Empresaria Group plc

An international specialist staffing group

Annual Report & Accounts 2016

Empresaria is an international specialist staffing group, following a multi-branded business model to address global talent and skills shortages.

The Group's strategy is to develop leading brands and to be diversified and balanced across geographies and sectors. Our spread of operations minimises the dependence on any single market, so reducing the impact from market fluctuations and other external factors. Each brand is a specialist in their niche market, enabling them to understand the needs of clients and candidates alike, allowing them to attack the market vertically rather than horizontally.

Our vision is 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.

More information on **Strategy** on **pages 10 and 11**

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www.empresaria.com

HIGHLIGHTS

Operational highlights

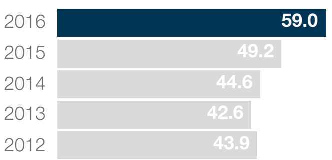
- Revenue of £270.4m up 44% on prior year
- Net fee income of £59.0m up 20% on prior year
- Fourteen consecutive quarters of net fee income growth
- Conversion ratio increases to 16.6% from 16.3%
- Operating profit up 12% to £8.5m
- Profit before tax up 11% to £7.9m
- Diluted earnings per share unchanged at 9.3p, after increased amortisation charges. Adjusted earnings per share up 14% to 11.3p
- Five consecutive years of double-digit % growth in adjusted earnings per share
- Strong profit growth in German business, IT sector in Japan and Executive search in South East Asia
- Investments made in July 2016 in Rishworth Aviation and in October 2016 in ConSol Partners
- Net debt increased by 44% to £10.5m to help fund new investments
- Plans to launch Executive search brand in Vietnam in 2017
- Successful integration of Pharmaceutical Strategies investment
- 17% increase in average number of staff
- Proposed dividend up 15% to 1.15p

Financial highlights

Net fee income (£m)

£59.0m 20%

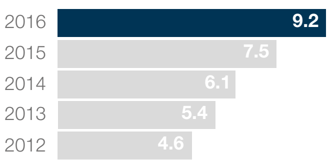
(2015: £49.2m)



Adjusted profit before tax (£m)

£9.2m 23%

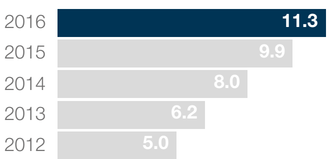
(2015: £7.5m)



Adjusted diluted EPS (p)

11.3p 14%

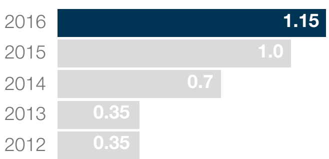
(2015: 9.9p)



Dividend (p)

1.15p 15%

(2015: 1.0p)



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.

What we do

The Group operates in 19 countries across four geographic regions and across seven key sectors, with each brand an expert in their niche market. We focus on growth markets, whether this is country or sector based.

Key sectors

Technical & Industrial

Net fee income:
£22.9m
(2015: £21.5m)

IT, Digital & Design

Net fee income:
£11.9m
(2015: £9.2m)

Professional Services

Net fee income:
£5.8m
(2015: £6.2m)

Retail

Net fee income:
£3.9m
(2015: £3.3m)

Executive Search

Net fee income:
£3.9m
(2015: £3.1m)

Healthcare

Net fee income:
£3.4m
(2015: £1.7m)

Aviation Services

Net fee income:
£2.5m
(2015: n/a)

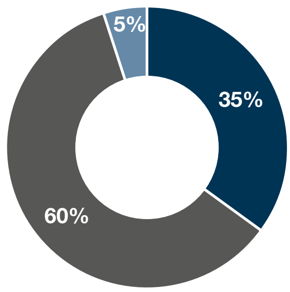
Other

Net fee income:
£4.7m
(2015: £4.2m)

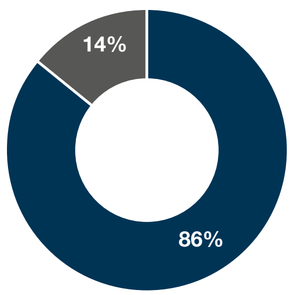
Service lines

The Group has three main service lines, temporary and contract recruitment, permanent recruitment and offshore recruitment services. Overall we aim for a bias in temporary recruitment, which is generally 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.



Permanent
Temporary and contract
Offshore recruitment services



Professional & Specialist
General

Regions

United Kingdom

Net fee income:

£19.0m

(2015: £18.4m)

Brands
LMA, Mansion House, FastTrack, McCall, Greycoat, Become, Ball and Hoolahan, Teamsales, ConSol Partners

See page 18

Continental Europe

Net fee income:

£16.8m

(2015: £14.5m)

Brands
Headway, Mediradix

Countries
Germany
Austria
Finland

See page 19

Asia Pacific

Net fee income:

£18.6m

(2015: £14.2m)

Brands
Skillhouse, FINES, Become, Monroe Consulting, Learning Resources, IMS, BW&P, McCall, LMA, Greycoat, Rishworth Aviation

Countries

Japan	Singapore
Indonesia	China
India	Hong Kong
Australia	Philippines
UAE	Malaysia
Thailand	New Zealand

See page 20

Americas

Net fee income:

£4.6m

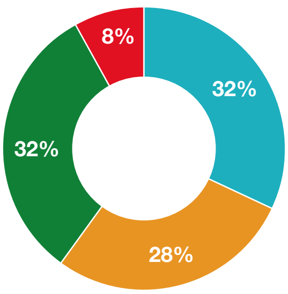
(2015: £2.1m)

Brands
Alternattiva, Monroe Consulting, Pharmaceutical Strategies, ConSol Partners

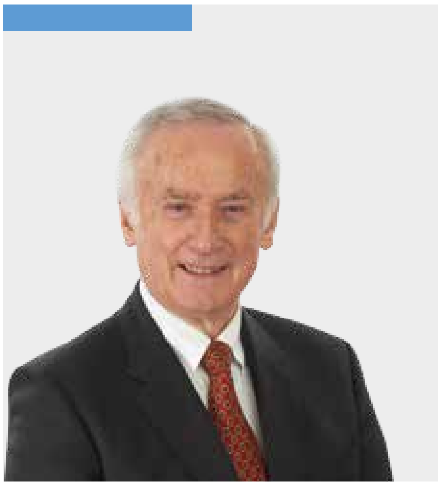
Countries
USA
Chile
Mexico

See page 21

How our net fee income is split between our four regions



Further year of progress



The Group has delivered another year of strong growth in profit and adjusted earnings per share

The Group has delivered another year of strong growth in profit and adjusted earnings per share. We have again demonstrated the strength of our multi-branded business model, with a strategy to be diversified by geography and sector and to develop leading brands with sector expertise. As we enter 2017, the Group continues to strengthen its position, as our focus on delivering against our strategy is reflected in our trading performance and resilience to uncertain market conditions.

- Revenue grew by 44%, primarily in the Technical & Industrial sector and from the investments made in 2016. Additionally, our business mix has changed following our decision in the last few years to reduce our exposure to low margin, high volume business in the UK Technical & Industrial sector
- Net fee income grew by 20% with profit before tax up 11% (23% on an adjusted basis). We are pleased to report fourteen consecutive quarters of year-on-year growth in net fee income
- Share of net fee income from Temporary recruitment is up to 60% (2015: 55%), continuing our focus to deliver a higher proportion of our income from contracting, which is generally more predictable than permanent recruitment
- A balanced and diversified spread of operations, with 68% of net fee income from outside the UK (2015: 63%). We generate 72% of our net fee income from the four largest staffing markets in the world (USA, Japan, UK and Germany) but also 28% from high growth markets including South East Asia, China, India and Australia
- We have invested in two sectors with exciting long-term growth prospects through our investments in Rishworth Aviation (Aviation sector) and ConSol Partners (IT, Digital & Design sector). These transactions completed three important investments in a 12-month period to October 2016, starting with Pharmaceutical Strategies in October 2015, adding strong brands to the Group that have good growth potential in the years to come

Performance overview

Trading summary £m	2016	2015	% change	% change constant currency**
Revenue	**270.4**	187.3	44%	33%
Net fee income	**59.0**	49.2	20%	10%
Operating profit	**8.5**	7.6	12%	3%
Adjusted operating profit*	**9.8**	8.0	23%	11%
Profit before tax	**7.9**	7.1	11%	0%
Adjusted profit before tax*	**9.2**	7.5	23%	11%

* Adjusted to exclude amortisation of intangible assets, exceptional items, gain or loss on disposal of business and fair value charges on acquisition of non-controlling interests

** The constant currency movement is calculated by translating the 2015 results at the 2016 exchange rates

Group revenue of £270.4m was up 44% on the prior year of £187.3m, with a 50% growth in Temporary revenue and 7% growth in Permanent revenue. The growth in net fee income was 20%, with a reduced Temporary margin of 14.5% (2015: 16.7%). This is largely due to Rishworth Aviation having a lower margin than the rest of the Group at 6%, although this margin is earned over a long period as their temporary contracts typically last between three and five years. Also, in Germany there was a reduced margin from changes in the client mix and tariffs.

We continued to see an improvement in our conversion ratio, for the fifth year in a row, increasing from 16.3% to 16.6% with costs controlled despite further investments in the business. Operating profit grew 12% to £8.5m (2015: £7.6m), after a £0.7m increase in amortisation charges to £1.1m. With interest costs higher due to the debt taken on to help fund the investments, profit before tax growth was 11% to £7.9m (2015: £7.1m). On an adjusted basis, excluding amortisation, exceptional items and fair value charges on the acquisition of non-controlling interests, both operating profit and profit before tax grew 23% over the prior year.

Diluted earnings per share was unchanged at 9.3p, again impacted by higher amortisation costs. On an adjusted basis it grew by 14% to 11.3p, delivering the fifth year in a row of double-digit growth.

The results this year have been impacted by currency movements, especially in the second half of the year. There was a small negative impact on the trading results but overall it has been positive for the Group, with a benefit from the translation of overseas profits into Sterling. On a constant currency basis revenue growth was 33%, net fee income was up 10% and adjusted profit before tax was up 11%.

After seeing our total debt level reduce through 2014 and 2015, this year it increased to £10.5m (2015: £7.3m) as we took the decision to fund our investments in the year by using operating cash flows and new bank debt. We entered into a five-year revolving credit facility with HSBC Bank plc on 30 June 2016. Interest rates are at low levels and are generally expected to remain low in the short term. This access to low cost debt with our long-term banking partner provided the best option to finance the investments in 2016. Our underlying philosophy remains to fund investments through equity or operating cash flows and to use debt for working capital funding. We continue to target a ‘debt to debtors’ ratio of no more than 25%. We measure this by excluding the cash held by Rishworth Aviation for pilot bonds, which ultimately is repayable to pilots at the end of their contracts, and at year end this ratio was 38% (2015: 23%) (see note 18 for further details). We expect to reduce this to 25% by the end of 2018, in line with our five-year plan.

Investments

We follow an Invest and Develop strategy, with a focus on investing in our existing brands, to help develop them to build long-term sustainable profit streams. To complement this, we also look for 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 this strategy, in 2016 we made two significant investments. In July 2016 we invested in Rishworth Aviation, a pilot leasing staffing business operating from offices in New Zealand and Sweden, servicing clients throughout Asia Pacific, UK, Continental Europe and Africa. Rishworth provides pilots on a contracting basis and is already diversified geographically. Air travel is predicted to increase with high growth rates over the mid term, especially in the emerging markets in Asia and Africa where Rishworth has a good presence, and we see good prospects for the business over the medium and long term.

In October 2016 we invested in ConSol Partners, which operates in the IT staffing sector, servicing the high growth areas of Communications & Mobile, Cloud Technologies and the Digital supply chain. They have offices in the UK and USA, with the UK team primarily servicing clients across the UK and Continental Europe and the USA team focused on its domestic market. This investment strengthens the Group’s presence in an important sector, which is exhibiting strong growth trends and has excellent potential.

People

A key part of our business model is subsidiary management equity, aligning key management and Empresaria shareholder interests through brand management holding shares in their operating companies. This approach helps Empresaria to attract and retain the best people. At the end of the year we had 57 management shareholders, owning shares in different Group companies, up from 42 last year.

The Group has a dedicated Board and we are working hard to deliver growth, manage risk and improve our long-term financial performance, to generate higher shareholder returns. The Board is extremely experienced, with over 100 years of combined staffing industry experience.

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

Governance

We have an established governance system in place to deliver on our vision. The Group follows 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 are based on shared ownership and true operational autonomy for brand managers, are very important to the Board and key to our long-term growth prospects. We focus our investments towards people that share these values.

Dividend

The Board has reviewed the dividend in the light of the positive trading result and overall financial position. In line with our progressive dividend policy, for the year ended 31 December 2016 the Board has proposed a final dividend of 1.15p per share (2015: 1.0p per share) which, if approved by shareholders at the Annual General Meeting, will be paid on 31 May 2017 to shareholders on the register on 5 May 2017.

Outlook

The Group’s strategy has delivered strong profit and adjusted earnings per share growth. We are confident that 2017 will be another year of profit growth with the Group benefiting from the potential within its existing brands and also the investments made in 2016 contributing for a full year.

Our diversification by geography and sector helps to mitigate against difficult markets and as such we continue to see exciting opportunities to develop our Group, deliver increased profits and so enhance shareholder value. We look forward to the year ahead with confidence.

Tony Martin
Chairman
21 March 2017

Market drivers shaping our industry

Macroeconomic drivers

- Economic growth
- Market size and specialism
- Global markets

Description

Staffing is driven by confidence, clients having the confidence to hire and invest and candidates having the confidence to move job. Confidence builds from good economic conditions, with growing economies creating new roles and candidates moving between existing roles. This dual impact means staffing markets are generally expected to grow at higher rates than 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 in global markets across international boundaries. The labour markets are reacting to this with people becoming more mobile and working outside their country of birth.

Demographics

- Talent shortages
- Population growth and the rise of the middle classes in emerging markets
- Urbanisation

Talent shortages exist in certain sectors; making it difficult for clients to find suitable staff, as there are insufficient workers with the necessary skills to meet demand. Clients have a number of routes to find candidates themselves, but where there is a scarcity of talent a staffing agency is invaluable to help with difficult to find candidates. There is an ageing population in developed economies which is further exacerbating this skills shortage. In some sectors there is an expected reduction in the number of low skilled jobs in the future due to advances in technology and automation making these jobs obsolete. Conversely, new roles are being created that did not exist a few years ago and there are very few people available with experience in these areas.

There is a growing divide between the qualifications and skills of workers and the evolving demands of the labour market.

The population size in emerging markets, and the trend for growth in the number of middle class and education levels, 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 concentration of workers to the largest cities means these cities are the main drivers of economic growth.

Regulations and technology

- Market regulations
- Technology advances/ disruptive business models

The level of regulation in a market indicates how sophisticated it is and can be a key driver of market growth, with well-regulated markets encouraging temporary employment by protecting the rights of temporary workers and ensuring the right to equal pay and conditions. 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.

With the rise of new business models and growth of workers in the gig economy, regulations are being reviewed and amended to deal with taxation of income and profits.

In established staffing markets we see an increased use of Vendor Management Systems ('VMS') and Managed Service Providers ('MSP') where software solutions or external advisers act as the mechanism for providing staffing services to clients. This reduces the interaction, sometimes completely, between the end client and staffing agency.

Also, advances in technology are helping the development of new business models for the industry that could change the way businesses find and hire talent in the future. Some of these models are helpful to the staffing agency and some would look to bypass the agency. With the supply and demand for job markets becoming increasingly digitalised it can be difficult to sift through the sheer volume of data online to find the best match. This is where a staffing agency can provide added value by managing the process and analysing the data to find the ideal candidate.

Evolving business practices

- Flexible working practices
- How candidates and clients interact
- Outsourcing

There is an ongoing trend towards flexible working practices. This is being driven by both clients wanting solutions for specific projects, to manage their costs and to improve productivity, and candidates wanting flexibility on when, where and how they work. This could be self-employment, part-time work or remote working, with project work enabling them to build up a wide portfolio of relevant experience. With the rise of the digital world, it is increasingly easy for candidates to work from anywhere in the world, removing geographic boundaries and time zone issues.

The rise of social media makes it easier to communicate with potential workers across the world, providing them with instant access to information about clients, helping them to make more informed choices about their career options.

In global markets outsourcing practices allow companies to control costs by using labour in lower cost jurisdictions for non-core tasks and to allow them to adjust the size of their workforce more easily. This is a trend seen in both the wider economy and the staffing industry.

Our opportunity

We have a good spread of operations across both established and emerging staffing markets, with 72% of our net fee income derived from the UK, Germany, Japan and USA, which are the four largest staffing markets in the world. These markets provide a significant market opportunity for our brands to operate as niche market experts as well as being able to find experienced managers who have the skills and expertise to develop international brands.

The German staffing market is less mature, having only de-regulated in 2004, but 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 relatively immature. There are low levels of 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 emerging markets have high growth prospects and as they develop and mature, this should lead to more specialisation.

Our brands operate across 19 countries so we are able to service client and candidate needs across the world. It is an important part of our strategic plan to identify opportunities for brands to cross-border their expertise and provide an international service.

Our brands are specialists, with knowledge and expertise of their niche markets. We believe this gives them an advantage when working in talent shortage markets as they know where to find candidates and how to communicate with them. Our primary 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. We also expect these roles to be less impacted from changes in technology.

There is a significant long-term growth potential in the emerging staffing markets due to 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. We have a good presence in the emerging markets with a particular focus on Asia Pacific, India and Latin America. As these markets develop we are 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 have large networks of branch offices but focus where the workers and clients are concentrated, so having access to the greatest pool of vacancies and candidates.

In established markets we have a high proportion of temporary recruitment and we closely monitor changes in regulations across our territories. We participate in consultation exercises with the regulators to help them understand the benefits and attraction to workers of temporary labour solutions. In those markets where there is no or little regulation of labour markets we focus on permanent recruitment, but with the expertise around the Group we are well placed to develop temporary recruitment solutions as these markets develop.

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.

We have an overall 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 use social media across our brands to help communicate effectively with candidates.

We have a fast-growing Offshore Recruitment Services business operating out of India and providing a range of recruitment services, primarily to clients in the USA and UK.

How we add value

Drawing on our strengths

People
The skills and expertise of our staff.

Financial
Our ability to invest in the business.

Brand reputation
Our brands are experts in their markets.

Values & culture
Our decentralised structure provides operational autonomy for managers.

Network
Our brands are servicing clients and candidates in 19 countries across the world.

Technology
Our ability to connect with clients and candidates and operate our business effectively.

Operating with excellence

Permanent recruitment
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. We also include training services in this category.

Net fee income

35%

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

Net fee income

60%

Offshore recruitment
A range of recruitment services are provided to clients from an offshore centre, with fees earned for utilising a consultant for a period of time on a client project.

Net fee income

5%

We use different brands to target different sectors, with each brand being an expert in their niche market. The management of each brand is responsible for running their business and have a direct ownership in their business, so aligning their interests with other shareholders. We focus on growth markets, both sectors and geographies, where there are opportunities to build our businesses. We have a bias towards temporary recruitment to provide flexible staffing solutions that are generally less volatile during economic cycles.

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 so giving them a competitive advantage in attracting candidates.

Management equity philosophy

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. 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 spread across both established and emerging staffing markets.

Operational focus on temporary recruitment

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

Generating value for stakeholders

Investors

Our business model helps us to deliver sustainable returns for shareholders with growth in earnings per share and a progressive dividend policy in line with trading performance.

Growth in profit and cash flow allows us to reinvest to grow the business in the future.

Diluted adjusted EPS growth

14%

Dividend growth

15%

People

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

Average employee numbers

1,282

(2015: 1,096)

Community

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 through tax payments and use of local suppliers.

We help local businesses meet their objectives by helping them find suitable workers that fit their needs and requirements. 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.

Our strategy

The Group's strategy is focused on growth, facilitating our vision to be a leading international, specialist staffing group.

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. Leading brands 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 supports higher margins.

Sectors with good long-term growth prospects where our niche sector expertise helps us 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 on the Group 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 staffing markets allows access to both stable mature markets and high growth emerging markets.

How

We follow an 'Invest and Develop' approach to deliver on our strategy.

Develop

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

Invest

To accelerate our growth we also look at external investments, to fill gaps in our sector or geographic coverage or to bring in specific market knowledge into the Group.

External investment will occur 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

Develop a solid financial foundation

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

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

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%.

Our preference is for investments to be funded through equity or from operating cash flows and debt to be used for working capital funding. We review investment opportunities and funding options based on our expectations for the business and the costs of raising new funds to deliver the best overall result for shareholders.

Progress and outlook

Key risks and KPIs

- Net fee income from professional and specialist job roles consistent at 86% (2015: 86%)
- Investments made in leading brands in the Aviation and IT sectors
- Monroe Consulting plans to launch in Vietnam in 2017
- Increased average staff numbers to 1,282 from 1,096
- Merger of Reflex into FastTrack in UK Technical & Industrial sector at the beginning of 2017

Key risks: 2 3 4 6
See page 28

KPIs: 1 3 4 5 6 7
See page 26

21 brands operating in 19 countries.

- Invested in Aviation sector through Rishworth Aviation
- Invested in IT sector through ConSol Partners
- Split of net fee income by region is 32% UK, 28% Continental Europe, 32% Asia Pacific and 8% Americas

From a sector perspective we are keen to increase our presence in the Healthcare and Professional services sectors, which we see as having good long-term growth prospects and we are currently under-represented in. From a regional perspective we are keen to increase our presence in Latin America to build more scale in this region.

Key risks: 1 2 4
See page 28

KPIs: 1 3
See page 26

We increased our net debt levels in 2016 to £10.5m (2015: £7.3m) by using debt to help finance our external investments. If we exclude the cash held for pilot bonds in Rishworth Aviation, the net debt increases to £15.7m, representing 38% 'debt to debtors' ratio against our target of 25%. We see opportunities to bring this back in line with our target over the next two years. This also represents a net debt to EBITDA ratio of 1.5 (2015: 0.8).

Key risks: 5
See page 28

KPIs: 2 8
See page 26

Key risks =
KPIs =

Investing in new markets

Rishworth Aviation

In July 2016 we made an investment in 82.6% of the shares in Rishworth Aviation Limited and its sister companies ('Rishworth'). This represents an excellent strategic fit for the Group:

- **Leading brands**
  Rishworth is a leading independent staffing company providing pilots and aviation personnel to the Aviation industry, with clients throughout Asia Pacific, UK, Continental Europe and Africa.

- **Focus on professional and specialist job levels**
  Rishworth provides 100% professional jobs, so improving the Group's ratio.

- **Bias to temporary recruitment**
  Rishworth is a 100% contract recruitment business, with pilot contracts typically lasting between three and five years. This provides good visibility over future earnings.

- **Sectors with good long-term growth prospects**
  There is a global shortage of pilots and demand for air travel is expected to increase, especially in Asia and Africa.

- **Maintain diversification and balance by geography and sector**
  Rishworth is an international company, with offices in New Zealand and Sweden servicing clients across South and North Asia, UK, Continental Europe and Africa, further diversifying the Group. They have a good spread of clients and this represents a new sector for the Group.

- **Financial foundation**
  Rishworth is profitable and cash generative and the investment is expected to improve the Group's KPIs. Due to the long-term nature of its pilot contracts, the temporary margin as a percentage is low at circa 6%, but they operate with a high conversion ratio.

The senior management team of Rishworth hold 17.4% shares in the Company. They have signed up to our standard shareholder agreements with the shares expected to be held for a minimum holding period of between three and four years, before they can be voluntarily offered for sale to Empresaria over a minimum two-year period.

The long-term prospects for the sector are positive, with the International Air Transport Association ('IATA') forecasting that passenger demand will double over the next 20 years to 7.2 billion passengers by 2035, based on a 3.7% annual compound growth rate. The biggest driver of demand will be the Asia Pacific region and it is expected to be the source of more than half the new passengers over the next 20 years. The IATA expects China to become the largest aviation market, with India displacing the UK into third place and Indonesia entering the top 10. Vietnam is also forecast to be one of the five fastest growing markets. The developing markets share of passenger traffic has risen over the past decade from 24% to nearly 40% and this trend is expected to continue. Rishworth already has a strong presence in the Asia Pacific region with clients across the territory and is well placed to benefit from the growth in the market over the next 20 years.

Studies from both Boeing and Airbus in 2016 forecast that between 2016 and 2035 the world's commercial aviation industry will need approximately 600,000 new pilots, driven by new airplane deliveries and fleet mix. 40% of the demand will be from the Asia Pacific region due to the growth in low cost carriers. These businesses are interested in flexible labour solutions and using pilots on temporary contracts.

The strength of the management team, size and scale of the existing business, focus on compliance and quality and long-term industry growth trends give us confidence in their ability to deliver continued growth as part of the Empresaria Group.

www.rishworthaviation.com

RishworthAviation
International Aviation Consultants. Crew Leasing Specialists

New pilots needed between 2016 and 2035

600,000

Professional and specialist job roles

100%

Forecast annual compound growth rate in passenger demand

3.7%

Share of net fee income from contract staffing

100%

Investing in new markets

ConSol Partners

In October 2016 we made an investment in 65% of the shares in ConSol Partners (Holdings) Limited ('ConSol'), strengthening our presence in the high growth IT staffing sector. This represents an excellent strategic fit for the Group:

- **Leading brands**
  ConSol provides staffing solutions to organisations behind the internet revolution, with a focus on Communications & Mobile, Cloud Technologies and the Digital supply chain.
- **Focus on professional and specialist job levels**
  ConSol provides 100% professional jobs, so improving the Group's ratio.
- **Bias to temporary recruitment**
  ConSol provides both permanent and temporary staffing services. In 2016 51% of their net fee income was from contract services, although this is more heavily weighted to the UK and European business with a majority of permanent sales in the USA.
- **Sectors with good long-term growth prospects**
  The growth trends for the internet technology space are very positive with a global talent shortage across these markets. ConSol has placed staff in more than 50 countries since it started in 2008.
- **Maintain diversification and balance by geography and sector**
  ConSol operate from two key locations. The UK office services clients primarily in the UK and Continental Europe and the USA office covers their domestic market. The business launched organically into the USA in 2013. The net fee income is spread evenly between the three main regions of the UK, USA and Continental Europe (including the rest of the world), so adding to the Group's diversification. It also strengthens the Group's presence in the IT & Digital sector, which has been one of our key focus areas.
- **Financial foundation**
  ConSol is profitable and cash generative and the investment is expected to improve the Group's KPIs.

The senior management team of ConSol hold 35% shares in the Company and are committed to delivering on their growth plans for the business. They have signed up to our standard shareholder agreements with the shares expected to be held for a minimum holding period of between three and four years, before they can be voluntarily offered for sale to Empresaria over a minimum two-year period.

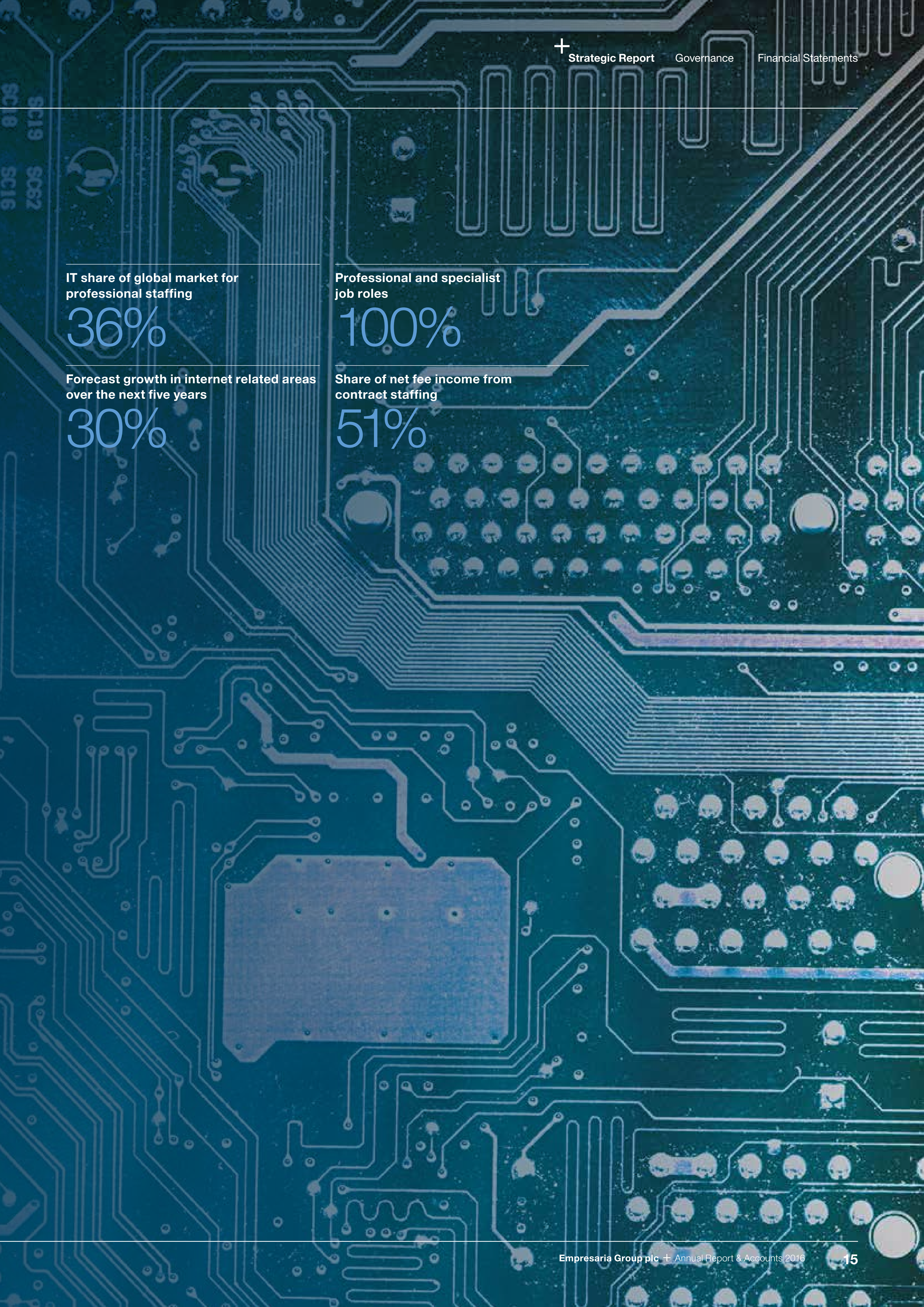
We believe that ConSol is positioned in the right locations and niche markets to take advantage of the predicted growth in the industry and to help companies solve their staffing needs in talent shortage markets. Staffing Industry Analysts ('SIA') data shows the largest IT staffing market in 2015 was the USA (52%), followed by Europe (27%) and Asia Pacific (17%). In that year IT staffing represented 36% of the global market for professional staffing. Demand for IT professionals is being fuelled by the interconnected developments in cloud computing, big data, mobile connectivity, digital marketing and data security, all markets that are being serviced by ConSol.

The IT industry forecasts huge growth in internet related areas which suggests good prospects for IT staffing over the next few years. In the USA IT staffing has outpaced overall staffing over the last 15 years and this trend looks set to continue. Gartner Group Inc projects there are 6.4 billion 'connected things' in 2016, up 30% on 2015 and it forecasts this will grow to 21 billion by 2020, and this is one of the more conservative forecasts out there. The Cisco Global Cloud Index forecasts that annualised cloud IP traffic will reach 14.1ZB (zettabytes) by the end of 2020, up from 3.9ZB in 2015, a compound annual growth rate of 30%. The 'Worldwide Semiannual Big Data and Analytics Spending Guide' from IDC expects worldwide revenues for big data and business analytics to grow from nearly $122bn in 2015 to more than $187bn in 2019, an increase of more than 50% over the five-year forecast period. More than half of this will come from the USA. A number of sources, including IBM estimate that as much as 90% of the data in the world today has been created in the last two years. This kind of growth should lead to increasing demand for IT staff over the medium term.

The strength of the management team, their successful organic expansion into the USA, their ambitions to grow the business and long-term industry growth trends give us confidence in their ability to deliver growth as part of the Empresaria Group.

www.consolpartners.com

ConSol Partners
Connecting the Next Generation



IT share of global market for professional staffing

36%

Professional and specialist job roles

100%

Forecast growth in internet related areas over the next five years

30%

Share of net fee income from contract staffing

51%

Delivering profitable growth

We are pleased to finish the year with a record profit level

We are pleased to finish the year with a record profit level, an adjusted profit before tax of £9.2m (2015: £7.5m). We also grew the Group with two high quality brands joining during the year, helping to strengthen our presence in the IT, Digital & Design sector and entering into the new high growth Aviation sector. Both brands are already diversified by geography and we believe we can help them to grow further by being part of our Group.

Our strongest results were in Germany with Headway, Japan with Skillhouse and South East Asia with Monroe Consulting. We also saw solid performances in Finland, Australia, China, India, Chile and within the UK market the Technical & Industrial sector grew well. Group revenue increased by 44% to £270.4m (2015: £187.3m) and net fee income was up 20% to £59.0m (2015: £49.2m). Our organic development was offset by weakness within the UK and Middle East markets. The UK was negatively impacted by market-wide lower confidence levels due to the EU referendum and in the Middle East, a permanent recruitment market, weak economic conditions persisted throughout the year. We have mitigated the effects of this with some restructuring and we believe this will help those businesses deliver improved results in 2017. As seen historically, the Group has demonstrated a good track record for quickly responding to issues within our business and returning those businesses to growth and as an active management team we continue to closely monitor results for all our brands and assist them with both challenges and opportunities alike. The level of diversification across the Group mitigates against any individual business, sector or market having an undue influence on the wider Group results.

The weakening of Sterling during the year helped the translation of our overseas results. On a constant currency basis we saw revenue growth of 33%, net fee income growth of 10% and adjusted profit before tax up 11%. The underlying growth in net fee income was effectively from the investments made in Rishworth Aviation and ConSol Partners in 2016 and the full year impact from Pharmaceutical Strategies that joined the Group in October 2015. Again, this demonstrates the benefit of our strategy to be diversified and balanced by geography and sector and to focus on both organic development as well as making selective external investments, with a slow down in one sector or region offset by stronger results elsewhere.

For 2016 we have more than two thirds of our net fee income generated from outside the UK, with Asia Pacific and UK both at 32%, Continental Europe at 28% and Americas at 8%. We analyse our regional performance based on the locations where key management and staff are situated, with the majority of our brands only working in their domestic market.

Pharmaceutical Strategies, the investment we made in 2015, has integrated well into the Group. We are pleased that it has grown its client base and seen an improved penetration across existing clients. Our decision to invest in the management team, bringing in additional staff to support the future development of the business and their largest client reducing its overall spend on staffing requirements has resulted in a short-term impact on profitability. The long-term drivers of growth in the US healthcare market of an ageing population, increasing levels of obesity and positive economic conditions remain in place and give us confidence in the prospects for this business.

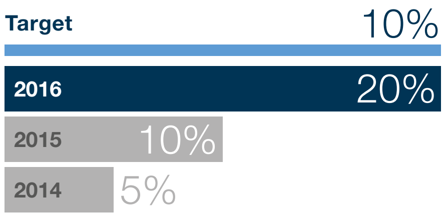
The two investments made in 2016 were both clearly aligned to our strategic goals, being established brands in their sectors, focused on professional and specialist job roles in sectors with good long-term growth prospects. They are already diversified geographically but can also benefit from the Group's coverage and global footprint. They both have a strong contractor bias and have delivered good profit growth and we see opportunities for further growth in the next few years. We are focused on integrating these businesses into the Group, to ensure they get the maximum benefit from being part of Empresaria. We continue to see external investment as an important avenue of growth and development for the Group and we will look to build up our portfolio of opportunities through the coming year, especially in areas where we feel we are under-represented as a Group. From a sector point of view that is Healthcare and Professional Services and regionally Latin America, but we keep an open mind to opportunities that present themselves.

As part of our vision to deliver sustainable growth in earnings per share, we are following a five-year growth plan to 2018. We have made further progress against this plan with growth in net fee income of 20% (10% in constant currency) and an increase in the conversion ratio to 16.6%, the fifth year of continued improvement. Our 'debt to debtors' ratio increased from 23% to 38%, when calculated after excluding the cash held for pilot bonds in Rishworth Aviation, so moves away from our 25% target. This was following our decision to use debt finance to help fund the investments made in the year. We expect to achieve our 25% 'debt to debtors' target by 2018.

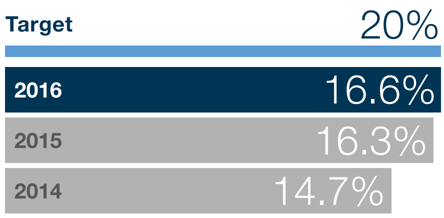
Organic growth is a core part of our business model and we have specific plans with each brand to help them develop into leading brands in their sectors. We are confident that the plans we are following will help the Group deliver profitable growth across all of our regions in 2017.

Five-year plan 2014–2018

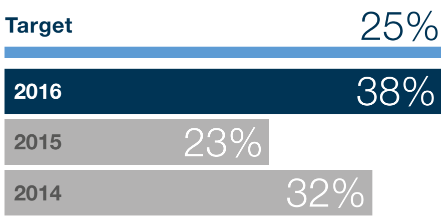
Net fee income growth



Conversion ratio



Debt to debtors ratio



Our regions

United Kingdom

Overview

£m	2016	2015	2014
Revenue	**70.1**	62.7	65.8
Net fee income	**19.0**	18.4	15.9
Adjusted operating profit	**1.5**	2.2	2.2
% of Group net fee income	**32%**	37%	35%
Average number of employees	**262**	224	197

Revenue increased by 12% and net fee income was up 3%, due to the addition of ConSol Partners from October 2016 and an improved result in the Technical & Industrial sector following the move away from low value work in the last few years. This focus on higher value work also helped lessen the impact from the change in rules on travel and subsistence in April 2016. At the beginning of 2017 we merged the operations of the FastTrack and Reflex brands. Both operate within the Technical & Industrial sector and are complementary in terms of niche focus and client base. We expect to see cost savings in the back office and a streamlined management structure, which we hope will also lead to improved top line performance. The combined business has a good coverage across the UK with offices in the North, Midlands, London and South and we have plans to grow their fee-earning staff numbers in 2017.

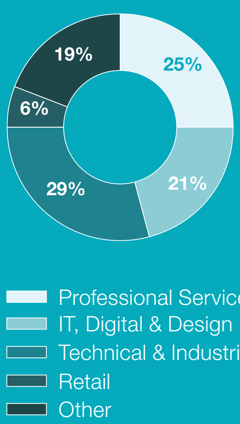
The investment in ConSol Partners strengthened our presence in the IT, Digital & Design sector, with our existing brands operating within the creative niche of this sector. The contribution from ConSol Partners was positive at the net fee income level with a small profit contribution before amortisation charges, but this is offset by the legal and due diligence costs incurred in making the investment. We expect to see a significant profit contribution in 2017, their first full year in the Group. Within the creative niche our brands saw a reduced result, following increased property costs and short-term impacts from changes in management. We are confident of an improved result from these businesses next year.

Our brands in Domestic services, Recruitment-to-recruitment sales and Retail (new house sales) delivered broadly flat profits year-on-year.

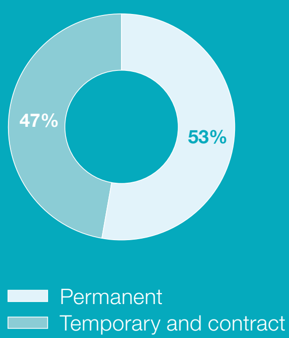
We saw the biggest impact from the EU referendum within the Professional Services sector, with net fee income and profit both down year-on-year. The market stabilised following the vote, but activity levels were lower and costs were higher in the year from both property and staff costs as they invested in building up a service offering in Finance and Accounting.

Brands
LMA
Mansion House
FastTrack
McCall
Greycoat
Become
Ball and Hoolahan
Teamsales
ConSol Partners

% Net fee income by sector



% Net fee income by services



% Net fee income by job level

Continental Europe

Overview

£m	2016	2015	2014
Revenue	**92.0**	75.2	76.8
Net fee income	**16.8**	14.5	15.0
Adjusted operating profit	**4.9**	3.9	3.2
% of Group net fee income	**28%**	30%	34%
Average number of employees	**127**	123	132

Revenue grew by 22% and net fee income by 16%, with strong profit growth of £1.0m to £4.9m. There was a reduced temporary margin in Germany, due to changes in the client mix and pay rate tariffs. Currency movements were beneficial, with constant currency growth in net fee income of 2%.

The Headway business in Germany and Austria dominates the region and we saw a good result in Austria, following a key project win during the year.

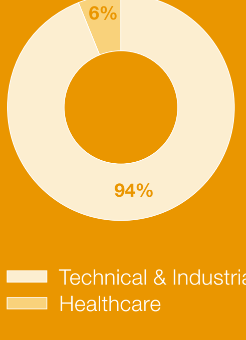
The Logistics division in Germany also had strong results through increased penetration with key clients. In the temporary staffing division, investments have been made in training and sales staff to help drive future growth. The business confidence in Germany is positive as we move into 2017, however, we are cautious about the short-term prospects for the market. There are elections in Germany in September 2017 and new legislation will be implemented in April 2017 which will limit the time a worker can be on a temporary contract with a client to 18 months, as well as new equal pay regulations being introduced. We believe the new rules will be positive for the industry over the medium term but there may be a short-term dampening effect on demand as clients get to grips with the new rules. The first direct impact of this legislation will be in October 2018 and we are working with clients and advisers on plans to deal with the new rules where they have long-standing temporary workers.

Our Healthcare business continues to improve, with an increasing proportion of temporary workers from Finland and lower costs, having closed their Estonian presence at the end of 2015. We are pleased with the progress being made.

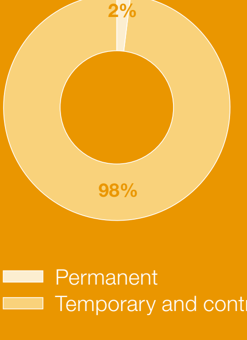
Countries
Germany
Austria
Finland

Brands
Headway
Mediradix

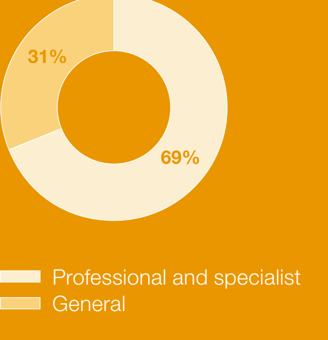
% Net fee income by sector



% Net fee income by services



% Net fee income by job level



Our regions

Asia Pacific

Overview

£m	2016	2015	2014
Revenue	**77.3**	29.2	27.7
Net fee income	**18.6**	14.2	12.3
Adjusted operating profit	**2.7**	1.6	1.2
% of Group net fee income	**32%**	29%	28%
Average number of employees	**795**	673	545

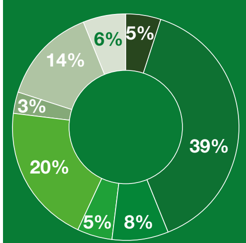
Revenue grew from £29.2m in 2015 to £77.3m in 2016, helped from July 2016 by our investment in Rishworth Aviation. The growth in net fee income was 31%, as Rishworth Aviation has a low temporary margin of 6%, so there is a greater impact on revenue. Although the temporary margin is low, the quality of the business is high with contractors on long-term assignments and the Company operating with a good conversion ratio. This investment made a positive contribution to profit, despite the legal and due diligence costs associated with the investment. It provides the Group with an entry to the Aviation sector and is one of the leading staffing companies in this niche sector. We expect it to deliver improved profits in 2017 as it contributes for the full year.

There were strong performances from Skillhouse in Japan (IT, Digital & Design sector) and Monroe Consulting in South East Asia and China (Executive Search sector). Also, we were pleased with the results in India and Australia. In India, we opened up a third office in November 2015 to accommodate growth and it is operating in line with expectations, but profit growth was curtailed due to currency impacts, as sales and receivables with the UK contributed less due to exchange rate movements. The Monroe Consulting brand saw particularly strong results from China and Malaysia, with China operating in its first full year under the Monroe brand and Malaysia profitable in its second full year. They are planning to open up in Vietnam during 2017. The restructuring of our training business in Indonesia has been successful, but we expect profit growth to be slow.

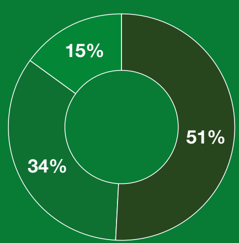
Overall the region benefited from currency movements, with underlying results excluding currency and investments reducing year-on-year, due to poor results in the Middle East. The market was negatively affected by the drop in oil price and the weak economic conditions continued into the second half of the year. This resulted in a loss of business confidence with delayed hiring decisions which quickly impacted this purely permanent staffing market. Our net fee income was down 50% over the year. We have restructured the business, with a reduced headcount and lower costs and believe it is right-sized for the local market moving into 2017. A small team has also started operating in the UK market, to help ex-pat candidates returning from the Middle East.

Countries	Brands
Japan	Skillhouse
Indonesia	FINES
India	Become
Australia	Monroe Consulting
UAE	Learning Resources
Thailand	IMS
Singapore	BW&P
China	McCall
Hong Kong	LMA
Philippines	Greycoat
Malaysia	Rishworth Aviation
New Zealand	

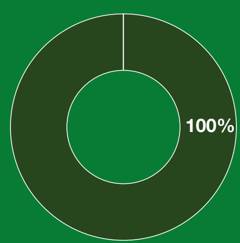
% Net fee income by sector



% Net fee income by services



% Net fee income by job level



Americas

Overview

£m	2016	2015	2014
Revenue	**31.0**	20.2	17.6
Net fee income	**4.6**	2.1	1.4
Adjusted operating profit	**0.7**	0.3	0.0
% of Group net fee income	**8%**	4%	3%
Average number of employees	**98**	76	68

Revenue grew by 53% to £31.0m, with net fee income up 119% to £4.6m. This is primarily from having a full year contribution from Pharmaceutical Strategies, an investment made in October 2015. The business made progress in broadening their client base, with some new clients won and a better penetration across existing clients. However, net fee income was down year-on-year as their largest client reduced their agency spending. We also made investments in the management team to support the platform for future growth, but this cost had a short-term impact on profits. The future structure and funding of the Affordable Care Act is uncertain following the recent change in the US Government. This has been one of the drivers of growth in the healthcare sector in recent years, but the key underlying factors of an ageing population, rising obesity levels and good economic conditions continue to exist and we believe they will drive growing demand for healthcare over the medium term.

We also benefited from three months of trading from the ConSol Partners USA business.

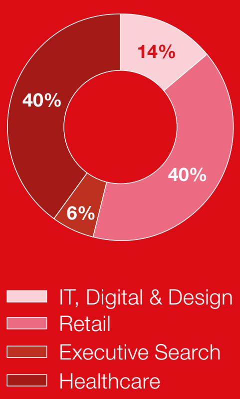
In Chile, we were pleased with the continued growth, with the developing areas of permanent and temporary staffing delivering the highest growth and the traditional outsourcing business remaining solid.

The Monroe Consulting (Executive Search sector) operations in Mexico and Chile are slowly gaining traction in those markets, but progress is not as quick as we would like to see. We are closely monitoring the economic situation, especially in Mexico, following the new US Government's approach to regional trade.

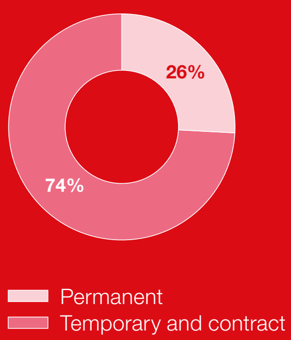
Countries
USA
Chile
Mexico

Brands
Alternattiva
Monroe Consulting
Pharmaceutical Strategies
ConSol Partners

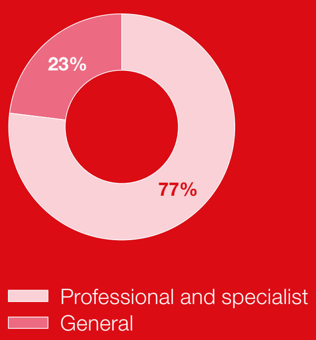
% Net fee income by sector



% Net fee income by services



% Net fee income by job level



A year of progress

The Board has proposed an increased dividend of 15%

	2016	2015	2014	2013	2012
Revenue (£m)	**270.4**	187.3	187.9	194.4	194.3
Gross profit (£m)	**59.0**	49.2	44.6	42.6	43.9
Operating profit (£m)	**8.5**	7.6	6.4	5.5	4.4
Adjusted operating profit (£m)*	**9.8**	8.0	6.6	6.0	5.4
Profit before tax (£m)	**7.9**	7.1	5.9	4.9	3.6
Adjusted profit before tax (£m)*	**9.2**	7.5	6.1	5.4	4.6
Diluted earnings per share (p)	**9.3**	9.3	7.5	5.2	3.0
Adjusted diluted earnings per share (p)*	**11.3**	9.9	8.0	6.2	5.0
Proposed dividend per share (p)	**1.15**	1.0	0.70	0.35	0.35

* Adjusted to exclude amortisation of intangible assets, exceptional items, gain or loss on disposal of business and fair value charges on acquisition of non-controlling interests

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 (2015: £0.1m), all being bank interest income. Finance costs were £0.7m (2015: £0.6m), which primarily related to interest payable on invoice discounting, bank loans and overdrafts. It also included £0.1m of interest on the late payment of tax following conclusion of a tax audit in Germany.

Taxation

The total tax charge in the year is £3.5m (2015: £2.6m); representing an effective tax rate of 44% (2015: 36%). 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, Australia and New Zealand
- A deferred tax asset has not been recognised for certain of the tax losses around the Group and the asset previously recognised for tax losses has reduced
- The level of non-deductible expenses in the year, including the legal and due diligence costs related to the investments in Rishworth Aviation and ConSol Partners

Dividend

During the year, the Group paid a dividend of £0.5m in respect of the year ended 31 December 2015, amounting to 1.0p per share. For the year ended 31 December 2016, the Board is proposing a dividend of 1.15p per share, which if approved by shareholders at the Annual General Meeting, will be paid on 31 May 2017 to shareholders on the register on 5 May 2017.

Impairment charges and release of contingent consideration

There is a credit to the income statement of £0.6m from the release of contingent consideration for Pharmaceutical Strategies. This is based on the current and expected trading level over the next year (being the period covered by the contingent consideration) and reflects our best estimate of the amount payable.

There is an impairment charge of £0.6m, following a review at year end of the recoverable amounts of the Group's tangible and intangible assets.

This arose on the following companies:

- BW&P operating in the Middle East. Following a slow-down in the local economy and contraction in the staffing market we have restructured the business, right-sizing it for the current conditions. We expect improved returns from this business in 2017, but due to the continuing uncertainties in the market we have fully impaired the intangibles and goodwill, an amount of £0.2m
- Our training business in Indonesia, Learning Resources, has delivered a small profit in the year following restructuring in the prior year, turning around the losses incurred in 2015. However, we remain cautious on the prospects for growth in profit over the next few years and so have fully impaired the goodwill, an amount of £0.2m
- In Japan our fashion retail brand, FINES, has delivered consistent results but profit levels are small. We have a clear plan to increase the profit level but there is uncertainty on how successful this will be. We have recognised an impairment charge against goodwill of £0.2m

Treasury and risk management

Treasury

The Group's treasury function is managed centrally. Under the Group's treasury policy speculative transactions are not permitted and where possible liabilities, typically debt, 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
- Approving the appointment of any of the Group's principal bankers

Treasury is managed to deal with the following risk areas.

Liquidity and 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 £52.0m (2015: £36.7m) with the increase mainly coming from the new revolving credit facility. We also increased overdraft and loan facilities overseas, and the UK invoice financing facility increased by £4.0m with ConSol Partners joining the Group and adding their facility. We aim to transfer them to our Group facility during the first half of 2017. The amount of facility undrawn of £15.4m (2015: £15.6m) excludes the headroom on the invoice financing facility, which is available to the UK companies only. At 30 June 2016 we entered into a new £10.0m revolving credit facility with HSBC Bank plc to provide investment funding. There is also a £5.0m accordion which has been agreed in principle by the bank but would need new credit approval for any draw down from this amount.

	2016 £m	2015 £m
Overdrafts (UK)	**6.2**	6.5
Revolving credit facility (UK)	**10.0**	–
Term loan (UK)	**3.5**	4.5
Overdrafts and other loans (non-UK)	**15.3**	12.7
Total overdrafts and loans	**35.0**	23.7
Invoice financing facility (UK)	**17.0**	13.0
	52.0	36.7
Amount of overdraft and loan facility undrawn at year end	**15.4**	15.6

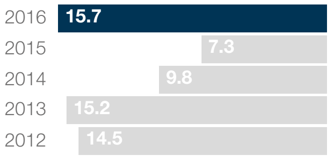
Reported Group net debt increased to £10.5m at 31 December 2016 (2015: £7.3m). This includes cash held by Rishworth Aviation for pilot bonds, amounts which are repayable to pilots or the client when their contract ends. When calculating our 'debt to debtors' ratio we exclude the cash held as pilot bonds and this net debt level was £15.7m (2015: £7.3m). The 'debt to debtors' ratio has increased to 38%, from 23% last year due to the investment spend.

	2016 £m	2015 £m
Cash at bank and in hand	**18.0**	7.7
Overdraft facilities	**(2.8)**	(2.3)
Invoice financing	**(8.9)**	(6.9)
Bank loans	**(16.8)**	(5.8)
Reported Group net debt	**(10.5)**	(7.3)
Pilot bonds	**(5.2)**	–
Group net debt for calculating 'debt to debtors' ratio	**(15.7)**	(7.3)

Net debt

£15.7m

(2015: £7.3m)



As part of the new revolving credit facility we need to meet bank covenant tests on a quarterly basis, the first test being for the quarter ended 30 June 2016. All tests have been met during the year. The covenants, and our performance against them at year end are as follows:

Covenant	Target	Actual
Net debt:EBITDA*	< 2.75 times	**0.6**
Interest cover	> 5.0 times	**19.3**
Debt service cover	> 1.25 times	**6.5**

* Target started at 3.0, reducing to 2.75 from the quarter ended 31 December 2016 and to 2.5 from the quarter ended 31 December 2017

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 overdraft and invoice financing facilities are used to fund 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 £0.7m (2015: £0.6m), which primarily related to interest payable on bank facilities but also included £0.1m for interest on late paid tax. The effective interest rate for bank facilities for the year was 2.6% (2015: 2.8%).

Foreign exchange risk

There was no foreign exchange from trading in the year (2015: gain of £161,000).

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 positively impacted by movements in exchange rates on the translation of Group results, the largest are detailed below:

Currency	Decline in Sterling in the year using average rates (P&L)
Japanese Yen	20%
Indonesian Rupiah	12%
US Dollar	12%
Australian Dollar	11%
Euro	11%
Chilean Peso	8%

There are a small number of forward currency contracts in place at IMS and ConSol Partners. The amount covered by these at year end was £0.6m (2015: Nil).

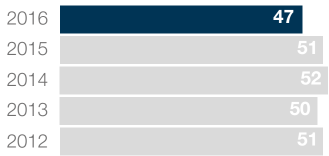
Credit risk

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 2016 were 47 (2015: 51), with a year end balance of 41 (2015: 52 days). These figures were helped by Rishworth Aviation joining the Group as they have low debtor days, with airlines typically paying either in advance or within a short period for pilot salary costs. On a comparative basis, excluding Rishworth Aviation, the year end and average Group debtor days were 52.

The debtor days in UAE remain higher than the Group average. The outstanding debtor balance has reduced, but with the poor economic conditions in the region we have seen a higher level of bad debt write off than normal. As a Group our bad debt expense was £0.6m in the year, up £0.3m on the prior year.

Average debtor days for year



Management equity philosophy, minority interests and investments

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 described in more detail below.

Where we acquire a majority stake in a business, the shares remaining with the founder are called 'first generation shares'. There are no material changes to the rights belonging to these first generation shares retained by founder management. Our model also enables senior management to acquire 'second generation shares'. This will often be when the first generation shares have been acquired by Empresaria and we want to incentivise the next tier of management in the operating company to grow its business to the next level. Management buy these second generation shares at market value, investing their own cash, which is at risk if the business does not perform. To help lower the market value of the second generation shares (to make it affordable for management to acquire a meaningful stake in the business they are responsible for) and to protect the profit that we have already acquired, we set a 'threshold profit' level for valuing second generation shares. These second generation shares only start creating value for management if the profit grows above the 'threshold profit' level. The second generation shares typically have restrictions, such as limited or no entitlement to dividends and the fair value paid by the management shareholder reflects these restricted rights.

Senior management has the opportunity to retain or acquire shares in the operating company they are responsible for.

Management have the opportunity to create a meaningful capital value over time if they can grow the profit in their business. This works well with our decentralised structure, as the local management team run their business with a high level of operational autonomy.

This aligns the interests of management with Empresaria as a majority shareholder and it encourages a long-term view for the business. This is a key tool for both attracting good quality managers, as well as staff retention.

Typical 5 year holding period

- At least 51% of the shares are owned by Empresaria
- Shares are retained by managers or acquired at fair value

- Shares can be offered for sale after a specified holding period
- Shares are sold over a 2–3 year minimum period
- Decision to purchase the shares is at Empresaria's sole discretion. No put options in place
- Decision based 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

- Valuation basis agreed in shareholders agreement
- 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-accretive to Empresaria shareholders. The multiple is capped at a maximum of 10

Non-controlling interests
Based on the results for the year ended 31 December 2016, the total value of all non-controlling interests (shares held by management in the operating companies they are responsible for), if purchased in full in 2017 using the valuation mechanisms in existing shareholders agreements, would total £9.0m (2015: £3.6m, ignoring any potential discounts under the shareholders agreements. There is no obligation on the Group to acquire the shares held by management at any time.

In some situations the consideration payable under the shareholders agreement for second generation equity may be greater than the fair value of the shares under IFRS 13, where there are restrictions over the rights of the shares, typically over dividends. The valuation mechanism in the shareholders agreements uses an earnings multiple, which does not differentiate between shares with restricted rights and those without restrictions. If the price paid for the shares is in excess of this fair value, this additional amount paid is recognised as a charge in the income statement. These charges are treated as adjusting items when presenting the adjusted operating profit, adjusted profit before tax and adjusted earnings per share.

In June 2016 we increased our shareholding in Monroe Consulting (Thailand) by 10%, taking our interest up to 70%. The consideration of £0.2m was paid in cash, which was charged in the income statement (2015: £Nil). Based on the results for the year ended 31 December 2016, for those shares with restricted rights, the amount payable using the valuation mechanisms in the existing shareholders agreements that is in excess of the fair value, if purchased fully in 2017 would total £2.4m (2015: £1.3m), ignoring any potential discounts under the shareholders agreements.

In April 2016 we increased our interest in Ball and Hoolahan (IT & Design sector in the UK) from 75% to 100%, acquiring first generation shares from the founder who left the business as part of a planned transfer of ownership. The consideration was £0.2m, all paid in cash and accounted for as an increase in our investment.

During the year ended 31 December 2016, management acquired second generation shares in the Headway Group of companies, Pharmaceutical Strategies and Monroe Consulting (Malaysia). These shares all have restricted rights. Details of the share percentage held by the Group can be found in note 6 to the accounts of the Parent Company.

Investments and disposals
During the year, the Group made the following investments:

- On 5 July 2016 we invested in 82.6% of the shares in Rishworth Aviation. Total consideration was US$10.0m (£7.5m), paid fully in cash on completion. The remaining 17.4% interest is held by the senior management team in line with our management equity philosophy. Management have entered into our standard shareholders' agreement, with shares expected to be held for a minimum holding period of three to four years before they can be offered for sale, over a minimum of a further two years, with no obligation on Empresaria to acquire them
- On 6 October 2016 we invested in 65% of the shares in ConSol Partners. Total consideration was £9.5m, with £3.9m paid in cash on completion and a deferred amount of £5.6m payable in the first quarter of 2017. In January 2017 £3.2m was paid in cash and a further £2.4m is expected to be paid before the end of March 2017. Management have entered into our standard shareholders' agreement, with shares expected to be held for a minimum holding period of three to four years before they can be offered for sale, over a minimum of a further two years, with no obligation on Empresaria to acquire them

A deferred consideration payment of £3.0m was paid in cash in relation to the acquisition of Pharmaceutical Strategies in October 2015. No further payments are expected under this agreement, with a £0.6m release in the year ended 31 December 2016 to reflect our best estimate of the amount payable.

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

Cash flow
Net debt increased by £3.2m in the year to £10.5m (2015: £7.3m). The main areas of expenditure were on business investments, a net £6.4m including cash acquired as part of the investment of £7.9m. This includes cash held for pilot bonds, which is £5.2m at year end. These bonds are repayable to the pilot or client over the period of the pilot contract and a corresponding liability is recognised on the balance sheet. There was also capital expenditure on fixed assets of £0.8m, dividends to shareholders of £0.5m, with a net £0.4m working capital inflow. Tax payments were £4.7m, significantly up on the prior year, through a combination of increasing profits and the conclusion of a tax audit requiring an additional tax payment.

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 2017 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 12 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 21 March 2017 and is signed on its behalf by:

By order of the Board

Joost Kreulen
Chief Executive Officer

Spencer Wreford
Group Finance Director

21 March 2017

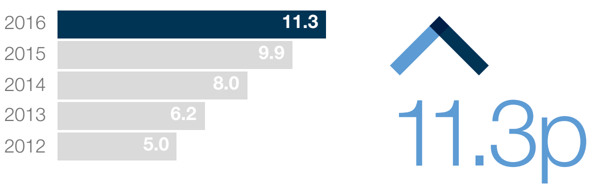
Delivering on our numbers

1. Adjusted diluted earnings per share growth

This demonstrates return to shareholders, in line with our strategy of delivering a sustainable growth in earnings per share.

The variable remuneration of the Executive Directors (annual bonus) is linked to this measure. The LTIP is linked to the reported diluted earnings per share.

Progress: EPS grew by 14%, representing the fifth year of consecutive growth.



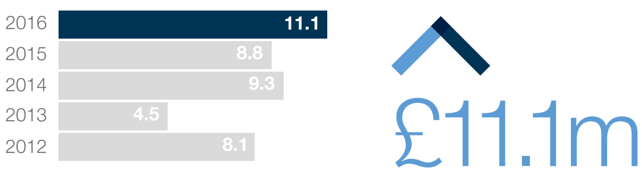
2. Cash generated from operations

This demonstrates how much cash is available for the Group to cover tax, financing and investments. It is measured as the operating profit of the Group, excluding non-cash items and including working capital movements.

The variable remuneration of the Executive Directors (annual bonus) is linked to this measure.

The Group has changed the presentation of the movement in invoice financing in the year which is reflected here. Please see note 29 for further details.

Progress: £11.1m (2015: £8.8m).

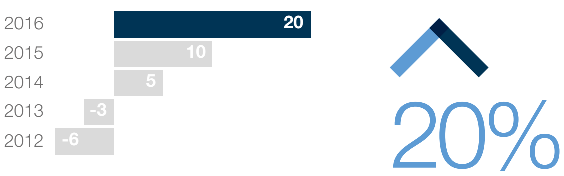


3. Net fee income growth

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: 20% (10% in constant currency).

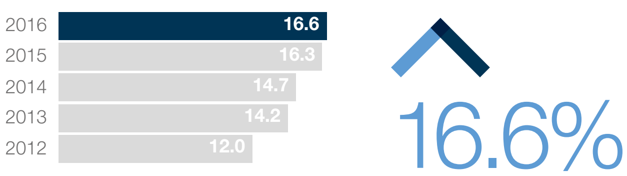


4. Conversion ratio

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

Target: reach 20% ratio over five years to 2018.

Progress: 16.6%, being the fifth 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, a key element of our business model.

Target: All brands have management holding equity.

Progress: The total number of managers holding equity in their company is 57, up 15 on the prior year. Currently one brand has no management holding equity (2015: two).

2016:

57

(2015: 42)

6. Net fee income from professional and 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: The ratio has been stable at 86%.

2016:

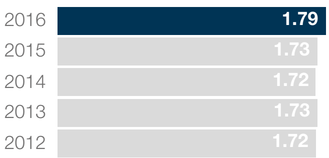
86%

(2015: 86%)

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 all sales and administrative staff, reflecting the true cost of operating the Group.

Progress: At 1.79 in 2016 we have seen an improvement over 2016.



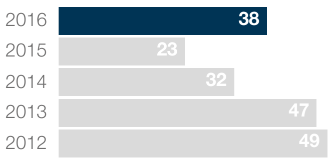
1.79

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: By adding back the pilot bonds of £5.2m, this increased to 38% from 23% in the prior year, so is now above our target.



38%

Managing our risk

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.

1. Political and social changes

Impact on business

The Group's businesses are subject to legislation, regulations and changes in political sentiment in each of their locations. In particular, this impacts temporary recruitment which is regulated to protect the rights and treatment of temporary workers and in developing staffing markets where new regulations are introduced as the market develops. Any changes to labour regulations, tax laws or political views on the staffing industry 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.

Social changes impact how people search for jobs and where they are likely to live. 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.

Changes in risk profile in the year

No change

In the UK there is new legislation planned for 2017 which will increase costs for staffing agencies, in particular the Apprenticeship Levy (from April 2017) and changes to IR35 (for the public sector). The impact on the Group of these is expected to be small but demonstrates the continued trend of legislation impacting the staffing industry.

In the USA President Trump has said he plans to make changes to the Affordable Care Act. At this stage it is not clear what changes, if any, will actually be made, but any changes could negatively impact the Pharmaceutical Strategies business in 2017.

In Germany there is new legislation starting in April 2017 which will limit the length of time a worker can be a temporary worker to 18 months and new minimum wage regulations. This could have a short-term negative impact on the demand for temporary labour services or reduce margins for this work.

There are elections coming up in Germany and Chile in 2017. Also elections in France and the Netherlands could have an impact on the stability of the Euro zone.

Actions taken to mitigate risk

The Group closely monitors the legal and regulatory environment in our markets, in particular where we operate temporary recruitment as this is an area with greater levels of 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, helping us to react to changes in legislation, as well as making it easier to attract candidates because of our reputation and knowledge.

The risk management process consists of a Group risk register which is reviewed by the Board at each meeting 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 reviews the control framework which helps to mitigate the risks. Group companies operate under a system of internal controls which includes, but is not limited to, a clear delegated authority to operational management, formal risk appraisals through the annual budget process, a comprehensive financial reporting system, investment evaluation and significant capital expenditure approval process and the self-certification by operating company management of compliance with controls and Group policies and procedures.

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

2. Economic environment

The performance of staffing businesses has historically shown a strong correlation with the performance of the economies in which they operate. An economic slowdown will impact on the demand for recruitment services and could reduce the Group's profits.

Increased

The global economy overall is expected to grow in 2017. However, the economic recovery is not symmetrical across the world and there are always risks that threaten these forecasts.

In the UK the Government has announced it will invoke Article 50 in the first quarter of 2017, to start the process of leaving the EU. Whilst this has been taken into account in economic forecasts, the full impact is unknown and could lead to economic instability, especially in the short term.

In the USA the election of President Trump could lead to protectionist trade policies which could impact on global economic growth.

The oil price at current levels continues to impact on the economies of the Middle East in particular.

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 investments in Rishworth Aviation and ConSol Partners
- 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 reduced in the year which reduces this risk.

3. Loss of key staff

The Group's success relies on recruiting and retaining senior management and other key employees.

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.

Reduced

We have increased the number of management holding equity in the period.

We have invested in two new brands in the last year.

There have been a number of changes in management during 2016 which we believe will help their brands to develop positively in 2017.

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 purchase equity in the future.

Currently there is one brand in the Group with no management shareholder (2015: two brands).

Managing our risk

4. Investments poorly executed

Impact on business

There is a risk of losing value from poorly executed investments. 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.

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. New office openings increase the risk of lower returns than planned if costs are not managed well.

Changes in risk profile in the year

Increased

We have made two external investments in 2016 and continue to follow an 'invest and develop' strategy to grow the Group.

In 2017 we plan to open a new office in Vietnam with the Monroe Consulting brand.

We continue to look for new investment opportunities to benefit the Group.

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 cash flow 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

The Group is reliant on debt financing to fund the working capital of the business.

By operating in 19 countries the Group is exposed to movements in foreign currency rates. 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.

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.

Increased

In 2016 we have benefited from movements in currency rates to translate results into our reporting currency, however, we have seen high levels of currency volatility and this is expected to continue in 2017.

The Group's total debt has increased during 2016 following external investments made and is now above our target rate of 25% of trade receivables. We intend to reduce this over 2017 but we are now more exposed to changes in interest rates. The US Federal Reserve started to raise interest rates at the end of 2016. During March 2017, The US Federal Reserve has raised interest rates by 25 basis points.

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.

Approximately 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, where possible, using cash or overdraft balances to act as a natural currency hedge, for US Dollar, Euro, Japanese Yen, Singapore Dollar and Australian Dollar.

A limited number of forward contracts have been used to hedge trading currency risks for IMS and ConSol Partners.

6. IT and cyber related

The risk of cyber-attacks has increased in the wider business environment, so there are threats from hackers, viruses or sensitive information being accessed without authorisation.

A successful breach could lead to the loss of sensitive data on clients or candidates, damage to our brand reputation, business disruption or the loss of commercially sensitive information.

With increasingly stringent regulatory environments around data protection there is an ongoing risk of failing to comply with regulations, leading to fines and damage to brand reputation.

Increased

There have been a number of high profile cyber-attacks reported in 2016. The threat from this is always changing and as we grow our brands in size, they are more likely to be a target for hackers and criminals.

New legislation is proposed to be introduced in May 2018 (General Data Protection Regulation), which introduces new rights for individuals and promotes good data governance and accountability amongst organisations. This is likely to lead to changes in how the Group companies operate and there are significant fines for non-compliance.

We have policies in place to safeguard assets and data within the Group. We also use external advisers to monitor the security of our Group websites and systems to meet a minimum standard of security and we continue to monitor ongoing cyber-security threats.

We are reviewing the new GDPR legislation to ensure that all Group companies are compliant by May 2018.

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.

Our staff

Making it a good place to work with opportunities to develop skills and experience to improve staff careers

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.

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.

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

Candidates, clients, suppliers and shareholders

Upholding high ethical and corporate governance standards, promoting integrity in dealing with all stakeholders

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 and clients with the best possible service.

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.

The Board gives due consideration to risks arising from social, environmental and ethical issues as part of its ongoing risk review process. We have a responsibility towards all stakeholders and believe this is an important consideration for the long-term growth of the business.

Local communities

A positive contributor to the community

The Group and senior management are fully supportive and encourage staff to work with their local communities and charitable concerns. The decision on what contribution to make is down to the local staff in each country.

Group companies are involved in a range of activities to provide help, support or money to local communities in their country of operation. Some examples of the work being done are detailed below.

In Indonesia staff at Monroe Consulting donated their performance awards and additional items for everyday use to an orphanage for impoverished, abandoned children in Jakarta. They also provide financial support a local charity MAIN, set up to promote child health. The team also volunteered to work at a health clinic for disadvantaged children at the Bantar Gebang rubbish dump in Jakarta.

In the Philippines the team adopted 16 special needs children for a day of fun at a therapeutic summer camp organised by the PVI Foundation, whilst in Thailand the team spent a day organising and engaging in fun activities with up to 120 underprivileged children for the Gift of Happiness Foundation. They then provided lunch and distributed clothing to the children.

In the UK LMA work with the Blackfriars Settlement, running employability clinics to help train people that are either long-term unemployed, disadvantaged or have mental illness. Staff provide advice on how to write CVs, how to go about a job search and how to conduct themselves in an interview. Staff at Mansion House raised money for charities through volunteer work, fun runs and bake sales.

At Become consultants work with 'Pitch It', a social enterprise aiming to help students from less advantaged backgrounds connect with London's creative industries. A consultant mentors a student, providing support through face-to-face meetings.

In Mexico the Monroe Consulting team provided free recruitment services to a non-profit children's home.

In India the IMS team are involved in a range of activities from giving blood, fund raising events and donating books, clothes and other basic necessities to local deprived children.

In the USA, staff at Pharmaceutical Strategies donate new toys as part of the 'Toys for Tots' programme run by the United States Marine Corps Reserve, which distributes toys to children whose parents cannot afford to buy them gifts for Christmas.

Society at large

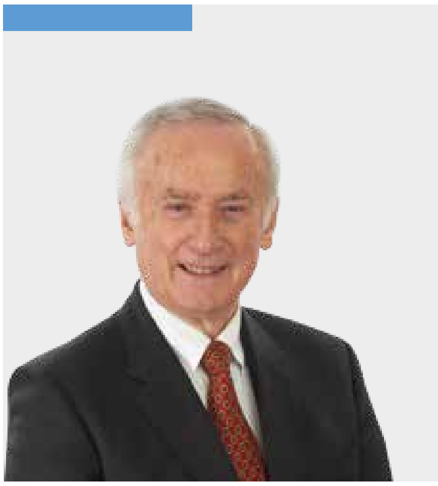
Environmental impact

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.

Our team



1.	2.	3.
4.	5.	

1.

Tony Martin
Chairman

Appointed: July 2004
Committee Membership: None

Skills and experience
Tony 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 N.V., 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. Tony 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 and experience
Joost has 29 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 and experience
Spencer has nearly 15 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 eight 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 and Wales, qualifying with Arthur Andersen.

Other key external appointments: None.

4.

Zach Miles
Non-Executive Director

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

Skills and experience
Zach has 29 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.

5.

Penny Freer
Non-Executive Director

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

Skills and 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; Non-Executive Director, Centric Health.

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 2016. The Corporate governance statement set out on pages 39 to 41 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 2016 the Directors recommend a final dividend of 1.15p per ordinary share of 5p in the Company ('ordinary share') to be paid on 31 May 2017 to shareholders on the register on 5 May 2017. For the year ended 31 December 2015 a final dividend was paid of 1.00p per ordinary share on 31 May 2016.

Capital structure
Details of the issued share capital is shown in note 21. There hasn't been any movement in the issued share capital of the Company during the year. 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 5 May 2016, 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)	7(a)	19,514,309	0
Issue shares by way of rights issue (2/3 of issued share capital)	7(b)	32,679,421	0
Purchase through the market (5% of issued share capital)	9	2,450,957	0

All authorities expire on the earlier of the conclusion of the 2017 Annual General Meeting or 31 July 2017.

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 2016,an award granted in the form of nil cost options ('Awards') was made under the LTIP. During the period between 31 December 2016 and the date of this report a further Award was made and 70.6% of the Awards granted on 6 September 2013 vested. Details of all Awards made and vested under the LTIP can be found in the Directors' remuneration report on pages 43 to 45 and in note 28.

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

	31 December 2016		31 December 2015	
	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	0.12%
Spencer Wreford (Group Finance Director)	**15,000**	**0.03%**	15,000	0.03%
Non-Executive Directors				
Tony Martin (Chairman)	**13,924,595**	**28.41%**	13,924,595	28.41%
Penny Freer	**15,000**	**0.03%**	15,000	0.03%
Zach Miles	**–**	**0.00%**	–	0.00%
Total	**14,014,595**	**28.59%**	14,014,595	28.59%

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

During the period between 31 December 2016 and 21 March 2017, 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 2017 Annual General Meeting, Tony Martin will retire by rotation and submit himself for re-election, having been last appointed by shareholders on 22 May 2014.

Biographical details of all Directors can be found on pages 34 and 35.

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 39 to 41.

Directors' insurance
The Company maintains Directors' and Officers' Liability insurance which gives appropriate cover for any legal action brought against its Directors.

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 (2015: Nil).

Substantial shareholdings

As at 31 December 2016, 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 Investment Partners LLP	5,617,833	11.46%
Beleggingsclub 't Stockpaert	2,729,000	5.57%
H M van Heijst	2,400,000	4.90%
M W R Hunt (former Director)	2,349,086	4.79%
T J D Sheffield (former Director)	1,570,542	3.20%

During the period between 31 December 2016 and 21 March 2017, 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 2017 Annual General Meeting.

By order of the Board:

James Chapman
Company Secretary
21 March 2017

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

DIRECTORS' RESPONSIBILITIES

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 Financial Reporting Standard 102 ('FRS 102'). 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 UK 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 21 March 2017 and is signed on its behalf by:

By order of the Board

Joost Kreulen
Chief Executive Officer

Spencer Wreford
Group Finance Director

21 March 2017

CORPORATE GOVERNANCE STATEMENT

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.

The Board continues to review updates to the principles and provisions of the UK Corporate Governance Code (the "Code") and considers and implements (where necessary) any changes to the Corporate Governance practices as a result of new provisions as and when they arise. Although the Company is not required to report compliance with the Code, since its shares are traded on the AIM market, the Company applies the principles of the Code as outlined in the overview provided below.

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.

Board of Directors

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

- Tony 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 auditor and has oversight for internal control and risk.

See the Audit Committee report on page 42.

- 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 46.

- 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 43 to 45.

- Penny Freer, Chairman
- Zach Miles

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*
Tony Martin	Non-independent	12 years 5 months
Penny Freer	Independent	11 years
Zach Miles	Independent	8 years 3 months
Joost Kreulen		5 years
Spencer Wreford		6 years 7 months

* to 31 December 2016

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
- 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 page 42, Directors' remuneration report on pages 43 to 45 and Nomination Committee report on page 46.

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

	Main Board*	Audit Committee	Remuneration Committee	Nomination Committee
Tony Martin	12/12	–	–	–
Joost Kreulen	12/12	–	–	–
Spencer Wreford	12/12	–	–	–
Penny Freer	12/12	5/5	3/3	1/1
Zach Miles	12/12	5/5	3/3	1/1

* The Board held nine scheduled meetings in the year which were attended by all Directors. There were also three 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

Director's biographies can be found on pages 34 and 35. 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.

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 34 and 35.

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 11 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, Tony 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 46.

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

During 2016 Penny Freer served four additional days. The time commitments were reviewed by the Nomination Committee, which was satisfied with the current letters of appointment.

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 two annual Staffing Industry Analysts Executive Conferences and workshops, in Phoenix, Arizona, USA, and in London. 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 page 42 and the Directors' remuneration report as set out on pages 43 to 45.

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 2016 Annual General Meeting, Spencer Wreford was re-elected to the Board. At the 2017 Annual General Meeting, Tony Martin will retire and offer himself for re-election, having been last appointed by shareholders on 22 May 2014.

Summary of the Directors' appointments by shareholders:

Director	Last appointed by shareholders
Tony Martin	22 May 2014
Penny Freer	20 May 2015
Zach Miles	20 May 2015
Joost Kreulen	20 May 2015
Spencer Wreford	5 May 2016

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. Risk management is reviewed at every Board meeting as part of the formal Board process.

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 principal risks identified are set out in the Strategic Report on pages 28 to 31.

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 page 42 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 43 to 45 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;
- meeting shareholders to discuss long-term issues and obtain their views;
- presenting to shareholders at externally run events; 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 institutional and private investors following the interim and preliminary announcements. The annual and interim presentations made to investors are made available to all shareholders on the Company's website, as well as any recorded interviews with the Executive Directors.

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 2017 Annual General Meeting to answer questions from shareholders.

AUDIT COMMITTEE REPORT

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 makes 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	

Director's biographies can be found on pages 34 and 35.

Meetings

The Audit Committee is required to meet formally twice per year. During 2016, the Committee held five formal meetings, which were scheduled around the financial reporting timetable. Since the beginning of 2017 to the date of this report the Committee has met twice to fulfil its responsibilities including those relating to the 2016 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 activity

Financial and business reporting

Since the beginning of 2016 to the date of this report, the Audit Committee has reviewed the 2015 and 2016 financial statements, the 2016 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
– deferred 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 notes 3 and 14.

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

During the year the Audit Committee oversaw an enquiry from the Financial Reporting Council's Conduct Committee (FRC) relating to the 2014 annual report and accounts. All observations made have been suitably addressed; disclosures have been revised in the 2016 annual report and accounts where necessary and the enquiry concluded satisfactorily.

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 28 to 31. 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, during 2016, an independent audit firm was engaged to conduct testing of internal controls for the Group's UK subsidiaries. Following this successful trial, the Audit Committee is looking at options to extend this across the wider Group. A summary of the internal controls for Group companies is presented to the Audit Committee, including updates on the resolution of any control weaknesses identified.

Every year the Audit Committee review the Group's treasury policy, for approval by the Board. The Audit Committee also review the Group's risk framework reports, to be presented to and discussed by the Board.

The Group's whistleblowing 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 assign responsibility to the Audit Committee for overseeing the relationship with the external auditor. During 2016, the Audit Committee has continued to manage the relationship with the external auditor, including in relation to the 2015 and 2016 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 reappointed for the 2014 and subsequent audits, resulting in a current tenure of 14 years.

Following completion of the 2016 audit process, the Audit Committee is satisfied with the performance of Deloitte LLP and has recommended to the Board that Deloitte LLP is reappointed.

Assessment of the Audit Committee

Following completion of the 2016 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
– 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 2017 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
21 March 2017

DIRECTORS' REMUNERATION REPORT

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 2017 Annual General Meeting. The Companies Act 2006 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 2016, the Remuneration Committee held three formal meetings. The Chairman of the Company has been invited to attend meetings where appropriate. Since the beginning of 2017 to the date of this report the Remuneration Committee has met twice to determine and approve the extent of annual bonus payable based on achievement of 2016 targets, the bonus targets for 2017 and the vesting of Awards granted in 2013 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 2017 individual remuneration packages, targets for annual bonus scheme and pension arrangements for the Executive Directors and the 2017 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. For 2017 these performance measures have been changed as detailed in the Annual bonus section below.

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 as follows:

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 2015 to 2017 financial years are as follows:

Director	2017 £000	2016 £000	2015 £000
Chief Executive Officer	221	216	211
Group Finance Director	175	170	154

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 to the Executive Directors. For the 2016 financial year the targets and % of bonus payable for the Executive Directors is summarised as follows:

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

80% of all targets must be met for any bonus to be payable. The entire bonus is payable in cash. Based on the delivery against the performance targets for 2016, a bonus is payable at an aggregate rate of 22% of base salary (equivalent to 22% of the maximum potential bonus).

The Remuneration Committee continues to review the effectiveness of the Executive Director bonus performance targets and percentage payable, taking into account factors including the Group's strategy, City expectations and the Group budget approved by the Board. New targets have been set for the 2017 financial year, using EPS growth, conversion ratio and debtor days performance targets. As with the 2016 bonus, 80% of all targets must be met for any bonus to be payable, the maximum bonus is 100% of basic salary and is payable in cash.

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 year was 175% 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 ('Awards')
In March 2016 and March 2017, Awards of share options in the Company were made under the LTIP. The full Awards granted to the Executive Directors on 28 September 2011 vested in 2015 and 70.6% of the Awards granted to the Executive Directors on 6 September 2013 vested on 15 March 2017. No Awards have been exercised at the time of this report.

Five Awards have been made up to the date of this report. For each Award the performance targets are 70% earnings per share ('EPS') growth and 30% share price growth. The percentage of Awards being released would be in accordance with performance at the following levels (subject to the terms of the LTIP):

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 Awards yet to vest as at 31 December 2016, and their qualifying conditions with respect to performance, is as follows:

Date of Award	6 September 2013	12 March 2014	9 March 2016
Expected vesting date	March 2017	March 2018	March 2019
No. of options granted			
Joost Kreulen	563,380	379,630	244,892
Spencer Wreford	394,366	277,778	192,963
Performance targets			
1) EPS growth			
% of award	70%	70%	70%
Measurement period	31/12/2013 – 31/12/2016	31/12/2014 – 31/12/2017	31/12/2015 – 31/12/2018
Performance level			
Threshold	10% + RPI	10% + RPI	10% + RPI
Maximum	40% + RPI	30% + RPI	30% + RPI
2) Share price growth			
% of award	30%	30%	30%
Measurement period	06/09/2013 – close of business on the day following announcement of the preliminary results for the year ended 31/12/2016	12/03/2014 – close of business on the day following announcement of the preliminary results for the year ended 31/12/2017	09/03/2016 – close of business on the day following announcement of the preliminary results for the year ended 31/12/2018
Performance level			
Threshold	50%	50%	50%
Maximum	100%	100%	100%

EPS growth is the annual growth in EPS over the relevant measurement period. Share price growth is the absolute share price growth over the relevant measurement period.

On 15 March 2017, further Awards were made under the LTIP to Joost Kreulen (192,368 ordinary shares), Spencer Wreford (151,686 ordinary shares) and James Chapman (19,124 ordinary shares). These Awards were made based on a share price of GBP1.438 per ordinary share, being the average quoted closing mid market price of an ordinary share on the five trading days from 2 March 2017 to 8 March 2017. The performance criteria are based on EPS and share price performance. Vesting of these Awards is subject to the achievement of the performance criteria of the LTIP over the holding period to March 2020, following release of the Company's preliminary results for the financial period 1 January 2019 to 31 December 2019.

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 36 and 37.

Chairman and Non-Executive Directors
Non-Executive Directors, including the Chairman, serve under letters of appointment, which either party can terminate on three months' 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 2015 to 2017 financial years are as follows:

	2017			2016			2015		
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
Tony Martin	62	–	62	61	–	61	59	11	70
Penny Freer	40	–	40	39	4	43	38	6	43
Zach Miles	40	–	40	39	–	39	38	3	40

* ascertainable at the end of the year

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
- Succession planning for Directors and senior executives to be developed

The Chairman of the Remuneration Committee will be available at the 2017 Annual General Meeting to answer any questions about the work of the Remuneration Committee.

Audited information

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2016				
Name of Director	Salary and fees £000	Benefits-in-kind* £000	Annual bonuses £000	Money purchase pension contributions £000	Total £000
Executive					
Joost Kreulen	**216**	**9**	**47**	**34**	**306**
Spencer Wreford	**170**	**7**	**37**	**17**	**231**
Non-Executive					
Tony Martin	**61**	**–**	**–**	**–**	**61**
Penny Freer	**43**	**–**	**–**	**–**	**43**
Zach Miles	**39**	**–**	**–**	**–**	**39**
					680

	2015				
Name of Director	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
Spencer Wreford	154	7	91	15	267
Non-Executive					
Tony Martin	70	–	–	–	70
Penny Freer	43	–	–	–	43
Zach Miles	40	–	–	–	40
					799

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

Long Term Incentive Plan ('LTIP')

During the year an Award of share options in the Company was made to the Executive Directors pursuant to the LTIP.

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 2016	Granted	Vested	Exercised	31 December 2016
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
	09/03/16	244,892	–	244,892	–	–	244,892
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
	09/03/16	192,963	–	192,963	–	–	192,963

On 15 March 2017, 70.6% of the Awards granted on 6 September 2013 vested and new Awards were made as detailed on page 44.

This report was approved by the Board of Directors on 21 March 2017 and signed on its behalf by:

Penny Freer
Chairman of the Remuneration Committee
21 March 2017

NOMINATION COMMITTEE REPORT

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 2016, 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 continues to consider the adequacy of the succession plan approved by the Board.

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 Boardroom, including gender.

On behalf of the Nomination Committee

Penny Freer
Chairman of the Nomination Committee
21 March 2017

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 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Group financial statements:
- give a true and fair view of the state of the Group's affairs as at 31 December 2016 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 2016 and on the information in the Directors' remuneration report that is described as having been audited.

James Wright
(Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom
21 March 2017

CONSOLIDATED INCOME STATEMENT

	Note	2016 £m	2015 £m
Continuing operations			
Revenue	4	**270.4**	187.3
Cost of sales		**(211.4)**	(138.1)
Net fee income	4	**59.0**	49.2
Administrative costs		**(49.2)**	(41.2)
Adjusted operating profit*	4	**9.8**	8.0
Exceptional items	5	**–**	–
Fair value on acquisition of non-controlling shares	5	**(0.2)**	–
Intangible amortisation	15	**(1.1)**	(0.4)
Operating profit	4, 7	**8.5**	7.6
Finance income	9	**0.1**	0.1
Finance costs	9	**(0.7)**	(0.6)
Profit before tax		**7.9**	7.1
Tax	10	**(3.5)**	(2.6)
Profit for the year		**4.4**	4.5
Attributable to:			
Equity holders of the parent		**4.8**	4.4
Non-controlling interest		**(0.4)**	0.1
		4.4	4.5

* 'Adjusted operating profit' is stated before exceptional items, gain or loss on business disposal, intangible amortisation and fair value on acquisition of non-controlling shares

	Note	2016	2015
From continuing operations			
Earnings per share:			
Basic	12	**9.6**	9.6
Diluted	12	**9.3**	9.3
Earnings per share (adjusted):			
Basic	12	**11.7**	10.2
Diluted	12	**11.3**	9.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2016 £m	2015 £m
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	5.1	(0.5)
Items that will not be reclassified to income statement:		
Exchange differences on translation of foreign operations of non-controlling interest	0.5	(0.2)
Net income/(expense) recognised directly in equity	5.6	(0.7)
Profit for the year	4.4	4.5
Total comprehensive income for the year	10.0	3.8
Attributable to:		
Equity holders of the parent	9.9	3.9
Non-controlling interest	0.1	(0.1)
	10.0	3.8

CONSOLIDATED BALANCE SHEET

	Note	2016 £m	2015 £m
ASSETS			
Non-current assets			
Property, plant and equipment	13	**1.6**	1.5
Goodwill	14	**36.0**	25.2
Other intangible assets	15	**20.8**	7.3
Deferred tax assets	20	**1.0**	0.9
		59.4	34.9
Current assets			
Trade and other receivables	17	**50.2**	35.9
Cash and cash equivalents	19	**18.0**	7.7
		68.2	43.6
Total assets		**127.6**	78.5
LIABILITIES			
Current liabilities			
Trade and other payables	18	**44.9**	24.0
Current tax liabilities		**3.1**	3.7
Borrowings	19	**13.4**	9.9
		61.4	37.6
Non-current liabilities			
Borrowings	19	**15.1**	5.1
Other creditors	18	**–**	1.0
Deferred tax liabilities	20	**4.4**	1.1
Total non-current liabilities		**19.5**	7.2
Total liabilities		**80.9**	44.8
Net assets		**46.7**	33.7
EQUITY			
Share capital	21	**2.4**	2.4
Share premium account	21	**22.4**	22.4
Merger reserve		**0.9**	0.9
Retranslation reserve		**6.1**	1.0
Equity reserve		**(7.3)**	(7.2)
Other reserves		**(0.4)**	(0.6)
Retained earnings		**16.2**	11.9
Equity attributable to owners of the Company		**40.3**	30.8
Non-controlling interest		**6.4**	2.9
Total equity		**46.7**	33.7

These financial statements of Empresaria Group plc were approved by the Board of Directors and authorised for issue on 21 March 2017.

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 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	–	(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
Profit for the year	–	–	–	–	–	–	4.8	(0.4)	4.4
Dividend	–	–	–	–	–	–	(0.5)	–	(0.5)
Currency translation differences	–	–	–	5.1	–	–	–	0.5	5.6
Share of non-controlling interest in intangibles related balances on business acquisition	–	–	–	–	–	–	–	2.6	2.6
Share of non-controlling interest in other net assets on business combination	–	–	–	–	–	–	–	1.0	1.0
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 2016	**2.4**	**22.4**	**0.9**	**6.1**	**(7.3)**	**(0.4)**	**16.2**	**6.4**	**46.7**

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 Combinations
- 'Other reserves' represents the share based payment reserve of £0.8m (2015: £0.6m) and exchange differences on inter-company long-term receivables amounting to (£1.2m) (2015: (£1.2m)), 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 the Group

CONSOLIDATED CASH FLOW STATEMENT

	Note	2016 £m	2015 Restated £m
Profit for the year		**4.4**	4.5
Adjustments for:			
Depreciation and software amortisation		**0.9**	0.7
Intangible amortisation (identified as per IFRS 3 'Business Combinations')		**1.1**	0.4
Taxation expense recognised in income statement		**3.5**	2.6
Exceptional items		**–**	–
Cash paid for exceptional items		**–**	(0.5)
Share based payments		**0.2**	0.2
Net finance charge		**0.6**	0.5
		10.7	8.4
Increase in trade receivables		**(1.2)**	(1.1)
Increase in trade payables		**1.6**	1.5
Cash generated from operations		**11.1**	8.8
Interest paid		**(0.8)**	(0.5)
Income taxes paid		**(4.7)**	(1.8)
Net cash from operating activities		**5.6**	6.5
Cash flows from investing activities			
Cash acquired with business acquisitions		**7.9**	0.1
Overdraft acquired with business		**–**	(0.7)
Consideration paid for business acquisitions		**(14.3)**	(5.3)
Consideration received for business disposals		**0.1**	0.1
Purchase of property, plant and equipment and software		**(0.8)**	(0.9)
Finance income		**0.1**	0.1
Net cash used in investing activities		**(7.0)**	(6.6)
Cash flows from financing activities			
Proceeds from issue of share capital		**–**	3.2
Further shares acquired in existing subsidiaries		**(0.2)**	(0.4)
Increase/(decrease) in borrowings		**0.1**	(0.1)
Proceeds from bank loan		**11.3**	5.3
Repayment of bank and other loan		**(1.2)**	(6.2)
Increase/(decrease) in invoice discounting	29	**0.8**	(1.2)
Dividends paid to shareholders		**(0.5)**	(0.3)
Dividends paid to non-controlling interest in subsidiaries		**(0.2)**	(0.1)
Net cash from financing activities		**10.1**	0.2
Net increase in cash and cash equivalents		**8.7**	0.1
Effect of foreign exchange rate changes		**1.6**	(0.2)
Cash and cash equivalents at beginning of the year		**7.7**	7.8
Cash and cash equivalents at end of the year	19	**18.0**	7.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation and general information

Empresaria Group plc is a company incorporated in the UK 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 12 months ended 31 December 2016. 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 at fair value. 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

In the current year, the following accounting policy has been revised

– Amendment to the presentation of the movement of invoice financing in the cash flow statement (details described in note 29)

Adoption of new and revised standards

In the current year, the following new and revised standards and interpretations have been adopted.

– Amendments to IFRS 10, IFRS 12 and IAS 28 Investment entities: Applying the consolidation exception
– Amendments to IFRS 11: Accounting for acquisitions of interests in joint operations
– Amendments to IAS 18: Disclosure initiative
– Amendments to IAS 18 and IAS 38: Clarification of acceptable methods of depreciation and amortisation
– Annual improvements to IFRS 2012–2014 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 2 (amendments): Classification and measurement of Shared-based payment transactions
– IAS 7 (amendments): Disclosure initiative
– IAS 12 (amendments): Recognition of Deferred tax assets for unrealised losses
– IFRS 10 and IAS 28 (amendments) Sale or contribution of assets between an investor and its associate or joint venture

IFRS 9 may 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, a revolving credit facility, 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. During 2016 we entered into a new £10.0m revolving credit facility with HSBC Bank plc to provide investment funding. The Group's overdraft facilities are due for renewal in January and February 2018 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 taking into account any restrictions on non-controlling interests. 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.

2 Summary of significant accounting policies continued

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, liabilities 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.

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. 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 15 years
Trademarks	up to 15 years
Software	up to 3 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 3 years
Motor vehicles	up to 5 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 'Cash flow from financing activities' in the Group's Cash flow statement.

Interest charges on invoice discounting are included in finance costs and service charges are included in administrative costs in the Group's Income statement.

Financial assets
Financial assets are recognised in the Group's balance sheet and, other than hedging instruments, can be divided into the following categories:
– loans and receivables
– financial assets at fair value through profit and loss
– available-for-sale financial assets

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

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

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

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

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

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 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 instalments 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.

Forward contract for foreign currency
Forward currency contracts are stated at fair value, with any gain or losses arising on remeasurement recognised in profit or loss.

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.

2 Summary of significant accounting policies continued

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that there will be sufficient future taxable profit to allow the asset to be recovered.

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

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

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

Foreign currencies

(i) Functional and presentational currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

(iv) Hedges of net investments in foreign operations

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

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

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

Business combinations, contingent consideration, intangible assets (including goodwill)

Business combination accounting involves a number of fair value estimations. Due to the size of the investment these can be a material judgement area. 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. The fair value of contingent consideration are reviewed on a regular basis, at least annually, and any changes are reflected in the income statement.

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. Details of business combination can be found in notes 2 and 6.

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. The same judgements are required if intangibles are tested for impairment.

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.

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 four regions, UK, Continental Europe, Asia Pacific and the Americas.

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

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

Year ended 31 December 2016	UK £m	Continental Europe £m	Asia Pacific £m	Americas £m	Eliminations £m	Total £m
Revenue	70.1	92.0	77.3	31.0	–	270.4
Net fee income	19.0	16.8	18.6	4.6	–	59.0
Adjusted operating profit*	1.5	4.9	2.7	0.7	–	9.8
Operating profit	1.3	4.7	1.7	0.8	–	8.5

* 'Adjusted operating profit' is stated before exceptional items, gain or loss on business disposal, intangible amortisation and fair value on acquisition of non-controlling shares

Revenue of Continental Europe includes £78.2m from Germany and revenue of Asia Pacific includes £43.3m from New Zealand.

Property, plant and equipment	0.4	0.1	0.9	0.2	–	**1.6**
Goodwill	11.9	14.0	6.6	3.5	–	**36.0**
Other intangibles assets	7.0	1.1	6.9	5.8	–	**20.8**
Deferred tax assets	0.2	–	0.6	0.2	–	**1.0**
Other segmental assets	36.7	20.5	27.3	20.9	(37.2)	**68.2**
Segmental liabilities	(38.6)	(21.0)	(27.4)	(16.3)	22.4	**(80.9)**
Net assets	17.6	14.7	14.9	14.3	(14.8)	**46.7**

Non-current assets of Continental Europe include £13.7m from Germany, non-current assets of Asia Pacific include £10.8m from New Zealand and non-current assets of Americas include £8.7m from the USA.

Capital expenditure incurred (including intangibles)	0.3	0.2	0.3	–	–	**0.8**
Goodwill and intangible impairment	–	–	0.6	–	–	**0.6**
Significant non-cash expenses (depreciation, amortisation and trade receivable impairment and reversal of contingent consideration)	0.5	0.4	1.1	–	–	**2.0**

Following the investments made in Rishworth Aviation and ConSol Partners, the segmentation of Group's revenue and gross profit by geographical origin and destination was different during the year ending 31 December 2016.

The analysis of the Group's revenue and net fee income by client destination is set out below:

Year ended 31 December 2016	UK £m	Continental Europe £m	Asia Pacific £m	Americas £m	Eliminations £m	**Total £m**
Revenue	81.8	100.5	54.5	33.6	–	**270.4**
Net fee income	19.5	18.3	15.3	5.9	–	**59.0**

During year ending 31 December 2015 there is no material difference between the segmentation of the Group's turnover and net fee income by geographic origin and destination.

4 Segment analysis continued

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

Year ended 31 December 2015	UK £m	Continental Europe £m	Asia Pacific £m	Americas £m	Eliminations £m	Total £m
Revenue	62.7	75.2	29.2	20.2	–	**187.3**
Net fee income	18.4	14.5	14.2	2.1	–	**49.2**
Adjusted operating profit*	2.2	3.9	1.6	0.3	–	**8.0**
Operating profit	2.1	3.7	1.6	0.2	–	**7.6**

* 'Adjusted operating profit' is stated before exceptional items, gain or loss on business disposal, intangible amortisation and fair value on acquisition of non-controlling shares

Revenue of Continental Europe includes £71.4m from Germany.

	UK £m	Continental Europe £m	Asia Pacific £m	Americas £m	Eliminations £m	Total £m
Property, plant and equipment	0.3	0.1	0.9	0.2	–	**1.5**
Goodwill	7.7	12.0	2.7	2.8	–	**25.2**
Other intangibles assets	0.7	1.1	0.2	5.3	–	**7.3**
Deferred tax assets	0.2	–	0.6	0.1	–	**0.9**
Segmental assets	26.6	16.4	12.6	7.1	(19.1)	**43.6**
Segmental liabilities	(16.7)	(18.9)	(9.0)	(5.9)	5.7	**(44.8)**
Net assets	18.8	10.7	8.0	9.6	(13.4)	**33.7**
Capital expenditure incurred (including intangibles)	0.2	0.2	0.5	–	–	**0.9**
Significant non-cash expenses (depreciation, amortisation and impairment)	0.4	0.4	0.5	0.1	–	**1.4**

Non-current assets of Continental Europe include £11.9m from Germany and non-current assets of Americas include £7.5m from the USA.

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

	Revenue 2016 £m	Revenue 2015 £m	**Net fee income 2016 £m**	Net fee income 2015 £m
Professional Services	**12.8**	12.9	**5.8**	6.2
IT, Digital & Design	**34.4**	25.7	**11.9**	9.2
Technical & Industrial	**127.4**	109.4	**22.9**	21.5
Retail	**28.9**	23.9	**3.9**	3.4
Healthcare	**12.5**	6.1	**3.4**	1.7
Executive Search	**4.1**	3.2	**3.9**	3.1
Aviation	**43.3**	–	**2.5**	–
Other services	**7.0**	6.1	**4.7**	4.1
	270.4	187.3	**59.0**	49.2

5 Exceptional items and fair value on acquisition of non-controlling shares

Exceptional items

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

	2016 £m	2015 £m
Impairment of goodwill	**0.5**	–
Impairment of intangibles	**0.1**	–
Contingent consideration	**(0.6)**	–
	–	–

Further details can be found in the Finance review section on pages 22 and 23.

Fair value on acquisition of non-controlling shares

	2016 £m	2015 £m
Fair value on acquisition of non-controlling shares	**(0.2)**	–
	(0.2)	–

During the year we increased our shareholding in Monroe Consulting (Executive Search in Thailand) by 10%, taking our interest up to 70%. The consideration of £0.2m was paid in cash. In line with accounting rules, where certain restrictions are in place for the management shares, the value of consideration can be in excess of the fair value under IFRS 13, and as such a £0.2m fair value charge has been recognised in the income statement.

6 Business acquisition

On 5 July 2016 the Group purchased 82.6% of the shares in Rishworth Aviation Limited and its sister companies (together, 'Rishworth Aviation') for a total cash consideration of £7.5m. Headquartered in Auckland, New Zealand, with a regional office in Stockholm, Sweden, Rishworth is a leading independent staffing company supplying pilots to the aviation industry. Rishworth provides staffing services to clients across the globe, with a significant presence across UK, Continental Europe, Asia Pacific and Africa.

On 5 October 2016 the Group purchased 65% of the shares in ConSol Partners (Holdings) Limited ('ConSol Partners'), a specialist recruitment group in the IT sector with a focus on the niche sectors of Communications and Mobile, Cloud Technologies and the Digital Supply Chain, operating in the UK, the US and Continental Europe. Total consideration for the acquisition is £9.5m with £3.9m paid on completion and £5.6m payable during the first quarter of 2017.

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

	Rishworth Aviation £m	ConSol Partners £m
Purchases consideration recognised		
Cash consideration paid	7.5	3.9
Deferred consideration accrued	–	5.6
Total purchase consideration	**7.5**	**9.5**
Intangibles recognised on acquisition (as per IFRS 3 'Business Combinations')*		
Identifiable intangibles: Customer relations and candidate database	4.9	2.5
Identifiable intangibles: Trade name	1.8	4.0
Identifiable intangibles: Trade name	6.7	6.5
Deferred tax liability on intangibles	(1.9)	(1.3)
	4.8	5.2
Acquiree's book value of net assets acquired*		
Property plant and equipment	–	0.1
Trade and other receivable	2.7	5.7
Cash at bank	7.1	0.8
Invoice financing	–	(1.2)
Trade and other payables	(5.3)	(2.5)
Pilot bonds	(4.1)	–
Client deposits	(0.9)	–
Deferred tax	0.1	–
	(0.4)	2.9
Non-controlling interests in businesses		
Non-controlling interests in net assets	–	(1.0)
Non-controlling interests in intangibles	(0.8)	(1.8)
	(0.8)	(2.8)
Goodwill	3.9	4.2
Net assets	7.5	9.5

* The above table represents fair value on date of investment

Non-controlling interest is recognised at acquisition date at proportionate share of the acquiree's identifiable intangibles and related deferred tax liability and net assets available in the event of liquidation.

Rishworth Aviation

Acquisition related costs amounting to £0.1m 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 client's requirements which are of great importance in the recruitment business. The subsidiaries of Rishworth Aviation are run as one operating unit and represent a single cash-generating unit for goodwill allocation.

Goodwill and intangibles are not deductible for tax purposes.

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

The investment has contributed £43.3m to the Group's revenue and £0.4m to profits attributed to equity holders of the parent. This includes intangible amortisation impact of £0.1m to profits attributed to equity holders of the parent. It has contributed £1.8m to the Group's operating cash flow since acquisition for the period ended 31 December 2016.

If the investment had been completed on 1 January 2016 the Group would have generated additional revenues of £46.3m for the period to 31 December 2016. The profit attributed to equity holders of the parent for the period would have been an additional £0.3m. This includes intangible amortisation impact of £0.2m to profits attributed to equity holders of the parent.

6 Business acquisition continued

ConSol Partners

Acquisition related costs amounting to £0.2m 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 client's requirements which are of great importance in the recruitment business. The subsidiaries of ConSol Partners are run as one operating unit and represent a single cash-generating unit for goodwill allocation.

Goodwill and intangibles are not deductible for tax purposes.

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

The investment has contributed £6.7m to the Group's revenue, £Nil to profits attributed to equity holders of the parent. This includes intangible amortisation impact of £0.1m to profits attributed to equity holders of the parent. It has contributed £0.5m to the Group's operating cash flow since acquisition for the period ended 31 December 2016.

If the investment had been completed on 1 January 2016 the Group would have generated additional revenues of £19.7m for the period to 31 December 2016. The profit attributed to equity holders of the parent for the period would have been an additional £0.6m. This includes intangible amortisation impact of £0.2m to profits attributed to equity holders of the parent.

Deferred consideration for ConSol Partners

An amount of £5.6m deferred consideration is payable during the first quarter of 2017 and has been accrued at 31 December 2016. This includes £1.4m payable based upon the net assets at completion.

7 Operating profit

Operating profit is stated after charging:

	2016 £m	2015 £m
Depreciation of property, plant and equipment	0.8	0.7
Amortisation of software	0.1	–
Amortisation of intangible assets related to business acquisitions	1.1	0.4
Fair value on acquisition of non-controlling shares	0.2	–
Exceptional items	–	–
Operating lease charges:		
– Land and buildings (office)	2.1	1.6
– Motor vehicles (office)	0.3	0.3
– Project based accommodation	1.3	1.0
– Project based transportation	0.3	0.2
Net foreign exchange gain	–	0.2
Share based payments	0.2	0.2
Acquisition related costs	0.3	0.2
Trade receivable impairments	0.6	0.3
Auditor's remuneration	0.4	0.3

The analysis of auditor's remuneration is as follows:

	2016 £000	2015 £000
Auditor's remuneration:		
Fee payable to the Company's auditor for the audit of the Group annual accounts	358	279
Other fee	–	20
Total auditor's remuneration	358	299

Auditor's remuneration includes fees payable of £264,000 (2015: £193,000) for the audit of the Company's subsidiaries pursuant to legislation. Non-audit fees amounting to £Nil (2015: £20,000) relates to other assurance services.

8 Directors and employees

	2016 £m	2015 £m
Staff costs		
Wages and salaries	**29.6**	25.2
Social security costs	**2.6**	2.5
Pension costs	**0.6**	0.5
Share based payments	**0.2**	0.2
	33.0	28.4

Details of Directors' remuneration are given on pages 43 to 45.

	No.	No.
Average monthly number of persons employed (including Directors)		
Sales, distribution and administration	**1,282**	1097

9 Finance income and cost

	2016 £m	2015 £m
Finance income		
Bank interest receivable	**0.1**	0.1
	0.1	0.1
Finance cost		
On amounts payable to invoice discounters	**(0.2)**	(0.2)
Bank loans and overdrafts	**(0.4)**	(0.3)
Interest on tax payments	**(0.1)**	(0.1)
	(0.7)	(0.6)
Net finance cost	**(0.6)**	(0.5)

10 Taxation

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

	2016 £m	2015 £m
Current taxation		
Current tax charge	**(3.3)**	(2.8)
Adjustment to tax charge in respect of previous periods	**(0.1)**	0.1
	(3.4)	(2.7)
Deferred tax charge – current year	**(0.1)**	0.1
Total income tax expense in the income statement	**(3.5)**	(2.6)

(b) Factors affecting the tax charge for the year

	2016 £m	2015 £m
Profit before taxation	**7.9**	7.1
Profit before tax at standard rate of Corporation Tax in the UK of 20% (2015: 20.25%)	**(1.6)**	(1.4)
Effects of:		
Expenses not deductible for tax purposes	**(0.2)**	(0.4)
Current year losses not recognised for tax purposes	**(0.3)**	(0.1)
Write down of losses previously recognised for tax purposes	**(0.2)**	(0.1)
Adjustment to tax charge in respect of previous periods	**(0.1)**	0.1
Amortisation disallowed	**(0.1)**	(0.1)
Overseas tax at different tax rates	**(1.0)**	(0.6)
Tax expense	**(3.5)**	(2.6)

The movement in deferred tax is explained in note 20.

There was no (2015: £Nil) tax recognised in the consolidated statement of comprehensive income.

The reduction in the tax rate from 20.25% to 20% reflects a reduction in the standard rate of Corporation Tax in the UK from 21% to 20% with effect from 1 April 2015. The 20% rate is the UK rate applicable for the year ended 31 December 2016 (2015: average rate applicable 20.25%).

11 Reconciliation of adjusted profit before tax to profit before tax

	2016 £m	2015 £m
Profit before tax	7.9	7.1
Exceptional items	–	–
Fair value on acquisition of non-controlling shares	0.2	–
Intangible amortisation	1.1	0.4
Adjusted profit before tax from continuing operations	**9.2**	**7.5**

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:

	2016 £m	2015 £m
Earnings		
Earnings attributable to equity holders of the parent	4.8	4.4
Adjustments:		
Exceptional items	–	–
Fair value on acquisition of non-controlling shares	0.2	–
Intangible amortisation	1.1	0.4
Tax on intangible amortisation	(0.2)	–
Earnings for the purpose of adjusted earnings per share	**5.9**	**4.8**

Number of shares	Millions	Millions
Weighted average number of shares – basic	50.2	46.4
Dilution effect of share options	1.7	1.5
Weighted average number of shares – diluted	51.9	47.9

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

Earnings per share (adjusted)	Pence	Pence
Basic	11.7	10.2
Dilution effect of share options	(0.4)	(0.3)
Diluted	11.3	9.9

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 43 to 45.

13 Property, plant and equipment

2016	Leasehold property £m	Fixtures, fittings and equipment £m	Motor vehicles £m	Total £m
Cost				
At 1 January 2016	0.6	4.6	0.3	5.5
Additions	–	0.7	–	0.7
Assets acquired with business acquisition	–	0.5	–	0.5
Disposals	–	(0.4)	(0.1)	(0.5)
Exchange differences	–	0.7	–	0.7
At 31 December 2016	0.6	6.1	0.2	6.9
Accumulated depreciation				
At 1 January 2016	0.2	3.6	0.2	4.0
Depreciation	–	0.8	–	0.8
Acquisition	–	0.4	–	0.4
Disposals	–	(0.3)	(0.1)	(0.4)
Exchange differences	–	0.5	–	0.5
At 31 December 2016	0.2	5.0	0.1	5.3
Net book value				
At 31 December 2015	0.4	1.0	0.1	1.5
At 31 December 2016	0.4	1.1	0.1	1.6

Fixtures, fittings and equipment includes £0.1m (2015: £0.1m) of secured finance leases.

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 2015	0.2	4.7	0.2	5.1
Depreciation	–	0.7	–	0.7
Acquisition				–
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.

14 Goodwill

	2016 £m	2015 £m
At 1 January	**25.2**	23.7
Acquisition of new subsidiary undertakings	**8.1**	2.2
Impairment (note 5)	**(0.5)**	–
Foreign exchange	**3.2**	(0.7)
At 31 December	**36.0**	25.2

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 and pre-tax cash flows

The operating profit and pre-tax cash flow is based on approved annual budget 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 the Group's Management Board.

Discount rates

The pre-tax, country-specific rate used to discount the forecast cash flows ranges from 10% to 20% (2015: 13% to 21%) 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:	10%
Continental Europe:	10%
Asia Pacific:	11.5% to 20%
Americas:	11% to 17%

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 1.8% to 7.9%. 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:	1.8%
Continental Europe:	1.3% to 1.5%
Asia Pacific:	0.7% to 3.0% (capped)
Americas:	3.0%

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. An impairment charge of £0.5m related to Asia Pacific region has been provided at 31 December 2016. Further details of the impairment charge can be found in the finance review on pages 22 and 23.

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 any additional impairment of goodwill. The discount rates were also increased by adding an additional 3% to the country specific pre-tax discount rates. None of these changes in the key assumptions are expected to reasonably occur.

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 as per operating segments has been allocated as follows:

	2016 £m	2015 £m
Goodwill by region		
UK	**11.9**	7.7
Continental Europe	**14.0**	12.0
Asia Pacific	**6.6**	2.7
Americas	**3.5**	2.8
	36.0	25.2

15 Intangible assets

2016	Intangible assets identified as per IFRS 3 'Business Combinations': Customer relationship and candidate database £m	Trade name and marks £m	Sub total £m	Software £m	Total £m
Carrying amount at 1 January 2016	6.1	3.2	9.3	0.5	9.8
Additions	–	–	–	0.1	0.1
Acquisition	7.4	5.8	13.2	–	13.2
Impairment	(0.2)	–	(0.2)	–	(0.2)
Foreign exchange	0.9	0.6	1.5	–	1.5
Gross carrying amount at 31 December 2016	14.2	9.6	23.8	0.6	24.4
Amortisation					
Carrying amount at 1 January 2016	1.5	0.6	2.1	0.4	2.5
Charge for year	0.8	0.3	1.1	0.1	1.2
Impairment	(0.1)	–	(0.1)	–	(0.1)
Accumulated amortisation at 31 December 2016	2.2	0.9	3.1	0.5	3.6
Net book value as at 31 December 2015	4.6	2.6	7.2	0.1	7.3
Net book value as at 31 December 2016	12.0	8.7	20.7	0.1	20.8

2015	£m	£m	£m	£m	£m
Carrying amount at 1 January 2015	3.4	0.6	4.0	0.4	4.4
Additions	–	–	–	0.1	0.1
Acquisition	2.6	2.5	5.1	–	5.1
Foreign exchange	0.1	0.1	0.2	–	0.2
Gross carrying amount at 31 December 2015	6.1	3.2	9.3	0.5	9.8
Amortisation					
Carrying amount at 1 January 2015	1.2	0.6	1.8	0.3	2.1
Charge for year	0.3	–	0.3	0.1	0.4
Accumulated amortisation at 31 December 2015	1.5	0.6	2.1	0.4	2.5
Net book value as at 31 December 2014	2.2	–	2.2	0.1	2.3
Net book value as at 31 December 2015	4.6	2.6	7.2	0.1	7.3

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 2016 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	Holding
Empresaria GIT Limited	05669176	Holding
Interim Management International Limited	04067140	Holding
TLN 1004 Limited	04598490	Dormant
TLN 1006 Limited	03570249	Dormant
Oval (888) Limited	04819545	Trading
Empresaria Americas Finco Limited	09917053	Holding
Alpion Recruitment Limited	09949926	Trading
Empresaria Americas Limited	08926961	Holding
Empresaria Malaysia Holdings Limited	08701593	Holding
Empresaria Healthcare Limited	09946765	Holding
Empresaria NZ Limited	10164295	Holding

17 Trade and other receivables

	2016 £m	2015 £m
Current		
Trade receivables	**42.1**	32.2
Less provision for impairment of trade receivables	**(1.0)**	(0.4)
Net trade receivables	**41.1**	31.8
Prepayments	**2.0**	1.2
Accrued income	**2.5**	0.6
Deferred and contingent consideration	**0.3**	0.3
Other receivables	**4.3**	2.0
	50.2	35.9

Trade receivables include £30.4m (2015: £23.4m) 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.

18 Trade and other payables

	2016 £m	2015 £m
Current		
Trade payables	**1.5**	0.9
Other tax and social security	**8.8**	5.7
Pilot bonds*	**5.2**	–
Client deposits	**0.8**	–
Temporary recruitment worker wages	**4.3**	3.3
Other payables	**1.5**	0.3
Accruals	**17.2**	11.0
Deferred and contingent consideration	**5.6**	2.8
	44.9	24.0

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

* The pilot bonds represent unrestricted funds held by Rishworth Aviation that are repayable to the pilot over the course of the contract, which typically last between three and five years. If the pilot terminates their contract early, the outstanding bond is payable to the client. For this reason the full bond value is shown as a current liability. If the bonds are repaid in line with existing contracts, £3.3m would be repayable in more than one year.

	2016 £m	2015 £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

	2016 £m	2015 £m
Current		
Bank overdrafts	**2.8**	2.3
Amounts related to invoice financing	**8.9**	6.9
Current portion of bank loans	**1.7**	0.7
	13.4	9.9
Non-current		
Bank loans	**15.1**	5.1
	15.1	5.1
Total financial liabilities	**28.5**	15.0

During the year a new five-year UK multi-currency revolving credit facility of £10.0m was entered into expiring in June 2021. This facility has part-funded the investments in Rishworth Aviation and ConSol Partners. As at 31 December 2016 the balance outstanding was £8.5m. Interest is payable at 1.5% plus LIBOR or EURIBOR.

At 31 December 2016 the UK term loan, expiring in 2018, had a balance of £3.5m (2015: £1.6m). Further drawdowns from this term loan of £2.9m were made during the year to part fund the investment in Rishworth Aviation and also fund the contingent consideration payment due for Pharmaceutical Strategies. £1.0m of this loan was repaid during the year and £1.5m is expected to be repaid during the year ending 31 December 2017. Interest is payable at 1.5% above UK base rate. A German bank loan of €5.0m (2015: €5.0m) remains outstanding with an expiry in 2018. Interest is payable at EURIBOR plus 3%.

Overdraft facilities are in place in the UK with a limit of £5.0m (2015: £5.5m). The balance as at 31 December 2016 was £0.9m (2015: £Nil). The interest rate was fixed during the year at 1.0% above applicable currency base rates. A $1.5m overdraft facility to provide working capital funding to Pharmaceutical Strategies had a balance of $0.7m (2015: $1.1m) as at 31 December 2016. Interest on this USD facility is payable at 2% over currency base rates. An €8.0m overdraft facility is also in place in Germany. The balance at 31 December 2016 was €1.2m (2015: €2.2m). Interest is payable at EURIBOR plus 2.3%.

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, Headway in Germany and Rishworth Aviation in New Zealand.

Other overseas overdraft and loans had interest rates of between 1.6% and 2.3%.

b) Movement in net borrowings

	2016 £m	2015 £m
As at 1 January	**(7.3)**	(9.8)
Net increase in cash and cash equivalents before cash/overdraft acquired with business acquisition	**0.8**	0.7
Net cash/(overdraft) acquired with business acquisition	**7.9**	(0.6)
Amounts related to invoice financing acquired with business acquisition	**(1.2)**	–
(Increase)/decrease in loans	**(10.2)**	1.0
(Increase)/decrease in invoice financing	**(0.8)**	1.2
Currency translation differences	**0.3**	0.2
As at 31 December	**(10.5)**	(7.3)

c) Analysis of net borrowings

	2016 £m	2015 £m
Financial liabilities – borrowings	**(28.5)**	(15.0)
Cash and cash equivalents	**18.0**	7.7
As at 31 December	**(10.5)**	(7.3)

Cash and cash equivalents at 31 December 2016 include cash with banks of £329,000 (2015: £43,000) held by a subsidiary in China which is subject to currency exchange restrictions.

The cash and cash equivalents above includes £5.2m (2015: £Nil) of pilot bonds held by Rishworth Aviation. See note 18 for more details.

20 Deferred tax

	Tax losses £000	Capital allowances £000	Holiday pay £000	Timing differences £000	Intangible assets £000	**Total 2016 £000**	Total 2015 £000
1 January	336	54	92	338	(955)	**(135)**	(179)
(Charge)/credit to income	(218)	(47)	2	21	110	**(132)**	83
Settled	–	–		62	(62)	**–**	(70)
Business acquisition	–	–	33	45	(3,177)	**(3,099)**	–
Foreign exchange difference	16	–	12	74	(122)	**(20)**	31
31 December	134	7	139	540	(4,206)	**(3,386)**	(135)

Analysis of deferred tax	**2016 £000**	2015 £000
Deferred tax asset	**1,018**	946
Deferred tax liability	**(4,404)**	(1,081)
	(3,386)	(135)

At the balance sheet date, the Group has unused tax losses of £2.4m (2015: £2.5m) available for offset against future taxable profits. A deferred tax asset has been recognised in respect of £0.6m (2015: £1.4m) of such losses. No deferred tax asset has been recognised in respect of the remaining £1.8m (2015: £1.1m) as it is not considered probable that the losses will be fully utilised before they expire.

No deferred tax liability is recognised on temporary differences of £5.7m (2015: £3.9m) 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

	2016 Number of shares	£m	2015 Number of shares	£m
Allotted and fully paid				
Ordinary shares of 5p each	**49,019,132**	**2.4**	49,019,132	2.4

Share premium

	2016 £m	2015 £m
Balance at 1 January	**22.4**	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**	22.4

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 22 to 25.

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

	2016 £m	2015 £m
Cash and cash equivalents	**18.0**	7.7
Trade and other receivables*	**47.6**	34.0

* Trade and other receivables exclude prepayments, tax and social security total amounting £2.6m (2015: £1.9m).

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:

	2016 £m	2015 £m
0–30 days	**25.1**	16.2
31–60 days	**10.0**	10.3
61–90 days	**4.1**	3.3
Over 90 days	**1.9**	2.0
Total trade receivables (note 17)	**41.1**	31.8

Average trade receivables days during the year was 47 days (2015: 51 days).

All of the Group's trade receivables have been reviewed for indicators of impairment and a provision of £1.0m (2015: £0.4m) has been recorded accordingly.

Included in the Group's trade receivable balance are debtors with a carrying amount of £30.1m (2015: £23.4m) which are not past due and a carrying amount of £11.0m (2015: £8.4m) 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.

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

	2016 £m	2015 £m
0–30 days	**6.5**	4.3
31–60 days	**2.3**	2.0
61–90 days	**1.1**	0.8
Over 90 days	**1.1**	1.3
Total past due trade receivables	**11.0**	8.4

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

	2016 £m	2015 £m
Balance as 1 January	**0.4**	0.3
Impairment loss recognised	**0.6**	0.3
Impairment loss utilised	**–**	(0.2)
Balance at 31 December	**1.0**	0.4

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 2016, Empresaria's liabilities have contractual maturities which are summarised below:

	Current				Non-current	
	Within 6 months		6 to 12 months		1 to 5 years	
	2016 £m	2015 £m	2016 £m	2015 £m	2016 £m	2015 £m
Long-term bank loans	**0.8**	0.3	**0.9**	0.4	**13.9**	4.7
Trade and other payables*	**36.1**	18.3	**–**	–	**–**	0.5
Other short-term financial liabilities	**11.7**	9.2	**–**	–	**–**	–
Total	**48.6**	27.8	**0.9**	0.4	**13.9**	5.2

* Trade and other payables in above table exclude other tax and social security amounting £8.8m (2015: £5.7m).

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 £15.4m (2015: £15.6m) of undrawn bank facilities (excluding invoice financing).

There was no loan repayment default during the year (2015: Nil). At the year end past due loans were Nil (2015: 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 Board closely monitors the level of borrowings.

Debt to debtors ratio

	2016 £m	2015 £m
Total net borrowing	**10.5**	7.3
Trade receivables	**41.1**	31.8
Debt to debtors ratio	**26%**	23%

Gearing ratio

	2016 £m	2015 £m
Gross borrowings	**28.5**	15.0
Less: Cash and cash equivalents	**(18.0)**	(7.7)
Net debts	**10.5**	7.3
Equity attributable to Company shareholders	**40.3**	30.8
Net debt to equity ratio	**26%**	24%

22 Financial instruments continued

Debt to EBITDA ratio

EBITDA represents earning before interest, tax, depreciation and amortisation

	2016 £m	2015 £m
Total net borrowing	**(10.5)**	(7.3)
Adjusted operating profit*	**9.8**	8.0
Add: depreciation and software amortisation	**0.9**	0.7
EBITDA	**10.7**	8.7
Debt to EBITDA ratio	**98%**	84%

* 'Adjusted operating profit' is stated before exceptional items, gain or loss on business disposal, intangible amortisation and fair value on acquisition of non-controlling shares

Foreign currency risk

The majority of the Group's transactions are carried out in the local currency of the respective country the business is operating in. However, the Group does undertake transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuation arise. The majority of exposures to currency exchange rates arising from overseas sales are mitigated by incurring purchases and cost of sales in the same currency.

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 six 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.

As at 31 December 2016 there were a small number of forward currency contracts in place. The amount covered by these at year end was £0.6m (2015: Nil). The fair value of these as at 31 December 2016 were (£0.1m) (2015: £Nil).

The Group's currency exposures are on the translation of subsidiaries results into Pounds Sterling, sales and purchase transactions in foreign currency and on foreign currency monetary items. There is an element of natural hedge by having operations in different countries. The amount of currency retranslation gain recognised in equity was £5.1m (2015: loss £0.7m).

Foreign currency monetary items and its sensitivity analysis

The carrying amounts of the Group's significant foreign currency denominated monetary assets and monetary liabilities at the reporting date are is set out below:

A 10% weakening of the following currencies against relevant functional currency at 31 December would have (decreased)/increased equity and the income statement by the amounts shown below. Calculations are performed based on net monetary items balances at 31 December for same currency. The analysis assumes that all other variables, in particular interest rates, remain constant. Actual results in the future may differ materially from those projected, due to development in the global financial market.

	Foreign currency monetary items		Sensitivity analysis impact of non-functional currency foreign exchange exposure		
2016	**Assets £m**	**Liabilities £m**	**Sensitivity**	**Profit and loss £m**	**Equity £m**
US Dollars	**9.8**	**(11.4)**	**(10%)**	**0.2**	**0.2**
Euro	**8.4**	**(7.4)**	**(10%)**	**(0.1)**	**(0.1)**
Japanese Yen	**0.9**	**(0.2)**	**(10%)**	**(0.1)**	**(0.1)**

	Foreign currency monetary items		Sensitivity analysis impact of non-functional currency foreign exchange exposure		
2015	Assets £m	Liabilities £m	Sensitivity	Profit and loss £m	Equity £m
US Dollars	4.7	(0.7)	(10%)	(0.4)	(0.4)
Euro	0.1	(0.1)	(10%)	–	–
Japanese Yen	0.3	–	(10%)	(0.1)	(0.1)

A 10% strengthening of the above currencies against relevant functional currency at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

In management's opinion, the sensitivity analysis does not completely represent the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

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 2016, 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.

	2016	2015
Effective interest rate on borrowings in the year	**2.6%**	2.8%

An increase of 100bps 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

	2016 £m	2015 £m
Net result for the year	**(0.3)**	(0.2)
Equity	**(0.3)**	(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**	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Total minimum operating lease payments due:						
Within one year	**0.6**	0.5	**2.0**	1.4	**0.4**	0.3
One to five years	**0.7**	0.6	**3.7**	2.5	**–**	–
After five years	**–**	–	**0.9**	0.2	**–**	–
	1.3	1.1	**6.6**	4.1	**0.4**	0.3

24 Dividends

	2016 £000	2015 £000
Amount recognised as distribution to equity holders in the year:		
Final dividend for the year ended 31 December 2015 of 1.0p (2014: 0.7p) per share	**490**	312
Proposed final dividend for the year ended 31 December 2016 is 1.15p (2015: 1.0p) per share	**564**	490

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

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 £Nil (2015: profit of £2.2m).

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 £3.1m (2015: £3.3m) and £0.5m (2015: £0.4m), respectively.

Remuneration of key management personnel

The Group delegates operational decision making and day-to-day running of the operating companies to the subsidiary management, however, key strategic decisions must be approved by Empresaria. Therefore, overall authority and responsibility for planning, directing and controlling the entities of the Group sits with the Empresaria Board of Directors, who are considered the 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 45.

	2016 £m	2015 £m
Short-term employee benefits	**0.7**	0.8

In addition, there were share based payment costs of £226,000 in the year (2015: £162,000) and pension contributions of £51,000 (2015: £47,000) but no other benefits in the year.

Directors' transactions

Dividends totalling £140,146 (2015: £91,000) 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 £1,638 (2015: £1,016).

Management equity

As part of the Group's management equity philosophy, the following transactions were entered into with related parties (subsidiary management) during the year.

Purchased by the Group

Company	% of shares	Aggregate consideration (£000)	Seller
Ball and Hoolahan Limited	25%	211	R Hoolahan
Empresaria Thailand Holdings Limited	10%	163	J Tolmie

Second generation shares sold by the Group

Company	% of shares	Aggregate consideration ('000)	Purchaser
headwaypersonal GmbH	10%	5	M Delwel
headwaylogisticadministration GmbH	16%	8	K Deitermann M de Grandi T Berlekamp
Empresaria Americas Limited	5%	19	C Ryan B Bigelow

28 Share based payments

The Company operates a share option scheme for Directors and senior executives. The options are forfeited if the employee leaves the Group before the options are exercised.

	2016 Number of share options	2015 Number of share options
Outstanding at beginning of year	**2,835,154**	2,835,154
Granted during the year	**437,855**	–
Outstanding at the end of the year	**3,273,009**	2,835,154

All the options have a zero cost exercise price. The total aggregate fair value of the options granted is £1,047,000. In 2016 a total expense of £226,000 (2015: £162,000) was recognised in the income statement. Cumulatively to the end of December 2016, the total amount expensed for the above options is £726,000. 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 43 to 45.

The inputs into these models are as follows:

	Award in 2016	Award in 2014	Award in 2013
Share price at date of grant	**87.5p**	54p	35p
Weighted average exercise price	**Nil**	Nil	Nil
Expected volatility	**36.1%**	43.7%	45.0%
Expected life	**3 years**	4 years	3.5 years
Risk-free rate	**0.58%**	1.47%	1.2%
Expected dividend yields	**1.03%**	0.65%	1.0%
Vesting dates	**March 2019**	March 2018	March 2017

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.

Included in the total number of share options above are 1,220,000 share options which vested in March 2015. As of the date of this report none of those options have been exercised. Further details can be found in the Directors' remuneration report on pages 43 to 45.

29 Restatement of prior year Cash flow statement presentation

Following a review of the Group's accounting policy, the presentation of the movement in invoice financing in the cash flow statement has been amended with a restatement of the prior year presentation, to provide shareholders with a clearer understanding of the operating cash flows of the Group. Under the revised accounting treatment this is now presented as part of 'Cash flow from financing activities' rather than 'Cash flow from operating activities'.

The impact of the restatement is summarised below

In Cash flow statement

Year to 31 December 2015	Cash generated from operations	Net cash from operating activities	Net cash from financing activities	Movement in net cash and cash equivalents
Previously disclosed: Increase/(decrease)	7.6	5.3	1.4	0.1
Adjustment in invoice financing presentation	1.2	1.2	(1.2)	–
Restated: Increase/(decrease)	8.8	6.5	0.2	0.1

There was no impact of the above changes on the consolidated income statement, the consolidated balance sheet and earning per share and therefore no third balance sheet is required.

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 2016 which comprise the Parent Company balance sheet, the Parent Company statement of changes in equity and the related notes 1 to 10. 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 2016 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 2016.

James Wright
(Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom
21 March 2017

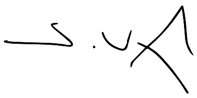
PARENT COMPANY BALANCE SHEET

	Note	2016 £m	2015 £m
Non-current assets			
Tangible assets	5	–	0.1
Investments	6	41.9	26.2
		41.9	26.3
Current assets			
Debtors (including amounts falling due after more than one year of £Nil (2015: £0.8m))	7	12.4	13.9
Cash at bank		–	–
Creditors: amounts falling due within one year	8	(10.2)	(5.2)
Net current assets		2.2	8.7
Total assets less current liabilities		44.1	35.0
Creditors: amounts falling due after more than one year	9	(10.5)	(1.1)
Net assets		33.6	33.9
			–
Capital and reserves			
Called up share capital	10	2.4	2.4
Share premium account		22.4	22.4
Merger reserve		0.9	0.9
Other reserves		0.9	0.7
Equity reserve		(0.2)	(0.2)
Profit and loss account		7.2	7.7
Shareholders' funds		33.6	33.9

These financial statements of Empresaria Group plc (Company registration number 03743194) were approved by the Board of Directors and authorised for issue on 21 March 2017.

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 1 January 2015	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
Profit for the financial year and total comprehensive income	–	–	–	–	–	–	–
Dividend paid on equity shares	–	–	–	–	–	(0.5)	(0.5)
Movement in share options	–	–	–	0.2	–	–	0.2
At 31 December 2016	**2.4**	**22.4**	**0.9**	**0.9**	**(0.2)**	**7.2**	**33.6**

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' primarily represents movements in relation to share based payments
- 'Retained earnings' represents accumulated profits less distributions and income/expense recognised in equity from incorporation

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1 Basis of preparation and significant accounting policies

The financial statements are for the 12 months ended 31 December 2016. 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.

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. The Company has taken advantage of a disclosure exemption and has elected not to present a cash flow statement.

Accounting policies for the Company in the UK

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 Pounds 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 instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

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

Investments

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

Fixed asset investments

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

Leases

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

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

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 2016 of £Nil (2015: £2.2m).

3 Directors and employees

	2016 £m	2015 £m
Staff costs		
Wages and salaries	**1.1**	1.1
Social security costs	**0.1**	0.1
Share based payments	**0.2**	0.2
	1.4	1.4
Bonus costs	**0.1**	0.3
	1.5	1.7

	2016 Number	2015 Number
Average monthly number of persons employed (including Directors)	**15**	15

Pension contributions made in the year were £94,172 (2015: £76,062).

Details of Directors' remuneration are given on pages 43 to 45.

4 Dividends
During 2016 Empresaria Group plc paid a dividend of £0.5m to its equity shareholders (2015: £0.3m). This amounted to 1.0p per ordinary share (2015: 0.7p).

A final dividend is proposed for the year ended 31 December 2016 of 1.15p per ordinary share (2015: 1.0p). 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 2017 to members registered on 5 May 2017.

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 2016	0.6
Additions	–
At 31 December 2016	0.6
Accumulated depreciation	
At 1 January 2016	0.5
Charge for the year	0.1
At 31 December 2016	0.6
Net book value	
At 31 December 2015	0.1
At 31 December 2016	–

6 Investments held as fixed assets

	Shares in subsidiary undertakings £m
Cost	
At 1 January 2016	33.4
Additions	15.8
At 31 December 2016	49.2
Impairment	
At 1 January 2016	7.2
Impairment charge	0.1
At 31 December 2016	7.3
Net book value	
At 31 December 2015	26.2
As 31 December 2016	41.9

Investments comprise of the following subsidiary companies:

Company	Class of share held	2016 Effective % holding	2015 Effective % holding
Registered office: Old Church House, Sandy Lane, Crawley Down, West Sussex, RH10 4HS UK			
Alpion Recruitment Limited	Ordinary	100	–
Ball and Hoolahan Limited	'A' Ordinary	90	75
Beresford Wilson and Partners Limited	Ordinary	62	–
BWP Holdco Limited	'A' Ordinary	62	51
ConSol Partners (Holdings) Limited	'A' Ordinary	65	–
ConSol Partners Limited	Ordinary	65	–
Creative People Limited	Ordinary	90	90
Empresaria Americas Finco Limited	Ordinary	100	100
Empresaria Americas Limited*	Ordinary	100	100
Empresaria Asia Limited*	Ordinary	100	100
Empresaria China (Holdings) Ltd	Ordinary	100	–
Empresaria GIT Holdings Limited*	'A' and 'B' Ordinary	100	100
Empresaria GIT Limited	Ordinary	100	100
Empresaria Gulf Limited*	Ordinary	100	100
Empresaria Healthcare Limited*	Ordinary	100	100
Empresaria Malaysia Holdings Limited	'A' Ordinary	70	100
Empresaria Mexico Holdings Limited	'A' Ordinary	51	51
Empresaria North America Limited	'A' Ordinary	88	93
Empresaria NZ Limited*	Ordinary	100	–
Empresaria Philippines Holdings Limited	'A' Ordinary	70	70
Empresaria Technology & Industrial Holdings Limited*	Ordinary	100	–
Empresaria Technology (Holdings) Limited*	Ordinary	100	–
Empresaria Thailand Holdings Limited	'A' Ordinary	70	60
Empresaria Vietnam Holdings Limited	Ordinary	100	–
EMR1000 Limited*	Ordinary	100	100
FastTrack Management Services Limited*	'A' Ordinary	75	75
Greycoat Investments Limited*	Ordinary	100	100
Greycoat Placements Limited*	'A' Ordinary	90	90
Interim Management International Limited*	Ordinary	100	100
LMA Recruitment Limited*	'A' Ordinary	63	63
Lumley Employment Company Limited	'A' and 'B' Ordinary	90	90
Mac People Limited	Ordinary	90	90
Mansion House Recruitment Limited*	'A' Ordinary	74	67
McCall Limited*	'A' Ordinary	82	82
NMS Czech Holding Limited*	'A' Ordinary	51	51
Oval (888) Limited*	'A' and 'B' Ordinary	100	100
Publishing People Limited	Ordinary	90	90
Reflex HR Limited*	'A' Ordinary	85	84
Teamsales Limited*	'A' Ordinary	95	95
The Recruitment Business Holdings Limited*	'A' and 'B' Ordinary	90	90
The Recruitment Business Limited	Ordinary	90	90
The Recruitment Store (2000) Limited	Ordinary	90	90
TLN 1004 Limited*	'A' and 'B' Ordinary	100	100
TLN 1006 Limited*	'A' and 'B' Ordinary	100	100
Web People Recruitment Limited	Ordinary	90	90
Registered office: Prettys, Elm House, Elm Street, Ipswich, United Kingdom, IP1 2AD			
Global Crew UK Limited	Ordinary	83	–
Registered office: Stanley & Williamson, Level 1 34 Burton Street, Kirribilli NSW 2061, Australia			
The Recruitment Business Pty Limited	Ordinary	90	90
Registered office: Bahnofstrasse 22, 3300, Ametetten, Austria			
headwayaustria GesmbH	Ordinary	100	100
Registered office: Ave. Isidore Goyenechea 3250, 13th Floor, Santiago, District of Las Condes, Chile			
Empresaria Group Chile Limitada*	Ordinary	100	100

6 Investments held as fixed assets continued

Company	Class of share held	2016 Effective % holding	2015 Effective % holding
Registered office: Alcade Jorge Monckebery 77, Santiago, Chile			
A-Consulting Limitada	Ordinary	**56**	56
Alternattiva Empresa De Servicios Transitorios Limitada	Ordinary	**56**	56
Instituto De Capacitacion Complementaria De La Empresa Limitada	Ordinary	**56**	56
Marketing y Promociones S.A. 'Alternattiva'	Ordinary	**56**	56
Registered office: Room 16F02, No. 828-838, Zhangyang Road, Pudong New Area, Shanghai, China			
Monroe Consulting China Group (formerly named Empresaria Intelligence HR Consultants)*	Ordinary	**100**	100
Registered office: Linnankatu 13a B32, 6th Floor, 20100 Turku, Finland			
Mediradix Oy*	Ordinary	**96**	96
Registered office: Landshuter Strasse 73, 84030, Ergolding, Germany			
Empresaria Holding Deutschland GmbH*	Ordinary	**100**	100
headwaylogistic administration GmbH	Ordinary	**84**	100
headwayindustrie GmbH	Ordinary	**84**	100
headwaypersonal GmbH	Ordinary	**90**	100
Registered office: Kurt-Schumacher-Strasse 62, 45699 Herten, Germany			
headwaylogistic GmbH	Ordinary	**84**	100
Registered office: 22/F, 3 Lockhart Road, Wanchai, Hong Kong			
LMA Recruitment Limited	Ordinary	**100**	100
Registered office: Unit B, 10th Floor E168, nos 166- 168 Des Voeux Road Central, Sheung Wan, Hong Kong			
The Recruitment Business Limited	Ordinary	**90**	90
Registered office: 4 Saujanya Row House, Near Darpan Six roads, Navrangpur, Ahmedabad, Gujarat, 380014, India			
Interactive Manpower Solutions Private Limited*	Ordinary	**71**	71
Registered office: Jalan Wijaya 1 No. 71, Jakarta, 12170, Indonesia			
PT. Learning Resources	'A' Ordinary	**51**	51
Registered office: Gedung Soverein Plaza, Lt 16 Unit A-B, Jl. TB simatupang Kav. 36, Jakarta, SELTAN 12430, Indonesia			
PT. Monroe Consulting Group	'A' Ordinary	**90**	90
Registered office: No. 2 TR Building, 2-10-4 Yoyogi, Shibuya-ku, Tokyo, Japan			
FINES K.K.	Ordinary	**51**	51
FINES Tokyo K.K.	Ordinary	**51**	51
Registered office: 8-27 Toranomon 3-chome, Minato-ku, Tokyo, Japan			
Skillhouse Staffing Solutions K.K.	Ordinary	**90**	90
Registered office: Portman House, Hue Street, St Helier, JE4 5RP, Jersey			
Rhinefield Limited*	Ordinary	**100**	100
Registered office: 16B Jalan Tun Mohd Fuad, Taman Tun Dr Ismail, 60000, Kuala Lumpur, Wilayah Persektuan, Malaysia			
Monroe Consulting Group Malaysia Sdn. Bhd.	Ordinary	**70**	100
Registered office: Insurgentes 1796 4to Piso, Colonia Florida, DF 01030, Mexico			
Monroe Consulting Mexico S.A. de C.V.	Class II Ordinary	**51**	51

Company	Class of share held	2016 Effective % holding	2015 Effective % holding
Registered office: GVW Accountants Limited, Level 1, 109 Carlton Gore Road, Newmarket, 1023 New Zealand			
Global Resources Asia Limited	Ordinary	83	–
Rishworth Holdco Limited	Ordinary	83	–
Rishworth Aviation Asia Limited	Ordinary	83	–
Rishworth Aviation Asia Pacific Limited	Ordinary	83	–
Rishworth Aviation Europe Limited	Ordinary	83	–
Rishworth Aviation Limited	Ordinary	83	–
Rishworth Aviation International Limited	Ordinary	83	–
Rishworth Personnel Limited	Ordinary	83	–
Rishworth Solutions Limited	Ordinary	83	–
Registered office: Unit 605 Richvill Corporate Tower, 1107 Alabang-Zapote Road, Madrigal Business Park, 1780, Philippines			
HR Philippines Holdings, Inc.	Ordinary	70	70
Registered office: Unit 2108 Trade & Financial Tower, 7th Avenue Corner 32ns Street, global City, Taguig, 1634, Philippines			
Monroe Consulting Philippines Inc	Ordinary	70	70
Registered office: 10 Anson Road #35-06A, International Plaza, 079903, Singapore			
Global Crew Asia Pte Ltd	Ordinary	83	–
Global Resources Aviation Singapore PTE Ltd	Ordinary	83	–
Registered office: 133 Cecil Street, #17-01B, Keck Seng Tower, 069535, Singapore			
Learning Resources Solution Pte. Limited	Ordinary	51	51
LMA Recruitment Singapore Pte. Limited	Ordinary	60	70
McCall Singapore Pte. Limited	Ordinary	82	82
Registered office: Postova3, 811 06, Bratislava, Slovakia			
Gate1234 s.r.o.	Ordinary	100	100
Registered office: Norrtullsgatan 6, 4th Floor, 11329 Stockholm, Sweden			
Rishworth Aviation AB	Ordinary	83	–
Registered office: No. 209/1 K Towers B, 23rd Floor, unit 2, Sukhumvit 21 (Asoke) Road, Bangkok, 10110, Thailand			
Monroe Holdings (Thailand) Company Limited	Ordinary	70	60
Monroe Recruitment Consulting Group Company Limited	Ordinary	70	60
Registered office: Office 306, Building 19, Dubai Knowledge Village, PO Box 5000693, United Arab Emirates			
Beresford Wilson and Partners FZ-LLC	Ordinary	62	51
Registered office: 615 South Dunpont Highway, Dover, Kent County, DE 19903, United States			
ConSol Partners LLC	Ordinary	65	–
Registered office: 2711 Centreville Road, Suite 400 City of Wilmington, New Castle County, DE 19808, United States			
Empresaria USA, Inc.	Common Stock	88	93
Registered office: 477 Main Street, Stoneham, MA 02180, United States			
Medical Recruitment Strategies, LLC	‘A’ and ‘B’ Ordinary	88	93
Pharmaceutical Strategies, LLC	‘A’ and ‘B’ Ordinary	88	93
Recruitment Strategies Group, LLC	‘A’ and ‘B’ Ordinary	88	93
Recruitment Strategies, LLC	‘A’ and ‘B’ Ordinary	88	93

* These companies are directly held by Empresaria Group plc. The remaining investments are indirectly held. The percentage shown is as at 31 December 2016 and 31 December 2015.

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

7 Debtors

	2016 £m	2015 £m
Amounts owed by subsidiary undertakings (including amounts falling due after more than one year of £Nil (2015: £0.8m))	**11.2**	12.8
Other debtors	**0.4**	0.4
Pre-payments and accrued income	**0.8**	0.7
	12.4	13.9

8 Creditors: amounts falling due within one year

	2016 £m	2015 £m
Bank overdraft and loans due within one year	**4.6**	2.0
Trade creditors	**0.1**	0.2
Amounts owed to subsidiary undertakings	**4.4**	2.0
Other creditors	**0.1**	–
Accruals	**1.0**	1.0
	10.2	5.2

9 Creditors: amounts falling due after more than one year

	2016 £m	2015 £m
Bank loans	**10.5**	1.1
	10.5	1.1

During the year a new five year UK multi-currency revolving credit facility of £10.0m was entered into expiring in June 2021. This facility has part-funded the investments in Rishworth Aviation and ConSol Partners. As at 31 December 2016 the balance outstanding was £8.5m. Interest is payable at 1.5% plus LIBOR or EURIBOR.

At 31 December 2016 the UK term loan, expiring in 2018, had a balance of £3.5m (2015: £1.6m). Further drawdowns from this term loan of £2.9m were made during the year to part fund the investment in Rishworth Aviation and also fund the contingent consideration payment due for Pharmaceutical Strategies. £1.0m of this loan was repaid during the year and £1.5m is expected to be repaid during the year ending 31 December 2017. Interest is payable at 1.5% above UK base rate.

The interest rate on the UK bank overdraft was fixed during the year at 1.0% above applicable currency base rates. A $1.5m overdraft facility to provide working capital funding to Pharmaceutical Strategies had a balance of $0.7m (2015: $1.1m) as at 31 December 2016. Interest on this overdraft is payable at 2% over 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, Headway in Germany and Rishworth Aviation in New Zealand. The value of the UK bank overdrafts at 31 December 2016 was £0.9m (2015: £Nil).

	2016 £m	2015 £m
Bank loans		
Repayable within one year	**1.5**	0.5
Repayable between one and two years	**1.5**	0.5
Repayable between two and five years	**9.0**	0.6
	12.0	1.6

10 Called up share capital

	Number of shares	2016 £m	Number of shares	2015 £m
Allotted and fully paid				
Ordinary shares of 5p each	**49,019,132**	**2.4**	49,019,132	2.4

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.

OFFICERS AND PROFESSIONAL ADVISERS

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Tony Martin
Penny Freer
Zach Miles

Secretary
James Chapman

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