29 May 2015

Prime People Plc
Results for the year ended 31 March 2015

Prime People Plc ("Prime People" or the "Group"), the global specialist recruitment business for professional and technical staff working in the Real Estate & Built Environment, Energy & Environmental and Insight & Analytics sectors, today announces its audited results for the year ended 31 March 2015.

Highlights:

	Year ended 31 March 2015	Year ended 31 March 2014
Gross fee income	**£16.65m**	£14.44m
Net fee income	**£10.22m**	£8.33m
Profit before tax	**£1.44m**	£1.05m
Profit after tax	**£1.13m**	£0.84m
Fully diluted earnings per share	**9.01p**	6.83p
Total dividend for the year	**8.84p**	4.09p

Peter Moore Managing Director of Prime People, said:

"We closed 2015 with profits well up on last year and we believe that we are well positioned to capitalize on both current and future growth opportunities. We have continued to maintain a strong cash position and propose a final dividend of 3.09p, which combined with the interim dividend of 1.75p per share and the special second interim dividend of 4p paid on 2 April 2015 will result in a total dividend of 8.84p for the 2015 financial year."

-Ends-

For further information please contact:

Prime People **020 7318 1785**
Robert Macdonald, Executive Chairman
Peter Moore, Managing Director
Chris Heayberd, Finance Director

Cenkos Securities **020 7397 8900**
Elizabeth Bowman
Jeremy Warner Allen (Sales/Broking)

Chairman's Statement

Performance

In 2015 many UK recruitment businesses that focus on professional recruitment, experienced strong revenue growth and as the detailed report that follows shows, the Group has also had a good year overall, particularly in the UK.

I am pleased to report that we closed the year with Net Fee Income (NFI) of £10.22m which is a 22.70% increase on last year (2014: £8.33m). It is encouraging to see both sequential and bi-annual improvements in performance. NFI in the second half of the year of £5.2m shows a 4.5% improvement on the first half of 2015 and a 14.4% increase on the second half of 2014.

There were a number of strong NFI performances, noticeably from our UK property businesses, which continue to be the core of the Group. During the year our Energy business, which addresses the recruitment needs of the Energy, Renewables and Environmental Sectors, was given a separate identity as Prime Energy and provided an excellent NFI result.

The 38.8% increase in operating profit for the year from £1.03m in 2014 to £1.44m in 2015 reflects the improvement in NFI and the continued drive to control costs across the Group.

NFI productivity per head has remained constant at £91k in 2014 (2014: £91k).

The conversion rate, which compares operating profit to NFI, improved from 12.33% to 13.99% due primarily to improvement in the UK, where client and candidate confidence continued to improve.

The ratio of NFI derived from permanent as against temporary placements has slightly increased in the year from 91:9 in 2014 to 92:8.

Return of capital to shareholders

At the start of the year the Group had cash less overdrafts of £2.96m which had decreased to £1.01m by the end of the year. The decrease is mainly due to the return of £1.8m cash to shareholders by way of reduction in capital which amounted to 14.809329p per share paid to the shareholders on 24 July 2014.

Dividend

The Board will be recommending a final dividend of 3.09p per share (2014: 3.09p) for shareholders on the register on 12 June 2015 which combined with the interim dividend of 1.75p per share and the special second interim dividend of 4p paid on 2 April 2015 will result in a total dividend of 8.84p for the 2015 financial year (2014: 4.09p).

Share Buy Back

During the year 67,210 shares were purchased at a cost of £61,512 (2014: 7,000 shares at a cost of £4,900) through the Group's buyback programme. The Board will be seeking shareholder approval for renewal of the authority to repurchase up to 10% of the Group's issued share capital at the Annual General Meeting.

New Issue of Ordinary Shares

During the year the Company applied for 127,499 10p newly issued shares to be admitted to trading on AIM which were issued to satisfy the exercise of options granted under the company's share option and SAYE schemes. The Admission of 100,000 took place on 13 June 2014, and the Admission of 27,499 took place on 25 February 2015.

Board

The Board has continued to operate corporate governance standards appropriate to an AIM listed company. There have been no changes to the Board during the year. Although not required to do so, the Directors have resolved that they will retire at least once every three years and seek reappointment by shareholder at the next AGM.

We are fortunate that the Board is composed of an experienced group of people who are able to give balance and expertise to the business.

People

The average number of staff increased from 91 last year to 112 this year and we anticipate that headcount at the end of 2016 will increase again.

The success of the Group is dependent on having the right people and the Board would like to thank all of the Group's staff for their hard work, commitment and contribution over the last year.

Current trading and outlook

After recent growth seen in the recruitment sector, levels of activity are currently steady providing confidence for a good outcome for 2016. Whilst we are conscious of the continued Eurozone uncertainty, we believe we are well positioned to capitalise on both current and future growth opportunities.

We will continue to develop new business lines organically as opportunities arise and we will continue to invest in our CRM and management information systems so that they are appropriate for the business now and into the future.

The Group continues to drive performance improvement from its global network with a focus on retaining our most experienced and talented employees.

The Board will continue to invest in areas where growth can be delivered at acceptable levels of projected profitability and risk, increasing cash generation and growing Group revenue.

Robert Macdonald
Executive Chairman
28 May 2015

Strategic Report

Overview

The Group's activity is the delivery of permanent and temporary recruitment services. The Group's core market has been to provide these services to the built environment sector through its main subsidiary Macdonald & Company. This has been broadened to include provision of recruitment services for customer insight staff in the market research and data analysis sector, branded as Prime Insight. The Group's service to the energy & environmental sector has experienced strong growth both in terms of NFI and profitability and now operates as Prime Energy.

The involvement of our employees in the business is imperative to our success now and into the future. We take time and care to source the very best talent to grow our business in a sustainable way, our aim is not to be the biggest but simply to be the best. The business is organised into a number of teams based on functional activity with team leaders responsible for running their teams within the operating framework of the Group. The policy of strong communication with all employees has continued and employees are encouraged to present their own suggestions and views in order to improve the business and the sectors that we serve.

The Group is committed to the principles of hiring based purely on individual merit and is committed to equal opportunities. The Group gives full and fair consideration to applications for employment from disabled persons, where the requirements of the job may be adequately covered by a disabled person.

We have two offices in the UK, London which is our head office and Manchester. Internationally we have offices in Dubai, Hong Kong, Singapore and South Africa.

Both Group Revenue and NFI were up in 2015 which in turn delivered an increased operating profit of £1.43m (2014: £1.03m).

The UK had a better start to the year but recorded a lower performance in the second half of the year. The growth in the UK was driven by an increase in NFI from our Prime Energy, General Practice and Technical teams.

Hong Kong and Singapore produced strong performances, and further established our positions in these markets. It has been rewarding to see our investment in Singapore produce good results both in terms of NFI and profitability in the region.

Our Dubai based Middle East operation produced a stronger performance than the comparable period last year. However, the Board continue to have conservative expectations as to the likely performance from this business in the next twelve months.

We remain focused on delivering a consistent level of NFI, cash generation and profitable growth. Access to professional talent is a key component to the Group's ability to grow and remain competitive, and in the current unpredictable European climate, it is even more important for the business to have the flexibility it needs to modify or transform services quickly, and remain globally competitive. We closely monitor individual NFI performance and productivity which, in conjunction with tightly managing costs, aim to continue to improve conversion ratios and productivity per head.

Strategic Report

Regional Performance

UK

	2015 £m	**2014 £m**
Revenue	12.96	11.43
Net fee income (NFI)	6.53	5.32
Operating profit	0.99	0.72
Operating profit as % of NFI	15.16%	13.53%
Average number of employees	68	61

In 2014 we were able to capitalise on an improving economic backdrop. At the end of last year we saw the potential and so added fee earner headcount to put us in the best position as the market continued to strengthen.

Revenue increased by 13.4% to £12.96m (2014: 11.43m) with an increase in NFI of 22.74% to £6.53m (2014: £5.32m)

Market conditions improved through the year which was reflected in our improved NFI performance in the first half of the year which accounted for the majority of the NFI growth during the year.

Our business serving the Energy & Renewables sector delivered strong NFI growth during the year and is now branded Prime Energy. This together with additional investment in the business contributed to the operating profit uplift as a percentage of NFI increasing from 13.5% to 15.2%.

Freelance

NFI performance was slightly higher in the first six months mainly due to higher margin contracts, which came to an end in the second half of the year.

Asia

	2015 £m	**2014 £m**
Revenue	2.99	2.23
Net fee income (NFI)	2.99	2.23
Operating profit	0.37	0.38
Operating profit as % of NFI	12.37%	17.04%
Average number of employees	32	23

NFI grew by 34% to £2.99m (2014: £2.23m). This remains the fastest growing region and represents 29% of Group NFI. The region is covered by our offices in Hong Kong and Singapore. The combined office NFI is approximately 34% up on the previous year.

The region is entirely focused on permanent revenue and across the region we are seeing increasing demand for professionally qualified candidates, combined with greater interest from domestic clients for our service as cross border capital flows increase.

Average headcount increased by 39%, which is in line with the company strategy to continue to recruit new consultants into those markets where there is potential for NFI and profit growth.

Rest of the World

	2015 £m	2014 £m
Revenue	0.70	0.78
Net fee income (NFI)	0.70	0.78
Operating profit	0.07	(0.07)
Operating profit as % of NFI	8.9%	-
Average number of employees	7	7

The Dubai business is now well settled and operates from a ‘free zone’.

We have retained our consultant team throughout the year and despite a very slow start we have finished the year with a relatively strong last quarter. We continue to work on adapting ourselves to our client needs against a backdrop of economic conditions impacted by the fall in oil price and regional political instability.

NFI in the year reduced by 8.9% but despite this the business is profitable. The Board remain positive as to the future of the business but are, however, conservative as to the prospects in the region for the next twelve months.

Peter Moore
Managing Director
28 May 2015

Strategic Report

Financial Review

Revenue

The Group achieved a 15.30% increase in revenue to £16.65 (2014: £14.44m).

Net Fee Income (NFI)

NFI comprises the total placement fee of permanent candidates and the margin earned in the placement of temporary staff.

Overall the Group delivered a 22.7% increase in total NFI to £10.22m (2014: £8.33m). NFI from permanent business increased by 25.2% to £9.44m (2014: £7.54m). Fees from our temporary business, which represents 7.7% of total NFI (2014: 9.4%), remained the same as last year at £0.78m.

NFI from international placements, which is included in our permanent business, increased by 22.6% to £3.69m (2014: £3.01m).

Administration Costs

Administration costs for the year increased by 20.4% to £8.79m (2014: £7.30m). The increase primarily related to increased staff costs.

Profit before Taxation

Profit before taxation increased by 37.41% to £1.44m (2014: £1.05m).

Taxation

The taxation charge is £0.31m on a profit on ordinary activities before taxation of £1.44m which gives an effective tax rate of 21.5% (2014: 19.4%). The reasons for the difference from the standard UK corporation tax rate of 21% are detailed in note 7 of the accounts.

Earnings Per Share

Basic earnings per share increased by 30.7% to 9.28p (2014:7.10p).The diluted earnings per share, taking into account existing share options, increased by 31.92% to 9.01p (2014: 6.83p).

Dividend

An interim dividend of 1.75p (2014: 1.0p) was paid on 28 November 2014 to shareholders on the register at close of business on 21 November 2014. The interim dividend was approved by the Board on 5 November 2014. A special second interim dividend of 4p was paid on 2 April 2015 to all shareholders on the register on 27 March 2015. This special second interim dividend was approved by the Board on 19 March 2015. A final dividend of 3.09p (2014: 3.09p) is proposed, taking the total dividend for the year to 8.84p (2014: 4.09p). The proposed dividend will be paid on 26 June 2015 to shareholders on the register on 12 June 2015 subject to approval at the AGM.

Return of capital to shareholders

At the start of the year the Group had cash less overdrafts of £2.96m. As outlined when we announced our final results for 2014 it was the intention of the directors to return cash to shareholders. A circular was sent to shareholders on 29 May 2014 explaining the background to and reasons for the proposed return of capital and convening a General Meeting on 16 June 2014. At the meeting shareholders approved the reduction totalling £1.8m. On 16 July 2014 we announced that the capital reduction had been confirmed by the court and on the 24 July cheques amounting to 14.809329p per share were sent to shareholders.

Balance Sheet

Net assets at 31 March 2015 have reduced to £13.47m which incorporate the £1.8m returned to shareholders (2014: £14.4m).

Trade receivables were up on last year at £2.10m (2014:£1.6m) which reflects the increased revenue for the year. Credit period taken by customers reduced to 38 days (2014: 41 days).

Treasury Management and Currency Risk

Approximately 78% of the Group's revenue in 2015 (2014:79%) was denominated in Sterling. Consequently the Group has a degree of currency exposure in accounting for overseas operations.

Currently the Groups policy is not to hedge against this exposure but it does seek to minimise this exposure by converting into Sterling all cash balances in foreign currency that are not required for local short term working capital monetary needs.

The Group operates a centralised treasury function and has chosen not to renew its borrowing facilities with Barclays Bank Plc as the Board consider that the net cash within the Group is sufficient to meet existing and foreseeable liabilities as they fall due.

Cash Flow and Cash Position

At the start of the year the Group had cash less overdrafts of £2.96m. After net taxation payments of £0.28m (2014: £0.17m), and before repayment of capital to shareholders of £1.8m, cash generated from operations was £0.41m (2014: £1.42m).

During the course of the year the Group spent £0.17m (2014: £0.17m) on its CRM and management information systems. In addition £0.05m was spent on training associated with the investment in the CRM.

A final dividend for 2014 of £0.38m was paid in June 2014 and an interim dividend for 2015 of £0.21m was paid in November 2014.

At 31 March 2015 the Group had cash less overdrafts of £1.01m

Measurements of performance in 2015

Whilst the Group considers Net Fee Income (NFI) to be the key indicator of the performance of the business there are other measures which were reported on to senior management as follows:

- Conversion ratio (operating profit divided by NFI) increased to 13.99% (2014: 12.33%)
- Productivity (NFI divided by total average headcount) remained at £91k (2014: £91k)
- Ratio of billing headcount to support headcount increased to 3.4 (2014: 2.9)
- Percentage of NFI paid to staff 62.5% (2014: 61.4%)

These key performance indicators form a basis for reviewing the progress of the business.

Principal Risks and Uncertainties

Risk management is an important part of the management process throughout the group. The composition of the Board is structured to give balance and expertise when considering the principal risks and uncertainties of the Group.

The Group's strategy is designed to allow the business to grow without increasing risk beyond an acceptable limit. The profile of risks fluctuates from time to time and the actions being taken to manage and control risks are intended to mitigate the effects on the business, but cannot eliminate risks absolutely. According to latest industry surveys strong growth continues across the recruitment profession, alongside more performance stability, but a number of challenges remain of concern for the recruitment sector and are difficult to predict. The Board reviews on a regular basis the principal risks and uncertainties facing the Group. The Board's approach is to ascertain the key risks and develop plans to reduce the potential effects of these risks on the business. The principal risks identified are as follows:

Dependence on Key People
The sustainable success of the Group is dependent on the continued service of senior management and key people. The loss of the services of the senior management and other key people could have a material effect on the business. To address this, the
Group has put in to place an internal recruitment function and invested in management information systems, training and development programmes, competitive pay structures and long term remuneration plans, the aim of which is to retain the key employees.

Competitors
The Group's focus is on specialist, niche practices where clients need expert knowledge and high levels of service. We concentrate on markets where there is a shortage of supply of suitable candidates and opportunities to build strong and fruitful long term relationships with clients. The Directors believe that the Group is well positioned in its chosen markets. Whilst the Group seeks to continue to improve its competitive positions, the actions of current or indeed potential competitors may adversely affect the Group's business.

Strength of Property Markets
The market for built environment recruitment services, from which the Group obtains the major part of its revenue, reported strong growth but challenges still remain and are difficult to predict. Our temporary business remains focused in the public sector and has strengthened its position in the private sector. However speculations on the current levels of activity in the property market generally could have a material adverse effect on profitability and cash flows of the business.

The Group is using business models that evolve to operate in more innovative ways. The Group seeks to maximise this potential by understanding its position in the market, which will ultimately help turn further challenges into potential opportunities.

Macro economic factors
Our global competitiveness is linked to the continued development, and flexibility of the nation's labour market. Any fall, in general levels of confidence globally, in 2015, could hamper job growth in our business areas. The Board sees opportunities for development and will continue to invest in areas where growth can be delivered at acceptable levels of profitability, increasing cash generation and growing Group revenue. This includes expanding geographically in its chosen markets and so therefore outcomes could be influenced by the GDP growth of economies in which we operate.

Regulatory position
The increase in regulatory scrutiny and demands on compliance are having an effect on the hiring. The Group is aware of continuing challenges as procurement practice evolves, but remains committed to being compliant in each of the regions in which it operates. In order to reduce the legal and compliance risks, fee earners and support staff receive regular training and updates of changes in legal and compliance requirements.

Information Technology
To provide services to clients and candidates the Group is highly dependent on certain technology systems and the infrastructure on which they operate. These systems rely on specific suppliers who provide the technology infrastructure and disaster recovery solutions. The performance of these suppliers is continually monitored to ensure that the services are available and maintained. The Group is aware of the increasing potential challenges to data integrity and security from both internal and external sources. Therefore, the systems and infrastructure are regularly reviewed and upgraded to ensure appropriate provision of functionality and resilience to support the business as it develops

Foreign Exchange Risk
The Group's international operations account for approximately 22% of revenue (2014: 21%) and approximately 15% of the Group's assets (2014: 7%). Consequently the Group has a degree of translation exposure in accounting for overseas operations and expects this to increase in line with the growth of the

Group's operations outside the United Kingdom. Currently the Group's policy is not to hedge against this exposure. However, the Group seeks to minimise this exposure by converting into sterling all cash balances received in foreign currency that are not required for local short term working capital needs. The Group will continue to monitor its policies in this area.

Treasury Policies, Liquidity and Financial Risk
Surplus funds are held to support short term working capital requirements. These funds are invested through the use of short term and period deposits, with a policy of maximising fixed interest returns, whilst providing the flexibility required to fund on-going operations and to invest cash safely and profitably. It is not a Group policy to invest in financial derivatives.

Although the financial risks to which the Group is exposed are currently considered to be minimal, future interest rate, liquidity and foreign currency risks could arise. The Board will continually review its existing policies and make changes as required to limit the financial risks of the business.

Credit Risk Management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The principal credit risk arises from the Group's trade receivables. Client credit terms and cash collections are managed carefully and cash balances and cash flow forecast are reviewed weekly. Monthly credit evaluation is performed on the financial condition of accounts receivable based on payment history and third party credit references with appropriate provisions being made.

Chris Heayberd
Finance Director
28 May 2015

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Revenue	2, 3	**16,647**	14,442
Cost of sales		**(6,425)**	(6,115)
Net fee income		**10,222**	8,327
Administrative expenses		**(8,792)**	(7,300)
Operating profit	4	**1,430**	1,027
Finance income		**6**	20
Finance expense		**-**	(2)
Profit before taxation		**1,436**	1,045
Income tax expense	7	**(310)**	(203)
Profit for the year		**1,126**	842
Other comprehensive income			
Exchange profit/(loss) on translating foreign operations		**130**	(111)
Other Comprehensive income for the year		**130**	(111)
Total comprehensive income for the year		**1,256**	731
Attributable to:			
Equity shareholders of the parent		**1,256**	731
Earnings per share	9		
Basic earnings per share		**9.28p**	7.10p
Diluted earnings per share		**9.01p**	6.83p

The above results relate to continuing operations

Consolidated Statement of Changes in Equity
For the year ended 31 March 2015

	Called up share capital £'000	Capital Redemption reserve £'000	Treasury shares £'000	Share premium account £'000	Merger reserve £'000	Share option reserve £'000	Translation reserve £'000	Retained Earnings £'000	Total £'000
At 1 April 2013	**1,207**	**9**	**(191)**	**7,109**	**173**	**97**	**423**	**5,256**	**14,083**
Total comprehensive income for the year	-	-	-	-	-	-	(111)	842	731
Adjustment in respect of share schemes	-	-	-	-	-	23	-	23	46
Shares issued from treasury	-	-	53	-	-	-	-	-	53
Shares purchased for treasury	-	-	(5)	-	-	-	-	-	(5)
Dividend	-	-	-	-	-	-	-	(485)	(485)
At 31 March 2014	**1,207**	**9**	**(143)**	**7,109**	**173**	**120**	**312**	**5,636**	**14,423**
Total comprehensive income for the year	-	-	-	-	-	-	130	1,126	1,256
Capital reduction (Note 17)	-	-	-	(1,800)	-	-	-	-	(1,800)
Adjustment in respect of share schemes	-	-	-	-	-	92	-	38	130
Issues of ordinary shares	12	-	-	48	-	-	-	-	60
Shares issued from treasury	-	-	42	13	-	-	-	-	55
Shares purchased for treasury	-	-	(62)	-	-	-	-	-	(62)
Adjustment on share disposal	-	-	142	-	-	-	-	(142)	-
Dividend	-	-	-	-	-	-	-	(588)	(588)
At 31 March 2015	**1,219**	**9**	**(21)**	**5,370**	**173**	**212**	**442**	**6,070**	**13,474**

Consolidated Statement of Financial Position
As at 31 March 2015

	Note	2015 £'000	2014 £'000
Assets			
Non – current assets			
Goodwill	11	**9,769**	9,769
Property, plant and equipment	10	**316**	328
		10,085	10,097
Current assets			
Trade and other receivables	13	**4,538**	3,535
Cash at bank and in hand	21	**1,009**	2,963
		5,547	6,498
Total assets		**15,632**	16,595
Liabilities			
Current liabilities			
Financial liabilities	14	**-**	1
Trade and other payables	15	**1,958**	2,005
Current tax liabilities		**184**	151
		2,142	2,157
Non-current liabilities			
Deferred tax liabilities	16	**16**	15
		16	15
Total liabilities		**2,158**	2,172
Net assets		**13,474**	14,423

Consolidated Statement of Financial Position

As at 31 March 2015

	Note	2015 £'000	2014 £'000
Capital and reserves attributable to the Company's equity holders			
Called up share capital	17	**1,219**	1,207
Capital redemption reserve fund	18	**9**	9
Treasury shares	18	**(21)**	(143)
Share premium account	18	**5,370**	7,109
Merger reserve	18	**173**	173
Share option reserve	18	**212**	120
Translation reserve	18	**442**	312
Retained earnings	18	**6,070**	5,636
Total equity		**13,474**	14,423

Group Cash Flow Statement
For the year ended 31 March 2015

		Group	
		2015	**2014**
	Note	**£'000**	**£'000**
Cash generated from (used in) underlying operations	**20**	**685**	1,586
Income tax paid		**(276)**	(230)
Income tax received		**-**	60
Net cash from/(used by) operating activities		**409**	1,416
Cash flows from investing activities			
Net interest received		**6**	18
Net purchase of property, plant and equipment		**(156)**	(180)
Dividend received		**-**	-
Net cash (used in)/from investing activities		**(150)**	(162)
Cash flows from financing activities			
Capital reduction		**(1,800)**	-
Issue of ordinary share capital		**72**	-
Shares issued from treasury		**42**	(5)
Shares purchased for treasury		**(62)**	53
Dividend paid to shareholders		**(588)**	(485)
Net cash used in financing activities		**(2,336)**	(437)
Net (decrease)/ increase in cash and cash equivalents		**(2,077)**	817
Cash and cash equivalents at beginning of the year		**2,962**	2,256
Effect of foreign exchange rate changes		**130**	(111)
Cash and cash equivalents at the end of the year		**1,009**	2,962

1 Nature of Operations

Prime People Plc ('the Company') and its subsidiaries (together 'the Group') is an international recruitment services organisation with offices in the United Kingdom, the Middle East and the Asia Pacific region from which it serves an international client base. The Group offers both permanent and contract specialist recruitment consultancy for large and medium sized organisations.

The Company is a public limited Company which is quoted as an AIM Company and is incorporated and domiciled in the UK. The address of the registered office and the principal place of business is 2 Harewood Place, London W1S 1BX. The registered number of the Company is 1729887.

2 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of Prime People Plc consolidate the results of the Company and all its subsidiary undertakings. As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company has not been included as part of these financial statements. The amount of profit after tax and before dividends dealt with in the financial statements of the parent is £537,595 (2014: profit £501,331). The financial statements have been prepared on a going concern basis.

The consolidated financial statements of Prime People Plc have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union and also comply with IFRIC interpretations and Company Law applicable to Companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention modified as necessary so as to include any items at fair value, as required by accounting standards.

The consolidated financial statements for the year ended 31 March 2015 (including comparatives) are presented in GBP '000.

The accounting polices applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2015 and are described below.

International Accounting Standards (IAS/IFRS) and Interpretations in issue but not yet approved

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective. These have not been adopted early by the Group and the initial assessment indicates that either they will not be relevant or will not have a material impact on the Group:

Standards

- IFRS 14 Regulatory Deferral Accounts (Issued January 2014, effective date 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (Issued May 2014, effective date 1 January 2017)
- IFTS 9 Financial Instruments (Issued July 2014, effective date 1 January 2018)

Amendments (Effective date for all amendments listed is 1 January 2016)

- IFRS 11 Amendments: Accounting for Acquisitions of Interest in Joint Operations (Issued May 2014)
- IAS 16 and IAS 38 Amendments: Clarification of Acceptable Methods of Depreciation and Amortisation (Issued May 2014)

International Accounting Standards (IAS/IFRS) and Interpretations in issue but not yet approved (continued)

- IAS 27 Amendment – Equity Method in Separate Financial Statements (Issued August 2014)
- Annual Improvements to IFRSs 2012 – 2014 Cycle (Issued September 2014)
- Amendments to IAS 1: Disclosure Initiative (Issued December 2014)

Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-Company transactions and balances on transactions between Group companies are eliminated in preparing the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Going Concern

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of the financial statements and have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Revenue recognition

a) Revenue

Revenue, which excludes value added tax (“VAT”), constitutes the value of services undertaken by the Group from its principal activities, which are recruitment consultancy and other ancillary services. These consist of:

- Revenue from temporary placements, which represents amounts billed for the services of temporary staff, including the salary of these staff. This is recognised when the service has been provided;
- Revenue from permanent placements, which is based on a percentage of the candidate’s remuneration package and is derived from both retained assignments (income recognised on completion of defined stages of work) and non-retained assignments (income recognised at the date an offer is accepted by a candidate, a start date has been agreed but employment has not yet commenced). The latter includes revenue anticipated but not invoiced at the balance sheet date, which is correspondingly accrued on the balance sheet within prepayments and accrued income. A provision is made against accrued income based on past historical experience for possible cancellations of placements prior to, or shortly after, the commencement of employment; and
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

b) Cost of Sales

Cost of sales consists of the salary cost of temporary staff and costs incurred on behalf of clients, principally advertising costs.

c) Net Fee Income

Net fee income represents revenue less cost of sales and consists of the total placement fees of permanent candidates, the margin earned on the placement of temporary candidates and the margin on advertising income.

d) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Sterling, which is the Company’s functional and presentation 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

d) Foreign Currency Translation (continued)

(iii) Group Companies

On consolidation the results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each year end presented are translated at the closing rate of that year end;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

e) Intangible Assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'.

As permitted by the exception in IFRS1 'First time adoption of International Reporting Standards', the Group has elected not to apply IFRS3 'Business combinations' to goodwill arising on acquisition that occurred before the date of transition to IFRS.

Separately recognised goodwill is reviewed annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

(ii) Computer Software

Computer software acquired by the Group is stated at cost. These costs are amortised to write the cost off in equal annual instalments over three years.

f) Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation less provisions for impairment. Depreciation is provided on all property, plant and equipment using the straight-line method at rates calculated to write off the cost less estimated residual values over their estimated useful lives, as follows:

- Leasehold improvements over the expected period of the lease.
- Furniture, fittings and computer equipment 25% – 33%
- Motor vehicles 33%

The gain or loss arising on disposal or retirement of an asset is determined by comparing the sales proceeds with the carrying amount of the asset and is recognised as income.

g) Impairment of Assets

Assets that have an indefinite useful economic life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

h) Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further 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 substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

i) Leased Assets and Obligations

All of the Group's leases are operating leases and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

The benefit of rent free periods received for entering into a lease is spread evenly over the lease term.

j) Pension Costs

On 1 July 2014, the Group automatically enrolled certain UK employees on NEST workplace pension, as required by law. The Group assesses the employees based on age and qualifying earning into three categories: Eligible jobholders, non-eligible jobholders and entitled workers. The contributions relate to staff who are eligible jobholders and have not 'opted out' of the scheme; and non- eligible jobholders and entitles workers who have 'opted in'.

The qualifying earnings include, but are not exhaustive of: salary, commission, bonuses, and statutory payments. The Group adopted the minimum legally required employer contribution rate of 1% of qualifying earnings and up to the maximum earning threshold for automatic enrolment for 2014-15, as set by the Pension Regulator.

j) Pension Costs (continued)

Every year, the Department for Work and Pensions (DWP) reviews the earnings thresholds for automatic enrolment. Where there's a change, we will update this page with the new thresholds after DWP has announced them.

The changes take effect from the start of the next tax year following the changes on 6 April.

The pension costs charged to profit or loss represent the contributions payable by the Group during the year. Pension liabilities at the Balance Sheet date represent employer and employee pension contributions, that are payable to the pension provider by the 22nd date of each month.

k) Segmental Reporting

IFRS8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Managing Director to allocate resources to the segment and to assess their performance.

l) Financial instruments

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provision of the instrument.

m) Financial assets

The Group's financial assets comprise cash and various other receivable balances that arise from its operations. Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets are assessed for impairment at each balance sheet date, and are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss account. If in a subsequent period the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit and loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents includes cash in hand and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are classified with current liabilities in the statement of financial position.

n) Financial liabilities and equity

Financial liabilities and equity instruments are initially measured at fair value and are classified according to the substance of the contractual arrangements entered into. Financial liabilities are subsequently measured at amortised cost. The Group's financial liabilities comprise trade payables, borrowings, bank overdrafts and other payable balances that arise from its operations. They are classified as 'financial liabilities measured at amortised cost'.

o) Share-Based Compensation

The Group operates equity-settled share-based compensation plans.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At the balance sheet date the number of outstanding options is adjusted to reflect those options that have been granted during the year or have lapsed in the year.

p) Dividend Distribution

A final dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividend distributions are recognised in the period in which they are approved and paid.

q) Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Revenue Recognition

Revenue from permanent placements is recognised when a candidate formally accepts an offer of employment, a start date has been agreed, but employment has not commenced. A 'fall-through' provision is made by management, based on historical experience, for the proportion of those placements where the offer of employment is not taken up. Management have reviewed the past assumptions made with respect to the 'fall-through' provisions and consider that they remain reasonable. The fall through provision is estimated at 16.5 % of those offers where employment has yet to commence (2014: 21.9%). The Directors consider that a change in the range of possible outcomes, or sensitivity, would not have a material impact on the business.

Goodwill Impairment

The Group's determination of whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill is allocated. This requires estimation of future cash flows and the selection of a suitable discount rate details of which are disclosed in note 11.

q) Critical Accounting Estimates and Judgements (continued)

Trade Receivables

There is uncertainty regarding customers who may not be able to pay as their debts fall due. In reviewing the appropriateness of the provisions in respect of recoverability of trade receivables, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current economic conditions. Details of the total amount of receivables past due and the movement in allowance for doubtful debts are disclosed in note 13.

3 Segment Reporting

a) Revenue and Net Fee Income, by Geographical Region

	Revenue		Net fee income	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
UK	**12,957**	11,432	**6,532**	5,317
Asia	**2,992**	2,230	**2,992**	2,230
Rest of World	**698**	780	**698**	780
	16,647	14,442	**10,222**	8,327

All revenues disclosed by the Group are derived from external customers and are for the provision of recruitment services. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit before taxation represents the profit earned by each segment after allocations of central administration costs.

b) Revenue and Net Fee Income, by Classification

	Revenue		Net fee income	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Permanent				
-UK	**5,760**	4,548	**5,747**	4,533
-Asia	**2,992**	2,230	**2,992**	2,230
-Rest of World	**698**	780	**698**	780
Temporary (UK)	**7,197**	6,884	**785**	784
Total	**16,647**	14,442	**10,222**	8,327

c) Profit before Taxation by Geographical Region

	2015 £'000	2014 £'000
UK	**993**	**719**
Asia	**370**	**381**
Rest of World	**67**	**(73)**
Operating Profit	**1,430**	**1,027**
Net finance income	**6**	**18**
Profit before taxation	**1,436**	**1,045**

Operating profit is the measure of profitability regularly reviewed by the Board, which collectively acts as the Chief Operating Decision Maker. Consequently, no segmental analysis of interest or tax expenses are provided.

Segment operating profit is the profit earned by each operating unit and includes inter segment revenues totalling £0.64m (2014 £0.37m) for the UK, and charges of £0.53m (2014 £0.24m) for Asia and £0.11m (2014 £0.13m) for the rest of the world.

d) Segment Assets and Liabilities by Geographical Region

	Total non-current assets		Total liabilities	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
UK	**10,023**	10,062	**1,309**	1,380
Asia	**50**	7	**687**	656
Rest of World	**12**	28	**162**	136
Total	**10,085**	10,097	**2,158**	2,172

The analysis above is of the carrying amount of reportable segment assets, liabilities and non-current assets. Segment assets and liabilities include items directly attributable to a segment and include income tax assets and liabilities. Non-current asset include property, plant and equipment and computer software.

4 Profit on ordinary activities before taxation

		2015 £'000	2014 £'000
Profit for the year is arrived at after charging:			
Depreciation	- owned assets	**170**	116
Operating lease rentals	- land and buildings	**471**	353
	- other operating leases	**-**	2
Loss/(profit) on disposal of fixed assets		**1**	(2)
Exchange rate loss		**1**	25
The analysis of auditors remuneration is as follows:			
Audit of company		**12**	12
Audit of subsidiaries		**31**	30
Total audit fees		**43**	42
Tax compliance services (i.e. related to assistance with corporate tax returns)		**2**	2
Total fees		**45**	44

5 Directors' emoluments

	2015 £'000	2014 £'000
Emoluments for qualifying services	**503**	494
	503	494
Highest paid Director:		
Emoluments for qualifying services	**230**	274

6 Employees

Group	2015 Number	2014 Number
The average monthly number of employees of the Group during the year, including Directors, was as follows:		
Consultants	**84**	63
Management and administration	**25**	22
Temporary staff	**3**	6
	112	91

Staff costs for all employees, including Directors, but excluding temporary staff placed with clients are as follows and have been included in Administration expenses in the consolidated statement of comprehensive income:

Group	2015 £'000	2014 £'000
Wages and salaries	**5,744**	4,677
Social security costs	**500**	388
Pension contributions	**12**	-
Share option charge	**130**	46
	6,386	5,111

Remuneration of key management	2015 £'000	2014 £'000
Short term employee benefits (excluding social security costs)	**765**	816
Share based payments	**24**	11
	789	827

Key management includes executive Directors and senior divisional managers.

7 Taxation on Profits on Ordinary Activities

	2015 £'000	2014 £'000
a) Analysis of tax charge in the year		
Current tax		
UK Corporation tax	**278**	123
UK tax over provided in previous years	**(21)**	(23)
Foreign tax	**52**	60
Total current tax	**309**	160
Deferred tax		
Origination and reversal of temporary differences	**1**	43
Total charge on profit for the year	**310**	203

UK corporation tax is calculated at 21% (2014: 23%) of the estimated assessable profits for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

b) The charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2015 £'000	2014 £'000
Profit before taxation	**1,436**	1,045
Tax at UK corporation tax rate of 21% (2014: 23%) on profit on ordinary activities	**302**	247
Effects of:		
Expenses not deductible for tax purposes	**16**	7
Capital allowances for the period less than depreciation	**2**	(20)
Tax losses not (utilised)/utilised	**19**	(45)
Tax rate differences	**(20)**	(21)
Temporary differences recognised	**11**	15
Overprovision in prior years	**(21)**	(23)
Total current tax	**309**	160
Deferred Tax		
Origination and reversal of temporary differences	**1**	43
Tax charge for the year	**310**	203

8 Dividends

	2015 £'000	2014 £'000
Final dividend for 2014: 3.09p per share (2013: 3.09p per share)	**376**	366
Interim dividend for 2015: 1.75p per share (2014: 1.00p per share)	**212**	119
	588	485

The final dividend in relation to 2014 was recommended on 28 May 2014 but was not recognised as a liability in the year ended 31 March 2014.

An interim dividend of 1.75p (2014: 1.0p) was paid on 28 November 2014 to shareholders on the register at the close of business on 21 November 2014. The interim dividend was approved by the Board on 7 November 2014.

A special second interim dividend of 4p was paid subsequent to the end of the year to shareholders on the register at the close of business on 27 March 2015. The special second interim dividend was approved by the Board on 17 March 2015 and was paid on 2 April 2015. As interim dividends are recognised only when paid the special second interim dividend has not been included in these financial statements.

A final dividend of 3.09p (2014: 3.09p) is proposed, taking the total dividend for the year to 8.84p (2014: 4.09p). The proposed dividend will be paid on 26 June 2015 to shareholders on the register on 12 June 2015 subject to approval at the AGM.

9 Earnings per share

Earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Fully diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares by existing share options assuming dilution through conversion of all existing options.

Earnings and weighted average number of shares from continuing operations used in the calculations are shown below.

	2015 £'000	2014 £'000
Profit for the year and earnings used in basic and diluted earnings per share	**1,126**	842
	Number	**Number**
Weighted average number of shares used for basic earnings per share	**12,131,633**	11,863,698
Dilutive effect of share options	**362,117**	462,126
Diluted weighted average number of shares used for diluted earnings per share	**12,493,750**	12,325,824
	Pence	**Pence**
Basic earnings per share	**9.28p**	7.10p
Diluted earnings per share	**9.01p**	6.83p

10 Property, Plant and Equipment

Group	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 April 2013	747	22	769
Additions	166	20	186
Disposals	(26)	(22)	(48)
Exchange difference	(11)	-	(11)
At 1 April 2014	876	20	896
Additions	168	-	168
Disposals	-	(20)	(20)
Exchange difference	13	-	13
At 31 March 2015	**1,057**	**-**	**1,057**
Depreciation			
At 1 April 2013	483	22	505
Provision for the year	110	6	116
Disposals	(22)	(22)	(44)
Exchange rate loss	(9)	-	(9)
At 1 April 2014	562	6	568
Provision for the year	169	1	170
Disposals	-	(7)	(7)
Exchange rate gain	10	-	10
At 31 March 2015	**741**	**-**	**741**
Net book value			
At 31 March 2015	**316**	**-**	**316**
At 31 March 2014	314	14	328
At 31 March 2013	264	-	264

11 Goodwill

	£'000
Cost	
At 1 April 2013, 1 April 2014 and **31 March 2015**	**9,769**

The total carrying value of goodwill is £9.77m, which relates to the acquisition of the Macdonald & Company Group of companies in January 2006, has been tested for impairment with the recoverable amount being determined from value in use calculations.

The recoverable amount is determined on a value in use basis utilising the value of cash flow projections. The first year of the projections is based on detailed budgets prepared and approved by management. Subsequent years are based on extrapolations.

The key assumptions in calculating the value in use is that the Group will meet its budgeted growth in net fee income of 17% in the year to 31 March 2016. After the end of the period covered by the budget a 5% growth rate is applied. This growth rate represents the average rate of growth in the markets in which the Group operates. A discount rate of 9% has been applied which represents the weighted average costs of capital for the Group. In the last two years, operating profit achieved exceeded budgeted operated profit by approximately 25%.

Based upon this analysis the asset has not been impaired since the 'recoverable amount' (being the greater of the net realisable value and the value in use) is in excess of its carrying amount by £8.4m. If Operating profit remains constant with no growth into the future or if a discount factor greater than 16% were applied then an impairment loss would need to be recognised.

Notes to the Financial Statements
For the year ended 31 March 2015

12 Investments

The following are subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements:

	Country of incorporation	Principal activity
Macdonald & Company Group Limited	England and Wales	Holding Company
Macdonald & Company Property Limited	England and Wales	Recruitment
Macdonald and Company Freelance Limited	England and Wales	Recruitment
Macdonald & Company (Overseas) Limited	England and Wales	Dormant
Macdonald & Company Ltd	Hong Kong	Recruitment
Ru Yi Consulting Limited	Hong Kong	Dormant
Macdonald and Company Pte Limited	Singapore	Recruitment
Macdonald & Company Pty Ltd	Australia	Dormant
Macdonald & Company Recruitment Proprietary Ltd	South Africa	Dormant
The Prime Organisation Ltd	England and Wales	Dormant

For all undertakings listed above, the country of operation is the same as its country of incorporation.
The Group holds 100% of all classes of issued share capital. The percentage of the issued share capital held is equivalent to the percentage of voting rights for all companies.

13 Trade and other Receivables

	2015 £'000	2014 £'000
Current		
Trade receivables	**2,126**	1,613
Allowance for doubtful debts	**(102)**	(38)
Other receivables	**578**	52
Prepayments and accrued income	**1,936**	1,908
	4,538	3,535

At 31 March 2015, the average credit period taken on sales of recruitment services was 38 days (2014: 41 days) from the date of invoicing. An allowance of £102,000 (2014: £38,000) has been made for estimated irrecoverable amounts. Due to the short-term nature of trade and other receivables, the Directors consider that the carrying value approximates to their fair value.

Prepayments and accrued income principally comprise amounts to be billed for permanent placements with a start date within three months from the start of the new financial year.

The Group does not provide against receivables solely on the basis of the age of the debt, as experience has demonstrated that this is not a reliable indicator of recoverability. The Group provides fully against all receivables where it has positive evidence that the amount is not recoverable.

The ageing of trade receivables at the reporting date was:

	Gross trade receivables 2015 £'000	Provisions 2015 £'000	Gross trade receivables 2014 £'000	Provisions 2014 £'000
Not past due	**1,635**	**24**	1,255	7
Past due 0-30 days	**322**	**-**	276	21
Past due 30-90 days	**100**	**9**	82	10
Past due more than 90 days	**69**	**69**	-	-
	2,126	**102**	1,613	38

Movement in allowance for doubtful debts:

	2015 £'000	2014 £'000
1 April 2014	**38**	85
Impairment losses recognised	**100**	38
Amounts written off as uncollectable	**(11)**	(72)
Impairment losses reversed	**(25)**	(13)
31 March 2015	**102**	38

14 Financial Instruments

	Note	2015 £'000	2014 £'000
Financial assets			
Trade and other receivables	13	**4,538**	3,535
Cash and cash equivalents		**1,009**	2,963
		5,547	6,498

Cash is held either on current account or on short term deposits at floating rates of interest determined by the relevant bank's prevailing base rate.

	Note	2015 £'000	2014 £'000
Financial liabilities			
Current			
Bank overdraft		**-**	1
Trade and other payables	15	**478**	13
		478	13

The Group has not renewed its borrowing facilities with Barclays Bank Plc as the Board consider that the net cash within the Group is sufficient to meet existing and foreseeable liabilities as they fall due.
There is no material difference between the book values of the Group's financial assets and liabilities and their fair values.

The Group and the Company do not hold any derivative financial instruments.

15 Trade and other Payables

	2015 £'000	2014 £'000
Current		
Trade payables	**239**	303
Other payables	**239**	256
Taxation and social security	**567**	490
Accruals and deferred income	**913**	956
	1,958	2,005

Due to the short-term nature of the trade and other payables, the Directors consider that the carrying value approximates to their fair value. Trade payables are generally on 30–60 day terms. No payables are past their due date.

16 Deferred Tax Liability

	Tax losses £'000	Accelerated depreciation £'000	Total £'000
At 1 April 2013	(26)	(2)	(28)
Credit to income	26	17	43
At 31 March 2014	-	15	15
Charge to income	-	**1**	**1**
At 31 March 2015	**-**	**16**	**16**

17 Share Capital

	2015		2014	
	Number	£'000	Number	£'000
AUTHORISED CALLED UP AND FULLY PAID				
Ordinary shares of 10p each				
At 1 April 2014	**12,066,500**	**1,207**	12,066,500	1,207
Shares issued	**127,449**	**12**	-	-
At 31 March 2015	**12,193,949**	**1,219**	12,066,500	1,207

The Company has one class of ordinary shares which carries no right to fixed income and which represents 100% of the total issued nominal value of all share capital.

Each share carries the right to one vote at general meetings of the company. No person has any special rights of control over the company's share capital and all its issued shares are fully paid.

Pursuant to shareholder resolutions at the AGM of the Company on 16 June 2014, the Company has the following authorities during the period up to the next AGM.

- to issue new/additional ordinary shares to existing shareholders through a rights issue up to a maximum nominal amount of £406,465, representing one third of the then issued share capital of the Company;

- to issue new/additional ordinary shares to new shareholders up to a maximum nominal amount of £406,465 representing one third of the issued shares capital of the Company

- to allot equity securities for cash, without the application of pre-emption rights, up to a maximum nominal amount of £60,970 representing 5% of the then issued share capital of the Company; and

- to purchase through the market up to 10% of the Company's issued share capital, subject to certain restrictions on price.

Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising returns to shareholders through the optimisation of debt and equity balances. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital reserves and earnings.

The Group manages the capital structure and makes adjustments to it in the light of changes to economic conditions and risks. In order to manage capital the Group has continued to consider and adjust the level of dividends paid to shareholders and also made purchases of its own shares which are held as Treasury Shares. As part of its strategy of seeking to optimise the Group's debt and equity balance the Group also considers the appropriate level of external borrowing and, as disclosed in Note 14, has taken the decision not to renew its borrowing facilities with Barclays Bank.

Employee Share Schemes

The Company operates two share options schemes and a HM Revenue & Customs SAYE approved scheme.

Enterprise Management Incentive Share Option Scheme

At 31 March 2015 the following options had been granted and remained outstanding in respect of the Company's ordinary shares:

Year of grant	Exercise Price Pence	Exercise Period	Number of options 31 March 2014	Granted	Exercised	Forfeited	**Number of Options 31 March 2015**
2005/6	57.50	2007-2015*	184,234	-	(100,000)	-	**84,234**
2008/9	20.77	2011-2016*	51,000	-	(3,000)	-	**48,000**
	31.50	2012-2017*	10,000	-	0	(10,000)	**-**
	31.50	2014-2019*	100,000	-	-	-	**100,000**
2009/10	42.00	2013-2018*	34,000	-	(23,000)	-	**11,000**
2011/12	68.00	2014-2019*	18,000	-	(10,000)	(5,000)	**3,000**
2013/14	Nil	2016-2021	124,250	-	-	(20,000)	**104,250**
	Nil	2019-2021	116,250	-	-	(20,000)	**96,250**
2014/15	10.00	2016-2021		192,500	-	(5,000)	**187,500**
	10.00	2019-2021		355,500	-	(5,000)	**350,500**
Total 2015			**637,734**	**548,000**	**(136,000)**	**(65,000)**	**984,734**
Weighted average exercise price 2015 (pence)			**27.86p**	**10.00p**	**54.84p**	**11.62p**	**15.27p**
Total 2014			672,234	264,500	(178,000)	(121,000)	637,734
Weighted average exercise price 2014 (pence)			43.48p	Nil	29.66p	51.05p	27.86p

Enterprise Management Incentive Share Option Scheme(continued)

*These options have fully vested

There were 984,734 options outstanding at 31 March 2015 (2014: 637,734) which had a weighted average price per share of 15.27p (2014: 27.86p). The options vest over a period of two to five years conditional upon the option holders continued employment with the Company.

The conditions applying to those options which are fully vested have been achieved. The number of outstanding options that will vest is dependent on the achievement of a number of key performance measures of the group, measured at a regional and consolidated level for the financial years 2014 and 2015. The fair value of the employee services received in exchange for the grant of the share options is charged to the profit and loss account over the vesting period of the share option, based on the number of options which are expected to become exercisable.

	2015	2014
Share price (pence)	**85.00**	61.50
Fair value of options granted during the year	**76.45**	63.42
Expected volatility (%)	**14.0**	35.0
Risk-free interest rate (%)	**4.0**	4.0
Expected life of options (years)	**2 & 5**	2 & 5

Expected volatility was determined by reference to historical volatility of the Company's share price.

The share based payment expense recognised within the income statement during the period was £0.13m (2014: £0.05m).

SAYE Share Scheme

The Company operated a Save As You Earn (SAYE) scheme for the benefit of the employees within the Company which was administered by Barclays Bank Trust Company Limited.

On 18 August 2011 all eligible employees within the Group were invited to buy shares in Prime People Plc. On 18 October 2014 the options granted on 18 August 2011 matured. All option holders were given six months from the maturity date to exercise their options. At 31 March 2015 all options had been exercised.

Details are as follows:

Year of grant	Exercise price Pence	Exercise period	Number of options 31 March 2014	Exercised	**Number of Options 31 March 2015**
2011	56.00	2014	72,383	(72,383)	**-**
Total 2014			**72,383**	**(72,383)**	**-**
Weighted average exercise price 2015 (pence)			**56.0p**	**56.0p**	**56.0p**
Weighted average exercise price 2014 (pence)			56.0p	56.0p	56.0p

Share Premium

The reduction of capital of £1.80 million relates to cancellation of part of the amount that stood to the credit of the Company's Share Premium Account. This resulted in return of cash to shareholders who were on the Company's register of members at 16 July 2014, pro rata to their respective holdings of Ordinary Shares. The return of cash amounted to 14.809329p per Ordinary share and was paid to shareholders on 24 July 2014.

18 Reserves

Capital Redemption Reserve Fund

The capital redemption reserve relates to the cancellation of the Company's own shares.

Treasury Shares

At 31 March 2015, the total number of ordinary shares held in Treasury and their values were as follows:

	2015		2014	
	Number	**£'000**	**Number**	**£'000**
As at 01 April 2014	**35,000**	**143**	206,000	191
Shares purchased for treasury	**67,210**	**62**	7,000	5
Shares issued from treasury	**(80,934)**	**(42)**	(178,000)	(53)
Equity reclassification on disposal of treasury shares	**-**	**(142)**	-	-
As at 31 April 2015	**21,276**	**21**	35,000	143
Nominal value		**2**		4
Market value		**23**		29

The maximum number of shares held in treasury during the year was 54,050 shares representing 0.4% of the called-up ordinary share capital of the Company (2014: 206,000 representing 1.70% of the called-up ordinary share capital of the Company).

Share Premium Account

The balance on the share premium account represents the amounts received in excess of the nominal value of the ordinary shares. During the year, the balance on the share premium account was reduced by £1.81 million relating to return of cash to shareholders.

Merger Reserve

The merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued to acquire subsidiaries.

Share Option Reserve

The reserve represents the cumulative amounts charged to profit in respect of employee share option arrangements where the scheme has not yet been settled by means of an award of shares to an individual.

Translation Reserve

The foreign currency translation reserve comprises all presentation foreign exchange differences arising from translation of the financial statements of foreign operations into the presentation currency of the Group accounts.

Retained Earnings

The balance held on this reserve is the accumulated retained profits of the Group.

19 Operating Lease Commitments

As at 31 March 2015 the Group was committed to making the following total payments in respect of non-cancellable operating leases:

	Land and buildings 2015 £'000	Other 2015 £'000	Land and buildings 2014 £'000	Other 2014 £'000
Non-cancellable operating leases which expire:				
Within one year	**30**	**-**	23	-
Within one to two years	**217**	-	-	-
Within two to five years	**-**	-	223	-
After five years	**1,861**	**-**	2,115	-
	2,108	**-**	2,361	-

The Group leases various offices under non-cancellable operating lease agreements. The leases have varying terms as disclosed above.

20 Reconciliation of Profit Before Tax to Net Cash Inflow from Operating Activities

	2015 £'000	2014 £'000
Profit before taxation	**1,436**	1,045
Adjust for:		
Depreciation	**170**	116
Share based payment expense	**130**	46
Loss/(profit) on sale of plant & equipment	**-**	(2)
Net finance income	**(6)**	(18)
Operating cash flow before changes in working capital	**1,730**	1,187
(Increase)/decrease in receivables	**(1,003)**	(83)
(Decrease)/increase in payables	**(42)**	482
Cash generated from/(used by) underlying operations	**685**	1,586

21 Analysis of Cash less overdrafts

Group	At 1 April 2014 £'000	Cash flow £'000	At 31 March 2015 £'000
Cash at bank and in hand	2,963	(1,954)	**1,009**
Bank overdraft	(1)	1	**-**
Total cash	2,962	1,953	**1,009**

22 Financial Risk Management

The Board of Directors has overall responsibility for the risk management policies that are applied by the business to identify and control the risks faced by the Group.

The Group has exposure from its use of financial instruments to foreign currency risk, credit risk and liquidity risk.

Foreign Currency

The Group publishes its consolidated financial statements in Sterling. The functional currencies of the Group's main operating subsidiaries are Sterling, the Singapore Dollar, the Hong Kong Dollar and the UAE Dirham.

The Group's international operations account for approximately 22% (2014: 21%) of revenue and approximately 15% (2014: 7%) of the Group's assets and consequently the Group has a degree of translation exposure in accounting for overseas operations.

Currently the Group's policy is not to hedge against this exposure but it does seek to minimise this exposure by converting into sterling all cash balances in foreign currency that are not required for capital monetary needs. The settlement of intercompany balances held with foreign operations is neither planned nor likely to occur in the foreseeable future. Therefore, exchange differences arising from the translation of the net investments are recognised in Other Comprehensive income.

Credit Risk

The Group's principal financial assets are bank balances, trade and other receivables. The Group's credit risk is primarily in respect of trade receivables. Credit risk refers to the risk that a client will default on its contractual obligations resulting in financial loss to the Group. The Group does not have any significant credit risk exposure to any individual client. At the year end no customer represented more than 6% (2014: 7%) of the total balance of trade receivables.

In reviewing the appropriateness of the provisions in respect of recoverability of trade receivables, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current economic conditions.

It is the Directors' opinion that no further provision for doubtful debts is required.

Liquidity Risk

The Group manages it liquidity risk by maintaining adequate cash and or credit facilities to meet forecast cash requirements of the Group. Management monitors its forecasted cash flow requirements at a Group level based on monthly returns made by the Group's operating units.

The Group has no financial liabilities other than short term trade payables and accruals as disclosed in note 16, all due within one year of the year end.

The Group has net funds of £1.01m (2014: £2.96m) which the Board consider are more than adequate to meet future working capital requirements and to take advantage of business opportunities.

23 Related Party Transactions

Prime People Plc provides various management services to its subsidiary undertakings. These services take the form of centralised finance and operations support. The total amount charged by the Company to its subsidiaries during the year is £240k (2014: £220k). The balance owed to the subsidiary undertakings at the year end is £145k (2014: £99k).

The Company also provides corporate guarantees on the subsidiary bank accounts. At 31 March 2015 amounts overdrawn by subsidiary bank accounts were nil (2014: £1k).

The Directors receive remuneration from the Group, which is disclosed in the Directors' Remuneration Report. As shareholders, the Directors also received dividends in the year from the Company amounting to £339,048 (2014: £290,881). As part of the return of capital to shareholders, the Directors received £1,027,775.

24 Availability of Annual Report

A copy of the company's Annual report will be available on the Company's website www.prime-people.co.uk and will be posted to those shareholders who have requested a copy on or around 5 June 2015.