Company registration number: 02641313

SERVOCA Plc

Annual Report and Financial Statements

For the year ended 30 September 2014

SERVOCA Plc
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SERVOCA Plc
Corporate information

Directors

Bob Morton, FCA	Non – Executive Chairman
Andrew Church	Chief Executive Officer
Glenn Swaby, ACA	Chief Financial Officer
John Foley, ACA, Barrister	Non – Executive Director
Emma Sugarman	Non – Executive Director

Company Secretary and Registered Office
Glenn Swaby, ACA
41 Whitcomb Street
London, WC2H 7DT

Registrars
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent, BR3 4TU

Company Number
02641313

Country of Incorporation
United Kingdom

Nominated Adviser and Broker
FinnCap
60 New Broad Street
London, EC2M 1JJ

Legal Form
Public limited company

Bankers
Royal Bank of Scotland Plc
Silbury House
300 Silbury Boulevard
Milton Keynes, MK9 2ZF

Independent Auditor
Baker Tilly UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes, MK9 1BP

Financial Public Relations Advisers
Newgate Threadneedle
Skylight City Tower
50 Basinghall Street
London, EC2V 5DE

Introduction

We are pleased to report that in the year ended 30 September 2014 we continued to see significant improvement in the performance of the Group. Strong organic growth in our revenues coupled with an increase in gross profit has more than doubled pre-tax profits over the prior year. Our second half profitability was especially strong compared to the first half as a result of an excellent contribution from our Education recruitment business which continued to deliver outstanding growth. This excellent performance by the Group reflects improving trading conditions and validates our strategy of internal investment to enhance our capabilities.

Our Healthcare related businesses have also seen strong growth which has helped drive a material improvement in profitability. As reported in our interim statement for the six months ended 31 March 2014, our Nursing businesses have performed particularly well, with strong revenue growth fuelling an uplift of more than 50% in their operating profit.

Our Police and Security related businesses also delivered a good result for the year.

Financial review

For the year ended 30 September 2014, Group revenue was £49.0 million compared with £43.1 million (2013), an increase of 13.7%. Gross profit for the year was £14.2 million against £12.3 million (2013), an increase of 15.4%.

Operating profit for the year was £1.8 million*, compared with an operating profit in the prior year of £0.9 million (on the same basis), an increase of 100%.

Profit before taxation was £1.7 million* (2013: £0.8 million), an increase of 113%.

Profit after taxation was £1.4 million* (2013: £0.7 million), an increase of 100%.

The basic earnings per share for the year were 1.08p* compared with 0.56p (2013), an increase of 93%.

Net debt decreased from £3.1 million at September 2013 to £2.6 million at September 2014.

Cash generated from operations in the year was £0.8 million (2013: £0.7 million).

The principal risks and uncertainties facing the company and the disclosure of key performance indicators are set out in the Report of the Directors on pages 5 to 9.

* before share based payment charges and amortisation of intangibles

Operational highlights

Strategy and delivery

The focus in the period has remained the development of the Group's capabilities in those areas that the Board believes afford good growth opportunities. We would like to thank all of our employees for their excellent contribution to the continued improvement in the Group's performance.

Outsourcing

Our outsourcing activities are primarily based in two areas: Domiciliary Care and Security.

In our statement for the six months ended 31 March 2014 we reported that our **Domiciliary Care** business had started the year positively. We are pleased to report that for the full year the business has seen growth in revenues and gross profits over the prior year, which has delivered a healthy increase in operating profits. Following several years of challenging conditions as a result of government spending cuts the trading conditions have stabilised. We have seen positive momentum in the second half of the year with all financial measures showing an increase on the first half.

Our **Security** business improved revenues and operating profits and benefited in the second half of the year from a significant volume of work at the Commonwealth Games in Scotland. We continue to build on our Electronic and Event Security offerings which have strong gross margins.

Recruitment

Our recruitment businesses supply into the Education, Healthcare and Police markets.

Our **Education** businesses have enjoyed another year of significant growth. Revenues, gross profit and operating profit were all substantially ahead of the prior year. The operation benefited from improved market conditions and the continued investment in increased sales headcount, management and new branch openings. The pivotal September period helped deliver an outstanding performance for the year and positioned the business favourably going forward.

Following our actions to reduce overheads in the year ended 30 September 2013, our **Healthcare** operation has enjoyed a material improvement in profitability and has also seen a return to growth. Strong demand in our Nursing business saw revenues increase sharply, helping operating profit to increase by over 50% in that area. Profitability in the second half was significantly improved over the first half with the run rate margin in the final quarter almost 50% up on the first quarter of the year.

Our **Police** business delivered another solid performance in a niche market, although margin pressure had a minor impact on operating profits despite a rise in revenues.

Outlook

The year ended 30 September 2014 saw another 12 months of significant progress for the Group. Outstanding growth during the year, particularly the second half, has driven a significant increase in profitability.

Our Education and Healthcare recruitment businesses are benefiting from both improved market conditions and the investments made to enhance our internal capabilities. We will continue to invest in organic growth, increasing sales headcount, new branch openings and management. These businesses are well placed for future growth.

This Review and Strategic Report was approved by the Board of Directors on 22 December 2014 and signed by order of the Board.

Bob Morton
Non Executive Chairman
22 December 2014

Andrew Church
Chief Executive Officer
22 December 2014

The directors present their report together with the audited financial statements for the year ended 30 September 2014.

Principal activities
The principal activities of the Group are the provision of specialist outsourcing and recruitment services to customers in the medical, educational and security markets. The principal activity of the Company is that of a holding company.

Key performance indicators
Whilst there are many financial and operating measures regularly monitored by the Group, the primary financial metrics are:
- Revenue: this has increased by 13.7% (2013: increase of 1.3%)
- Gross margin percentage: 29.0% (2013: 28.5%)
- Profit before tax, share based payment charges and amortisation of intangible assets: £1.7 million (2013: £0.8 million).

Trading review, results and dividends
The consolidated statement of comprehensive income is set out on page 12 and shows the results for the year.

Group revenue for the year was £48.99 million (2013: £43.06 million) which produced a gross profit of £14.20 million (2013: £12.26 million). The profit before taxation for the year, after a share based payment charges of £0.08 million and amortisation of intangible assets of £0.05 million, was £1.57 million (2013: after a share based payment charges of £0.09 million and amortisation of intangible assets of £0.05 million: £0.67 million).

No dividends were paid during the year and no final dividend is proposed.

Share capital
Details of share capital are set out note 18 to the financial statements.

Principal risks and uncertainties
Servoca has identified market-based risks and uncertainties to which the business is exposed. The most significant of these and the approach to mitigating these risks are:

- Changes in government spending and policy. The Board keeps itself up to date with national news and press releases.
- Failure to continue to be registered for supply with HTE (Health-Trust Europe LLP), CQC (Care Quality Commission), the Home Office and others that are required for the operation of the various businesses of Servoca to trade in their respective specialist fields. The Group has a dedicated compliance team which monitors and maintains the internal policies and procedures of the Group.
- Failure to attract candidates of sufficient quality or sufficient numbers. Investment has been made in maintaining databases to ensure our records are up to date and reliable.
- Loss of management or key sales staff. Incentive schemes have been put in place to help retain key personnel.

The principal risks arising from the Group’s financial instruments and the policies in respect of them are set out in note 17 to the financial statements. The Board meets on a regular basis to discuss the continuing management of these risks and uncertainties and identify any new exposures as they arise.

Directors

The following directors held office since 1 October 2013:

Director	Office held
Bob Morton	Non-Executive Chairman
Andrew Church	Chief Executive Officer
Glenn Swaby	Chief Financial Officer
John Foley	Non-Executive Director
Emma Sugarman	Non-Executive Director

Directors' remuneration	2014			2013
Director	Emoluments and benefits £'000	Pension contributions £'000	Total £'000	Total £'000
Bob Morton	35	-	35	35
Andrew Church	297	-	297	338
Glenn Swaby	153	9	162	161
John Foley	25	-	25	25
Emma Sugarman	20	-	20	20
	530	9	539	579

Interests in shares

The directors of the Company during the year and their respective beneficial interests in its issued share capital were as follows:

Director	30 September 2014 Ordinary shares of 1p each Number	1 October 2013 Ordinary shares of 1p each Number
Bob Morton	32,407,481	31,862,481
Andrew Church	6,013,523	6,003,523
Glenn Swaby	103,833	103,833
John Foley	4,895,000	4,860,000
Emma Sugarman	6,551,514	6,551,514

Interests in share options and long term incentive plans

At the reporting date the directors then in office held options to subscribe for ordinary shares as follows:

Director	Exercise price	Date of grant	Date first exercisable	Date of expiry	Ordinary shares of 1p each at 30 September 2014
Glenn Swaby	2.38	25/03/13	See below	25/03/23	1,260,500

The above share options are only exercisable on change of control of the Company.

Interests in share options and long term incentive plans (continued)
The mid-market price of the Company's shares on 30 September 2014 was 12.5 pence. The lowest mid-market price during the period from 1 October 2013 to 30 September 2014 was 3.75 pence and the highest mid-market price during the year was 16.75 pence.

Information on directors
Bob Morton, FCA – Non - Executive Chairman
Aged 72, Bob is a Chartered Accountant with substantial public company experience. He is currently Chairman of Armour Group Plc, Porta Communications Plc and St. Peter Port Capital Limited. In addition he holds directorships in several private companies.

Andrew Church – Chief Executive Officer
Aged 42, Andrew joined as the Group's Chief Executive Officer with effect from 24 November 2008. Andrew was formerly a main board director of Lorien Plc and Managing Director of its resourcing division.

Glenn Swaby, ACA – Chief Financial Officer
Aged 59, Glenn is a Chartered Accountant and has a wealth of experience within the security market and was until July 2007 the financial director of First Security Group Limited, where he played a key role in the development of the company. Glenn took over as Chief Financial Officer from 28 March 2008.

John Foley, ACA, Barrister – Non - Executive Director
Aged 59, John is a Chartered Accountant and a Barrister. He is a successful public company director having served on many boards in senior roles. He served as CEO of Maclellan Group Plc from 1994 until its disposal to Interserve Plc for £120 million during 2006. He currently holds a number of directorships in a wide range of private companies.

Emma Sugarman, Non – Executive Director
Emma Sugarman, 46, joined the Board on 16 December 2008 as an executive director. Emma was the founding director of Academics Holdings Limited and Academics Limited. Emma had built the business to a revenue approaching £15 million per annum when it was acquired by the Group in March 2008. She became a non-executive director on 15 July 2010.

Substantial shareholders
At 15 December 2014 those shareholders which had notified the Company of a disclosable interest of 3% or more in the share capital of Servoca Plc are set out below:

Holder	Ordinary shares of 1p each	Percentage
Bob Morton	32,407,481	25.81
Groundlinks Limited	17,766,162	14.15
Seraffina Holdings Limited	16,054,659	12.78
Retro Grand Limited	12,540,000	9.99
Emma Sugarman	6,551,514	5.22
Andrew Church	6,128,797	4.88
John Foley	4,895,000	3.92

Groundlinks Limited, Seraffina Holdings Limited and Retro Grand Limited are considered to be included in a concert party under the influence of Bob Morton together with the holdings of Hawk Investment Holdings Limited and Southwind Limited. At 15 December 2014, the aggregate holding of the concert party was 80,118,302 shares which represent a holding of 63.80% of the total voting rights in the Company.

Financial instruments
Details of the Group and Company's use of financial instruments and their associated risks are given in note 17 to the financial statements.

Directors' responsibilities
The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 group and the company and of the profit or loss of the group for that period.

In preparing each of the group and 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;
- for the group financial statements, state whether they have been prepared in accordance with IFRS adopted by the EU and for the company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Group's business activities together with factors likely to affect its future development, performance and position are set out in the Chairman/Chief Executive Officer Review and Strategic Report on pages 2 to 4 and in the Directors' Report above. In addition note 17 describes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit and liquidity risk.

The Group's principal sources of financing are equity and invoice discounting facilities secured on book debts. The invoice discounting facilities are subject to an annual review with a minimum notice period of six months.

The directors have prepared trading and cash flow forecasts for the period to 31 December 2015 which indicate adequate headroom in borrowing facilities. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Auditor

All of the current directors have taken all the steps that they ought to have taken as directors to make themselves aware of any information needed by the auditor for the purposes of the audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

A resolution to re-appoint Baker Tilly UK Audit LLP as auditor will be proposed at the next annual general meeting of the Company.

This report was approved by the Board of Directors on 22 December 2014 and signed by order of the Board.

Glenn Swaby
Company Secretary
22 December 2014

Independent auditor's report on group and parent

To the members of Servoca Plc

We have audited the group and parent company financial statements ("the financial statements") on pages 12 to 53. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 more fully explained in the Directors' Responsibilities Statement set out on pages 8 and 9, the directors are responsible for the preparation of the 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 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.

Graham Ricketts (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes, MK9 1BP
Date: 23 December 2014

SERVOCA Plc
Consolidated statement of comprehensive income
For the year ended 30 September 2014

		2014			2013		
	Note	**Before amortisation and share based payments £'000**	**Amortisation and share based payments (see note 7) £'000**	**Total £'000**	Before amortisation and share based payments £'000	Amortisation and share based payments (see note 7) £'000	Total £'000
Continuing operations							
Revenue		**48,989**	**-**	**48,989**	43,058	-	43,058
Cost of sales		**(34,785)**	**-**	**(34,785)**	(30,803)	-	(30,803)
Gross profit		**14,204**	**-**	**14,204**	12,255	-	12,255
Administrative expenses		**(12,421)**	**(134)**	**(12,555)**	(11,373)	(137)	(11,510)
Operating profit	6	**1,783**	**(134)**	**1,649**	882	(137)	745
Finance costs	8	**(80)**	**-**	**(80)**	(73)	-	(73)
Profit before taxation		**1,703**	**(134)**	**1,569**	809	(137)	672
Tax charge	9	**(346)**	**-**	**(346)**	(100)	-	(100)
Total comprehensive income for the year, net of tax, attributable to owners of the parent		**1,357**	**(134)**	**1,223**	709	(137)	572
Earnings per share:		**Pence**	**Pence**	**Pence**	Pence	Pence	Pence
- Basic	5	**1.08**	**(0.11)**	**0.97**	0.56	(0.11)	0.45
- Diluted	5	**1.07**	**(0.10)**	**0.97**	0.56	(0.11)	0.45

The notes on pages 16 to 45 form part of these financial statements.

SERVOCA Plc
Consolidated statement of financial position
At 30 September 2014

	Note	30 September 2014 £'000	30 September 2013 £'000
Assets			
Non-current assets			
Intangible assets	10	**6,687**	6,739
Property, plant and equipment	11	**658**	603
Deferred tax asset	9	**61**	220
Total non-current assets		**7,406**	7,562
Current assets			
Trade and other receivables	13	**10,172**	7,698
Inventories		**143**	93
Cash and cash equivalents		**197**	177
Total current assets		**10,512**	7,968
Total assets		**17,918**	15,530
Liabilities			
Current liabilities			
Trade and other payables	14	**(5,156)**	(3,819)
Corporation tax payable		**(184)**	-
Other financial liabilities and provisions	15	**(2,837)**	(3,257)
Total liabilities		**(8,177)**	(7,076)
Total net assets		**9,741**	8,454
Capital and reserves attributable to equity owners of the company			
Called up share capital	18	**1,256**	1,256
Share premium account	19	**202**	202
Merger reserve	19	**2,772**	2,772
Reverse acquisition reserve	19	**(12,268)**	(12,268)
Retained earnings		**17,779**	16,492
Total equity		**9,741**	8,454

The financial statements were approved by the Board and authorised for issue on 22 December 2014 and signed on its behalf by:

Andrew Church
Chief Executive Officer

Glenn Swaby
Chief Financial Officer

The notes on pages 16 to 45 form part of these financial statements.

SERVOCA Plc
Consolidated statement of changes in equity
For the year ended 30 September 2014

	Share capital £'000	Share premium £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 30 September 2012 attributable to equity owners of the parent	1,256	202	2,772	(12,268)	15,835	**7,797**
Profit for the year	-	-	-	-	572	**572**
Total comprehensive profit for the year	-	-	-	-	572	**572**
Transactions with owners:						
Share based payment expense (note 18)	-	-	-	-	85	**85**
Total transactions with owners	-	-	-	-	85	**85**
Balance as at 30 September 2013 attributable to equity owners of the parent	**1,256**	**202**	**2,772**	**(12,268)**	**16,492**	**8,454**
Profit for the year	-	-	-	-	1,223	**1,223**
Total comprehensive profit for the year	-	-	-	-	1,223	**1,223**
Transactions with owners:						
Share based payment expense (note 18)	-	-	-	-	82	**82**
Purchase of treasury shares (note 18)	-	-	-	-	(18)	**(18)**
Balance as at 30 September 2014 attributable to equity owners of the parent	**1,256**	**202**	**2,772**	**(12,268)**	**17,779**	**9,741**

The notes on pages 16 to 45 form part of these financial statements.

SERVOCA Plc
Consolidated statement of cash flows
For the year ended 30 September 2014

	Note	2014 £'000	2013 £'000
Operating activities			
Profit before tax		**1,569**	672
Non cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation		**298**	216
Share based payments		**82**	85
Finance costs		**80**	73
Gain on sale of property, plant and equipment		**-**	(2)
Decrease in provisions		**-**	(14)
Increase in inventories		**(50)**	(51)
Increase in trade and other receivables		**(2,474)**	(433)
Increase in trade and other payables		**1,337**	134
Cash generated from operations		**842**	680
Corporation tax paid		**(3)**	-
Cash flows from operating activities		**839**	680
Investing activities			
Purchase of property, plant and equipment		**(304)**	(409)
Proceeds of sale of property, plant and equipment		**3**	8
Net cash flows from investing activities		**(301)**	(401)
Financing activities			
Interest paid		**(80)**	(73)
Purchase of shares held in treasury		**(18)**	-
Net cash flows from financing activities		**(98)**	(73)
Increase in cash and cash equivalents	21	**440**	206
Cash and cash equivalents at beginning of the year	21	**(3,067)**	(3,273)
Cash and cash equivalents at end of the year	21	**(2,627)**	(3,067)

The notes on pages 16 to 45 form part of these financial statements.

1 Accounting policies

Basis of preparation

Servoca is an AIM quoted Plc incorporated and domiciled in the United Kingdom. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) published by the International Accounting Standards Board (IASB), as endorsed for use in the European Union, and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under IFRS. The financial statements have been prepared under the historical cost convention.

The Group financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The Group financial statements have been prepared for a twelve month period to 30 September 2014 and the comparative figures represent a twelve month period to 30 September 2013.

Going concern

The Group's business activities together with factors likely to affect its future development, performance and position are set out in the Chairman/Chief Executive Officer Review and Strategic Report and Directors' Report on pages 2 to 9. In addition note 17 describes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk.

The Group's principal sources of financing are equity and invoice discounting facilities secured on book debts. The invoice discounting facilities are subject to an annual review with a minimum notice period of six months.

The directors have prepared trading and cash flow forecasts for the period to 31 December 2015 which indicate adequate headroom in borrowing facilities. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Significant judgements and estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events.

The critical judgements and estimates made in the preparation of the financial statements set out below are made in accordance with the appropriate IFRSs and the Group's accounting policies:

- Impairment of goodwill. Goodwill is tested for impairment annually. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future business performance. Details of the calculations, assumptions and rates used are disclosed in note 10.

1 Accounting policies *(continued)*

Significant judgements and estimates *(continued)*

- Provision for doubtful debts. Management reviews trade receivables on a regular basis and doubtful debts are provided for on the basis of expected recoverability based on credit ratings, knowledge of the customer, market conditions and previous experience. Further details are disclosed in note 13.
- Share based payments. The fair values of options are calculated at the date of grant based on conditions existing at that time. Judgement is required in determining the most appropriate valuation model and the assumptions used to value the options for a grant of equity instruments. The assumptions and models used are disclosed in note 18.
- Provision for claims and restructuring. Where the Group has a present or potential obligation as a result of a past event, provision is made for the best estimate of the expected obligations. Details of these provisions are fully explained in note 16.
- Deferred tax asset. The recognition of a deferred tax asset is made on the basis that the recoverability of this asset is supported by assumptions on future profitability of the Group – see note 9.

Adoption of new and amended IFRS and IFRIC interpretations

At the date of authorisation of these financial statements, the following Standards and Interpretations have been adopted in these financial statements and their impact is described below:

Amendment to IFRS 7 Financial Instruments: Disclosures (effective for periods commencing 1 January 2013). The amendment provides guidance on the meaning of "a legally enforceable right of set off" and situations where gross settlement systems may be considered equivalent to net settlement. The amendment has no impact on the Group.

IFRS 10 Consolidated Financial Statements (effective for periods commencing 1 January 2013). This replaces IAS 27 Consolidated and Separate Financial Statements. It retains the principle of control, but redefines control and provides further guidance on how to apply the control principle. The Standard has no impact on the Group.

IFRS 11 Joint Arrangements (effective for periods commencing 1 January 2013). This replaces IAS 31 Interest in Joint Ventures. The Standard establishes consistent principles for all types of jointly controlled arrangements. The Standard has no impact on the Group.

IFRS 12 Disclosure of Interests in Other Entities (effective for periods commencing 1 January 2013). This sets out the disclosures required in respect of subsidiaries, joint arrangements, associates and other unconsolidated structured entities. The Standard has no impact on the Group.

IFRS 13 Fair Value Measurement (effective for periods commencing 1 January 2013). This provides a definition of fair value and a single source of fair value measurement and disclosure requirements. The Standard has no impact on the Group.

IAS 19 Employee Benefits – Amendments (effective for periods commencing 1 January 2013). The amendment requires actuarial gains and losses to be recognised immediately in other comprehensive income and applies the same discount rate to the defined obligation and the plan assets. The amendment has no impact on the Group.

1 Accounting policies *(continued)*
Adoption of new and amended IFRS and IFRIC interpretations (continued)

IAS 27 Separate Financial Statements (amended 2011) (effective for periods commencing 1 January 2013). This largely replaces IFRS 10 but retains existing guidance on group reorganisations where a new parent entity is established. The Standard has no impact on the Group.

IAS 28 Investments in Associate and Joint Ventures (amended 2011) (effective for periods commencing 1 January 2013). This amendment requires joint ventures and associates to be equity accounted. The amendment has no impact on the Group.

Standards effective in future periods
At the date of authorisation of these financial statements, the following Standards and Interpretations, in issue but not yet effective, have not been adopted in these financial statements:

- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities (effective for periods commencing 1 January 2014)
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective for periods commencing 1 January 2014)
- Amendment to IAS 36 Impairment of Assets (effective for periods commencing 1 January 2014)
- Amendment to IAS 27 Separate Financial Statements (effective for periods commencing 1 January 2014)
- Amendment to IFRS 10 Consolidated Financial Statements (effective for periods commencing 1 January 2014)
- Amendment to IFRS 12 Disclosure of interests in Other Entities (effective for periods commencing 1 January 2014)

There were no Standards or Interpretations which were in issue but not effective at the date of authorisation of these financial statements, including the above, that the Directors anticipate will have a material impact on the financial statements of the Group or the Company.

Basis of consolidation
The consolidated financial statements incorporate the results of Servoca Plc and all of its subsidiary undertakings, made up to 30 September 2014. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Revenue
Revenue represents proceeds from services provided, less discounts and sales tax.

Revenue from temporary contract assignments is recognised when services are performed, based on hours worked by the temporary or contract candidates placed by the Group.

Revenue from permanent placements is recognised in line with contractual terms on commencement of employment.

1 Accounting policies *(continued)*

Revenue (continued)

Revenue from the sale of security products is recognised when the risks and rewards of ownership have passed to the customer, which is usually on delivery.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the acquisition method. The consideration transferred is measured at the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of the exchange. Costs directly attributable to the acquisition are expensed as incurred. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to profit or loss.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to profit or loss.

Impairment of non-financial assets

Goodwill is not amortised, but instead subject to annual impairment reviews. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Any impairment losses are recognised in profit or loss immediately. Impairment of goodwill is not subsequently reversed.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows). Goodwill is allocated on initial recognition to each of the group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the administrative expenses line in the consolidated statement of comprehensive income.

1 Accounting policies ***(continued)***

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the administrative expenses line in the consolidated statement of comprehensive income.

Intangible assets are recognised on business combinations if they are separable from the acquired entity and give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The significant intangibles recognised by the Group represent licences and customer relationships and they are valued at historical cost and amortised over their estimated useful lives at the following rates:

Licences	-	20% on a straight line basis or over period of licence
Customer relationships	-	between 4 and 10 years

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation has been calculated at the following rates:

Fixtures and fittings	-	either 25% on a reducing balance basis or 10%-25% on a straight line basis
Office equipment	-	25% on a reducing balance basis
Motor vehicles	-	25%-33% on a reducing balance basis
Computer equipment	-	25%-33% on a straight line basis
Leasehold improvements	-	over the remaining term of lease

Inventories

Inventories are goods held for resale and are valued at the lower of historical cost and net realisable value on a first in first out basis.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

1 Accounting policies *(continued)*

Deferred taxation (continued)

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets or liabilities are recovered or settled. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Financial instruments

The Group does not hold or issue derivative financial instruments for trading purposes. Financial instruments are recognised when the Group becomes party to the contractual terms of the instrument. Financial instruments are derecognised either on the expiry of the contractual terms of the instrument or when the cash flows attaching to the instrument have expired.

Financial assets

The only financial assets held by the Group arise principally through the provision of services to customers. They are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's financial assets comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks and invoice discount facilities.

Financial liabilities and equity instruments

Invoice discounting facilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense is recognised over the period until repayment at a constant rate on the balance and the liability in the statement of financial position.

The Group operates invoice discounting facilities on its trade receivables. Advances of between 80% and 85% of the agreed balances can be drawn down in advance. Interest is payable at a prevailing commercial rate on balances drawn. Invoice discounting facilities are shown within current liabilities in the statement of financial position.

1 Accounting policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

Trade and other short term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

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

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classed as equity instruments.

Dividends

Equity dividends are recognised when they are paid.

Leased assets

Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an "operating lease"), the total rentals payable under the lease are charged to profit or loss on a straight-line basis over the lease term.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Pension costs

The Group operates a number of defined contribution pension schemes. The assets of these schemes are held separately from those of the Group in independently administered funds. The Group has complied with the Auto Enrolment legislation of The Pension Act and employees have been enrolled as the companies have reached their staging dates. The pension cost charge represents contributions payable by the Group to the schemes for the year.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any virtually certain reimbursements due. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Share-based payments

Where the Group has awarded equity settled share options to employees, the fair value of the options at the date of the grant is charged to profit or loss over the vesting period. Non-market conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

1 Accounting policies *(continued)*

Share-based payments (continued)

Where the terms and conditions of options are modified before they vest, any increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit or loss over the remaining vesting period.

National Insurance is payable on gains made by employees on exercise of certain share options granted to them. The eventual liability to National Insurance is dependent on the market price of the shares at the date of exercise, the number of options to be exercised and the prevailing rate of National Insurance at the date of exercise. The Group provides for potential National Insurance liabilities dependent upon the current market value of the shares.

2 Segmental analysis

The Group's primary format for reporting segment information is by business segment, being by type of service supplied. The operating divisions are organised and managed by reporting segment where applicable and by divisions within a reporting segment where necessary. This information is provided to the Board of Directors.

The Outsourcing segment provides services to the Domiciliary Care and Security sectors.

The Recruitment segment provides recruitment services to the Healthcare, Education and Police sectors.

	Outsourcing £'000	Recruitment £'000	Unallocated £'000	Total £'000
For the year ended 30 September 2014:				
Revenue	16,337	32,652	-	**48,989**
Segment expense	(16,045)	(30,135)	(1,026)	**(47,206)**
Amortisation and share based payment expense	(49)	(53)	(32)	**(134)**
Operating profit/(loss)	243	2,464	(1,058)	**1,649**
Finance costs	(31)	(49)	-	**(80)**
Profit/(loss) before tax	212	2,415	(1,058)[1]	**1,569**
Statement of financial position				
Assets	5,411	11,914	593	**17,918**
Liabilities	(2,448)	(5,467)	(262)	**(8,177)**
Net assets	2,963	6,447	331	**9,741**
Other				
Capital expenditure	84	64	156	**304**
Depreciation	111	74	61	**246**
Amortisation	30	22	-	**52**

The majority of the Group's customers and assets are located in the UK and therefore it does not report by geographical location. There is no inter-segment revenue.

2 Segmental analysis *(continued)*

	Outsourcing £'000	Recruitment £'000	Unallocated £'000	Total £'000
For the year ended 30 September 2013:				
Revenue	15,797	27,261	-	43,058
Segment expense	(15,620)	(25,633)	(923)	(42,176)
Amortisation and share based payment expense	(57)	(55)	(25)	(137)
Operating profit/(loss)	120	1,573	(948)	745
Finance costs	(31)	(42)	-	(73)
Profit/(loss) before tax	89	1,531	(948)[1]	672
Statement of financial position				
Assets	4,495	10,482	553	15,530
Liabilities	(2,196)	(4,593)	(287)	(7,076)
Net assets	2,299	5,889	266	8,454
Other				
Capital expenditure	274	95	40	409
Depreciation	57	58	49	164
Amortisation	30	22	-	52

[1] The profit for each operating segment does not include holding company director costs, group legal costs, central share based payment charges or a share of central property costs.

3 Employees

	2014 £'000	2013 £'000
Staff costs, including executive directors, consist of:		
Wages and salaries	**7,345**	6,788
Social security costs	**766**	717
Redundancy costs	**27**	4
Pension contributions	**60**	43
Share-based payments	**82**	85
	8,280	7,637
The average monthly number of employees, including directors, during the year was as follows:	**Number**	Number
Operations	**43**	32
Sales	**127**	124
Financial and administration	**32**	32
	202	188

4 Directors' remuneration

Total remuneration was as follows:	**2014**	2013
	£'000	£'000
Salaries and benefits	**530**	570
Share based payments	**15**	7
Pension contributions	**9**	9
	554	586
Salary and benefits of the highest paid director:		
Salaries and benefits	**297**	338
Share based payments	**-**	-
Pension contributions	**-**	-
	297	338

The Group has an agreement with Hawk Consulting Limited for Bob Morton to supply consultancy services to the Group. He is the owner of Hawk Consulting Limited and payments totalling £35,000 (2013: £35,000) were made to Hawk Consulting Limited in the year for services rendered and are included in salaries and benefits in the above table.

During the year, one director had benefits accruing under defined contribution pension schemes (year ended 30 September 2013: one).

Emoluments analysed by director are summarised in the Report of the directors on page 6.

The movement in share options held by the directors during the year was as follows:

	2014 Number '000	2013 Number '000
At the beginning of the year	**1,261**	500
Cancelled during the year	**-**	(500)
Granted during the year	**-**	1,261
At the end of the year	**1,261**	1,261

5 Earnings per share

The calculation of earnings per share for the year ended 30 September 2014 is based on a weighted average number of shares in issue during the year of:

	Basic	Dilutive effect of share options and shares to be issued	Diluted
30 September 2014	**125,449,031**	**987,232**	**126,436,263**
30 September 2013	125,575,954	195,809	125,771,763

Basic earnings per share are calculated by dividing the net profit for the year attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares. Share options totalling 1,953,558 that could potentially dilute basic earnings per share in the future have not been included in the calculation of diluted earnings per share because they are antidilutive for the periods presented. See note 18 for details of share options.

Additional disclosure is also given in respect of adjusted earnings per share before amortisation of intangible assets and share based payments as the directors believe this gives a more accurate presentation of maintainable earnings.

Year ended 30 September 2014	**Basic £'000**	**Diluted £'000**
Profit for the year	**1,223**	**1,223**
Amortisation and share based payment expense:		
Amortisation of intangible assets	**52**	**52**
Share based payment expense	**82**	**82**
Profit before amortisation and share based payments	**1,357**	**1,357**
	Pence	**Pence**
Earnings per share	**0.97**	**0.97**
Amortisation and share based payment expense:		
Amortisation of intangible assets	**0.04**	**0.04**
Share based payment expense	**0.07**	**0.06**
Adjusted earnings per share before amortisation and share based payments	**1.08**	**1.07**

5 Earnings per share *(continued)*

Year ended 30 September 2013	Basic £'000	Diluted £'000
Profit for the year	572	572
Amortisation and share based payment expense:		
Amortisation of intangible assets	52	52
Share based payment expense	85	85
Profit before amortisation and share based payment expense	709	709

	Pence	Pence
Earnings per share	0.45	0.45
Amortisation and share based payment expense:		
Amortisation of intangible assets	0.04	0.04
Share based payment expense	0.07	0.07
Adjusted earnings per share before amortisation and share based payment expense	0.56	0.56

6 Operating profit

	2014 £'000	2013 £'000
Operating profit is stated after charging or (crediting):		
Depreciation of property, plant and equipment	**246**	164
Amortisation of intangible assets	**52**	52
Share based payment expense	**82**	85
Profit on disposal of property, plant and equipment	**-**	(2)
Operating lease rentals:		
- land and buildings	**421**	415
- other	**175**	187
Remuneration to auditors:		
- Audit of the Company's financial statements pursuant to legislation	**20**	20
- Audit of the subsidiaries' financial statements pursuant to legislation	**40**	40
- Other taxation compliance services	**12**	12

6 Operating profit *(continued)*

Analysis of expenses by nature	2014 £'000	2013 £'000
Direct cost of temporary placements	**34,060**	30,128
Staff costs	**8,280**	7,637
Cost of inventory	**725**	675
Depreciation and amortisation	**298**	216
Property costs	**1,096**	1,047
Others	**2,961**	2,683
	47,420	42,386

7 Amortisation and share based payments

	2014 £'000	2013 £'000
Amortisation of intangible assets	**52**	52
Share based payments	**82**	85
	134	137

8 Finance costs

	2014 £'000	2013 £'000
Invoice discounting facilities	**80**	73

9 Taxation

a) The major components of the income tax charge are:

	2014 £'000	2013 £'000
Current income tax		
UK – current year	**187**	-
UK – prior years	**-**	-
	187	-
Deferred tax		
Origination and reversal of temporary differences	**129**	177
Prior year adjustment	**(13)**	(119)
Impact of change in tax rates	**43**	42
	159	100
Income tax charge	**346**	100

9 Taxation *(continued)*

b) Reconciliation of the total tax charge

A reconciliation between the tax charge and the product of the accounting profit multiplied by the tax rate for the years ended 30 September 2014 and 2013 is as follows:

	2014 £'000	2013 £'000
Profit before taxation	**1,569**	672
Profit before taxation multiplied by the average rate of corporation tax in the UK of 22.0% (2013: 23.5%)	**345**	158
Expenses not deductible for tax purposes	**27**	9
Temporary differences not recognised for tax	**3**	20
Adjustment in respect of earlier years	**(13)**	(119)
Change in tax rates	**(16)**	32
Total tax charge reported in the consolidated statement of comprehensive income	**346**	100

The Group has approximately £nil (2013: £677,000) of unrelieved trading losses available for offset against future taxable profits of certain Group companies. The directors believe that the forecasts of future taxable profits are reasonable and attainable and it is therefore appropriate to provide for the deferred tax asset.

c) Deferred tax

The deferred tax asset that has been recognised in the statement of financial position is as follows:

	2014 £'000	**2014 £'000**	2013 £'000	2013 £'000
As at 1 October		**220**		320
Decelerated capital allowances:				
Movement in respect of current year	**(53)**		(47)	
Movement in respect of prior years	**13**		147	
		(40)		100
Losses:				
Utilisation of current year losses	**(117)**		(149)	
Movement in respect of prior years	**(2)**		(42)	
	(119)		(191)	
Attributable to movement in current year losses	**-**		19	
Write down of previously unrecognised asset	**-**		(28)	
		(119)		(200)
As at 30 September		**61**		220

The recognition of the deferred tax asset in relation to unclaimed capital allowances is considered to be appropriate as the recoverability of this asset is supported by the expected level of future profits in the entities concerned.

9 Taxation ***(continued)***

d) Unrecognised deferred tax

The Group has the following significant items for which no deferred tax asset has been recognised at the statement of financial position date:

	2014 **£'000**	2013 £'000
Capital losses for offset against future capital gains	**1,876**	1,876

The asset in respect of capital losses has not been recognised as there is currently not sufficient evidence about available gains in the future.

e) Factors affecting future tax charges

The Chancellor has set out his plan for corporation tax rates and over a period of time the main rate will be reduced to 20%. The main rate of corporation tax for the 2015 financial year will be reduced to 20% so the deferred tax asset recognised in respect of unclaimed capital allowances have been measured at the reduced rate.

10 Intangible assets

	Goodwill £'000	Licences £'000	Customer relationships £'000	Total £'000
Cost				
Balance at 30 September 2012, 2013 and 2014	**14,735**	**347**	**294**	**15,376**
Accumulated amortisation and impairment				
Balance at 1 October 2012	**8,279**	**45**	**261**	**8,585**
Amortisation for the year	-	45	7	52
Balance at 1 October 2013	**8,279**	**90**	**268**	**8,637**
Amortisation for the year	-	46	6	52
Balance at 30 September 2014	**8,279**	**136**	**274**	**8,689**
Net book value				
At 30 September 2012	6,456	302	33	6,791
At 30 September 2013	6,456	257	26	6,739
At 30 September 2014	**6,456**	**211**	**20**	**6,687**

Details of goodwill allocated to cash generating units (CGU) is as follows:

	30 September 2014 and 2013 £'000
A-Day Consultants Limited (formerly Academics Limited)	**5,334**
Others	**1,122**
	6,456

Goodwill
In assessing the extent of any impairment to goodwill, value in use calculations are based on cash flow projections from formally approved budgets covering a one year period to September 2015 and estimates for subsequent years. The key assumptions in the value in use calculations are:

- Forecasts are based on pre tax cash flows derived from the approved budget to September 2015. These have been prepared based on management's past experience taking into account future expectations. Management believe that these forecasts are reasonably achievable;
- The revenue growth estimates for future years are extrapolated at 5% (2013: 5%) per annum for the first year and 2% thereafter (2013: 2%). This is based on the Group's estimate of the long term growth rate of the recruitment sector based on management's experience of the sector;
- Gross margin percentage is assumed to remain constant; and
- The pre tax discount rate used is based on the estimated weighted average cost of capital of 13.5% (2013: 11.6%).

10 Intangible assets (continued)

Goodwill (continued)

These calculations show that the value in use of these CGUs fully supports the carrying value of the goodwill in these financial statements.

Sensitivity to changes in assumptions

The value in use of the A-Day Consultants Limited CGU exceeds its carrying amount by £8.5 million (2013: £8.6 million). Sensitivity analysis has been completed on each key assumption in isolation, and this indicates that the value in use of the division will be equal to its carrying amount following a reduction in gross margin of 56.8 percentage points (2013: 23.7 percentage points), an increase in the discount rate of 28.5 percentage points (2013: 20 percentage points) or a reduction in revenue growth rates of 29 percentage points (2013: 25 percentage points). These sensitivities in total equate to a reduction in the CGU's gross margin of £2.8 million (2013: £2.2 million) and revenues of £6.7 million (2013: £5.5 million).

Similar sensitivities have been applied to the other smaller CGUs and the values in use far exceed their carrying values.

11 Property, plant and equipment

	Leasehold improvements £'000	Motor vehicles £'000	Fixtures, fittings and office equipment £'000	Computer equipment £'000	Total £'000
Cost					
Balance at 1 October 2012	**205**	**38**	**277**	**1,358**	**1,878**
Additions	2	2	13	392	409
Disposals	-	(21)	-	-	(21)
Balance at 1 October 2013	207	19	290	1,750	2,266
Additions	2	-	43	259	304
Disposals	-	(6)	-	-	(6)
Balance at 30 September 2014	**209**	**13**	**333**	**2,009**	**2,564**
Accumulated depreciation					
Balance at 1 October 2012	**194**	**24**	**189**	**1,107**	**1,514**
Depreciation charge for the year	11	5	25	123	164
Disposals	-	(15)	-	-	(15)
Balance at 1 October 2013	205	14	214	1,230	1,663
Depreciation charge for the year	3	1	27	215	246
Disposals	-	(3)	-	-	(3)
Balance at 30 September 2014	**208**	**12**	**241**	**1,445**	**1,906**
Net book value					
At 30 September 2012	11	14	88	251	364
At 30 September 2013	2	5	76	520	603
At 30 September 2014	**1**	**1**	**92**	**564**	**658**

12 Subsidiary undertakings

The following companies were the main subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements.

Name	**Country of incorporation and operation**	**Proportion of voting rights and ordinary share capital held**	**Nature of business**
SN&C Holdings Limited	England and Wales	100%	Holding company
Servoca Nursing & Care Limited*	England and Wales	100%	Staffing and recruitment
Servoca Resourcing Solutions Limited	England and Wales	100%	Staffing and recruitment
Manorbase Limited t/a Firstpoint Healthcare*	England and Wales	100%	Staffing and recruitment
Servoca Secure Solutions Limited	England and Wales	100%	Security manned guarding
A-Day Consultants Limited	England and Wales	100%	Staffing and recruitment
Triple West Medical Limited*	England and Wales	100%	Staffing and recruitment
Pure Medical Healthcare Solutions Limited*	England and Wales	100%	Staffing and recruitment
Healthcare Staffing Group Limited	England and Wales	100%	Holding company
Firstpoint Homecare Limited*	England and Wales	100%	Staffing and recruitment

*Undertaking held indirectly by Parent Company.

13 Trade and other receivables

	30 September 2014 £'000	30 September 2013 £'000
Due in less than one year:		
Trade receivables	**7,686**	5,769
Less: Provision for impairment of trade receivables	**(209)**	(276)
Trade receivables net	**7,477**	5,493
Other receivables	**59**	56
Prepayments and accrued income	**2,636**	2,149
	10,172	7,698

13 Trade and other receivables *(continued)*

	30 September 2014 £'000	30 September 2013 £'000
Total financial assets other than cash and cash equivalents classified as loans and receivables	**7,536**	5,549
Cash and cash equivalents	**197**	177
Total financial assets classified as loans and receivables	**7,733**	5,726

The fair values of financial assets classified as loan and receivables approximate to their carrying value. Trade receivables are non-interest bearing and are generally on 14-60 day terms. An impairment charge on financial assets of £nil (30 September 2013: £nil) has been made in the year. At 30 September 2014, trade receivables of £209,000 (30 September 2013: £276,000) were impaired and fully provided for.

At 30 September 2014 the analysis of trade receivables is:

			Past due or impaired			
	Total £'000	**Neither past due nor impaired £'000**	**31-60 days £'000**	**60-90 days £'000**	**90-120 days £'000**	**120+ days £'000**
Trade receivables	7,686	4,654	1,678	824	159	371
Provision	(209)	-	-	-	-	(209)
	7,477	4,654	1,678	824	159	162

At 30 September 2013 the analysis of trade receivables was:

			Past due or impaired			
	Total £'000	Neither past due nor impaired £'000	31-60 days £'000	60-90 days £'000	90-120 days £'000	120+ days £'000
Trade receivables	5,769	3,407	1,597	466	159	140
Provision	(276)	-	-	-	(136)	(140)
	5,493	3,407	1,597	466	23	-

13 Trade and other receivables *(continued)*

Movements on the Group provision for impairment of trade receivables are as follows:

	30 September 2014 £'000	30 September 2013 £'000
At beginning of the year	**276**	227
(Released or utilised)/provided during the year	**(67)**	49
At end of the year	**209**	276

The movement on the provision during the year has been included in administrative expenses in the statement of comprehensive income.

Trade receivables are reviewed on a regular basis by reference to credit ratings and historical information where available. On the basis of the assumptions arising from the work carried out on the trade receivables, specific doubtful debts are provided against.

14 Trade and other payables

	30 September 2014 £'000	30 September 2013 £'000
Trade payables	**1,138**	896
Other taxation and social security	**1,207**	847
Other payables	**1,107**	576
Accruals and deferred income	**1,704**	1,500
	5,156	3,819

The fair values of trade and other payables, which are carried at amortised cost, approximate to their carrying values.

15 Other financial liabilities and provisions - current

	30 September 2014 £'000	30 September 2013 £'000
Invoice discounting facility	**2,824**	3,244
Provisions (see note 16)	**13**	13
	2,837	3,257

Invoice discounting facilities of £2,824,000 (2012: £3,244,000) are secured by a charge over the borrowing company's book debts. Interest during the year is payable on these facilities at commercial rates.

16 Provisions

	Vacant property costs £'000	National Insurance on share options £'000	Total £'000
At 1 October 2012	14	13	27
Release of over-provisions in prior periods	(14)	-	(14)
At 1 October 2013	**-**	**13**	**13**
Release of over-provisions in prior periods	-	-	-
At 30 September 2014	**-**	**13**	**13**

Vacant property costs
Part of the restructuring in prior years necessitated vacating certain of the Group's leasehold premises for which provisions were made for the expected costs to the expiry of the leases.

National Insurance on share options
National Insurance is payable on gains made by employees on exercise of certain share options granted to them. The eventual liability to National Insurance is dependent on:

- The market price of the company's shares at the exercise date;
- The number of options available; and
- The prevailing rate of National Insurance at the date of the exercise.

17 Financial instruments

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Liquidity risk

The Group does not trade in financial instruments or carry out derivative transactions. There is no foreign currency exposure.

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated below.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash at bank
- Invoice discounting facilities
- Trade and other payables

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure implementation of the objectives and policies to the Group's finance function.

The Group's exposure to risk and the policies in respect of risk have not changed during the year. The Company is listed on AIM and the Group's working capital is financed largely by invoice discounting facilities within each subsidiary.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers by reviewing their creditworthiness through use of a credit checking agency. Such credit ratings are taken into account when setting credit limits for new accounts.

At the reporting date there were no significant concentrations of credit risk.

17 Financial instruments ***(continued)***

Credit risk ***(continued)***

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Group does not enter into derivatives to manage credit risk. A large majority of the customer base is within the public sector and there is not thought to be a high level of credit risk.

Quantitative disclosures of the credit risk exposure in relation to trade and other receivables, which are neither past due nor impaired, are disclosed in note 13.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The main interest rate risk affecting the Group relates to changes in the bank's base rate as the majority of borrowings are at floating rates. Quantitative disclosures of the sensitivity to changes in interest rates are shown below.

The Group's only significant borrowings are at floating rates. The rates are monitored along with the Group's exposure and appropriate measures are taken to ensure that a balanced mix is maintained. It is the Group's objective to fund the working capital requirements by means of invoice discounting facilities.

The invoice discounting facilities are the Group's only variable rate borrowings that expose the Group to cash flow interest rate risk. These facilities are managed centrally. Local operations are not permitted to borrow long-term from external sources. The Board considers that this policy best mitigates its exposure to interest rate risk.

The interest rate exposure of the Group's borrowings is shown below:

	Floating rate borrowings £'000
At 30 September 2014	
Invoice discounting facility	**2,824**
At 30 September 2013	
Invoice discounting facility	3,244

The floating rate borrowings bear interest at a commercial rate above the bank's base rate.

All of the Group's borrowings are in sterling.

At 30 September 2014, if interest rates on the above floating rate borrowings had been 3% (2013: 3%) higher or lower with all other variables held constant, profit after tax for the period would have been £166,000 (2013: £152,000) lower or higher. There would be the same effect on equity.

The directors consider that 3% (2013: 3%) is the maximum likely change to Sterling interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

17 Financial instruments *(continued)*

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges on its debt instruments. It is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of invoice discounting and share capital. Short-term flexibility is achieved by the use of bank invoice discounting facilities.

The Group's policy is to ensure that it will always have sufficient resources to allow it to meet its liabilities as they become due. To achieve this, it seeks to maintain cash balances and availability on its invoice discounting facilities to meet expected requirements for a period of at least 45 days.

The liquidity risk of each Group entity is managed centrally. Budgets are set locally but agreed by the Board in advance, to enable the Group's cash requirements to be anticipated.

A maturity analysis of the financial liabilities classified as financial liabilities measured at the sum of the undiscounted contractual cash flows is as follows:

	Due in less than 1 year £'000
Trade and other payables	**3,949**
Invoice discounting facilities	**2,824**
At 30 September 2014	**6,773**

	Due in less than 1 Year £'000
Trade, and other payables	2,972
Invoice discounting facilities	3,244
At 30 September 2013	6,216

17 Financial instruments *(continued)*

Undrawn facilities

As at the reporting date the Group has the following undrawn committed borrowing facilities available to it:

	30 September 2014 £'000	30 September 2013 £'000
Expiring within one year	**2,429**	992

Capital management policy

Servoca Plc defines its capital as its share capital, share premium account, other reserves and retained earnings. The Group's objectives when maintaining capital are to safeguard the Group's ability to continue as a going concern and provide returns to shareholders.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital, the Group may issue new shares, consolidate shares, cancel shares or sell assets to reduce debt. The directors consider the management of debt to be an important element in controlling the capital structure of the Group.

Movements in capital during the year are disclosed in note 18 and the Consolidated Statement of Changes in Equity.

18 Called up share capital

	30 September 2014 Number '000	**30 September 2014 £'000**	30 September 2013 Number '000	30 September 2013 £'000
Allotted, issued and fully paid:				
Ordinary shares of 1p each	**125,575**	**1,256**	125,575	1,256

The Company acquired 200,613 of its own shares in the year. The total amount paid to acquire the shares was £18,248 and has been deducted from retained earnings within shareholders' equity. The shares are held as "treasury shares". The Company has the right to re-issue these shares at a later date.

18 Called up share capital *(continued)*

Share options

At 30 September 2014 employee share options were outstanding as follows:

Number of employees	Exercise price	Date of issue	Date first exercisable	Date of expiry	Number of share options
7	40.0p	01/12/07	01/12/10	30/11/17	100,000
1	31.5p	31/03/08	31/03/11	30/03/18	50,000
1	10.0p	31/03/08	31/03/11	30/03/18	116,279
3	25.0p	19/07/08	19/07/11	18/07/18	925,000
1	12.5p	07/07/09	31/03/11	20/07/19	116,279
3	5.0p	12/10/11	See below	12/10/21	490,000
1	2.38p	25/03/13	See below	25/03/23	1,260,500
1	8.00p	26/02/14	See below	25/02/24	250,000
					3,308,058

The options issued on 12 October 2011, 25 March 2013 and 26 February 2014 can be exercised only on a change of control of the Company.

At 30 September 2013 employee share options were outstanding as follows:

Number of employees	Exercise price	Date of issue	Date first exercisable	Date of expiry	Number of share options
8	40.0p	01/12/07	01/12/10	30/11/17	115,000
1	31.5p	31/03/08	31/03/11	30/03/18	50,000
1	10.0p	31/03/08	31/03/11	30/03/18	116,279
3	25.0p	19/07/08	19/07/11	18/07/18	925,000
1	12.5p	07/07/09	31/03/11	20/07/19	116,279
4	5.0p	12/10/11	See above	12/10/21	646,000
1	2.38p	25/03/13	See above	25/03/23	1,260,500
					3,229,058

In accordance with IFRS 2 "Share-Based Payment", employee share options are required to be measured at fair value at the date of grant and the resulting charge expensed through profit or loss over the vesting period.

The movements in the total number of share options is as follows:	**2014 Number**	2013 Number
Outstanding at beginning of year	**3,229,058**	2,493,558
Issued in year	**250,000**	1,260,500
Lapsed	**(171,000)**	(525,000)
Outstanding at end of year	**3,308,058**	3,229,058
Exercisable at end of year	**1,307,558**	1,322,558

The weighted average exercise price of the share options outstanding at the year end is 11.7p (2013: 11.8p) and the weighted average contractual life of the options outstanding at the end of the year is 5.7 years (2013: 6.7 years).

18 Called up share capital ***(continued)***

Share options (continued)

Details of parent company share option schemes.

On 26 February 2014, the Company granted 250,000 share options for the benefit of an employee, under the Servoca Company Share Option Plan. The exercise price of these options is 8.00p. The options remained unexercised and had not vested as at 30 September 2014. The remainder of the options lapsed as a result of employees leaving the Group.

The options fall into 6 groups for valuation with exercise prices varying between 2.38p and 40p each:

Group 1 – 1,200,000 options granted 1 December 2007
The fair value of the options was 17p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.66%, the average term of 5 years, share price at time of granting of 45p and volatility of 26.72%.

Group 2 – 150,000 options granted 31 March 2008
Management estimated the fair value of the options to be 10p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.43%, the average term of 5 years, share price at time of granting of 31.5p and volatility of 28.79%.

Group 3 – 348,837 options granted 31 March 2008
The fair value of the options was 23p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.43%, the average term of 5 years, share price at time of granting of 31.5p and volatility of 28.79%.

Group 4 – 1,675,000 options granted 19 July 2008
The fair value of the options was 9p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 5.03%, the average term of 5 years, share price at time of granting of 25p and volatility of 29.44%.

Group 5 – 348,837 options granted 13 July 2009
The fair value of the options was 4p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.09%, the average term of 5 years, share price at time of granting of 13p and volatility of 30.1%.

Group 6 – 868,500 options granted 12 October 2011, 1,260,500 options granted 25 March 2013 and 250,000 options granted 26 February 2014
The fair values of the options were between 2p and 8p per option at the date of grant. The value of these options was determined by managements' best estimates with reference to expected leavers and share price at the year end. They can only be exercised on change in control of the Company but must be exercised no later than ten years after the date of the grant. The share price at the time of grant was 5p for those granted in October 2011, 2.38p for those granted in March 2013 and 8p for those granted in February 2014.

18 Called up share capital *(continued)*

The assumptions in respect of the options granted in groups 1 to 6 are based on:

Volatility	Determined by calculating the historical volatility of the Company's share price over the appropriate previous period.
Average term	Based on the average contractual life adjusted for management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.
Risk-free rate of return	Yield of a UK government gilt over the expected life at the date of grant.
Forfeit rate	An estimate of the proportion of options that will be forfeited due to employees leaving the company before the vesting date of the options.

Details of other share options and long term incentive schemes.

In October 2011, the Servoca Management Incentive Plan was put into operation by the purchase of A, B and C ordinary shares in certain of the subsidiary group companies by key employees. Following a set period of time and under specific circumstances, these B and C ordinary shares in the subsidiary companies can be exchanged for a deferred right to acquire shares in Servoca Plc at values set out in the Plan Rules.

The treatment of the share based payment transactions during the year is as follows:

	30 September 2014 £'000	30 September 2013 £'000
Expense arising from share based payment transactions:		
– share option schemes	**82**	85
Recognised through retained earnings	**82**	85

19 Reserves

The share premium account consists of the amount subscribed for share capital in excess of nominal value after deducting costs directly incurred in issuing the shares. In April 2011, the Company obtained a court order permitting the cancellation of the amount standing on the share premium account as at 1 March 2011.

The merger reserve is a non-distributable capital reserve which arose on the acquisition of subsidiary undertakings.

The reverse acquisition reserve is a non-distributable capital reserve arising on consolidation as a result of the reverse acquisition of Dream Group Limited in 2007.

20 Operating leases

Many of the Group's smaller premises are under short term licences but the majority of the larger premises are leased. The terms of the property leases vary but tend to be tenant repairing with rent reviews every 2 to 5 years and include break clauses. The Group has a number of vehicles under contract hire.

The future minimum lease payments are due as follows:

	30 September 2014 Land and buildings £'000	**30 September 2014 Other £'000**	30 September 2013 Land and buildings £'000	30 September 2013 Other £'000
Not later than one year	**214**	**130**	320	169
Later than one year but not later than five years	**242**	**65**	242	128
	456	**195**	562	297

21 Notes to the consolidated statement of cash flows

a) Cash and cash equivalents

	30 September 2014 £'000	30 September 2013 £'000
Cash available on demand	**197**	177
Invoice discounting facilities	**(2,824)**	(3,244)
	(2,627)	(3,067)
Cash and cash equivalents at beginning of year	**(3,067)**	(3,273)
Net increase in cash and cash equivalents	**440**	206

b) Analysis of net debt

2014	As at 1 October 2013 £'000	Cash flow £'000	Non cash movement £'000	**As at 30 September 2014 £'000**
Cash and cash equivalents	(3,067)	440	-	**(2,627)**

2013	As at 1 October 2012 £'000	Cash flow £'000	Non cash movement £'000	As at 30 September 2013 £'000
Cash and cash equivalents	(3,273)	206	-	(3,067)

22 Pensions

The Group operates independently administered defined contribution pension schemes on behalf of certain employees. The schemes have been established for a number of years. The Group has complied with the Auto Enrolment legislation of The Pension Act and employees have been enrolled as the companies have reached their staging dates.

The assets of the schemes are held separately from those of the Group in independently administered funds. The pension costs charge in note 3 represents the contributions payable by the Group to the schemes for the year. There were no outstanding or prepaid contributions at either the beginning or end of the year.

23 Related party transactions

Key management personnel are defined as being Directors of Servoca Plc. Information on their remuneration is set out in note 4.

Further information on the Group is available on the Company's web site: www.servoca.com.

SERVOCA Plc
Parent Company balance sheet
At 30 September 2014 — Company registration number: 02641313

	Note	30 September 2014 £'000	30 September 2013 £'000
Fixed assets			
Tangible assets	2	**187**	92
Investments	3	**10,299**	10,315
Deferred tax asset		**39**	75
		10,525	10,482
Current assets			
Debtors - due after more than one year	4	**4,004**	5,076
- due in less than one year	4	**548**	613
Cash at bank and in hand		**99**	66
		4,651	5,755
Creditors: amounts falling due within one year	5	**(622)**	(656)
Net current assets		**4,029**	5,099
Total assets less current liabilities		**14,554**	15,581
Creditors: amounts falling due after more than one year	6	**(6,197)**	(6,760)
Provisions for liabilities	7	**(13)**	(13)
Net assets		**8,344**	8,808
Capital and reserves			
Called up share capital	8	**1,256**	1,256
Share premium account	9	**203**	203
Profit and loss account	9	**6,885**	7,349
Shareholders' funds	10	**8,344**	8,808

The financial statements were approved by the Board and authorised for issue on 22 December 2014 and signed on its behalf by:

Andrew Church
Chief Executive Officer

Glenn Swaby
Chief Financial Officer

The notes on pages 47 to 53 form part of these financial statements.

1 Accounting policies

The following principal accounting policies have been applied:

Basis of preparation
These financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice and comply with the Companies Act 2006. No profit and loss account is presented by the Company as permitted by section 408 of the Companies Act.

Investments
Shares in subsidiary undertakings are stated at cost less provision for any impairment in value. Investments are tested for impairment in periods where events or circumstances indicate that the carrying values may not be recoverable.

Fixed assets and depreciation
Fixed assets are stated at historical cost less accumulated depreciation. Depreciation has been calculated to reduce the carrying value of each asset to its expected recoverable amount over its expected useful economic life at the following rates:

Fixtures and fittings	- either 25% on a reducing balance basis or 10%-25% on cost
Office equipment	- 25% on a reducing balance basis
Computer equipment	- 25%-33% on a straight line basis
Leasehold improvements	- over the remaining term of lease

Deferred taxation
Deferred taxation balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that deferred tax assets are only recognised to the extent that it is considered more likely than not that these are recoverable. Deferred taxation balances are not discounted.

Financial instruments
Non-derivative financial instruments are recognised initially and subsequently at cost or amortised cost.

The Parent Company does not hold or issue derivative financial instruments for trading purposes.

Financial liabilities and equity
Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Dividends
Equity dividends are recognised when they are paid.

1 Accounting policies *(continued)*

Leased assets

Operating leases

Annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Pension costs

The Parent Company operates defined contribution pension schemes. There is a self-administered scheme for one executive director and a Group Personal Pension Plan for staff. The assets of these schemes are held separately from those of the Parent Company in independently administered funds. The pension cost charge represents contributions payable by the Parent Company to the schemes for the year.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of the grant is charged to the profit and loss account over the vesting period. Non-market conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

National Insurance is payable on gains made by employees on exercise of certain share options granted to them. The eventual liability to National Insurance is dependent on the market price of the shares at the date of exercise, the number of options to being exercised and the prevailing rate of National Insurance at the date of exercise. The Parent Company provides for potential National Insurance dependant on the current market value of the shares.

2 Tangible fixed assets

	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 October 2013	217	61	711	989
Additions	1	-	155	156
At 30 September 2014	**218**	**61**	**866**	**1,145**
Depreciation				
At 1 October 2013	214	51	632	897
Charge for the year	4	5	52	61
At 30 September 2014	**218**	**56**	**684**	**958**
Net book value				
At 30 September 2014	**-**	**5**	**182**	**187**
At 30 September 2013	3	10	79	92

3 Investments

	Subsidiary undertakings £'000
Cost	
At 1 October 2013 and 30 September 2014	**13,224**
Provisions	
At 1 October 2013	2,909
Provisions in year	16
At 30 September 2014	**2,925**
Net book value	
At 30 September 2014	**10,299**
At 30 September 2013	10,315

3 Investments *(continued)*

An analysis of net book value by subsidiary company is as follows:

	30 September 2014 £'000	30 September 2013 £'000
SN&C Holdings Limited	**350**	350
Servoca Resourcing Solutions Limited	**2,180**	2,180
A-Day Consultants Limited	**7,277**	7,277
Triple West Medical Limited	**492**	492
Pure Medical Healthcare Solutions Limited	**-**	16
	10,299	10,315

A list of the main subsidiary companies is disclosed in note 12 to the group financial statements. Those subsidiaries in note 12 to the group financial statements and not listed above are either held indirectly or have no cost of investment.

4 Debtors

	30 September 2014 £'000	30 September 2013 £'000
Amounts due within one year:		
Other tax and social security	**279**	294
Other debtors	**4**	2
Prepayments and accrued income	**265**	317
	548	613
Amounts due in more than one year:		
Due from group companies	**4,004**	5,076
	4,552	5,689

The Company has a recognised deferred tax asset of £39,000 (2013: £75,000) in respect of unclaimed capital allowances carried forward and an unrecognised deferred tax asset of £289,000 (2013: £289,000) in respect of capital losses for offset against future capital gains. The asset in respect of capital losses has not been recognised as there is currently not sufficient evidence about available gains in the future.

5 Creditors: amounts falling due within one year

	30 September 2014 £'000	30 September 2013 £'000
Trade creditors	**262**	346
Other taxation and social security	**66**	81
Other creditors	**32**	1
Accruals and deferred income	**262**	228
	622	656

The Company is part of a group VAT registration and the total group liability at 30 September 2013 was £755,000 (2013: £417,000).

6 Creditors: amounts falling due after more than one year

	30 September 2014 £'000	30 September 2013 £'000
Amounts due to group companies	**6,197**	6,760

7 Provisions for liabilities and charges

	National Insurance on share options £'000
At 1 October 2013	13
Utilised in the year	-
At 30 September 2014	**13**
Due within one year or less	**13**

8 Called up share capital

	30 September 2014 Number '000	30 September 2014 £'000	30 September 2013 Number '000	30 September 2013 £'000
Allotted, issued and fully paid:				
Ordinary shares of 1p each	**125,575**	**1,256**	125,575	1,256

8 Called up share capital *(continued)*

Share options

Details of the Company's share option schemes and long term incentive plans are provided in note 18 in the notes forming part of the consolidated financial statements.

The treatment of the share based payment transactions during the year is as follows:

	30 September 2014 £'000	30 September 2013 £'000
Expense arising from share based payment transactions		
– share option schemes	**82**	85
Recognised in retained earnings	**82**	85

9 Share premium account and other reserves

	Share premium £'000	**Profit and loss account £'000**
At 1 October 2013	203	7,349
Loss for the year	-	(528)
Share based payment expense	-	82
Purchase of treasury shares	-	(18)
At 30 September 2014	**203**	**6,885**

10 Reconciliation of movements in shareholders' funds

	30 September 2014 £'000	30 September 2013 £'000
(Loss)/profit for the year	**(528)**	412
Share based payment expense	**82**	85
Purchase of treasury shares	**(18)**	-
Net movement in shareholders' funds	**(464)**	497
Opening shareholders' funds	**8,808**	8,311
Closing shareholders' funds	**8,344**	8,808

11 Annual commitments under operating leases

	30 September 2014 Land and buildings £'000	**30 September 2014 Other £'000**	30 September 2013 Land and buildings £'000	30 September 2013 Other £'000
Operating leases which expire:				
In less than one year	**14**	**6**	-	-
In more than one year but less than two years	**-**	**1**	163	18
	14	**7**	163	18

12 Parent company results

The Parent Company's own result for the year was a loss after taxation of £528,000 (2013: profit of £412,000).

13 Pensions

The Parent Company operates defined contribution independently administered pension schemes on behalf of certain employees. The schemes have been established for a number of years.

The assets of all schemes are held separately from those of the Parent Company in independently administered funds. There were no outstanding or prepaid contributions at either the beginning or end of the year.

14 Related party transactions

The Company has taken advantage of exemptions under FRS 8.3(c) for non disclosure of transactions with wholly owned subsidiaries.

15 Directors' remuneration

Details of the remuneration of the Parent Company's directors are provided in the Report of the Directors on pages 5 to 9.