunities.

BUY AND BUILD APPROACH

WE FOLLOW A BUY AND BUILD APPROACH TO DELIVER ON OUR STRATEGY.

BUILD

It is important that our existing brands develop and grow their profits over the long-term. Organic investment helps them to develop their services and grow scale and coverage. This is done by the following:

- Increase the headcount in an existing brand
- Add a new vertical specialism to an existing brand
- Enter a new or existing geography with an existing brand
- Start-up in a niche sector

BUY

To accelerate our growth we also look at external investments, to fill gaps in our sector or geographic coverage.

External investment is most likely 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

FINANCIAL DISCIPLINE

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 and debt to be used for working capital funding.

PROGRESS & OUTLOOK

- Net fee income from professional and specialist job roles increased to 86% (2014: 81%).
- Investment in a leading brand in the pharmacy benefit managers niche of the US healthcare market.
- Opened second brand in Dubai.
- Increased average staff numbers to 1,096 from 942.
- Increased office space for four brands to expand into in 2016.
- Divested of two non-core small brands in early 2015 (GiT in Czech Republic and Slovakia and Metis in Malaysia).

- Expanded operations to USA and strengthened presence in healthcare sector with investment in PS.
- Integrated investments and new office openings made in 2014.
- Split of net fee income by region is 37% UK, 30% Continental Europe and 33% Rest of the World, although the two single largest countries (UK and Germany) represent 65% of the Group net fee income.

From a sector perspective we are keen to increase our presence in IT, Healthcare and the Professional services sectors, which we see as having good long-term growth prospects and we are currently under-represented in.

We have made good progress in reducing our debt levels, despite the ongoing investment in the business. We delivered a record adjusted profit before tax which has helped to reduce our net debt to £7.3m at the end of the year, in line with our target of reaching a 25% debt to debtors ratio. This also represents a net debt to EBITDA ratio of 0.8.

RISKS AND KPIs

KEY RISKS

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KPIs

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KEY RISKS

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KPIs

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Chief Executive's review

'Announcing record profit levels and our largest investment for eight years is testament to the strength of our strategy of building a diversified group and developing leading brands.'

Announcing record profit levels and our largest investment for eight years is testament to the strength of our strategy of building a diversified group and developing leading brands.

We have made good progress against this strategy, with net fee income growth across all of our regions and an improved conversion ratio, helping to reduce debt levels again, down below our target ratio of 25% 'debt to debtors'.

Our purchase of Pharmaceutical Strategies ('PS') opened up a new region in the USA, further diversifying the Group geographically and at the same time strengthening our presence in the healthcare sector. PS is expected to deliver a good uplift in profit into 2016, having integrated well into the Group and is operating in a high growth market sector with good long-term prospects.

Last year we presented our five year growth plan to 2018 and we have been pleased with our progress, with improvements made in all areas. We delivered a growth in net fee income of 10% despite unfavourable currency movements (16% in constant currency), an increase in the conversion ratio to 16.3%, the fourth year of continued improvement and we reduced our 'debt to debtors' ratio from 32% to 23%, below our 25% target. This is important to enable to Group to take advantage of opportunities that arise and to be able to invest in the ongoing business. There is still more to be done but we believe we are on the right track and the Board is focused on making all of the targets a reality.

Organic growth is at the core of our business model and we have specific plans with each brand to develop them into leading brands in their sectors. However, to meet our long-term goals we also see the need to supplement our organic growth with external investments; to enter a new geography, increase our presence in an existing sector or as a bolt-on to an existing brand. We have an ongoing business development programme to identify suitable brands to join the group, where there is a fit of people and culture and where they meet our strategic priorities.

5 year Plan
2014-2018

	Target	2015	2014
Net fee income growth	10%	10%	5%
Conversion ratio	20%	16.3%	14.7%
Debt to debtors ratio	25%	23%	32%

Case study

PHARMACEUTICAL STRATEGIES

pharmaceutical strategies

In October 2015 we acquired 100% of the Pharmaceutical Strategies Group ('PS'), comprising Pharmaceutical Strategies LLC, Recruitment Strategies LLC, Medical Recruitment Strategies LLC and Recruitment Strategies Group LLC.

www.pharmaceuticalstrategies.com

NET FEE INCOME GROWTH:
2014 TO 2015 =

53%

The PS Group is based in Stoneham, Massachusetts, just outside Boston, from where it services clients across the whole of the USA with a team of 19 staff. PS has a strong presence in the Pharmacy Benefit Management ('PBM') sector of the healthcare market. The PBM sector has seen rapid growth in recent years following the adoption of the Affordable Care Act, which is reforming the healthcare system by providing more Americans with affordable quality health insurance. The obamacarefacts.com website identifies that 32 million Americans will be able to afford health care who could not get it before. Under the adoption of the Act 95% of Americans would be insured. In 2013 over 15% were without insurance. The growth in the healthcare market is also being driven by an ageing population, increasing levels of obesity and the positive economic conditions over the last 5 years. These factors are forecast to drive increased demand for staffing in the healthcare sector into the mid-term.

PBM companies serve as the middlemen between insurance companies, pharmacies and manufacturers to secure lower drug costs for insurers and insurance companies. Since drug costs have been steadily increasing over the years, insurance companies have been relying more on PBM companies to control costs. The US Department of Health and Human Services projects growth in healthcare expenditure to average 5.8% per annum between 2014 and 2024. The PBM companies collectively bring in almost $300 billion in revenues each year and engage more than 210 million Americans through their services (source: Wall Street Journal).

PS provides qualified pharmacists and pharmacist technicians to the PBM companies, primarily to assist in call centres dealing with questions from doctors and individuals about which drugs are available on specific client health plans or what would be available on a change of plan. They also provide pharmacists, pharmacist technicians, nurses, and other healthcare professionals to hospitals, speciality pharmacies, dispensing facilities, long-term care centres and in-home healthcare providers.

PS currently provide temporary staff across the country and estimate that they have a relationship with 70% of the PBM market.

PS represents a good strategic fit to Empresaria, by bolstering our presence in the high growth healthcare sector and further diversifying the Group geographically, with an entry into the US market. PS is a temporary recruitment business focused on professional and specialist roles, so is complementary to our focus of building a temporary recruitment bias and operational mix. In line with our management equity business model, the CEO of PS is remaining with the business and is tied in with second generation equity incentive.

United **Kingdom**

£'m	2015	2014	2013
Revenue	62.7	65.8	70.7
Net fee income	18.4	15.9	15.8
Adjusted operating profit	2.2	2.2	2.1
% of Group net fee income	37%	35%	37%
Average number of employees	224	197	197

OVERVIEW

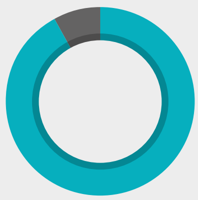
In the UK revenue declined by 5% due to the deliberate move away from low value work in the Technical & Industrial sector. The lower paid end of this sector has been heavily impacted by changes in legislation, with false self-employment legislation implemented in April 2014 and new travel and subsistence rules in place from April 2016. Our approach to transition away from the generalist market and to increase our presence in professional and specialist roles has helped offset the impact of this to a certain extent, but there has been a short-term profit impact with a lower contribution from this sector in 2015. Excluding this sector there was revenue growth of 27%, with a particularly strong result from the Professional services area, helped by improved conditions in the banking sector and ongoing growth within the HR and Secretarial areas. We enjoyed a full contribution from Ball and Hoolahan, acquired in December 2014. This business has been successfully integrated into the Become group and we have clear plans to grow the brand's presence across our network over the next few years. There were also positive performances from our brands in Domestic services and Retail (new house sales).

Net fee income grew by 16% to £18.4m (2014: £15.9m), however due to the move away from the lower paid end of the Technical & Industrial sector and the associated profit reduction, there was a reduction in conversion ratio. We also saw increased costs in the last quarter from three brands moving office. Whilst this has created space for future expansion there is an increase in rent costs and one-off moving costs. Overall there was an increase in average staff numbers of 27 with 224 in 2015 (2014: 197) as we continue to invest in the future growth.

% NET FEE INCOME BY SECTOR

% NET FEE INCOME BY SERVICES

% NET FEE INCOME BY JOB LEVELS



Brands:

Continental **Europe**

£'m	2015	2014	2013
Revenue	75.2	76.8	76.9
Net fee income	14.5	15.0	13.9
Adjusted operating profit	3.9	3.2	1.8
% of Group net fee income	30%	34%	33%
Average number of employees	123	132	155

OVERVIEW

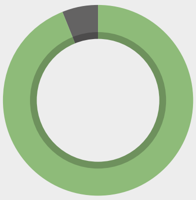
Continental Europe again delivered strong growth in profit, up over 100% in the last two years. This is due to the Headway business in Germany and Austria, where revenue growth (14% in local currency) is coupled with a more appropriate cost base, to deliver growth in adjusted operating profit of 28% in local currency. The German economy has grown in 2015, business confidence remains positive and we expect this to continue in 2016.

Our healthcare business in Finland is making good progress with its move away from an import model (reliant on Estonian staff working in Finland) to a local model (growth coming from Finnish staff). Costs were removed with the closure of a physical presence in Estonia and whilst we will continue to place Estonian workers we expect the mix to be in favour of Finnish by the end of 2016. The local economic conditions remain weak but we are pleased with the progress being made by the management team.

Due to the weak performance of the Euro, currency rates have negatively impacted on the reported results for the region, with profit growth being £0.3m higher in constant currency.

In line with our strategy to exit businesses without strong growth prospects, we finalised the exit of our loss making GiT business operating in Czech Republic (disposal) and Slovakia (closed down).

% NET FEE INCOME BY SECTOR

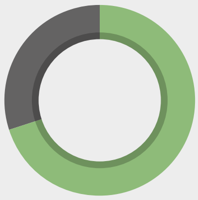


94% Technical & industrial
6% Healthcare

% NET FEE INCOME BY SERVICES

2% Permanent
98% Temporary

% NET FEE INCOME BY JOB LEVELS



70% Professional & specialist
30% General

Brands: headway people. passion. possibilities. mediradix

Rest of the **World**

£'m	2015	2014	2013
Revenue	49.4	45.3	46.8
Net fee income	16.3	13.7	12.9
Adjusted operating profit	1.9	1.2	2.1
% of Group net fee income	33%	31%	30%
Average number of employees	749	613	509

OVERVIEW

Following investment in 2014, we have seen a marked improvement in profit in the year with the new offices all delivering improved contributions this year. There were mixed performances across the region, with the established markets in Japan and Australia both performing well, as well as good results coming in particular from Thailand, Chile and India.

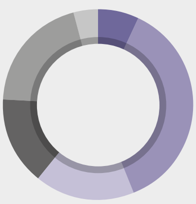
In India, our Offshore Recruitment Services business has seen significant growth, with staff numbers at the end of the year up 65% on the prior year. The plan to open a third office in 2016 was brought forward due to high demand, opening in November 2015 so they now operate out of three offices in Ahmedabad. This business mainly services clients in the USA and UK, with a primary focus on the IT and Healthcare sectors in each respective market. We see good opportunities for continued growth in 2016.

We also now have a direct presence in the USA with the purchase of Pharmaceutical Strategies in October 2015. Based in Boston, Massachusetts, they supply qualified pharmacists to the high-growth healthcare sector. According to the US Department of Health and Humans Services, healthcare expenditure is expected to grow at an average rate of 5.8% between 2014 and 2024. This growth is driven by increased demand from the implementation of the Affordable Care Act, an ageing population, rising obesity levels and good economic conditions.

Market conditions in South East Asia and China have been mixed. In Indonesia we have seen business confidence dented by worsening economic conditions. Our Executive search business saw slightly lower profit levels and our training business has been restructured to reflect their lower sales level. The majority of this programme has been completed in the year and the management team has been strengthened so we expect a marked improvement in bottom line performance in 2016. In Thailand we have seen strong growth and there have been improved performances also in the Philippines, Malaysia and Singapore. China is going through a high profile rebalancing of their economy. We only have a small presence in China, which has been restructured and rebranded to the successful executive search brand Monroe Consulting. We see good prospects moving into 2016, with a greater emphasis on Chinese clients rather than relying on multinational companies.

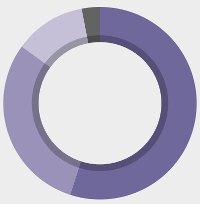
In January 2015 we sold our small stand-alone brand in Malaysia to management. We now operate in that market through our established Monroe Consulting brand which is making good progress.

% NET FEE INCOME BY SECTOR



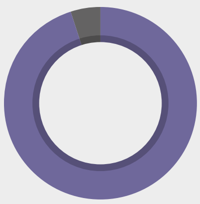
- 7% Professional services
- 37% IT, digital & design
- 17% Technical & industrial
- 15% Retail
- 20% Executive Search
- 4% Other services

% NET FEE INCOME BY SERVICES



- 55% Permanent
- 30% Temporary
- 12% ORS
- 3% Other

% NET FEE INCOME BY JOB LEVEL



- 95% Professional & specialist
- 5% General

Brands:

Case study

IMS

Interactive Manpower Solutions Pvt. Ltd (IMS) was a start-up in 2006 with the aim of providing outsourced services to the recruitment and staffing industry. Elements of the recruitment process are outsourced and delivered offshore from three IMS centres in India, which we call 'Offshore Recruitment Services'.

www.imspeople.com

ims
People? Possible!

NET FEE INCOME GROWTH: 2011 TO 2015 =

428%

The services provided to clients are either non-voice (such as database management, job postings, sourcing candidates or CV formatting) or voice based (such as headhunting, market research, candidate screening and interviews, reference checking and document collation). Clients can choose to cover the entire recruitment life cycle or specific activities.

The services are highly specialised, customised to the client and follow global delivery standards. Although services are provided to clients in any sector, the primary focus is on the Healthcare, IT and Engineering & Energy sectors.

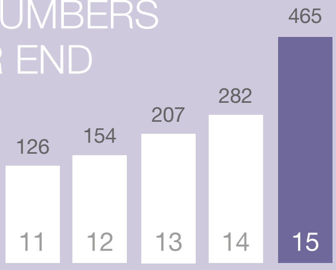
The key asset of the company is its people. IMS invests heavily in training, coaching and mentoring its staff to ensure they deliver a high quality service to their clients. By the end of 2015 they had over 450 staff. On any given day they receive 300 orders and submit 500 candidates to their clients. In 2015 they filled 1,700 orders for over 130 staffing firms.

IMS has been recognised for their achievements:

- In 2015 they were awarded the 'Best SME in India' in the emerging sector category by Dun & Bradstreet.
- Silicon India, a Bangalore headquartered magazine has rated IMS as the 'Best SMEs in Offshore Recruitment Services' in 2015.
- In 2014 IMS won the 'Outsourced Solutions Provider' award in Australia from Recruitment International.

IMS has clear plans to continue growing, with expectations of opening a fourth office in 2016 to meet the increasing client demand.

STAFF NUMBERS AT YEAR END



Key performance indicators

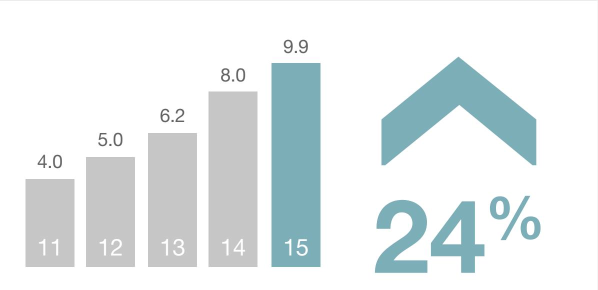
These are used to measure progress against objectives and strategy.

1 ADJUSTED DILUTED 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 24%, representing the fourth year of consecutive growth.

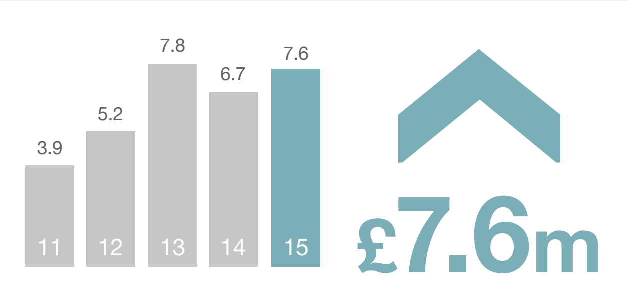


2 CASH GENERATED FROM OPERATIONS

This demonstrates how much cash is being generated from the operations of the business before tax, financing and investing decisions. 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
£7.6m (2014: £6.7m)

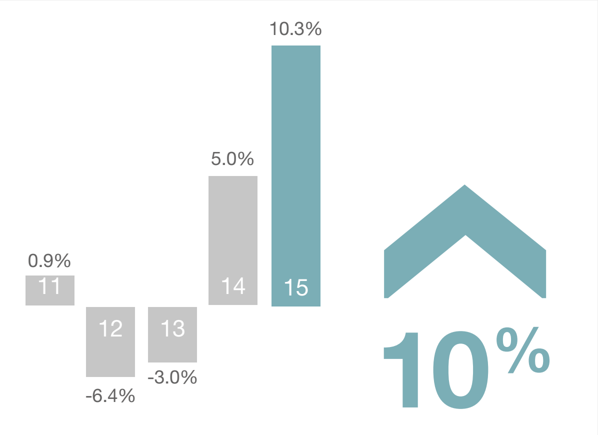


3 NET FEE INCOME GROWTH

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
10% (16% in constant currency).

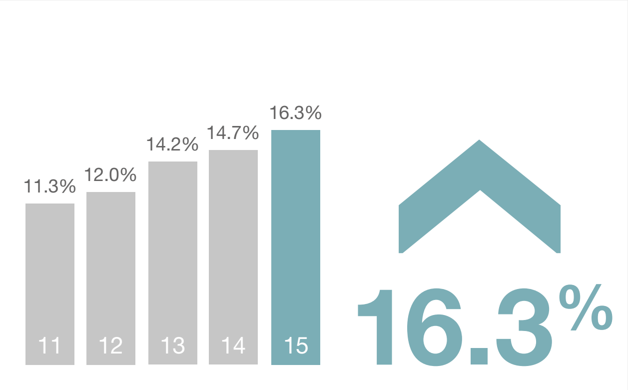


4 CONVERSION RATIO

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 to 2018.

Progress
16.3%, being the fourth consecutive year of improvement.



5 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 is down on the prior year. Currently 2 brands have no management holding equity (2014: 3).

2015: 42
(2014: 44)

6 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.

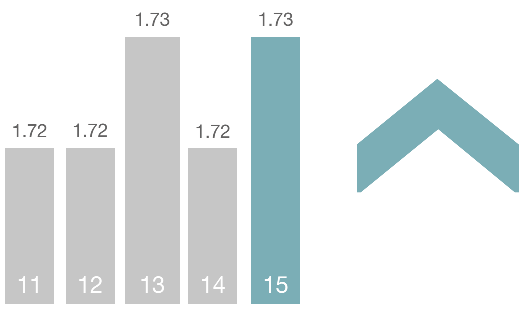
Progress
There has been a 5 percentage point improvement during the year, helped by the investments made in the year and focus in the Technical & Industrial sector.

2015: 86%
(2014: 81%)

7 STAFF PRODUCTIVITY

This demonstrates the overall staff productivity, calculated as the ratio of net fee income generated per £1 of staff cost. The staff cost includes both sales and administrative staff, reflecting the true cost of operating the Group.

Progress
At 1.73 in 2015 we have seen an improvement over 2014, despite a 16% increase in average staff levels.

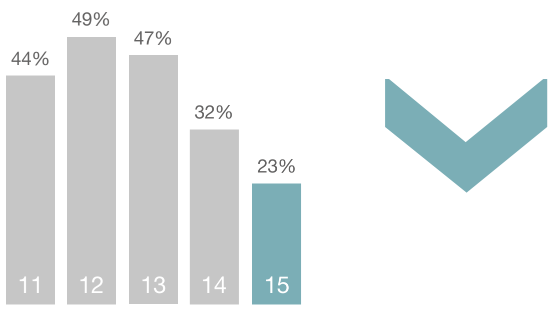


8 DEBT AS A % OF DEBTORS

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% by 2018.

Progress
This reduced to 23% from 32% in the prior year, below our target.



Risks and uncertainties

The risk management process followed by the Board is designed to improve the likelihood of delivering against strategy, to protect the interests of shareholders, to improve the quality of decision making and to help safeguard our assets. The risk management process consists of a group risk register which is reviewed by the Board annually with risks added, amended or removed as appropriate and actions updated. The group register is prepared based on individual brand registers which are updated during the annual budget cycle and reviewed regularly during the year with senior management at brand level board meetings. The Audit Committee review the control framework which helps to mitigate the risks.

The following were identified as the principal risks that are most likely to affect business operations and hence its financial results and delivery of strategy.

	1. ECONOMIC ENVIRONMENT	2. LOSS OF KEY STAFF
RISK	The performance of staffing businesses has historically shown a strong correlation with performance of the economies in which they operate.	The Group's success relies on recruiting and retaining senior management and other key employees. The Group's decentralised management structure gives operational autonomy to our company managing directors. Therefore they need to be incentivised and tied into the business, have suitable experience for the role, able to make the decisions necessary to run the business and develop a team to help provide succession planning.
IMPACT ON BUSINESS	An economic slowdown will impact on the demand for recruitment services and could reduce the Group's profits.	The loss of a key staff member without a suitable successor in place could lead to a reduction 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.
CHANGE IN RISK PROFILE	No change The global economy overall is expected to grow in 2016. However the economic recovery is not symmetrical across the world and there are a number of risks that threaten these forecasts and could lead to a recession in one or more countries. The global staffing market is forecast to grow in 2016 at a stronger rate than GDP forecasts.	No change There was a small reduction in the number of management holding equity in the period. We have divested two non-core brands and acquired another.
ACTIONS TAKEN TO MITIGATE RISK	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 the USA market and developing our presence in existing locations. • Develop core brands. By creating more robust businesses they should be able to better withstand any economic downturn. • We focus on temporary recruitment as this is typically less volatile than permanent recruitment during the economic cycles. Overall our exposure to permanent recruitment has increased in the year which increases this risk.	The Group's business model is based on management equity, so incentivising key management through equity ownership and tying them to 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 2 brands in the Group with no minority shareholders. We are making progress to reduce this by the end of 2016.

3. POLITICAL AND SOCIAL CHANGES

RISK

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.

IMPACT ON BUSINESS

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. In some territories a recruitment licence is required. If local laws and regulations are not followed it could lead to sanctions being taken against the company, including penalties, fines and licences being revoked.

Our businesses need to target the locations where people want to work. They need to be able to identify and communicate with candidates to ensure job vacancies are filled.

CHANGE IN RISK PROFILE

Increased

In the UK there is a risk of leaving the EU with a vote due to be held in 2016. Until then there will be uncertainty in the market which could lead to a loss of business confidence. In April 2016 new legislation on travel & subsistence allowances will become law which will restrict the number of temporary workers able to be treated as self-employed. This is expected to reduce the margins available on lower paid workers who have operated through umbrella payroll structures, with this reduction needing to be taken by the client, agency or candidate or a mixture of them.

In Germany there is an ongoing debate over whether to introduce a limit on the length of time a worker can be a temporary worker.

There is an ongoing migrant crisis across Europe which could lead to restrictions on who can work in the EU.
The fall in oil price could lead to changes in policy across the Middle East states.

There will be presidential elections in the USA at the end of 2016.

ACTIONS TAKEN TO MITIGATE RISK

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 has membership of many local industry associations and we 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.
- Focus on 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.

By developing leading brands in our sectors we are experts in our markets, so we are able to react to changes in legislation as well as making it easier to attract candidates because of our reputation and knowledge.

Risks and uncertainties continued

4. INVESTMENTS POORLY EXECUTED

RISK	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 costs to the business.
IMPACT ON 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. A poorly executed integration into the Group could lead to lost value or lost opportunities. New office openings increase the risk of lower returns than planned if the business is not managed well.
CHANGE IN RISK PROFILE	Increased We made an additional external investment in the year, opened a new office in Dubai and plan to continue to invest in the Group as part of a Buy and Build strategy.
ACTIONS TAKEN TO MITIGATE RISK	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.

5. FINANCIAL

RISK

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.

IMPACT ON BUSINESS

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 existing 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.

CHANGE IN RISK PROFILE

Reduced

The currency markets continue to be volatile but our spread of operations helps to reduce the impact from any single currency.

The Group's total debt has reduced during the year and is now below our target rate of 25% of trade receivables.

New equity was raised to part-fund the acquisition in the USA, with new bank facilities also in place, with the continued support of the Group's banker.

ACTIONS TAKEN TO MITIGATE RISK

The Group finances its operations by a combination of cash reserves from retained profit, bank borrowings and issuing new equity. 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.

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.

Finance review

‘Net debt decreased 26% in the year to £7.3m from £9.8m in 2014.’

A description of the performance of the business in the year is included in the Chairman’s Statement and Chief Executive’s Review.

FINANCE INCOME AND COSTS

Finance income was £0.1m (2014: £0.1m), all being bank interest income. Finance costs were £0.6m (2014: £0.6m), which primarily related to interest payable on invoice discounting, bank loans and overdrafts. In 2015 there were also interest costs from the late payment of tax following an ongoing tax audit in Germany.

TAXATION

The total tax charge in the year is £2.6m (2014: £2.1m) representing an effective tax rate of 36% (2014: 35%). This rate is higher than the UK rate due to a number of factors:

- The mix of profits is weighted towards higher tax jurisdictions, including Germany, Japan, India and Australia.
- A deferred tax asset has not been recognised for certain of the tax losses around the Group.
- There are higher levels of non-deductible expenses in the year, including the costs related to the purchase of Pharmaceutical Strategies.

DIVIDEND

During the year, the Group paid a dividend of £0.3m in respect of the year ended 31 December 2014, amounting to 0.70p per share. For the year ended 31 December 2015, the Board is proposing a dividend of 1.0p per share, which if approved by shareholders at the Annual General Meeting, will be paid on 31 May 2016 to shareholders on the register on 6 May 2016.

TREASURY

The Group has a central treasury function. Under the Group’s treasury policy 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.

	2015	2014	2013	2012	2011
Revenue (£m)	187.3	187.9	194.4	194.3	208.8
Gross profit (£m)	49.2	44.6	42.6	43.9	46.9
Operating profit (£m)	7.6	6.4	5.5	4.4	2.8
Adjusted operating profit (£m) *	8.0	6.6	6.0	5.4	5.3
Profit before tax (£m)	7.1	5.9	4.9	3.6	1.9
Adjusted profit before tax (£m) *	7.5	6.1	5.4	4.6	4.5
Diluted earnings/(loss) per share (pence)	9.3	7.5	5.2	3.0	(0.4)
Adjusted diluted earnings per share (pence) *	9.9	8.0	6.2	5.0	4.0
Proposed dividend per share (pence)	1.0	0.70	0.35	0.35	0.35

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

Liquidity & Funding risk

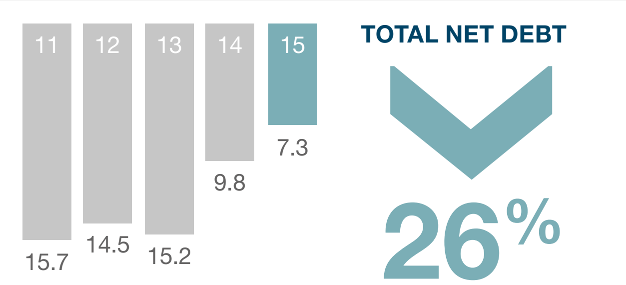
The Group maintains a range of appropriate facilities to manage its working capital and medium-term financing requirements. At the year-end the Group had banking facilities totalling £36.7m (2014: £32.5m) with the increase coming from overdraft facilities. The amount of facility undrawn of £15.6m (2014: £10.2m) excludes the headroom on the invoice financing facility. The invoice financing facility is available to the UK companies only.

	2015 £m	2014 £m
Overdrafts (UK)	6.5	4.8
Revolving credit facility (UK)	–	7.8
Term loan (UK)	4.5	0.8
Overdrafts and other loans (non-UK)	12.7	6.1
Invoice financing facility (UK)	13.0	13.0
	36.7	32.5
Amount of facility undrawn at year-end	15.6	10.2

During the year we replaced the £7.8m revolving credit facility in the UK with a mixture of a new €5m three year term loan and €8m overdraft facility provided directly to Headway in Germany by HSBC. A new £4.5m term loan from HSBC was taken out to part-fund the purchase of Pharmaceutical Strategies in October 2015, with the old term loan that was due to end in 2016 being repaid early as part of the renewal and increase in overdraft facility in the UK.

Group net debt decreased to £7.3m at 31 December 2015 (2014: £9.8m), as detailed below:

	2015 £m	2014 £m
Cash at bank and in hand	7.7	7.8
Overdraft facilities	(2.3)	(2.4)
Invoice financing	(6.9)	(8.1)
Bank loans	(5.8)	(7.1)
Total net debt	(7.3)	(9.8)



MANAGEMENT EQUITY PHILOSOPHY

A key component of our business model is management equity, where senior management own shares directly in the operating companies they are responsible for. This is a key tool for both attracting good quality managers as well as staff retention. It means that the interests of Empresaria as a majority shareholder are aligned with management, who have an opportunity to create a meaningful capital value over time if they can grow the profit in their business, encouraging a long-term view of their business. This works especially well with our decentralised structure, as we are reliant on the local management team to run their business with a high level of operational autonomy.

Where we acquire a majority stake in a business, the shares remaining with the founder are called first generation shares. When these shares have been acquired by Empresaria, we will often offer the next tier of management in the business the opportunity to buy shares, to incentivise them to grow the business to the next level. We call these second generation shares. It is important that the shares are acquired at market value with management investing their own cash which is at risk if the business does not perform. To help lower the market value of the shares and to protect the profit that we have previously acquired, we set a 'threshold profit' level for second generation shares. These shares only start creating value if the profit grows above the threshold level.

Empresaria will always own a majority of the shares and this ranges from as little as 51% to as much as 100% in a couple of instances. We enter into Shareholder Agreements with the management shareholders, which provide a valuation mechanism for their shares. They typically have to hold their shares for a minimum period of 5 years before they are able to offer them for sale to Empresaria, over a 2 or 3 year period. It is important to note that there is no legal obligation on Empresaria to purchase the shares and we decide on each specific situation, with consideration of the management succession plan in place, the recent trading performance and projections for growth in the next few years. The valuation is typically based on the average profit after tax for the previous three full years before the shares are sold, using the Empresaria trading multiple (share price divided by last EPS) less 0.5, to ensure it is earnings enhancing to Empresaria shareholders, and capped at a maximum of 10.

Finance review continued

The Group had to meet certain bank covenant tests on a quarterly basis under the terms of the old revolving credit facility. These were removed when the facility was replaced, although the new term loan taken out in the year has reinstated two covenants. The first test point was at 31 December 2015 and the figures are shown below:

Covenant	Target	2015
Net debt: EBITDA	< 3.0 times	0.7
Debt service cover	> 1.25 times	3.1

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 used 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 £0.6 million (2014: £0.6 million), which primarily related to interest payable on invoice discounting, bank loans and overdrafts. The effective interest rate for bank facilities for the year was 2.8% (2014: 3.4%).

Foreign exchange risk

There was a foreign exchange gain of £161,000 (2014: loss of £11,000).

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 were negatively impacted by adverse movements in exchange rates on the translation of Group results, the largest detailed below:

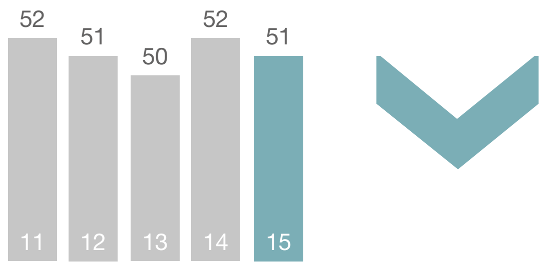
Currency	Decline in value versus Sterling in the year using average rates (P&L)
Japanese Yen	6%
Indonesian Rupiah	5%
Australian Dollar	11%
Euro	11%
Chilean Peso	6%

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 2015 were 51 (2014: 52), with a year-end balance of 52 (2014: 51 days). The debtor days in UAE remain higher than the Group average. Progress on reducing this has been slower than expected during 2015.

AVERAGE DEBTOR DAYS PER YEAR



CASHFLOW

Net debt decreased by £2.5m in the year to £7.3m (2014: £9.8m). The main areas of expenditure were on business investments and purchasing shares in existing subsidiaries, which was a net £6.3m, partly funded by an issue of new equity and additional bank facilities. Dividend payments were £0.3m, there was a net funding of working capital of £0.7m and the net tax and interest payment was £2.3m.

INVESTMENTS AND DISPOSALS

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

- 10% of PT Monroe Consulting Group (Indonesia) for cash consideration of £0.3m, taking the Group's total interest to 90%.
- 9% of Mansion House Limited (UK) for cash consideration of £0.1m, taking the Group's total shareholding to 67%.
- In October 2015, 100% of the shares in Pharmaceutical Strategies, a USA healthcare recruiter based in Boston, for an initial cash payment of $7.3m (approximately £4.8 million). Further payments are contingent on the results for the twelve months ended 31 December 2015, 2016 and 2017, with £3.3m recognised in the accounts at year-end. Following this purchase the CEO acquired equity in the company in line with our philosophy of management holding equity in the businesses they are responsible for.

The Group received £0.1m in deferred consideration from the disposal made in 2013 of the Bar 2 payroll business and the disposals of Metis in January 2015 and GiT in March 2015.

There was also a deferred consideration payment of £0.5m for the purchase of 75% of the shares of Ball and Hoolahan Limited in September 2015. This represented the maximum amount payable under the Sale and Purchase Agreement.

NON-CONTROLLING INTERESTS

As part of our business model management can hold non-controlling interests in Group subsidiaries. As these interests are purchased they are typically replaced by 'second generation' equity. There is no obligation on Empresaria to acquire these shares but management shareholders have certain opportunities to offer their shares for sale.

Based on the results for the year ended 31 December 2015, the total value of all non-controlling interests, if purchased in 2016 using the valuation mechanism in existing shareholder agreements would total £3.6 million, ignoring any discounts applying to early transfers of shares.

In some instances the consideration payable under the shareholders agreement for second generation equity may be greater than the fair value of the shares under IFRS 13. Based on the results for the year ended 31 December 2015, the value in excess of fair value of all non-controlling interests, if purchased in 2016 using the valuation mechanism in existing shareholder agreements would total £1.3 million, ignoring any discounts applying to early transfers of shares.

Any consideration in excess of this fair value of the non-controlling interest is recognised as a charge in the income statement. These amounts are included as adjusting items when presenting the adjusted operating profit, adjusted profit before tax and adjusted earnings per share. There have not been any such charges in 2015 (2014: £Nil).

POST BALANCE SHEET EVENTS

There were no post balance sheet events.

GOING CONCERN

The Board has undertaken a recent and thorough review of the Group's budget, forecasts and associated risks and sensitivities. The Group's UK and German overdraft facilities were renewed in February 2016 for a further 12 months. Given the business forecasts and early trading performance, 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.

This Strategic report was approved by the Board on 1 March 2016 and is signed on its behalf by:

By order of the Board

Joost Kreulen
Chief Executive Officer

Spencer Wreford
Group Finance Director

1 March 2016

Board of **Directors**

1. 2. 3.

4. 5.

1.

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.

2.

JOOST KREULEN (CHIEF EXECUTIVE OFFICER)

Appointed: January 2012
Committee Membership: None

Skills & experience

Joost has nearly 30 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.

3.

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.

4.

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.

5.

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 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. The full Annual Report is also provided to the majority of shareholders in an electronic format to further reduce our printing costs and environmental impact, with a much smaller summary report sent to all shareholders.

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 2015. The Corporate governance statement set out on pages 35 to 40 forms part of this report.

POST BALANCE SHEET EVENTS

There have not been any significant events since the balance sheet date. An indication of likely future developments in the business of the Group is included in the Strategic report.

FINANCIAL INSTRUMENTS

Information about the use of financial instruments by the Group is given in note 22.

DIVIDENDS

For the year ended 31 December 2015 the Directors recommend a final dividend of 1.0p per ordinary share of 5 pence in the Company ('ordinary share') to be paid on 31 May 2016 to shareholders on the register on 6 May 2016. For the year ended 31 December 2014 a final dividend was paid of 0.70p per ordinary share on 12 June 2015.

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 Company's Articles of Association (the 'Articles') 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 20 May 2015, 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)	9(a)	17,411,782	4,456,285
Issue shares by way of rights issue (2/3 of issued share capital)	9(b)	29,708,565	–
Purchase through the market (5% of issued share capital)	11	2,228,142	–

All authorities expire on the earlier of the conclusion of the 2016 Annual General Meeting or 31 July 2016.

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 the Company to Directors and senior executives. During the year ended 31 December 2015, the Company approved the vesting of awards granted in the form of nil cost options ('Awards') over ordinary shares in relation to Awards granted to the executive directors on 28 September 2011. Details of all Awards made and vested under the LTIP can be found in the Directors' remuneration report on pages 44 to 48 and in note 28.

Directors' report continued

DIRECTORS' AND THEIR INTERESTS

The Directors had the following interests in the Company's share capital:

	31 December 2015		31 December 2014	
	Number of ordinary shares	Percentage holding	Number of ordinary shares	Percentage holding
Executive Directors				
Joost Kreulen (Chief Executive Officer)	60,000	0.12%	60,000	0.13%
Spencer Wreford (Group Finance Director)	15,000	0.03%	15,000	0.03%
Non-Executive Directors				
Anthony Martin (Chairman)	13,924,595	28.41%	12,924,595	29.00%
Penny Freer	15,000	0.03%	15,000	0.03%
Zach Miles	–	0.00%	–	0.00%
Total	14,014,595	28.59%	13,014,595	29.21%

No Director had any interest(s) in the share capital of any other Group company.

During the period between 31 December 2015 and 1 March 2016, no changes took place in the above interests.

DIRECTOR CHANGES

There were no changes in Directors during the year.

APPOINTMENT, RETIREMENT AND REPLACEMENTS OF DIRECTORS

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

At the 2016 Annual General Meeting, Spencer Wreford will retire by rotation and submit himself for re-election, having been last appointed by shareholders on 23 May 2013.

Biographical details of all Directors can be found on pages 28 and 29.

DIRECTORS' POWERS

The Directors' powers are conferred on them by the Articles and applicable legislation. Further details can be found in the Corporate governance statement on pages 35 to 40.

DIRECTORS' INDEMNITIES

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

POLITICAL CONTRIBUTIONS

The Group did not make any political donations during the year (2014: nil).

SUBSTANTIAL SHAREHOLDINGS

As at 31 December 2015, 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
Liontrust Asset Management	4,373,468	8.92%
Hendrik M. van Heijst	2,400,000	4.90%
M W R Hunt (former Director)	2,355,586	4.81%
City Financial Investments	2,200,000	4.49%
T J D Sheffield (former Director)	1,716,307	3.50%

During the period between 31 December 2015 and 1 March 2016, the Company did not receive any notifications under chapter 5 of the Disclosure and Transparency Rules to change the above interests.

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.

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.

GREENHOUSE GAS EMISSIONS REPORTING

The regulations concerning the reporting of greenhouse gas emissions do not apply to the Company.

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 reappoint them will be proposed at the 2016 Annual General Meeting.

By order of the Board:

James Chapman
Company Secretary

1 March 2016

Old Church House
Sandy Lane
Crawley Down
Crawley
West Sussex
RH10 4HS

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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make 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 (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;
2. the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
3. the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

This responsibility statement was approved by the Board on 1 March 2016 and is signed on its behalf by:

By order of the Board

Joost Kreulen
Chief Executive Officer

Spencer Wreford
Group Finance Director

1 March 2016

Corporate governance statement

'The Board recognises that with growth comes the need to provide a sound framework of corporate governance'

CORPORATE GOVERNANCE

Since listing on AIM in late 2004, the Group has developed and grown in line with its strategic aims, significantly increasing its geographical and sector spread. The Board recognises that with this growth comes the need to provide a sound framework of corporate governance. The Board is therefore committed to the continued review, implementation and development of corporate governance practices, which will help support the Group businesses as the Board 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 of the Company, the regulatory framework that applies to AIM companies and to best align the level of corporate governance with the expectations of the Company's shareholders, clients, employees and other stakeholders. 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 in this statement. The Board continues to review updates to the principles and provisions of the Code and considers and implements (where necessary) any changes to Corporate Governance practices as a result of new provisions as and when they arise.

OVERVIEW

Leadership

The Board continues to challenge the strategy and performance of the Group to ensure the advancement of shareholders' interests.

This section provides information on the division of responsibilities of the Board, that enable it to provide effective direction to the Group and ensure efficient management of the Group's operations.

Effectiveness

The balance of skills, experience and independence of the Directors and their knowledge of the Group is regularly monitored by the Board.

This section provides information on the annual review of the independence of Directors and any conflicts of interest. It also details the development activities undertaken by, and support provided to, Directors in order for them effectively to carry out their duties.

Accountability

The Board is responsible for identifying and managing any significant risks to the Group arising out of the Group's strategy.

This section provides information on the approval process for reporting to the Board, the systems employed to manage risks and other internal control procedures.

Remuneration

The Company's remuneration policies are regularly assessed by the Board, to ensure that they remain fair and responsible.

This section provides information on the Company's remuneration policies and practices.

Relations with Shareholders

The Board holds regular events to maintain an open dialogue with investors.

This section provides information on the provision of information to, and other communications with both existing and potential new shareholders, to convey the Group's performance, strategy and objectives.

Corporate governance statement continued

LEADERSHIP

The role of the Board

The Company is controlled through the Board, which has established Audit, Remuneration and Nomination Committees (the ‘Committees’), to which it delegates clearly defined powers. The Board is collectively responsible for the long-term success of the Company. The Board and Committees are composed as follows:

Name	Independence	Tenure as board director*
Anthony Martin	Non-independent	11 years 5 months
Penny Freer	Independent	10 years
Zach Miles	Independent	7 years 3 months
Joost Kreulen		4 years
Spencer Wreford		5 years 7 months

* to 31 December 2015

Board of Directors

Protecting and advancing shareholders’ interests, providing overall direction for the Group and maintaining a framework of delegated authorities and controls.

- Anthony Martin, Chairman
- Penny Freer, Joint Senior Independent Director
- Zach Miles, Joint Senior Independent Director
- Joost Kreulen, Chief Executive Officer
- Spencer Wreford, Group Finance Director

Audit Committee

Monitors and reviews the integrity of financial statements, oversees the relationship with the external auditors and has oversight for internal control and risk.

See the Audit Committee report on pages 41 to 43.

- Zach Miles, Chairman
- Penny Freer

Nomination Committee

Monitors and reviews the structure, size and composition of the Board and considers succession planning, to ensure the right skills and expertise are maintained for effective management.

See the Nomination Committee report on page 49.

- Penny Freer, Chairman
- Zach Miles

Remuneration Committee

Considers and sets remuneration policy for executive Directors and the Chairman and monitors the level and structure of remuneration for senior management.

See the Remuneration Committee report on pages 44 to 48.

- Penny Freer, Chairman
- Zach Miles

There is a formal schedule of matters reserved for consideration by the Board ('Schedule of Matters Reserved') which includes responsibility for the following:

- approval of overall Group strategy and objectives;
- approval of the Group annual budget and monitoring progress towards its achievement;
- 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; and
- approval of major unbudgeted expenditure.

The Schedule of Matters Reserved is reviewed by the Board annually to ensure it remains appropriate and complete. The Board also reviews annually an approved schedule of operational 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 (empresaria.com). Details of the work carried out by the Committees can be found in the Audit Committee report on pages 41 to 43, Directors' remuneration report on pages 44 to 48 and Nomination Committee report on page 49.

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
Anthony Martin	10/10	–	–	–
Joost Kreulen	10/10	–	–	–
Spencer Wreford	10/10	–	–	–
Penny Freer	10/10	5/5	3/3	1/1
Zach Miles	10/10	5/5	3/3	1/1

* The Board held 7 scheduled meetings in the year which were attended by all Directors. There were also 3 meetings outside the normal course of events, which were each attended by all Directors.

Division of responsibilities

There is a clear division of responsibilities between the Chairman and Chief Executive Officer, with no one individual having unfettered powers of decision. The statement of division of responsibilities can be found on the Company's website (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 Board is led by the Chairman. The Chairman has not been considered as independent from the date of his 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 by the Chairman to raise.

Non-Executive Directors

Directors' biographies can be found on pages 28 to 29. The Board believe that both Zach Miles and Penny Freer continue to be independent.

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 last conducted a review of the Group's strategy during 2015.

Corporate governance statement continued

EFFECTIVENESS

Composition of the Board

The Board has a balance and depth of skills and experience, together with suitable knowledge of the Group, to enable them to discharge their respective duties and responsibilities effectively. Biographies of the Directors can be found on pages 28 to 29.

Conflicts of interest of all Directors are reviewed on an annual basis and Directors have continuing obligations to update the Board on any changes to these conflicts. Situations which may create a conflict of interest are presented to the Board for review and approval as appropriate.

Independence

The 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 review of independence is also considered in relation to Committee memberships in line with recommendations of the Code. The Board considers that Penny Freer and Zach Miles continue to remain independent. For Penny Freer, who has served for 10 years as a director, the Board note in particular 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. The Chairman, Anthony Martin, is considered to remain non-independent due to his significant shareholding in the Company.

Appointments to the Board

A Nomination Committee is in place to review the appointment of new Directors. No new Directors have been appointed since the Committee was formed.

Details of the work of the Nomination Committee can be found in the Nomination Committee report on page 49.

Commitment

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 2015, the time commitments were reviewed by the Nomination Committee, which was satisfied with the current letters of appointment. During 2015, Anthony Martin served 11 additional days, Penny Freer served 6 additional days and Zach Miles served 2.5 additional days.

Neither Executive Director holds any external Non-Executive Director role.

Development

All Directors determine the training requirements appropriate to their role and the needs of the Company's business. Examples of events attended include the attendance by the Chairman and Chief Executive Officer at the annual Staffing Industry Analysts Executive Forum in the USA, with the Chairman also attending the Forum in London. The Chief Executive Officer undertook independent PR training. The Chairman of the Audit Committee has attended seminars on Governance, Risk and Internal Assurance. The Chairman of the Remuneration Committee attended several seminars delivered by Deloitte LLP on audit, corporate governance, remuneration and succession planning as well as attending one on one sessions with industry experts at a specialist remuneration consultancy. 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.

Information and support

Prior to 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 in a timely manner 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 monitors 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 keep 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 has considered the benefits from undertaking formal evaluations of its performance and those of its Committees and individual Directors. Formal Executive Director performance evaluations are conducted annually in preparation for the review and approval of the annual remuneration packages. Each Non-Executive Director's performance is evaluated as an outcome of the formal performance evaluations of the Committee(s) 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. Further details of the Committee performance reviews can be found in the Audit Committee report as set out on pages 41 to 43 and the Directors' remuneration report as set out on pages 44 to 48.

The Board considers that the evaluation of the Executive Directors and the Committees provides an appropriate review of each Director's 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.

Re-election

All Directors, in accordance with the Code, 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 Articles, one third of the Board is required to retire by rotation each year.

At the 2015 Annual General Meeting, Joost Kreulen, Penny Freer and Zach Miles were re-elected to the Board. At the 2016 Annual General Meeting, Spencer Wreford will retire and offer himself for re-election, having been last appointed by shareholders on 23 May 2013.

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

Director	Last appointed by shareholders
Anthony Martin	22 May 2014
Penny Freer	20 May 2015
Zach Miles	20 May 2015
Joost Kreulen	20 May 2015
Spencer Wreford	23 May 2013

Corporate governance statement continued

ACCOUNTABILITY

Financial and business reporting

The Board reviews and approves all reports on the Company's position and prospects to present a fair, balanced and understandable assessment of the Company's position, performance, business model and strategy. This includes reports of a statutory and regulatory nature, as required by the AIM rules, which are of a price-sensitive nature.

Risk management and internal control

Risk management remains the responsibility of the Board. 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 20 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 41 to 43 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 44 to 48 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

The Directors seek to maintain 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 (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.

During the year, the Executive Directors conducted several video presentations, which are available on the Company's website (empresaria.com). On 27 August 2015, the Company appointed Arden Partners plc as its Nominated Adviser and Broker. In connection with the successful placing of ordinary shares and the acquisition of Pharmaceutical Strategies, in October 2015 the Executive Directors attended an institutional roadshow.

Constructive use of the Annual General Meeting

The Board seeks to use the Annual General Meeting to communicate with shareholders. Shareholders are encouraged to participate in the Annual General Meetings, at which the Chairman presents updates on the Group's performance. The Board, together with the Chairmen of the Committees, will be available at the 2016 Annual General Meeting to answer questions from shareholders.

Audit Committee report

> 'The Audit Committee monitors the integrity of the financial statements, internal controls and risk management systems and oversees the relationship with the external auditor'

ROLE AND COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee has responsibility, on behalf of the Board, to monitor the integrity of the financial statements of the Company, review the adequacy of internal control and risk management systems and oversee the relationship with the external auditor. The terms of reference for the Audit Committee can be found on the Company's website (empresaria.com).

The Audit Committee make whatever recommendations to the Board it deems appropriate, on any area within its remit, where action or improvement is needed.

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 independent Non-Executive Directors who served on the Committee during the year are:

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

Directors' biographies can be found on pages 28 to 29.

MEETINGS

The Audit Committee is required to meet formally twice per year. During 2015, the Committee held 5 formal meetings, which were scheduled around the financial reporting timetable. Since the beginning of 2016 to the date of this report the Committee has met twice to fulfil its responsibilities including those relating to the 2015 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.

Audit Committee report continued

AUDIT COMMITTEE ACTIVITY

Financial and business reporting

Since the beginning of 2015 to the date of this report, the Audit Committee has reviewed the 2014 and 2015 financial statements, the 2015 interim statement (unaudited) and carried out a going concern review. 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;
- tax accounting, including deferred tax assets value; and
- contingent consideration,

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 note 14.

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

Risk management and internal control

Risk management is the responsibility of the Board. Further details about the process followed and principal risks and uncertainties that could affect business operations can be found in the Strategic report on pages 20 to 23. The Audit Committee keep under review the adequacy and effectiveness of the Company's internal controls and risk management systems.

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; however, for 2016, the Audit Committee has approved for an independent audit firm to conduct testing of internal controls for the Group's UK subsidiaries. If this trial is successful, the Committee will review whether to roll it out across the Group.

A review of the internal controls for each Group company is performed each year with the findings presented to the Audit Committee. This is currently managed by the Group Finance Director, assisted by the regional financial controllers. During 2015, the Audit Committee proposed changes to the format of internal control reporting to simplify the actions taken and to monitor actions. A report now summarises the key issues identified and how they have been resolved.

During the year, the Audit Committee reviewed the Group's treasury policy, which was approved by the Board. The Audit Committee also reviewed the Group's risk framework reports, which were then presented to and discussed by the Board.

The Group's whistle blowing policy contains arrangements for the 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 (empresaria.com).

External audit

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 Audit Committee for overseeing the relationship with the external auditor. During 2015, the Audit Committee has continued to manage the relationship with the external auditor including in relation to the 2014 and 2015 Audit Committee reports.

The Audit Committee has reviewed the provision of non-audit services by 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 engagement for services which are non-recurring in nature, prior approval must be sought from the Audit Committee.

Note 7 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.

Deloitte LLP was first appointed as the Company's auditor in October 2002. Following an external tender process during 2013 Deloitte LLP was re-appointed for the 2014 and 2015 audits, resulting in tenure of 13 years.

Following completion of the 2015 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

Following completion of the 2015 audit process, the Audit Committee conducted a self-assessment of its performance during the year. The evaluation process measured performance against its terms of reference including:

- presentation of compliance reports by the Compliance Officer;
- review and implementation of risk management processes by subsidiaries;
- ongoing, regular reviews of internal controls; and
- monitoring developments in corporate governance and compliance.

The Board concluded that the Audit 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 2016 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

1 March 2016

Directors' remuneration report

'The Remuneration Committee is responsible for setting the remuneration policy for all Executive Directors and Chairman and recommending and monitoring the level and structure of remuneration for senior management'

The Board has considered the principles of Schedule 8 to the Accounting Regulations under the Companies Act 2006 and has complied where practical and where it supports the Board's policies. This Directors' remuneration 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 Code.

A resolution to approve the Directors' remuneration report will be proposed at the 2016 Annual General Meeting. The Companies Act 2016 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 Directors' remuneration report has therefore been divided into separate sections for audited and unaudited information.

UNAUDITED INFORMATION

Role and composition of the Remuneration Committee

The Remuneration Committee has responsibility, on behalf of the Board, for setting the remuneration policy for all Executive Directors and the Company's Chairman and recommending and monitoring the level and structure of remuneration for senior management. The terms of reference for the Remuneration Committee can be found on the Company's website (empresaria.com).

The Remuneration Committee is required to report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

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

The independent Non-Executive Directors who served on the Remuneration Committee during the year were:

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

Meetings

The Remuneration Committee is required to meet at such times as the Chairman of the Remuneration Committee shall require. During 2015, the Remuneration Committee held 3 formal meetings. The Chairman of the Company has been invited to attend meetings where appropriate. Since the beginning of 2016 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 2015 targets and to consider making new Awards.

Remuneration practices

The Remuneration Committee recommended and monitored the level and structure of remuneration for senior management as well as monitoring remuneration trends across the Group. A review was carried out on the ongoing appropriateness and relevance of the remuneration policy.

The Remuneration Committee determined the 2016 individual remuneration packages, targets for annual bonus scheme and pension arrangements for the Executive Directors and the 2016 fees for the Non-Executive Directors.

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 12 months' notice by the Company or the individual. In the event of early termination, the Executive Directors' contracts provide for compensation up to a maximum of the basic salary for the notice period.

The details of the Executive 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	2016 £000	2015 £000	2014 £000
Chief Executive Officer	216	211	205
Group Finance Director	170	154	150

For 2016 the basic salary for the Chief Executive Officer has increased in line with the rate of inflation. The basic salary for the Group Finance Director has increased above the rate of inflation to reflect that a wider role is being performed than that of a traditional Group Finance Director.

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. The Company has agreed to make contributions into the Executive Directors' 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 2015 and 2016 the targets and % of bonus payable for the Executive Directors are summarised as follows:

	2016	2015
Maximum bonus as % of basic salary	100%	75%
% applied to cash generated from operations	50%	50%
% applied to earnings per share ('EPS')	50%	50%
Bonus payable at 80% of target	0%	0%
Bonus payable at 100% of target	50%	50%
Bonus payable at 120% of target	100%	100%

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

Directors' remuneration report continued

Annual bonus continued

It has been the intention of the Remuneration Committee to gradually increase the maximum bonus payable from 50% to 100% of basic salary; A 100% maximum is now in place for 2016.

Based on the delivery against the performance targets for 2015, a bonus is payable at an aggregate rate of 59% of base salary (equivalent to 79% of the maximum potential bonus).

Long-term incentive plan (LTIP)

In July 2008 the Company gained shareholder approval to introduce a LTIP for the 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 ordinary 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

During the year there were no Awards of share options in the Company. The full Awards granted to the executive directors on 28 September 2011 have vested but have not been exercised at the time of this report.

Three LTIP awards have been made up to 31 December 2015. For each award the performance targets are 70% earnings per share growth and 30% share price growth. The percentage of awards granted will be in accordance with performance at the following levels:

Performance below the threshold	No award
Performance at the threshold level	20% of the relevant part of the award is released
Performance 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.

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	Vested March 2015	March 2017	March 2018
Number of options granted			
Joost Kreulen	720,000	563,380	379,630
Spencer Wreford	500,000	394,366	277,778
Performance targets			
1) Earnings per share growth			
% of award	70%	70%	70%
Measurement period:	31/12/2011 – 31/12/2014	31/12/2013 – 31/12/2016	31/12/2014 – 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:	28/09/2011 – close of business on the day following announcement of the preliminary results for the year ended 31 December 2014	06/09/2013 – close of business on the day following announcement of the preliminary results for the year ended 31 December 2016	12/03/2014 – 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%

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 from the date of the award to close of business on the day following announcement of the preliminary results for the relevant year.

Having reviewed the format of the LTIP and bonus structure during 2015 the Remuneration Committee noted that an award under the current LTIP will be considered following the announcement of the 2015 preliminary results.

Shareholding guidelines

There are no requirements for Executive Directors or senior executives to hold shares in the Company. The details of those ordinary shares held by Directors can be found in the Directors' report on pages 31 to 33.

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 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 past three financial years are as follows:

	2016			2015			2014		
Name	Base salary £000	Additional fees £000	Total £000	Base salary £000	Additional fees £000	Total £000	Base salary £000	Additional fees £000	Total £000
Anthony Martin	61	–	61	59	11	70	58	13	71
Penny Freer	39	–	39	38	6	44	37	4	41
Zach Miles	39	–	39	38	3	40	37	4	41

The amounts for additional fees represent the fees incurred as a result of additional days worked in excess of the number of days referred to in the letter of appointment.

The Non-Executive Directors (including the Chairman) have no right to compensation on the early termination of their appointments and do not participate in the LTIP or receive any other benefits.

Assessment of the Remuneration Committee

The Remuneration Committee conducted a self-assessment of its performance during the year. The evaluation process measured performance against its terms of reference including:

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

The Chairman of the Remuneration Committee will be available at the 2016 Annual General Meeting to answer any questions about the work of the Remuneration Committee.

Directors' remuneration report continued

AUDITED INFORMATION

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2015					2014				
Name of Director	Salary and fees £000	Benefits in kind * £000	Annual bonuses £000	Money purchase pension contributions £000	Total £000	Salary and fees £000	Benefits in kind * £000	Annual bonuses £000	Money purchase pension contributions £000	Total £000
Executive										
Joost Kreulen	211	11	124	32	378	205	11	53	30	299
Spencer Wreford	154	7	91	15	267	150	7	39	15	211
Non-Executive										
Anthony Martin *	70	–	–	–	70	71	–	–	–	71
Penny Freer *	44	–	–	–	44	41	–	–	–	41
Zach Miles *	40	–	–	–	40	41	–	–	–	41
					799					663

* 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 no awards of share options in the Company.

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

Name of Director	Date of award	Number of options	1 January 2015	Granted	Vested	Exercised	31 December 2015
Joost Kreulen	28/09/11	720,000	720,000	–	720,000	–	720,000
	06/09/13	563,380	563,380	–	–	–	563,380
	12/03/14	379,630	379,630	–	–	–	379,630
Spencer Wreford	28/09/11	500,000	500,000	–	500,000	–	500,000
	06/09/13	394,366	394,366	–	–	–	394,366
	12/03/14	277,778	277,778	–	–	–	277,778

This report was approved by the Board of Directors on 1 March 2016 and signed on its behalf by:

Penny Freer
Chairman of the Remuneration Committee

1 March 2016

Nomination Committee report

'The Nomination Committee is responsible for keeping under review the structure, size and composition of the Board and the leadership needs of the Group'

ROLE AND COMPOSITION OF THE NOMINATION COMMITTEE

The Nomination Committee has responsibility, on behalf of the Board, to keep under review the structure, size and composition of the Board and the leadership needs of the Group. The terms of reference for the Nomination Committee can be found on the Company's website (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, 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 independent Non-Executive Directors who served on the Nomination Committee during the year are:

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

MEETINGS

The Nomination Committee is required to meet formally once per year. During 2015, the Nomination Committee held one formal meeting.

NOMINATION COMMITTEE ACTIVITY

The Nomination Committee focused on a review of its role and responsibilities.

Composition of the Board and Committees

The Nomination Committee reviewed the composition of the Board and the Committees. All Directors continue to serve in their roles and no compositional changes were proposed by the Nomination Committee.

Succession planning

The Nomination Committee has considered succession planning for emergency situations. A plan has been approved by the Board during the year.

Time commitments of Non-Executive Directors

The Nomination Committee continues to keep under review the Non-Executive Directors' time commitments.

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.

On behalf of the Nomination Committee

Penny Freer
Chairman of the Nomination Committee

1 March 2016

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 2015 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 28. 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 2015 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 2015 and on the information in the Directors' remuneration report that is described as having been audited.

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

1 March 2016

Consolidated **income statement**

	Note	2015 £m	2014 £m
Continuing operations			
Revenue	4	187.3	187.9
Cost of sales		(138.1)	(143.3)
Net fee income	4	49.2	44.6
Administrative costs		(41.2)	(38.0)
Operating profit before exceptional items, loss on business disposal and intangible amortisation	4	8.0	6.6
Exceptional items	5	–	0.1
Loss on business disposal	5	–	(0.1)
Intangible amortisation	15	(0.4)	(0.2)
Operating profit	4, 7	7.6	6.4
Finance income	9	0.1	0.1
Finance costs	9	(0.6)	(0.6)
Profit before tax		7.1	5.9
Tax	10	(2.6)	(2.1)
Profit for the year		4.5	3.8
Attributable to:			
Equity holders of the parent		4.4	3.5
Non-controlling interest		0.1	0.3
		4.5	3.8
From continuing operations			
Earnings per share:			
Basic	12	9.6	7.8
Diluted	12	9.3	7.5
Earnings per share (adjusted):			
Basic	12	10.2	8.3
Diluted	12	9.9	8.0

Consolidated statement of **comprehensive income**

	2015 £m	2014 £m
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	(0.5)	(0.9)
Items that will not be reclassified to income statement:		
Exchange differences on translation of foreign operations of non-controlling interest	(0.2)	(0.1)
Net expense recognised directly in equity	(0.7)	(1.0)
Profit for the year	4.5	3.8
Total comprehensive income for the year	3.8	2.8
Attributable to:		
Equity holders of the parent	3.9	2.6
Non-controlling interest	(0.1)	0.2
	3.8	2.8

Consolidated **balance sheet**

	Note	2015 £m	2014 £m
Assets			
Non-current assets			
Property, plant and equipment	13	1.5	1.2
Goodwill	14	25.2	23.7
Other intangible assets	15	7.3	2.3
Deferred tax assets	20	0.9	0.9
		34.9	28.1
Current assets			
Trade and other receivables	17	35.9	34.5
Cash and cash equivalents	19	7.7	7.8
		43.6	42.3
Total assets		78.5	70.4
Liabilities			
Current liabilities			
Trade and other payables	18	24.0	21.9
Current tax liabilities		3.7	2.7
Borrowings	19	9.9	11.2
		37.6	35.8
Non-current liabilities			
Borrowings	19	5.1	6.4
Other creditors	18	1.0	–
Deferred tax liabilities	20	1.1	1.1
Total non-current liabilities		7.2	7.5
Total liabilities		44.8	43.3
Net assets		33.7	27.1
Equity			
Share capital	21	2.4	2.2
Share premium account		22.4	19.4
Merger reserve		0.9	0.9
Retranslation reserve		1.0	1.8
Equity reserve		(7.2)	(7.1)
Other reserves		(0.6)	(1.1)
Retained earnings		11.9	7.8
Equity attributable to owners of the Company		30.8	23.9
Non-controlling interest		2.9	3.2
Total equity		33.7	27.1

These financial statements of Empresaria Group plc were approved by the Board of Directors and authorised for issue on 1 March 2016.

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 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 and other movements 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
Profit for the year	–	–	–	–	–	–	4.4	0.1	4.5
Dividend	–	–	–	–	–	–	(0.3)	–	(0.3)
Shares issued (note 21)	0.2	3.1	–	–	–	–	–	–	3.3
Expenses of issue of equity shares (note 21)	–	(0.1)	–	–	–	–	–	–	(0.1)
Currency translation differences	–	–	–	(0.8)	–	0.3	–	(0.2)	(0.7)
Non-controlling interest acquired and other movements during the year	–	–	–	–	(0.1)	–	–	(0.2)	(0.3)
Share based payment	–	–	–	–	–	0.2	–	–	0.2
Balance at 31 December 2015	2.4	22.4	0.9	1.0	(7.2)	(0.6)	11.9	2.9	33.7

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' represents the share based payment reserve of £0.6m and exchange differences on intercompany long-term receivables which are treated as a net investment in foreign operations.
- '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	2015 £m	2014 £m
Profit for the year		4.5	3.8
Adjustments for:			
Depreciation		0.7	0.7
Intangible amortisation		0.4	0.2
Taxation expense recognised in income statement		2.6	2.1
Exceptional items		–	(0.1)
Loss on business disposal		–	0.1
Cash paid for exceptional items		(0.5)	(0.3)
Share based payments		0.2	0.2
Net finance charge		0.5	0.5
		8.4	7.2
Decrease in invoice discounting		(1.2)	(2.6)
(Increase) / decrease in trade receivables		(1.1)	1.2
Increase in trade payables		1.5	0.9
Cash generated from operations		7.6	6.7
Interest paid		(0.5)	(0.6)
Income taxes paid		(1.8)	(0.9)
Net cash from operating activities		5.3	5.2
Cash flows from investing activities			
Cash acquired with business acquisition		0.1	0.1
Overdraft acquired with business		(0.7)	–
Consideration paid for business acquisition		(5.3)	(1.3)
Consideration received for business disposals		0.1	0.1
Purchase of property, plant and equipment and intangibles		(0.9)	(1.0)
Finance income		0.1	0.1
Net cash used in investing activities		(6.6)	(2.0)
Cash flows from financing activities			
Proceeds from issue of share capital		3.2	–
Further shares acquired in existing subsidiaries		(0.4)	(0.5)
(Decrease) / increase in borrowings		(0.1)	0.4
Proceeds from bank loan		5.3	0.1
Repayment of bank and other loan		(6.2)	(0.6)
Dividends paid to shareholders		(0.3)	(0.2)
Dividends paid to non-controlling interest in subsidiaries		(0.1)	(0.2)
Net cash from financing activities		1.4	(1.0)
Net increase in cash and cash equivalents		0.1	2.2
Effect of foreign exchange rate changes		(0.2)	(0.1)
Cash and cash equivalents at beginning of the year		7.8	5.7
Cash and cash equivalents at end of the year	19	7.7	7.8

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 2015. 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.

Amendments to IAS 19: Employee Benefits
Annual improvements to IFRS 2010–2012 Cycle
Annual improvements to IFRS 2011–2013 Cycle

No amendments to these financial statements have been made as a result of adopting new and revised standards and interpretations.

Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9 *Financial Instruments*
IFRS 15 *Revenue from Contracts with Customers*
IFRS 16 Leases
IFRS 11 (amendments): Accounting for Acquisitions of Interests in Joint Operations
IAS 16 and IAS 38 (amendments) *Clarification of Acceptable Methods of Depreciation and Amortisation*
IAS 19 (amendments): *Defined Benefit Plans: Employee Contributions*
IAS 27 (amendments): *Equity Method in Separate Financial Statements*
IFRS 10, IFRS 12 and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
IAS 1 (amendments): Disclosure initiative
Annual improvements 2010 to 2014: Various IFRS

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 and that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above it is not practicable to provide a reasonable estimate of the impact of IFRS 9 and IFRS 15 until a detailed review has been completed.

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. Under IFRS 16 significant changes are introduced to lessee accounting, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets).

Subject to EU endorsement, IFRS 16 would apply for annual reporting periods beginning on or after 1 January 2019. The Group is currently assessing the impact of accounting changes that will arise under IFRS 16.

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 2015 with the changes being applied in the first quarter of 2016. The Group's overdraft facilities are due for renewal in January 2017 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary from the date on which the Group obtains control and cease to be consolidated from the date on which the Group ceases its control.

Control is achieved when the Group:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

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. Consideration linked to post-combination employee services are identified separately from the business combination. Payment for these services is accounted for as post-acquisition remuneration separately from the acquisition accounting.

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.

Notes to the **Consolidated Financial Statements** continued

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Non-controlling interest

In applying the Group's management equity philosophy, subsidiary management may be offered the opportunity to acquire shares in the subsidiary that they are responsible for, at market value. There are no services supplied by any employee in relation to this purchase of the shares in the subsidiary. After an agreed period, management may offer to sell the shares back to the Company at an agreed price. The Company does not have any obligation to acquire these shares.

If amounts are paid for non-controlling interests in a subsidiary that exceed the fair value of the equity acquired this excess amount is charged to the income statement.

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.

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.

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.

Invoice financing
The Group's operating activities in the UK are part funded by an invoice discounting facility. The debt provider has full recourse to the Group for any irrecoverable debt; these debts are presented within current borrowings and the asset due from the customer in current assets in the Group's Balance sheet.

Movements in the invoice discounting balance are treated as operating cash flows since, in substance the receipts represent advances against trade receivables.

Interest charges on invoice discounting are included in Finance costs. Service charges are included in Administrative costs.

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, (i.e. 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.

Notes to the **Consolidated Financial Statements** continued

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

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. For Training and Offshore recruitment services net fee income represents revenue less costs of staff directly related to providing those services.

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.

Notes to the **Consolidated Financial Statements** continued

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

Provisions
Impairment of trade receivables: Individual trade 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. The provision for impairment of trade receivables requires significant judgement as the Group evaluates, amongst other factors, ageing of the debt, the potential likelihood of default, taking into account current economic conditions, the risk profile of a customer and other credit rating factors, such as financial health, historical experience of and near-term business outlook for a customer.

Other provisions: 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.

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. There is no material difference between the segmentation of the Group's turnover by geographic origin and destination.

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 2015	UK £m	Continental Europe £m	Rest of the World £m	Eliminations £m	Total £m
Revenue	62.7	75.2	49.4	–	187.3
Net fee income	18.4	14.5	16.3	–	49.2
Adjusted operating profit*	2.2	3.9	1.9	–	8.0
Operating profit	2.1	3.7	1.8	–	7.6

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

Revenue of Continental Europe includes £71.4 million from Germany.

Property, plant and equipment	0.3	0.1	1.1	–	1.5
Goodwill	7.7	12.0	5.5	–	25.2
Other Intangibles assets	0.7	1.1	5.5	–	7.3
Deferred tax assets	0.2	–	0.7	–	0.9
Other segmental assets	26.6	16.4	19.7	(19.1)	43.6
Segmental liabilities	(16.7)	(18.9)	(14.9)	5.7	(44.8)
Net assets	18.8	10.7	17.6	(13.4)	33.7
Capital expenditure incurred (including intangibles)	0.2	0.2	0.5	–	0.9
Significant non-cash expenses (depreciation, amortisation and trade receivable impairment)	0.4	0.4	0.6	–	1.4

Non-current assets for Germany and United States amount to £11.9 million and £7.5 million respectively.

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.

Revenue of Continental Europe includes £69.8 million from Germany.

Property, plant and equipment	0.3	0.1	0.8	–	1.2
Goodwill	7.7	12.7	3.3	–	23.7
Other Intangibles assets	0.7	1.3	0.3	–	2.3
Deferred tax assets	0.2	–	0.7	–	0.9
Segmental assets	29.1	16.6	16.4	(19.8)	42.3
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 impairment)	0.4	0.4	0.3	–	1.1

Non-current assets for Germany amount to £12.5 million.

The following segmental analysis by sector has been included as additional disclosure to the requirements of IFRS 8.

	Revenue 2015 £m	Revenue 2014 £m	Net fee income 2015 £m	Net fee income 2014 £m
Professional services	12.9	10.0	6.2	5.1
IT, digital & design	25.7	24.0	9.2	7.2
Technical & industrial	109.4	115.8	21.5	20.8
Retail	23.9	23.1	3.4	3.2
Healthcare	6.1	5.8	1.7	1.5
Executive search	3.2	2.8	3.1	2.6
Other services	6.1	6.4	4.1	4.2
	187.3	187.9	49.2	44.6

Notes to the **Consolidated Financial Statements** continued

5 EXCEPTIONAL ITEMS AND LOSS ON BUSINESS DISPOSAL

Exceptional charges

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.

	2015 £m	2014 £m
Release of provision against potential retrospective pay claims and social security liability in Germany	–	0.1
	–	0.1

In Germany the residual provision for potential social security liability amounts to £nil (2014: £0.5m). During the year £nil (2014: £0.1m) was released and £0.5m (2014: £0.1m) was paid.

Loss on business disposal

	2015 £m	2014 £m
Losses on business disposal	–	(0.1)
	–	(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. In 2015 we have recognised £nil (2014: £0.1m) for loss on disposal of these businesses.

6 BUSINESS ACQUISITION

On 19 October 2015 the Group purchased 100% of the shares in Pharmaceutical Strategies, LLC, Recruitment Strategies, LLC, Medical Recruitment Strategies, LLC and Recruitment Strategies Group, LLC (together 'PS' or 'Pharmaceutical Strategies'), a United States staffing company specialising in the Pharmacy Benefit Management ('PBM') sector of the US healthcare market.

Initial consideration is £4.7 million with one contingent payment based on the final performance of the year ended 31 December 2015 and two further contingent payments based on the performance of the company in the years ending 31 December 2016 and 2017. The contingent consideration payments payable for the year ending 31 December 2016 and 2017 are based on the growth in earnings over the year ended 31 December 2015. Of the £3.2 million contingent consideration £2.7 million is no longer contingent and is payable in the year ended 31 December 2016.

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

	Pharmaceutical Strategies £m
Purchases consideration recognised	
Cash consideration paid	4.7
Contingent consideration accrued	3.2
Total purchase consideration	7.9
Intangibles recognised on acquisition (as per IFRS 3 'Business combination')*	
Identifiable intangibles: Customer relations	2.6
Identifiable intangibles: Trade name	2.5
	5.1
Acquiree's book value of net assets acquired*	
Property plant and equipment	0.2
Trade and other receivable	1.2
Cash at bank	0.1
Bank overdraft	(0.7)
Trade and other payables	(0.2)
	0.6
Goodwill	2.2
Total Assets	7.9

* The above tables represents fair value on date of investment.

Acquisition related costs amounting to £0.2 million are not included above and have been recognised in the income statement.

The goodwill comprise the value of its employees and their close understanding of their clients requirements which are of great importance in the recruitment business. The four subsidiaries of Pharmaceutical Strategies are run as one operating unit and represent a single cash generating unit for goodwill allocation.

Goodwill of £1.6 million and intangibles of £5.1 million are expected to be deductible for tax purpose.

There are no post-combination employees services identified from this acquisition.

The investment has contributed £1.4 million to the Groups revenue, £0.1 million to profits attributed to equity holders of the parent and £34,000 to the Group's operating cash flow since acquisition for the period ended 31 December 2015.

If the investments had been completed on 1 January 2015 the Group would have generated additional revenues of £5.7 million for the period to 31 December 2015. The profit attributed to equity holders of the parent, including amortisation and after tax, for the period would have been an additional £0.2 million. Excluding amortisation the profits attributed to equity holders of the parent would increase by a further £0.3 million to £0.5 million.

Notes to the **Consolidated Financial Statements** continued

6 BUSINESS ACQUISITION CONTINUED

Contingent consideration

The contingent consideration is payable based upon the final results for the years ending 31 December 2015, 2016 and 2017. As at 31 December 2015, the maximum contingent consideration payable that could be required under the share purchase agreement was £5.7m.

Maximum consideration	£m
Maximum consideration capped as part of the purchases agreement	10.4
Cash consideration paid	4.7
Maximum undiscounted contingent consideration	5.7

An amount of £3.2m contingent consideration has been accrued as a best estimate based upon discounting the future cash flows of Pharmaceutical Strategies following business plans and budget preparations with the management team. Of this amount, £2.7m is no longer contingent and is payable by the end of April 2016.

7 OPERATING PROFIT

Operating profit is stated after charging:

	2015 £m	2014 £m
Depreciation of property, plant and equipment	0.7	0.7
Amortisation of intangible assets	0.4	0.2
Loss on business disposal	–	0.1
Operating lease charges:		
– Land and buildings (office)	1.6	1.4
– Motor vehicles (office)	0.3	0.3
– Project based accommodation	1.0	1.6
– Project based transportation	0.2	0.2
Net foreign exchange gain	0.2	–
Share based payments	0.2	0.2
Exceptional gain	–	(0.1)
Acquisition related costs	0.2	0.1
Trade receivable impairments	0.3	0.2
Auditor's remuneration	0.3	0.3

The analysis of auditor's remuneration is as follows:

	2015 £000	2014 £000
Auditor's remuneration:		
Fee payable to the Company's auditor for the audit of the Group annual accounts	279	275
Other fee	20	3
Total auditor's remuneration	299	278

Auditor's remuneration includes fees payable of £193,000 (2014: £196,000) for the audit of the Company's subsidiaries pursuant to legislation. Non audit fee amounting £20,000 (2014: £3,000) relates to other assurance services.

8 DIRECTORS AND EMPLOYEES

	2015 £m	2014 £m
Staff costs		
Wages and salaries	25.2	22.8
Social security costs	2.5	2.6
Pension costs	0.5	0.4
Share based payments	0.2	0.2
	28.4	26.0

Details of directors' remuneration are given on page 48.

	No.	No.
Average monthly number of persons employed (including directors)		
Sales, distribution and administration	1,097	942

9 FINANCE INCOME AND COST

	2015 £m	2014 £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	(0.3)	(0.4)
Interest on tax payments	(0.1)	–
	(0.6)	(0.6)
Net finance cost	(0.5)	(0.5)

Notes to the **Consolidated Financial Statements** continued

10 TAXATION

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

	2015 £m	2014 £m
Current taxation		
Current tax charge	(2.8)	(2.4)
Adjustment to tax charge in respect of previous periods	0.1	(0.2)
	(2.7)	(2.6)
Deferred tax charge – current year	0.1	0.2
Deferred tax charge – prior year	–	0.3
	0.1	0.5
Total income tax expense in the income statement	(2.6)	(2.1)

(b) Factors affecting the tax charge for the year

	2015 £m	2014 £m
Profit before taxation	7.1	5.9
Profit before tax at standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	(1.4)	(1.2)
Effects of:		
Expenses not deductible for tax purposes	(0.4)	(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
Write down of losses previously recognised for tax purposes	(0.1)	–
Adjustment to tax charge in respect of previous periods	0.1	(0.2)
Irrecoverable withholding tax	–	(0.1)
Amortisation disallowed	(0.1)	(0.1)
Overseas tax at different tax rates	(0.6)	(0.4)
Tax expense	(2.6)	(2.1)

The movement in deferred tax is explained in note 20.

There was no (2014: £nil) tax recognised in the Consolidated statement of comprehensive income.

The reduction in the tax rate from 21.5% to 20.25% reflects reductions in the standard rate of corporation tax in the UK from 23% to 21% with effect from 1 April 2014 and from 21% to 20% with effect from 1 April 2015. The 20.25% rate is the average UK rate applicable for the year ended 31 December 2015 (2014: 21.5%).

11 RECONCILIATION OF ADJUSTED PROFIT BEFORE TAX TO PROFIT BEFORE TAX

	2015 £m	2014 £m
Profit before tax	7.1	5.9
Amortisation of intangibles	0.4	0.2
Exceptional items	–	(0.1)
Loss on business disposal	–	0.1
Adjusted profit before tax from continuing operations	7.5	6.1

In addition to the adjustments shown above, any consideration paid for non-controlling interests in subsidiary companies in excess of fair value derived under IFRS 13 which is charged to the income statement will also represent an adjusting item. There have not been any such charges (2014: £nil) in the current year.

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:

	2015 £m	2014 £m
Earnings		
Earnings attributable to equity holders of the parent	4.4	3.5
Adjustments:		
Exceptional items	–	(0.1)
Loss on business disposal	–	0.1
Amortisation of intangible assets	0.4	0.2
Earnings for the purpose of adjusted earnings per share	4.8	3.7

Number of shares	**Millions**	**Millions**
Weighted average number of shares – basic	46.4	44.6
Dilution effect of share options	1.5	1.9
Weighted average number of shares – diluted	47.9	46.5

Earnings per share	**Pence**	**Pence**
Basic	9.6	7.8
Dilution effect of share options	(0.3)	(0.3)
Diluted	9.3	7.5

Earnings per share (adjusted)	**Pence**	**Pence**
Basic	10.2	8.3
Dilution effect of share options	(0.3)	(0.3)
Diluted	9.9	8.0

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 44 to 48.

In October 2015 the Company issued 4,456,285 new ordinary shares (see note 21 for details).

Notes to the **Consolidated Financial Statements** continued

13 PROPERTY, PLANT AND EQUIPMENT

2015	Leasehold property £m	Fixtures, fittings and equipment £m	Motor vehicles £m	Total £m
Cost				
At 1 January 2015	0.4	5.6	0.3	6.3
Additions	0.2	0.6	–	0.8
Assets acquired with business acquisition	–	0.2	–	0.2
Disposals	–	(1.7)	–	(1.7)
Exchange differences	–	(0.1)	–	(0.1)
At 31 December 2015	0.6	4.6	0.3	5.5
Accumulated depreciation				
At 1 January 2014	0.2	4.7	0.2	5.1
Depreciation	–	0.7	–	0.7
Disposals	–	(1.7)	–	(1.7)
Exchange differences	–	(0.1)	–	(0.1)
At 31 December 2015	0.2	3.6	0.2	4.0
Net book value				
At 31 December 2014	0.2	0.9	0.1	1.2
At 31 December 2015	0.4	1.0	0.1	1.5

Fixtures, fittings and equipment includes £0.1m (2014: £0.1m) of secured finance leases.

2014	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.

14 GOODWILL

	2015 £m	2014 £m
At 1 January	23.7	24.3
Acquisition of new subsidiary undertakings	2.2	0.6
Adjustment due to deferred consideration in existing subsidiaries	–	(0.3)
Foreign exchange	(0.7)	(0.9)
At 31 December	25.2	23.7

Goodwill arising on business combinations is reviewed and tested for impairment on an annual basis or more frequently if there is indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU) at lowest level of cash flow, including goodwill, with the recoverable amount of that income-generating unit. The recoverable amounts of the CGUs are determined from value-in-use calculations.

The key assumptions for the value-in-use calculations are as follows:

Operating profit & pre-tax cash flows

The operating profit & pre-tax cash flow is based on the latest one-year forecasts for the CGUs approved by the Group's Management Board which are compiled using expectations of fee growth, consultant productivity and operating costs. The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management and extrapolates cash flows in perpetuity based on the long-term growth rates using margins that are consistent with the business plan approved by Group's Management Board.

Discount rates

The pre-tax, country specific rate used to discount the forecast cash flows ranges from 13% to 21% (2014: 12.5%) reflecting current local market assessments of the time value of money and the risks specific to the relevant CGUs. These discount rates reflect estimated industry weighted average cost of capital in each market.

Pre-tax discount rates used for various cash generating units in operating segments are as follows:

UK: 13.5%

Continental Europe: 13.0%

Rest of the World: 13.5% to 21%

Growth rates

Growth rates used to extrapolate beyond the most recent forecasts and to determine terminal values are based upon the long-term average GDP growth forecast, which are consistent with external sources, for the relevant country. Growth rates range from 0.7% to 7.7%. Any growth rate in excess of 3.0% was capped for the purpose of this calculation. GDP growth is a key driver of our business, and is therefore a key consideration in developing long-term forecasts.

Growth rates used for various cash generating units in operating segments are as follows:

UK: 2.2%

Continental Europe: 1.3% to 1.4%

Rest of the World: 0.7 to 3.0% (capped)

Impairment reviews were performed at the year-end by comparing the carrying value of goodwill with the recoverable amount of the CGUs to which goodwill has been allocated. It is the opinion of the Directors that at 31 December 2015 there was no impairment of goodwill.

As part of the impairment review, management has considered the sensitivity of the recoverable amount for each unit to changes in the growth rates 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 by adding an additional 2% to the country specific pre-tax discount rates. None of these changes in the key assumptions are expected to reasonably occur.

Notes to the **Consolidated Financial Statements** continued

14 GOODWILL CONTINUED

Goodwill acquired in a business combination is allocated, at acquisition, to the groups of CGUs that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	2015 £m	2014 £m
Goodwill by region		
United Kingdom	7.7	7.7
Continental Europe	12.0	12.7
Rest of the World	5.5	3.3
	25.2	23.7

15 INTANGIBLE ASSETS

2015	Customer relationship £m	Trade name & marks £m	Software £m	Total £m
Carrying amount at 1 January 2015	3.4	0.6	0.4	4.4
Additions	–	–	0.1	0.1
Acquisition	2.6	2.5	–	5.1
Foreign exchange	0.1	0.1	–	0.2
Gross carrying amount at 31 December 2015	6.1	3.2	0.5	9.8
Amortisation				
Carrying amount at 1 January 2015	1.2	0.6	0.3	2.1
Charge for year	0.3	–	0.1	0.4
Accumulated amortisation at 31 December 2015	1.5	0.6	0.4	2.5
Net book value as at 31 December 2014	2.2	–	0.1	2.3
Net book value as at 31 December 2015	4.6	2.6	0.1	7.3

2014	Customer relationship £m	Trade name & marks £m	Software £m	Total £m
Carrying amount at 1 January 2014	2.6	0.6	0.4	3.6
Additions	–	–	–	–
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 investments in subsidiaries, including the name, country of incorporation, proportion of ownership interest, change of ownership interest not resulting in loss of control 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 2015 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	Type of Subsidiary
Empresaria Asia Limited	07384224	Holding
Empresaria GIT Holdings Limited	05669458	Dormant
Empresaria GIT Limited	05669176	Dormant
Interim Management International Limited	04067140	Holding
TLN 1004 Limited	04598490	Dormant
TLN 1006 Limited	03570249	Dormant

17 TRADE AND OTHER RECEIVABLES

	2015 £m	2014 £m
Current		
Trade receivables	32.2	31.2
Less provision for impairment of trade receivables	(0.4)	(0.3)
Net trade receivables	31.8	30.9
Prepayments and accrued income	1.8	1.7
Deferred and contingent consideration	0.3	0.4
Other receivables	2.0	1.5
	35.9	34.5

Trade receivables include £23.4m (2014: £23.8m) 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.

Notes to the **Consolidated Financial Statements** continued

18 TRADE AND OTHER PAYABLES

	2015 £m	2014 £m
Current		
Trade payables	0.9	0.9
Other tax and social security	5.7	6.1
Other payables	3.6	3.5
Accruals	11.0	10.3
Provision for exceptional items	–	0.5
Contingent consideration	2.8	0.6
	24.0	21.9

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

	2015 £m	2014 £m
Non-current		
Contingent consideration	0.5	–
Other payables	0.5	–
	1.0	–

The fair values of trade and other payables are not materially different from those disclosed above.

19 FINANCIAL LIABILITIES

a) Borrowings

	2015 £m	2014 £m
Current		
Bank overdrafts	2.3	2.4
Amounts related to invoice financing	6.9	8.1
Current portion of bank loans	0.7	0.7
	9.9	11.2
Non-current		
Bank loans	5.1	6.4
	5.1	6.4
Total financial liabilities	15.0	17.6

During the year the UK revolving credit facility of up to €10 million was repaid, replaced by new facilities in Germany provided directly to our subsidiary company. The new facilities comprise a term loan of €5 million which expires in 2018 and an increase in overdraft facilities of €5 million to €8 million. As at 31 December 2015, the term loan was fully utilised and €2.2 million of the overdraft was utilised. Interest is payable at EURIBOR plus 3% for the term loan and EURIBOR plus 2.3% for the overdraft. The facilities are secured by a parent company guarantee.

The term loan in the UK outstanding as at 31 December 2014 of £0.8 million was also repaid during the year and resulted in an increase in the UK overdraft facility of £0.5m. A new term loan of £4.5 million, which expires in 2018, was entered into to part fund the initial acquisition payment and the deferred consideration payments for the acquisition of Pharmaceutical Strategies (see note 6 for details) due between 2016 and 2018. A $1.5 million overdraft facility was also entered into to provide working capital facilities to the acquired entity. As at 31 December 2015, £1.6 million of the term loan was utilised and $1.1 million of the overdraft was utilised. Interest is payable at UK base rate plus 1.5% for the term loan and UK base rate plus 2.0% for the overdraft.

The existing UK overdraft facilities were increased from £4 million to £5.5 million during the year. 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 2015 was £nil (2014: £2.0m).

The UK facilities are secured by a first fixed charge over all book and other debts given by the Company and certain of its UK subsidiaries.

Other overseas overdrafts had interest rates of between 1.1% and 7.7% during the year.

b) Movement in net borrowings

	2015 £m	2014 £m
As at 1 January	(9.8)	(15.2)
Net increase in cash and cash equivalents before cash / overdraft acquired with business acquisition	0.7	2.2
Net (overdraft) / cash acquired with business acquisition	(0.6)	0.1
Decrease in loans	1.0	0.2
Decrease in invoice financing	1.2	2.6
Currency translation differences	0.2	0.3
As at 31 December	(7.3)	(9.8)

c) Analysis of net borrowings

	2015 £m	2014 £m
Financial liabilities – borrowings	(15.0)	(17.6)
Cash and cash equivalents	7.7	7.8
As at 31 December	(7.3)	(9.8)

Cash and cash equivalents at 31 December 2015 include cash with banks of £43,000 (2014: £108,000) held by a subsidiary in China which is subject to currency exchange restrictions.

Notes to the **Consolidated Financial Statements** continued

20 DEFERRED TAX

	Tax losses £000	Capital allowances £000	Holiday pay £000	Timing differences £000	Intangible assets £000	Total 2015 £000	Total 2014 £000
1 January	340	61	86	327	(993)	(179)	(547)
(Charge) / credit to income	(8)	(7)	6	77	15	83	518
Settled	–	–	–	(70)	–	(70)	–
Business acquisition	–	–	–	–	–	–	(160)
Foreign exchange difference	4	–	–	4	23	31	10
31 December	336	54	92	338	(955)	(135)	(179)

Analysis of deferred tax	2015 £000	2014 £000
Deferred tax asset	946	932
Deferred tax liability	(1,081)	(1,111)
	(135)	(179)

At the balance sheet date, the Group has unused tax losses of £2.5m (2014: £1.5m) available for offset against future taxable profits. A deferred tax asset has been recognised in respect of £1.4m (2014: £1.1m) of such losses. No deferred tax asset has been recognised in respect of the remaining £1.1m (2014: £0.4m) as it is not considered probable that there will be future taxable profits available.

No deferred tax liability is recognised on temporary differences of £3.9m (2014: £4.0m) 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.

21 SHARE CAPITAL AND SHARE PREMIUM

Share capital

	2015		2014	
	Number of shares	£m	Number of shares	£m
Allotted and fully paid				
Ordinary shares of 5p each	49,019,132	2.4	44,562,847	2.2

In October 2015 the Company issued and allotted 4,456,285 new ordinary shares for £0.75 each. Nominal value per allotted share was £0.05. Expenses of issue of equity shares amounting £120,000 were recognised against share premium.

Share premium

	2015 £m	2014 £m
Balance at 1 January	19.4	19.4
Premium arising on issue of equity shares	3.1	–
Expenses of issue of equity shares	(0.1)	–
Balance at 31 December	22.4	19.4

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 24 to 27.

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

	2015 £m	2014 £m
Cash and cash equivalents	7.7	7.8
Trade and other receivables *	34.0	32.8

* Trade and other receivables exclude prepayment, tax and social security.

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.

Trade receivables ageing and impairment losses

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

	2015 £m	2014 £m
0–30 days	16.2	17.2
31–60 days	10.3	10.6
61–90 days	3.3	1.7
Over 90 days	2.0	1.4
Total trade receivables (note 17)	31.8	30.9

Average trade receivables days during the year was 51 days (2014: 52 days).

All of the Group's trade receivables have been reviewed for indicators of impairment and a provision of £0.4 million (2014: £0.3 million) has been recorded accordingly.

Included in the Group's trade receivable balance are debtors with a carrying amount of £23.4 million (2014: £25.9 million) which are not past due and a carrying amount of £8.4 million (2014: £5.0 million) which are past due at the reporting date. For these balances 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.

Notes to the **Consolidated Financial Statements** continued

22 FINANCIAL INSTRUMENTS CONTINUED

Trade receivables ageing and impairment losses continued

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

	2015 £m	2014 £m
0–30 days	4.3	2.6
31–60 days	2.0	1.2
61–90 days	0.8	0.5
Over 90 days	1.3	0.8
Total past due trade receivables	8.4	5.0

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

	2015 £m	2014 £m
Balance as 1 January	0.3	0.2
Impairment loss recognised	0.3	0.2
Impairment loss utilised	(0.2)	(0.1)
Balance at 31 December	0.4	0.3

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 with regular cash flow forecasts. In order to ensure continuity of funding, the Group seeks to arrange funding ahead of business requirements and maintain sufficient undrawn committed borrowing facilities.

As at 31 December 2015, Empresaria's liabilities have contractual maturities which are summarised below:

	Current				Non-current	
	within 6 months		6 to 12 months		1 to 5 years	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Long-term bank loans	0.3	0.3	0.4	0.4	4.7	6.1
Trade and other payables	24.0	21.9	–	–	0.5	–
Other short-term financial liabilities	9.2	10.5	–	–	–	–
Total	33.5	32.7	0.4	0.4	5.2	6.1

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 £15.6m (2014: £10.2m) of undrawn bank facilities (excluding invoice financing).

There was no loan repayment default during the year (2014: nil). At the year end past due loans were nil (2014: 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 2015 this ratio was 23% (2014: 32%). The Board closely monitors the level of borrowings.

Debt to debtors ratio

	2015 £m	2014 £m
Total net borrowing	7.3	9.8
Trade receivables	31.8	30.9
Debt to debtors ratio	23%	32%

Gearing ratio

	2015 £m	2014 £m
Gross borrowings	15.0	17.6
Less: Cash and cash equivalents	(7.7)	(7.8)
Net debts	7.3	9.8
Equity attributable to company shareholders	30.8	23.9
Net debt to equity ratio	24%	41%

Debt to EBITDA ratio

EBITDA represents earning before interest, tax, depreciation and amortisation.

	2015 £m	2014 £m
Total net borrowing	(7.3)	(9.8)
Operating profit before exceptional items, loss on business disposal and amortisation	8.0	6.6
Add: depreciation	0.7	0.7
EBITDA	8.7	7.3
Debt to EBITDA ratio	84%	134%

Notes to the **Consolidated Financial Statements** continued

22 FINANCIAL INSTRUMENTS CONTINUED

Foreign currency risk

Most of the Group's transactions are carried out in the local currency of the respective country the business is operating in. Exposures to currency exchange rates arising from overseas sales and purchases are not significant.

To mitigate the Group's exposure to foreign currency risk, non-local currency 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 2015 no forward exchange contracts were entered into (2014: 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 £0.7m (2014: £1.0m).

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	
	2015 £m	2014 £m	2015 £m	2014 £m
Euro	16.7	16.1	(18.5)	(18.5)
Japanese Yen	4.1	3.3	(3.3)	(2.9)
Chilean Peso	4.8	3.0	(3.1)	(1.2)
Indonesian Rupiah	2.9	1.9	(2.0)	(1.0)
US Dollars	6.0	0.4	(8.7)	–

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.

	2015					2014				
	Euro £m	Japanese Yen £m	Chilean Peso £m	Indonesian Rupiah £m	US Dollars £m	Euro £m	Japanese Yen £m	Chilean Peso £m	Indonesian Rupiah £m	US Dollars £m
Net result for the year	(0.4)	(0.1)	–	–	(0.4)	(0.4)	(0.1)	–	–	(0.1)
Equity	(1.4)	(0.2)	(0.2)	(0.2)	(0.5)	(1.3)	(0.2)	(0.3)	(0.3)	(0.1)

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 the Group'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 2015, 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.

	2015	2014
Effective interest rate on borrowings in the year	2.8%	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

	2015 £m	2014 £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		Land and buildings (office)		Project based accommodation	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Total minimum operating lease payments due:						
Within one year	0.5	0.5	1.4	1.2	0.3	0.3
One to five years	0.6	0.5	2.5	1.1	–	–
After five years	–	–	0.2	0.1	–	–
	1.1	1.0	4.1	2.4	0.3	0.3

24 DIVIDENDS

	2015 £000	2014 £000
Amount recognised as distribution to equity holders in the period:		
Final dividend for the year ended 31 December 2014 of 0.70 pence (2013: 0.35 pence) per share	312	156
Proposed final dividend for the year ended 31 December 2015 is 1.0 pence (2014: 0.7 pence) per share	490	312

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 2015 totalling £3.3 million (2014: £0.5 million) which has been recognised as a liability. Contingent consideration has been accrued as a best estimate based upon discounting the future cash flows of Pharmaceutical Strategies following business plans and budget preparations with the management team. Of this amount, £2.7m is no longer contingent and is payable by the end of April 2016.

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 £2.2m (2014: profit of £2.2m).

Notes to the **Consolidated Financial Statements** continued

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 £3.3m (2014: £2.9m) and £0.4m (2014: £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 page 48.

	2015 £m	2014 £m
Short-term employee benefits	0.8	0.6

There were share based payment costs of £162,000 in the year (2014: £189,000) and pension contributions of £47,000 (2014: £48,000) but no other benefits in the year.

Directors' transactions

Dividends totalling £91,000 (2014: £46,000) 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 £1,016 (2014: £788).

28 SHARE BASED PAYMENTS

The Company operates a share option scheme for directors and senior executives. There were no new options granted during the year. The options are forfeited if the employee leaves the Group before the options are exercised.

	2015 Number of share options	2014 Number of share options
Outstanding at beginning of year	2,835,154	2,177,746
Granted during the year	–	657,408
Outstanding at the end of the year	2,835,154	2,835,154

All the options have a zero cost exercise price. The total aggregate fair value of the options granted is £750,000. In 2015 a total expense of £162,000 (2014: £189,000) was recognised in the income statement. Cumulatively to the end of December 2015, the total amount expensed for the above options is £500,000. 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 44 to 48.

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.

* The full 2011 award of 1,220,000 share options vested in March 2015. No options have been exercised as at 31 December 2015.

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 2015 which comprise the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity, the Parent Company Cash Flow Statement and 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 2015 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 2015.

Rob Knight
Senior statutory auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

1 March 2016

Parent **Company balance sheet**

	Note	2015 £m	2014 £m Restated
Non-current assets			
Tangible assets	5	0.1	0.1
Investments	6	26.2	26.1
		26.3	26.2
Current assets			
Debtors (including amounts falling due after more than one year of £0.8m (2014: £0.6m))	7	13.9	14.4
Cash at bank		–	–
Creditors: amounts falling due within one year	8	(5.2)	(5.9)
Net current assets		8.7	8.5
Total assets less current liabilities		35.0	34.7
Creditors: amounts falling due after more than one year	9	(1.1)	(6.1)
Net assets		33.9	28.6
Capital and reserves			
Called up share capital	10	2.4	2.2
Share premium account		22.4	19.4
Merger reserve		0.9	0.9
Other reserves		0.7	0.5
Equity reserve		(0.2)	(0.2)
Profit and loss account		7.7	5.8
Shareholders' funds		33.9	28.6

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 11.

These financial statements of Empresaria Group plc (Company registration number 03743194) were approved by the Board of Directors and authorised for issue on 1 March 2016.

Signed on behalf of the Board of Directors

Joost Kreulen
Director

Spencer Wreford
Director

Parent **Company statement of changes in equity**

	Share capital £m	Share premium £m	Merger reserve £m	Other reserve £m	Equity reserve £m	Profit and loss account £m	Total Shareholders' funds £m
At 31 December 2013 as previously stated	2.2	19.4	0.9	0.3	(0.2)	3.9	26.5
Changes on transition to FRS 102 (see note 11)	–	–	–	–	–	(0.1)	(0.1)
At 1 January 2014 as restated	2.2	19.4	0.9	0.3	(0.2)	3.8	26.4
Profit for the financial year and total comprehensive income	–	–	–	–	–	2.2	2.2
Dividend paid on equity shares	–	–	–	–	–	(0.2)	(0.2)
Movement in share options	–	–	–	0.2	–	–	0.2
At 31 December 2014	2.2	19.4	0.9	0.5	(0.2)	5.8	28.6
Profit for the financial year and total comprehensive income	–	–	–	–	–	2.2	2.2
Dividend paid on equity shares	–	–	–	–	–	(0.3)	(0.3)
Issue of share capital	0.2	3.1	–	–	–	–	3.3
Expenses of equity shares issued	–	(0.1)	–	–	–	–	(0.1)
Movement in share options	–	–	–	0.2	–	–	0.2
At 31 December 2015	2.4	22.4	0.9	0.7	(0.2)	7.7	33.9

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.
- 'Equity reserve' represents amounts recognised in relation to historic expired options over a subsidiary company.
- 'Other reserves' represents movements in relation to share based payments.
- 'Retained earnings' represents accumulated profits less distributions and income/expense recognised in equity from incorporation.

Parent **Company cash flow statement**

	2015 £m	2014 £m
Cash flows from operating activities		
Profit for the financial year	2.2	2.2
Adjustment for:		
Impairment loss on investments	1.3	–
Share-based payment expense	0.2	0.2
Interest paid	0.1	0.2
Interest received	(0.2)	(0.4)
Taxation	0.1	–
Dividends received from subsidiary undertakings	(3.3)	(2.0)
Decrease in debtors	0.1	2.7
Increase in creditors	0.5	0.1
Cash from operations	1.0	3.0
Income taxes paid	(0.1)	(0.1)
Net cash generated from operating activities	0.9	2.9
Cash flows from investing activities		
Purchases of investments	(1.4)	(2.2)
Interest received	0.2	0.4
Dividends received from subsidiary undertakings	3.3	2.0
Net cash from investing activities	2.1	0.2
Cash flows from financing activities		
Issue of ordinary share capital	3.2	–
Repayment of borrowings	(7.4)	(4.6)
Proceeds from new bank loans	1.6	–
Interest paid	(0.1)	(0.2)
Dividends paid	(0.3)	(0.2)
Net cash used in financing activities	(3.0)	(5.0)
Net increase in cash and cash equivalents	–	(1.9)
Cash and cash equivalents at beginning of year	–	1.9
Cash and cash equivalents at end of year	–	–

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 2015. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 11.

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

Going concern

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

Foreign currencies

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.

Tangible fixed assets

Depreciation is provided on cost in equal annual installments 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.

Financial Instruments

Short-term debtors and creditors are measured at transaction price, less any impairment. Loans receivable and other financial liabilities, including amounts due from and to subsidiary undertakings, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Pension costs

Pension costs are charged to the income statement and relate to contributions made to 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 2015 of £2.2m (2014: £2.2m).

Notes to the parent **Company financial statements** continued

3 DIRECTORS AND EMPLOYEES

	2015 £m	2014 £m
Staff costs		
Wages and salaries	1.1	1.1
Social security costs	0.1	0.2
Share based payments	0.2	0.2
	1.4	1.5
Bonus costs	0.3	0.3
	1.7	1.8

	2015 Number	2014 Number
Average monthly number of persons employed (including directors)	15	14

Pension contributions made in the year were £76,062 (2014: £57,046).

Details of Directors' remuneration are given on pages 44 to 48.

4 DIVIDENDS

During 2015 Empresaria Group plc paid a dividend of £0.3m to its equity shareholders (2014: £0.2m). This amounted to 0.70 pence per ordinary share (2014: 0.35 pence).

A final dividend is proposed for the year ended 31 December 2015 of 1.0 pence per ordinary share (2014: 0.70 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 31 May 2016 to members registered on 6 May 2016.

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 2015	0.6
Additions	–
At 31 December 2015	0.6
Accumulated depreciation	
At 1 January 2015	0.5
Charge for the year	–
At 31 December 2015	0.5
Net book value	
At 31 December 2014	0.1
At 31 December 2015	0.1

6 INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiary undertakings £m
Cost	
At 1 January 2015	32.0
Additions	4.0
Disposals	(2.6)
At 31 December 2015	33.4
Impairment	
At 1 January 2015	5.9
Impairment charge	1.3
At 31 December 2015	7.2
Net book value	
At 31 December 2014	26.1
As 31 December 2015	26.2

Notes to the parent **Company financial statements** continued

6 INVESTMENTS HELD AS FIXED ASSETS CONTINUED

Investments comprise of the following subsidiary companies:

Company	Class of share held	2015 Effective % holding	2014 Effective % holding	Country of Incorporation
Ball and Hoolahan Limited	'A' Ordinary	75	75	UK
BWP Holdco Limited	'A' Ordinary	51	51	UK
Creative People Limited	Ordinary	90	80	UK
Empresaria Americas Finco Limited	Ordinary	100	–	UK
Empresaria Americas Limited*	Ordinary	100	100	UK
Empresaria Asia Limited*	Ordinary	100	100	UK
Empresaria GIT Holdings Limited*	'A' and 'B' Ordinary	100	100	UK
Empresaria GIT Limted	Ordinary	100	100	UK
Empresaria Gulf Limited*	Ordinary	100	100	UK
Empresaria Malaysia Holdings Limited	Ordinary	100	100	UK
Empresaria Mexico Holdings Limited	'A' Ordinary	51	51	UK
Empresaria North America Limited	'A' Ordinary	93	–	UK
Empresaria Philippines Holdings Limited	'A' Ordinary	70	70	UK
Empresaria Thailand Holdings Limited	'A' Ordinary	60	70	UK
EMR1000 Limited*	Ordinary	100	100	UK
FastTrack Management Services Limited*	'A' Ordinary	75	75	UK
Greycoat Investments Limited*	Ordinary	100	100	UK
Greycoat Placements Limited*	'A' Ordinary	90	90	UK
Interim Management International Limited*	Ordinary	100	100	UK
LMA Recruitment Limited*	'A' Ordinary	63	63	UK
Lumley Employment Company Limited	'A' and 'B' Ordinary	90	90	UK
Mac People Limited	Ordinary	90	80	UK
Mansion House Recruitment Limited*	'A' Ordinary	67	58	UK
McCall Limited*	'A' Ordinary	82	82	UK
NMS Czech Holding Limited*	'A' Ordinary	51	51	UK
Oval (888) Limited*	'A' and 'B' Ordinary	100	100	UK
Publishing People Limted	Ordinary	90	80	UK
Reflex HR Limited*	'A' Ordinary	84	84	UK
Teamsales Limited*	'A' Ordinary	95	95	UK
The Recruitment Business Holdings Limited*	'A' Ordinary	90	100	UK
The Recruitment Business Limited	Ordinary	90	80	UK
The Recruitment Store (2000) Limited	Ordinary	90	80	UK
TLN 1004 Limited*	'A' and 'B' Ordinary	100	100	UK
TLN 1006 Limited*	'A' and 'B' Ordinary	100	100	UK
Web People Recruitment Limited	Ordinary	90	80	UK
The Recruitment Business Pty Limited	Ordinary	90	80	Australia
headwayaustria GesmbH	Ordinary	100	100	Austria
headwayindustrie Austria	Ordinary	100	100	Austria
Empresaria Group Chile Limitada*	Ordinary	100	100	Chile
Marketing y Promociones S.A. 'Alternattiva'	Ordinary	56	56	Chile
Instituto De Capacitacion Complementaria De La Empresa Limitada	Ordinary	56	56	Chile
A-Consulting Limitada	Ordinary	56	56	Chile
Alternattiva Empresa De Servicios Transitorios Limitada	Ordinary	56	56	Chile
Empresaria Intelligence HR Consultants*	Ordinary	100	100	China

Company	Class of share held	2015 Effective % holding	2014 Effective % holding	Country of Incorporation
GiT Consult Czech s.r.o	Ordinary	–	55	Czech Republic
Mediradix Oy*	Ordinary	96	96	Finland
Empresaria Holding Deutschland GmbH*	Ordinary	100	100	Germany
headwaylogistic administration GmbH	Ordinary	100	100	Germany
headwayindustrie GmbH	Ordinary	100	100	Germany
headwaylogistic GmbH	Ordinary	100	100	Germany
headwaypersonal GmbH	Ordinary	100	100	Germany
LMA Recruitment Limited	Ordinary	100	100	Hong Kong
The Recruitment Business Limited	Ordinary	90	100	Hong Kong
Interactive Manpower Solutions Private Limited*	Ordinary	71	71	India
PT. Monroe Consulting Group	'A' Ordinary	90	80	Indonesia
PT. Learning Resources	'A' Ordinary	51	51	Indonesia
FINES K.K.	Ordinary	51	51	Japan
FINES Tokyo K.K.	Ordinary	51	51	Japan
Skillhouse Staffing Solutions K.K.	Ordinary	90	90	Japan
Rhinefield Limited*	Ordinary	100	100	Jersey
Monroe Consulting Group Malaysia Sdn. Bhd.	Ordinary	100	100	Malaysia
Metis Consulting Sdn. Bhd.	Ordinary	–	55	Malaysia
Monroe Consulting Mexico S.A. de C.V.	Class II Ordinary	51	51	Mexico
HR Philippines Holdings, Inc.	Ordinary	70	70	Philippines
Monroe Consulting Philippines Inc	Ordinary	70	70	Philippines
Learning Resources Solution Pte. Limited	Ordinary	51	51	Singapore
LMA Recruitment Singapore Pte. Limited	Ordinary	70	70	Singapore
McCall Singapore Pte. Limited	Ordinary	82	82	Singapore
Monroe Consulting Singapore Pte. Limited	Ordinary	100	100	Singapore
Gate1234 s.r.o.	Ordinary	100	100	Slovakia
Monroe Holdings (Thailand) Company Limited	Ordinary	60	70	Thailand
Monroe Recruitment Consulting Group Company Limited	Ordinary	60	70	Thailand
Beresford Wilson and Partners FZ-LLC	Ordinary	51	51	UAE
Empresaria USA, Inc.	Common Stock	93	–	USA
Pharmaceutical Strategies, LLC	'A' and 'B' Ordinary	93	–	USA
Medical Recruitment Strategies, LLC	'A' and 'B' Ordinary	93	–	USA
Recruitment Strategies Group, LLC	'A' and 'B' Ordinary	93	–	USA
Recruitment Strategies, LLC	'A' and 'B' Ordinary	93	–	USA

* These companies are directly held by Empresaria Group plc. The remaining investments are indirectly held. The percentage shown is as at 31 December 2015 and 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

	2015 £m	2014 £m Restated
Amounts owed by subsidiary undertakings (including amounts falling due after more than one year of £0.8m (2014: £0.6m))	12.8	13.6
Other debtors	0.4	0.3
Prepayments and accrued income	0.7	0.5
	13.9	14.4

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £m	2014 £m
Bank overdraft and loans due within one year	2.0	3.3
Trade creditors	0.2	0.1
Amounts owed to subsidiary undertakings	2.0	0.1
Deferred consideration and other creditors	–	0.2
Accruals	1.0	0.8
	5.2	4.5

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £m	2014 £m Restated
Bank loans	1.1	6.1
	1.1	6.1

During the year the UK revolving credit facility of up to €10 million was repaid, replaced by new facilities in Germany provided directly to our subsidiary company. These new facilities have been secured by a parent company guarantee provided by the Company. As at 31 December 2015, the subsidiary company had utilised €5 million of a term loan and €2.2 million of an overdraft.

The term loan in the UK outstanding as at 31 December 2014 of £0.8 million was also repaid during the year.

A new term loan of £4.5 million, which expires in 2018, was entered into to part fund the initial acquisition payment and the deferred consideration payments due in 2016 of Pharmaceutical Strategies. A $1.5 million overdraft facility was also entered into to provide working capital facilities to the acquired entity (see note 6 in the group accounts). As at 31 December 2015, £1.6 million of the term loan was utilised, with £0.5 million falling due within one year, and $1.1 million of the overdraft was utilised. Interest is payable at UK base rate plus 1.5% for the term loan and UK base rate plus 2.0% for the overdraft.

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 UK facilities are secured by a first fixed charge over all book and other debts given by the Company and certain of its UK subsidiaries. The value of the UK bank overdrafts at 31 December 2015 was £nil (2014: £2.0 million).

	2015 £m	2014 £m
Bank loans		
Repayable within one year	0.5	0.6
Repayable between one and two years	0.5	6.1
Repayable between two and five years	0.6	-
	1.6	6.7

10 CALLED UP SHARE CAPITAL

	Number of shares	2015 £m	Number of shares	2014 £m
Allotted and fully paid				
Ordinary shares of 5p each	49,019,132	2.4	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.

In October 2015 the Company issued and allotted 4,456,285 new ordinary for £0.75 each. Nominal value per allotted share was £0.05. Expenses of issue of equity shares amounting to £120,000 were recognised against share premium.

11 EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. The adoption of FRS 102 has led to a change in accounting policy for the treatment of 'permanent as equity' loans to subsidiary undertakings which were previously measured at historic cost. Under FRS 102 these loans to subsidiary undertakings are now revalued and exchange differences recognised in the income statement.

Reconciliation of equity

	Note	At 1 January 2014 £m	At 31 December 2014 £m
Equity reported under previous UK GAAP		26.5	28.8
Adjustments to equity on transition to FRS 102			
Adjustment 1	1	(0.1)	(0.1)
Adjustment 2	2	–	(0.1)
Adjustment 3	3	–	–
Equity reported under FRS 102		26.4	28.6

Reconciliation of profit for 2014

		2014 £m
Profit for the financial year under previous UK GAAP		2.3
Adjustment 2	2	(0.1)
Profit for the financial year under FRS 102		2.2

Notes to the reconciliation of equity and profit for 2014

Adjustment 1

Under previous UK GAAP some balances due to and from subsidiary undertakings were accounted for as 'permanent as equity' under SSAP 20 and were therefore measured at historic cost with revaluations not required. Revaluations are now required under FRS 102. At the date of transition to FRS 102 all unsettled balances with subsidiary undertakings were revalued and the impact taken to equity.

Adjustment 2

Adjustment 2 reflects the impact of the revaluation, discussed in adjustment 1 above, on balances held with subsidiary undertakings during 2014. The impact of this is taken to the income statement.

Adjustment 3

The company has reviewed all of its loans with subsidiary undertakings and determined that they are at market value and therefore measured at amortised cost. This has not resulted in any adjustments to the accounts. On review of the loan documentation some are determined to be repayable on demand and have therefore been reclassified. The net impact of this adjustment has had no impact on equity or profit. The reclassification as at 31 December 2014 was £5.3m from amounts falling due after more than one year to amounts owed by subsidiary undertakings within debtors and £1.4m from loans from subsidiary undertakings within creditors: amounts falling due after more than one year to amounts owed to subsidiary undertakings within creditors: amounts falling due within one year.

Officers and professional advisers

DIRECTORS
Joost Kreulen
Spencer Wreford
Anthony Martin
Penny Freer
Zach Miles

SECRETARY
James Chapman

REGISTERED OFFICE
Old Church House
Sandy Lane
Crawley Down
Crawley
West Sussex
RH10 4HS

COMPANY REGISTRATION NUMBER
03743194

NOMINATED ADVISER
Arden Partners plc
125 Old Broad Street
London
EC2N 1AR

NOMINATED BROKER
Arden Partners plc
125 Old Broad Street
London
EC2N 1AR

SOLICITORS
Osborne Clarke
2 Temple Back East
Temple Quay
Bristol
BS1 6EG

BANKERS
HSBC plc
West & Wales Corporate Banking
3 Rivergate
Temple Quay
Bristol
BS1 6ER

INDEPENDENT AUDITOR
Deloitte LLP
London Gatwick Office
Global House
High Street
Crawley
West Sussex
RH10 1DL

REGISTRARS
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire
HD8 0GA

Designed and produced by
ACCRUE FULTON
www.accruefulton.com

Empresaria Group plc

REGISTERED OFFICE
Old Church House
Sandy Lane
Crawley Down
Crawley
West Sussex
RH10 4HS

T: +44 (0) 1342 711 430
F: +44 (0) 1342 711 449
E: info@empresaria.com

www.empresaria.com