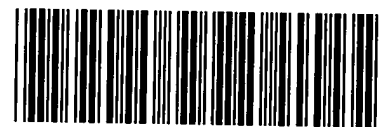


Registered number 02631340 (England and Wales)

A4e Limited  
Annual report and financial statements  
for the period ended 31 December 2015

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# A4e Limited

## Annual report and financial statements for the period ended 31 December 2015

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# **A4e Limited**

## **Directors and advisers**

### **Directors**

A J Hogarth

D R Jackson

P N Ledgard

### **Company Secretary**

N Watson

### **Registered Office**

19-20 The Triangle

NG2 Business Park

Nottingham

NG2 1AE

### **Independent Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditor

St Paul's Place

121 Norfolk Street

Sheffield

South Yorkshire

S1 2LE

### **Bankers**

Bank of Scotland

33 Old Broad Street

London

BX2 1LB

### **Registered Number**

02631340

# **A4e Limited**

## **Strategic report for the period ended 31 December 2015**

The Directors present their strategic report on the company for the period ended 31 December 2015.

### **Overview**

Tackling high levels of unemployment remains a top priority for the Government. In the financial period to 31 December 2015, we saw the number of people referred to our programme continue to fall as the effects of the economic recovery were felt. The UK Government has moved some of its focus on to up-skilling the workforce and creating opportunities through apprenticeships, particularly for young people.

### **Principal activities**

The principal activity of the business continued to be employment, training and advice and guidance with regard to social care, as follows:

- **Welfare** – We are a Prime Provider of the UK Government's Work Programme in five geographical areas in the UK, and a subcontractor in a further five.
- **Education and Skills** – We are a provider of skills training and apprenticeships to prisoners, people seeking employment and those looking to improve their career prospects.
- **Enterprise** – We help people into self-employment, through a range of initiatives.
- **Advice** - We provide information to help people with financial issues on behalf of the UK Government's Money Advice Service.
- **Independent Living Services** – We continue to manage budgets on behalf of vulnerable people, for 14 local authorities, to ensure that they receive the support they need to continue to live independently.

### **Review of business**

Our focus remains on improving performance on the Work Programme so that all our Contract Package Areas ("CPA") are in the top quartile performance wise. We have continued to focus on transforming our skills delivery, which has been awarded a 'good' (Grade 2) rating from Ofsted for our Skills England delivery. Additionally, we are developing our apprenticeships offering. The OLASS East of England contract continues to operate effectively.

## A4e Limited

### Strategic report for the period ended 31 December 2015 (continued)

#### Managing and mitigating risk

The company continues to manage and mitigate risk at both a strategic level, which impact on our corporate and strategic objectives, and within the operational activities of the business, through governance and controls.

Our delivery of the Work Programme has required strong controls and high quality management information which we have delivered via significant investment in IT systems. The business will continue to balance its work across markets that operate management fees and outcome funding in relation to the services provided. Our focus remains, as ever, on the strength of our customer relationships.

#### Results and dividends

The company made an operating loss of £14.1m (Mar 2015: profit £8.7m) and an EBITDA loss of £5.6m:

	9 months ended Dec 2015	Year ended Mar 2015
	£'m	£'m
Operating (loss)/profit	(14.1)	8.7
Depreciation charge (note 3)	2.1	3.4
Impairment and amortisation charge (note 4)	5.0	0.7
<b>EBITDA</b>	<b>(7.0)</b>	<b>12.8</b>

The company's loss before income tax for the period is shown on page 10.

The Directors are unable to recommend the payment of any dividends for the period ended 31 December 2015 (year ended March 2015: £Nil).

#### Principal risks and uncertainties

The company, like all businesses, faces risks and uncertainties as we conduct our operations that could affect short and long-term performance.

We place great importance on internal control and risk management, which is promoted and encouraged throughout the company. We have a robust risk management process, which is designed to identify, manage and mitigate risk.

## **A4e Limited**

### **Strategic report for the period ended 31 December 2015 (continued)**

This section highlights the principal risks and uncertainties that affect the company, but is not an exhaustive list of all risks.

#### **- External factors**

The economic environment continues to be a cause for concern for our Welfare business, especially with regard to the nature and availability of job vacancies. To mitigate this risk the company continues to develop strong and productive relationships with employers in the UK.

The increasing use of 'Payment by results' as a funding mechanism by governments places a greater working capital requirement on the company. In response, we have developed and established ways of working that deliver sustainable outcomes for all our customers and drive revenue for the company.

#### **- Internal factors**

The delivery of good quality customer service is central to our strategy. The successful implementation of our new customer management and secure information management systems is pivotal to driving market leading customer service.

Our code of conduct, which applies to all our employees and partners, sets out our commitment to trustworthiness and transparency. Failure to follow these principles could harm our reputation, damage our brand and affect our operational performance and financial position. A combination of awareness training and focused controls, particularly relating to fraud, is in place to ensure and check compliance with these principles.

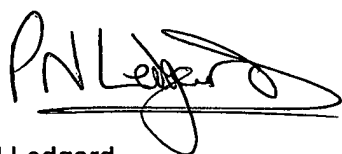
#### **Future developments**

The acquisition of A4e Ltd by Staffline Plc in April 2015 has resulted in plans to integrate the current A4e contracts and staff with those of Avanta Enterprise Ltd (another subsidiary of Staffline plc) with the activity to take place across the next financial year. It is anticipated that a majority of contracts and staff will transfer across from A4e Ltd to Avanta Enterprise Ltd in 2016 therefore future revenues delivered through A4e Ltd will be significantly lower than in prior periods.

#### **Post balance sheet events**

On 1 January 2016 the majority of the trade and assets of A4e Limited were transferred to PeoplePlus Group Limited, a fellow subsidiary of Staffline Group plc, as part of a group reorganisation. Therefore, the revenue, profits and net assets of A4e Limited for the year ended 31 December 2016 are expected to significantly reduce.

**On behalf of the Board**

A handwritten signature in black ink, appearing to read 'PNL', with a long horizontal flourish extending to the right.

**Phil Ledgard**  
**Director**  
28 April 2016

## A4e Limited

### Directors' report for the period ended 31 December 2015

The Directors present their annual report and the audited financial statements of the company for the period ended 31 December 2015.

The company is a limited company incorporated and domiciled in the United Kingdom.

#### Going concern

The financial statements show a net liabilities position at 31 December 2015. However, the company has the support of Staffline Group plc, its parent company. Staffline Group plc had net assets and reported a profit in the year ended December 2015. The Group forecasts profitability in 2016 and 2017. Therefore the financial statements have been prepared on a going concern basis.

#### Results and dividends

The results of the company and future developments are disclosed in the Strategic Report.

The Directors are unable to recommend the payment of any dividends for the period ended 31 December 2015 (year ended March 2015: £Nil).

On 27 April 2015, A4e Limited was purchased by Staffline Group plc. On 28 April 2015 the accounting period was shortened to 31 December 2015. These financial statements therefore relate to the nine month period ended 31 December 2015.

#### Pay and remuneration

A4e carried out a pay review in this financial period and awarded increases to staff.

A4e externally benchmarks executive pay on an annual basis and this information is considered by the Remuneration Committee in determining executive rewards. As stated in the Hutton Review of Fair Pay, "public trust in public services can only be maintained if senior public servants' pay is fair and seen to be fair". Whilst A4e is clearly a private sector business, we have chosen to work under the spirit of Hutton's recommendations and therefore, in line with Hutton's recommendations, the ratio of the A4e Chief Executive's total remuneration to the median adult full time salary compares favourably with the maximum ratio of 20x, which Hutton set out.

#### Directors

The Directors who held office during the period and up to the date of signing the financial statements (unless otherwise stated) are given below:

S Anderson CBE	(resigned 27 April 2015)
A Dutton	(resigned 27 April 2015)
A J Hogarth	(appointed 27 April 2015)
D R Jackson	(appointed 27 April 2015)
P N Ledgard	(appointed 27 April 2015)
N MacDonald	(appointed 1 April 2014, resigned 27 April 2015)
Sir R Young KCB	(resigned 27 April 2015)

## **A4e Limited**

### **Directors' report for the period ended 31 December 2015 (continued)**

#### **Qualifying third party indemnity provisions**

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force at the date of approval of the financial statements (and for the financial period ended 31 December 2015) for the benefit of each of the Directors and the Company Secretary in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial period.

#### **Equality, diversity and engagement**

At A4e we are committed to being a fair and responsible employer. Putting our staff first has been one of the cornerstones of our strategy for more than 20 years, and as a Board we are committed to developing policies and procedures to ensure A4e offers an excellent work environment for all its employees. We are also committed to training at all levels, to ensure that staff development is maintained alongside the core requirements we have under our contracts with regards to performance, quality and compliance.

#### **Employee involvement**

Employee Voice, A4e's employee-led forum, has given employees a key role in shaping the future of the business by sharing their ideas and best practice with the leadership team. The creation of Employee Voice ambassadors will also see staff representing their colleagues at national and local forums.

Now in its fifth year, the A4e Superstars scheme recognises outstanding company-wide efforts made by our staff. This scheme rewards people and teams who go 'above and beyond' their everyday remit and who 'achieve extraordinary things'. We continue to invest in a range of communication channels, which includes our staff tabloid newspaper A4e VOICE, local media activity, video blogs and surveys.

A4e continues to adhere to the UK policy for giving full and fair consideration to applications for employment that disabled people make to the company, the policy for employment, training, career development and promotion of disabled people and for the continuing employment and training of employees who have become disabled while employed by the company.

#### **Financial risk management**

The company's financial risk management objectives and policies are described in note 2 to the financial statements.

#### **Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.



## A4e Limited

### Directors' report for the period ended 31 December 2015 (continued)

#### Statement of Directors' responsibilities (continued)

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

#### Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names are listed in the Directors' section of the Directors' report confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with United Kingdom Accounting Standards, including FRS 101, give a true and fair view of the assets, liabilities, financial position and loss of the company; and
- the Strategic Report and Directors' Report contained in the annual report include a fair review of the development and performance of the business and the position of the company.

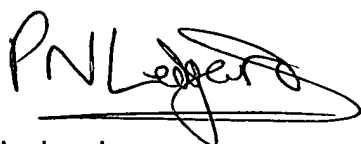
#### Statement of disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### Independent auditor

PricewaterhouseCoopers LLP will remain in office in accordance with Section 487 of the Companies Act 2006.

#### On behalf of the Board



**Phil Ledgard**  
Director  
28 April 2016

# **A4e Limited**

## **Independent auditors' report to the members of A4e Limited**

### **Report on the financial statements**

---

#### **Our opinion**

In our opinion, A4e Limited financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the period then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

#### **What we have audited**

The financial statements, included within the annual report and financial statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2015;
- the income statement and statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period ended 31 December 2015; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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#### **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, the information given in the Strategic Report and the Directors' Report for the nine months for which the financial statements are prepared is consistent with the financial statements.

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#### **Other matters on which we are required to report by exception**

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##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

---

## **A4e Limited**

# **Independent auditors' report to the members of A4e Limited (continued)**

## **Responsibilities for the financial statements and the audit**

---

### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' responsibilities set out on pages 6 and 7, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **What an audit of financial statements involves**

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We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Arif Ahmad (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Sheffield  
28 April 2016

## A4e Limited

### Income statement for the period ended 31 December 2015

		For the period ended 31 Dec 2015	For the year ended 31 Mar 2015
	Note	£'000	£'000
Revenue		66,773	146,368
Cost of sales		(14,404)	(28,973)
Gross Profit		52,369	117,395
Administrative expenses		(58,606)	(108,686)
Exceptional operating expenses	16	(7,424)	-
Total operating expenses	15	(66,030)	(108,686)
<b>Operating (loss)/profit</b>		<b>(13,661)</b>	<b>8,709</b>
Finance income		31	94
Finance costs		(169)	(1,595)
Finance costs – net	19	(138)	(1,501)
<b>(Loss)/Profit before income tax</b>		<b>(13,799)</b>	<b>7,208</b>
Income tax expense	20	(286)	(2,534)
<b>(Loss)/Profit for the financial period</b>		<b>(14,085)</b>	<b>4,674</b>

All items dealt with in arriving at operating result above relate to continuing operations.

The notes on pages 14 to 48 are an integral part of these financial statements.

## A4e Limited

### Statement of comprehensive income/(loss) for the period ended 31 December 2015

	Note	For the period ended 31 Dec 2015 £'000	For the year ended 31 Mar 2015 £'000
<b>(Loss)/ Profit for the financial period</b>		<b>(14,085)</b>	<b>4,674</b>
<b>Other comprehensive income:</b>			
Currency translation differences	14	-	(378)
Actuarial gains/(losses) on post employment benefit assets	11	391	(146)
Movement on deferred tax in relation to actuarial gains/(losses)	10	(78)	29
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>313</b>	<b>(495)</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(13,772)</b>	<b>4,179</b>

The notes on pages 14 to 48 are an integral part of these financial statements.

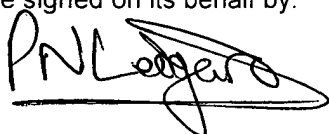
# Statement of financial position as at 31 December 2015

	Note	31 Dec 2015 £'000	31 Mar 2015 £'000
<b>Fixed assets</b>			
Property, plant and equipment	3	7,766	8,720
Investments	4	2,536	7,536
Retirement benefit assets	11	2,437	933
		12,739	17,189
<b>Current assets</b>			
Trade and other receivables	5	13,947	20,857
Cash and cash equivalents	6	1,545	7,228
		15,492	28,085
<b>Creditors – amounts due within one year</b>			
Trade and other payables	7	(36,241)	(20,541)
Borrowings	8	-	(19,588)
Provisions for other liabilities and charges	9	(1,595)	(993)
		(37,836)	(41,122)
<b>Net current liabilities</b>		(22,344)	(13,037)
<b>Total assets less current liabilities</b>		(9,605)	4,152
Provisions for other liabilities and charges	9	(673)	(959)
Deferred income tax liabilities	10	(627)	(326)
		(1,300)	(1,285)
<b>Net (liabilities)/assets</b>		(10,905)	2,867
<b>Equity</b>			
Share capital	13	1,053	1,053
Other reserves	14	(1,829)	(1,829)
(Accumulated losses)/Retained earnings		(10,129)	3,643
<b>Total equity</b>		(10,905)	2,867

The notes on pages 14 to 48 are an integral part of these financial statements.

The financial statements on pages 10 to 48 were authorised for issue by the Board of Directors on 28 April 2016 and were signed on its behalf by:

Phil Ledgard  
Director



## A4e Limited

### Statement of changes in equity for the period ended 31 December 2015

	Note	Share capital £'000	Other reserves £'000	Retained earnings / (accumulated losses) £'000	Total £'000
<b>Balance at 1 April 2015</b>		<b>1,053</b>	<b>(1,829)</b>	<b>3,643</b>	<b>2,867</b>
Loss for the financial period		-	-	(14,085)	(14,085)
<b>Other comprehensive income</b>					
Actuarial gains on post employment benefit assets	11	-	-	391	391
Deferred tax in relation to actuarial gains	10	-	-	(78)	(78)
Total other comprehensive income		-	-	313	313
<b>Total comprehensive expense</b>		<b>-</b>	<b>-</b>	<b>(13,772)</b>	<b>(13,772)</b>
<b>Balance at 31 December 2015</b>		<b>1,053</b>	<b>(1,829)</b>	<b>(10,129)</b>	<b>(10,905)</b>

	Note	Share capital £'000	Other reserves £'000	Retained earnings / (accumulated losses) £'000	Total £'000
<b>Balance at 1 April 2014</b>		<b>1,053</b>	<b>(1,451)</b>	<b>(914)</b>	<b>(1,312)</b>
Profit for the year		-	-	4,674	4,674
<b>Other comprehensive income</b>					
Currency translation differences	14	-	(378)	-	(378)
Actuarial losses on post employment benefit assets	11	-	-	(146)	(146)
Deferred tax in relation to actuarial losses	10	-	-	29	29
Total other comprehensive expense		-	(378)	(117)	(495)
<b>Total comprehensive (expense)/income</b>		<b>-</b>	<b>(378)</b>	<b>4,557</b>	<b>4,179</b>
<b>Balance at 31 March 2015</b>		<b>1,053</b>	<b>(1,829)</b>	<b>3,643</b>	<b>2,867</b>

# **A4e Limited**

## **Notes to the financial statements for the period ended 31 December 2015**

### **1 Significant accounting policies**

#### **1.1 General Information**

The principal activity of A4e Limited ("the company") is detailed in the Strategic Report of the annual report.

The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is 19-20 The Triangle, NG2 Business Park, Nottingham, NG2 1AE.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

On 28 April 2015 the accounting period was shortened to 31 December 2015. These financial statements therefore relate to the nine month period ended 31 December 2015.

#### **1.2 Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared under the historical cost convention, except for the revaluation of certain property, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.23.

The transition to Financial Reporting Standard 101 has been made in accordance with International Financial Reporting Standard 1 "First-time adoption of International Financial Reporting Standards".

The company previously reported under IFRS. Accordingly, the transition has not resulted in any amendments to the profit for the financial year ended 31 March 2015 or the statement of financial position as at 31 March 2015 or 31 March 2014, as previously reported.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, plant and equipment;
  - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)



## **A4e Limited**

### **Notes to the financial statements for the period ended 31 December 2015 (continued)**

#### **1 Significant accounting policies (continued)**

##### **1.2 Basis of preparation (continued)**

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

##### **1.3 Going concern**

The financial statements show a net liabilities position at 31 December 2015. However, the company has the support of Staffline Group plc, its parent company. Staffline Group plc had net assets and reported a profit in the year ended 31 December 2015. The Group forecasts profitability in 2016 and 2017. Therefore the financial statements have been prepared on a going concern basis.

##### **1.4 Segmental reporting**

The company operates in one operating segment. This segment is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of this segment, has been identified as the Board of Staffline Group plc.

## **A4e Limited**

### **Notes to the financial statements for the period ended 31 December 2015 (continued)**

#### **1 Significant accounting policies (continued)**

##### **1.5 Consolidation of Subsidiaries**

The company is itself a subsidiary company and is exempt from the requirement to produce group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### **1.6 Property, plant and equipment**

Freehold property comprise of the operating facilities and offices. Freehold property is shown at fair value, based on valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of freehold property are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the income statement.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from other reserves to retained earnings.

Depreciation is calculated using the straight-line method to allocate cost or revalued amounts to residual values over estimated useful lives, as follows:

- |                                     |                     |
|-------------------------------------|---------------------|
| • Freehold property                 | 50 years            |
| • Short-term leasehold improvements | Over the lease term |
| • Fixtures and fittings             | 5-10 years          |
| • Motor vehicles                    | 3-10 years          |
| • Computer equipment                | 3-5 years           |

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

## **A4e Limited**

### **Notes to the financial statements for the period ended 31 December 2015 (continued)**

#### **1 Significant accounting policies (continued)**

##### **1.6 Property, plant and equipment (continued)**

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating expenses in the income statement.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

##### **1.7 Impairment of non-financial assets**

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

##### **1.8 Financial assets**

###### **1.8.1 Classification**

The company has one classification of financial assets: loans and receivables. Management determines the classification of its financial assets at initial recognition.

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

###### **1.8.2 Recognition and measurement**

Loans and receivables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method less provision for impairment.

## **A4e Limited**

### **Notes to the financial statements for the period ended 31 December 2015 (continued)**

#### **1 Significant accounting policies (continued)**

##### **1.8.3 Impairment of financial assets**

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Impairment testing of trade receivables is described in note 5.

##### **1.9 Trade receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

##### **1.10 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

##### **1.11 Share capital**

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

##### **1.12 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## **A4e Limited**

### **Notes to the financial statements for the period ended 31 December 2015 (continued)**

#### **1 Significant accounting policies (continued)**

##### **1.13 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends of these preference shares are recognised in the income statement as interest expenses.

##### **1.14 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

## **A4e Limited**

### **Notes to the financial statements for the period ended 31 December 2015 (continued)**

#### **1 Significant accounting policies (continued)**

##### **1.15 Employee benefits**

###### **(a) Pension obligations**

The company contributes to a number of pension arrangements. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The company has both defined contribution and defined benefit plans. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employer benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefits obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

###### **(b) Profit-sharing and bonus plans**

The company recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

##### **1.16 Employee share option plan**

On 7 March 2002, the company established The Action for Employment Limited Share Trust. The company is deemed to have control of the assets, liabilities, income and costs of the trust. The ordinary shares of the company held by the trust are shown as a deduction from equity of the market value of the shares at the date of acquisition less any amounts written off in respect of any permanent diminution in value of the investments.

## **A4e Limited**

### **Notes to the financial statements for the period ended 31 December 2015 (continued)**

#### **1 Significant accounting policies (continued)**

##### **1.17 Share-based payments**

The company operates a cash-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, the share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself and the charge will be treated as a cash-settled transaction.

##### **1.18 Provisions**

Provisions for remedial contract provisions, vacant property obligations and restructuring costs are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## **A4e Limited**

### **Notes to the financial statements for the period ended 31 December 2015 (continued)**

#### **1 Significant accounting policies (continued)**

##### **1.19 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities. In general, revenue is recognised in accordance with the terms of the underlying contract.

Advance payments received prior to full service commencement on the achievement of agreed contract delivery milestones are recognised as revenue when earned and treated as deferred income.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

Revenue is generated wholly in the UK and relates to the provision of services.

##### **1.20 Exceptional operating expenses**

Exceptional operating expenses are material items which fall outside the ordinary activities of the company and which need to be disclosed by virtue of their size or incidence. Such items are included within operating profit unless they represent profit or loss on the sale or termination of an operation, cost of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the company's operations; profit or loss on the disposal of fixed assets, or provisions in respect of such items. In these cases separate disclosure is provided on the face of the income statement after operating profit.

##### **1.21 Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

##### **1.22 Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividend is approved by the company's shareholders.



## **A4e Limited**

### **Notes to the financial statements for the period ended 31 December 2015 (continued)**

#### **1 Significant accounting policies (continued)**

##### **1.23 Critical accounting estimates and assumptions**

The preparation of the company's financial statements in accordance with FRS 101 requires decisions and estimates for some items, which might have an effect on their recognition and measurement in the balance sheet and income statement. The actual amounts realised may differ from these estimates.

Estimates are required for the measurement of current corporation tax and the recognition of deferred tax assets, however, in the opinion of the Directors there is no significant risk of these estimates resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year.

The Directors have used estimates based on recent experience to provide for; (i) the cost of work required to restore its leased properties back to their original condition as required under the leases; (ii) the leased estates which are unused; (iii) redundancies of staff and (iv) claims on contracts. The provision and estimates are reviewed annually. At 31 December 2015, the total of these provisions was £2,268,000 (Mar 2015: £1,952,000). See note 9 for additional information.

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of retirement benefit obligations. The net pension asset at 31 December 2015 was £2,437,000 (Mar 2015: £933,000). See note 11 for additional information.

## **A4e Limited**

### **Notes to the financial statements for the period ended 31 December 2015 (continued)**

## **2 Financial risk management**

### **2.1 Financial risk factors**

The company's activities expose it to a variety of financial risks: namely market risk and credit risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by Group Finance under policies approved by the Board of Directors. Group Finance identifies and evaluates financial risks and provides written principles. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

#### *(a) Market risk*

Revenue that is recognised in the income statement is primarily generated from job outcome fees and sustained employment fees or completion of an NVQ qualification by a client. No 'work in progress' is calculated on any contracts with revenue recognition only based on a factual event. As such the company is not considered to be exposed to any risk variables that may subsequently impact on the value of the revenue recognised in the nine months to 31 December 2015.

The organisation does not trade across borders and as such is not exposed to foreign currency for such matters (see also capital risk management section below).

#### *(b) Credit risk*

##### *Cash*

UK cash reserves are held in UK interest bearing accounts of varying levels and accessibility. Overseas subsidiaries only hold cash with the bank that deals with their day to day banking requirements. No exposure to credit risk is considered to be applicable to any of these balances as at the financial year end.

##### *Trade debtors*

A high percentage of the company's trade debtors at the financial year end were with government organisations, primarily in the UK, and as such low exposure to credit risk is considered to be applicable.

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 3 Property, plant and equipment

	Freehold property £'000	Short-term leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<b>At 1 April 2014</b>					
Cost or valuation	480	2,208	1,133	10,635	14,456
Accumulated depreciation	-	(1,187)	(756)	(2,656)	(4,599)
<b>Net book amount</b>	<b>480</b>	<b>1,021</b>	<b>377</b>	<b>7,979</b>	<b>9,857</b>
<b>Year ended 31 March 2015</b>					
Opening net book amount	480	1,021	377	7,979	9,857
Additions	-	174	28	2,110	2,312
Revaluations	-	-	(2)	(2)	(4)
Depreciation charge	(11)	(416)	(172)	(2,846)	(3,445)
<b>Closing net book amount</b>	<b>469</b>	<b>779</b>	<b>231</b>	<b>7,241</b>	<b>8,720</b>
<b>At 31 March 2015</b>					
Cost or valuation	480	1,498	964	11,234	14,176
Accumulated depreciation	(11)	(719)	(733)	(3,993)	(5,456)
<b>Net book amount</b>	<b>469</b>	<b>779</b>	<b>231</b>	<b>7,241</b>	<b>8,720</b>
<b>Period ended 31 December 2015</b>					
Opening net book amount	469	779	231	7,241	8,720
Additions	-	283	73	838	1,194
Disposals	-	-	(4)	(5)	(9)
Depreciation charge	(9)	(192)	(108)	(1,830)	(2,139)
<b>Closing net book amount</b>	<b>460</b>	<b>870</b>	<b>192</b>	<b>6,244</b>	<b>7,766</b>
<b>At 31 December 2015</b>					
Cost or valuation	480	1,551	583	11,454	14,068
Accumulated depreciation	(20)	(681)	(391)	(5,210)	(6,302)
<b>Net book amount</b>	<b>460</b>	<b>870</b>	<b>192</b>	<b>6,244</b>	<b>7,766</b>

Freehold property is shown at fair value, less subsequent depreciation. The fair value amounting to £480,000, based on the valuation performed by White & Co on 6 February 2014, is deemed to be equal to the current market value. The valuation was based on "existing use value" in accordance with the RICS valuation.

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 3 Property, plant and equipment (continued)

If freehold property had not been revalued it would have been included at the following historical cost:

	31 Dec 2015 £'000	31 Mar 2015 £'000	31 Mar 2014 £'000
Cost	253	253	253
Aggregate depreciation	(92)	(87)	(82)
Net book amount	161	166	171

#### 4 Investments

	31 Dec 2015 £'000	31 Mar 2015 £'000
<b>Shares in group undertakings</b>		
At 1 April	7,536	7,730
Additions	-	732
Disposals	-	(194)
Impairment charge	(5,000)	(732)
<b>At 31 December 2015/ 31 March 2015</b>	<b>2,536</b>	<b>7,536</b>

The carrying value of the investments has been reduced to what the directors believe to be the value of the investments' underlying net assets at the period end, through the recognition of an impairment charge. This charge has been included within 'Exceptional operating expenses' in the income statement.

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 4 Investments (continued)

At 31 December 2015, the company held the equity of the following subsidiary undertakings:

Name of undertaking and country of incorporation	Nature of business	Description of shares and proportion of nominal value of that class held
A4e Australia (Australia)	Outsourced supplier of services	Ordinary shares held of AUD1 each (100% held)
A4e Deutschland GmbH (Germany)	Dormant	Ordinary shares of €1 each (100% held)
A4e Enterprise Limited (England)	Social Welfare Services	Limited by guarantee
A4e Europe Limited (Spain)	Dormant	Ordinary shares of €1 each (100% held)
A4e France SAS (France)	Dormant	Ordinary shares of €1 each (100% held)
A4e Insight Limited (England)	Dormant	Ordinary shares of £1 each (100% held)
A4e Ireland Limited (Northern Ireland)	Outsourced supplier of services	Ordinary shares of £1 each (100% held)
A4e Israel (Israel)	Dormant	Ordinary shares of ILS1 each (100% held)
A4e Management Limited (England)	Outsourced supplier of services	Ordinary shares of £1 each (100% held)
A4e Scotland Limited (Scotland)	Outsourced supplier of services	Ordinary shares of £1 each (100% held)
A4e Wales Limited (Wales)	Outsourced supplier of services	Ordinary shares of £1 each (100% held)
Action for Employment Trustees Limited (England)	Trustee corporation	Ordinary shares of £1 each (100% held)
Amin (A4e – Aman) Limited (Israel)	Dormant	Ordinary shares of ILS1 each (70% held)
Australian Employment and Training Solutions Pty Limited	Social Welfare Services	Ordinary shares of AUD1 each (100% held*)
Fast Track Employees Pty Limited (Australia)*	Social Welfare Services	Ordinary shares of AUD1 each (100% held*)
Pinewood River Pty Limited (Australia)*	Social Welfare Services	Ordinary shares of AUD1 each (100% held*)

\*Indirectly held

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 5 Trade and other receivables

	31 Dec 2015 £'000	31 Mar 2015 £'000
<b>Current</b>		
Trade receivables	2,442	4,829
Less: provision for impairment	(54)	(32)
Trade receivables – net	2,388	4,797
Prepayments and accrued income	11,160	13,423
Receivables from related parties	-	2,175
Other debtors	399	462
<b>Total trade and other receivables</b>	<b>13,947</b>	<b>20,857</b>

The fair values of trade and other receivables are equivalent to the carrying amounts.

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

	31 Dec 2015 £'000	31 Mar 2015 £'000
At 1 April	32	29
Provision for receivables impairment	54	32
Receivables written off during the period as uncollectable	(32)	(29)
<b>At 31 December / 31 March</b>	<b>54</b>	<b>32</b>

The creation and release of the provision for impaired receivables has been included in 'operating expenses' in the income statement. The provision for impairment is not discounted as the effect of this is not material. Amounts charged to the allowance account are generally written off where there is no expectation of recovery of additional cash.

During the year the company impaired £1,006,000 (31 March 2015: £nil) of receivables due from dormant subsidiary companies.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Neither the group nor the company hold collateral as security.

#### 6 Cash and cash equivalents

	31 Dec 2015 £'000	31 Mar 2015 £'000
Cash at bank and in hand	1,482	104
Short term bank deposits	63	7,124
<b>Cash and cash equivalents</b>	<b>1,545</b>	<b>7,228</b>

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 7 Trade and other payables

	31 Dec 2015 £'000	31 Mar 2015 £'000
<b>Current</b>		
Trade payables	2,651	2,640
Amounts due to related parties	23,190	3,215
Social security and other taxes	1,711	3,349
Accrued expenses	6,226	8,338
Deferred income	2,134	2,085
Current income tax liability	-	602
Other payables	329	312
<b>Total current trade and other payables</b>	<b>36,241</b>	<b>20,541</b>

Amounts due to related parties are interest free, unsecured, have no fixed repayment date and are repayable on demand.

#### 8 Borrowings

	31 Dec 2015 £'000	31 Mar 2015 £'000
<b>Current</b>		
Bank loan	-	14,054
Loan from related party	-	5,529
Nil (31 March 2015: 104,200) redeemable preference shares of 5p each	-	5
	-	19,588
<b>Total borrowings</b>	<b>-</b>	<b>19,588</b>

All company borrowings are denominated in UK sterling.

##### Bank loan

The bank loan amounting to £14,054,000 at 31 March 2015 was due to expire on 31 December 2015 and was secured by a floating charge over all of the assets and liabilities of A4e Limited and its material subsidiaries. Interest of LIBOR plus 4% was applied to the full balance of the loan, and was payable during the course of the period. A further 8% PIK was applied to £7,000,000 of the loan and was due to be paid on the expiry of the facility in December 2015.

The loan was repaid in full following the acquisition of the company by Staffline Group plc on 27 April 2015.

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 8 Borrowings (continued)

##### Loan from related party

The loan from related party represents a revolving credit facility of £5,000,000 provided by Thornbridge Limited (note 23) was due to expire on 31 December 2015 and was unsecured. At 31 December 2014, the full facility had been drawn down. Interest of 5% was payable on a monthly basis. A further 6% of interest had been accrued on the loan balance and was due to be paid on termination of the facility.

The loan was repaid in full following the acquisition of the company by Staffline Group plc on 27 April 2015. The accrued interest rolled-up into the loan on repayment amounted to £529,000 (31 March 2015: £529,000).

##### Redeemable preference shares

Details of shares shown as liabilities are as follows:

	Allotted, issued and fully paid	
	31 Dec 2015 £'000	31 Mar 2015 £'000
<b>Redeemable shares:</b>		
Ordinary 'A' of 5p each	-	2
Ordinary 'B' of 5p each	-	1
Ordinary 'D' of 5p each	-	1
Ordinary 'E' of 5p each	-	1
	-	5

##### Summary of class rights

The ordinary 'A', 'B', 'D', and 'E' and redeemable shares have no voting rights and no rights to dividends other than those that may be recommended by the company following approval by the remuneration committee. The shares are redeemable, if fully paid, at par, at any time, at the option of the holders of 30% of the ordinary shares.

The whole of the outstanding redeemable shares for A4e Limited were redeemable on 1 January 2050 or as soon as possible thereafter.

In the event of a winding up of the company, the shares will not participate in the assets of the company except to the extent of par value, but repayment of these shares shall be made, in alphabetical order, in priority to the ordinary shares.

The redeemable preference shares were redeemed in full following the acquisition of the company by Staffline Group plc on 27 April 2015.



## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 9 Provisions for other liabilities and charges

	Onerous leases £'000	Dilapidations £'000	Redundancy £'000	Contract claim provision £'000	Total £'000
At 1 April 2015	-	1,339	263	350	1,952
Additional provisions made during the period	192	1,034	-	-	1,226
Used during the period	(160)	(147)	(253)	(350)	(910)
<b>At 31 December 2015</b>	<b>32</b>	<b>2,226</b>	<b>10</b>	<b>-</b>	<b>2,268</b>

Analysis of total provisions:	Dec 2015 £'000	Mar 2015 £'000
Non-current	673	959
Current	1,595	993
	<b>2,268</b>	<b>1,952</b>

**(a) Onerous leases**

The company had 5 leases for offices which, at 31 December 2015, were considered onerous. The provision was fully utilised by 31 March 2016.

**(b) Dilapidations**

The dilapidations provision covers all of A4e Limited's leased estate. The provision is determined based on an independent valuation of the estimated total cost payable on expiry of the lease.

**(c) Redundancy**

This relates to redundancy provisions for staff due to the acquisition of the company by Staffline Group plc. The majority of the redundancy costs were incurred in the first 3 months of the period ended 31 December 2015, therefore £253,000 of the provision was utilised.

**(d) Contract claim provision**

The contract claim provision relates to the ESF contract. The provision is based on the expected costs involved with a potential claim. The costs were incurred in the financial period to 31 December 2015, therefore the provision was utilised.

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 10 Deferred income tax

	31 Dec 2015 £'000	31 Mar 2015 £'000
<b>Deferred tax assets</b>		
Deferred tax asset to be recovered after more than 12 months	-	-
Deferred tax asset to be recovered within 12 months	-	-
	-	-
<b>Deferred tax liabilities</b>		
Deferred tax liability to be paid after more than 12 months	(627)	(326)
<b>Net deferred tax liability</b>	<b>(627)</b>	<b>(326)</b>

The gross movement on the deferred income tax account is as follows:

	£'000	£'000
At 1 April	(326)	588
Charged to the income statement	(223)	(943)
Tax credit relating to components of other comprehensive income	(78)	29
<b>At 31 December / 31 March</b>	<b>(627)</b>	<b>(326)</b>

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 10 Deferred income tax (continued)

	Accelerated capital allowances £'000	Other £'000	Total £'000
<b>Deferred tax assets</b>			
At 1 April 2014	-	1,276	1,276
Transfer to deferred income tax liabilities	-	(1,276)	(1,276)
Charged to the income statement	-	-	-
<b>At 31 March 2015</b>	-	-	-
Transfer to deferred income tax liabilities	-	-	-
Charged to the income statement	-	-	-
<b>At 31 December 2015</b>	-	-	-

	Accelerated capital allowances £'000	Other £'000	Retirement benefit assets £'000	Total £'000
<b>Deferred tax liabilities</b>				
At 1 April 2014	(502)	-	(186)	(688)
Transfer from deferred income tax assets	-	1,276	-	1,276
Credited to other comprehensive income	-	-	29	29
Charged to the income statement	369	(1,312)	-	(943)
<b>At 31 March 2015</b>	<b>(133)</b>	<b>(36)</b>	<b>(157)</b>	<b>(326)</b>
Charged to other comprehensive income	-	-	(78)	(78)
Credited/(charged) to the income statement	30	-	(253)	(223)
<b>At 31 December 2015</b>	<b>(103)</b>	<b>(36)</b>	<b>(488)</b>	<b>(627)</b>

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 11 Retirement benefit assets

The group operates both a defined contribution stakeholder pension scheme and a defined benefit pension scheme for its staff.

The total pension cost for the company was £852,000 (Mar 2015: £2,601,000) of which £125,000 (Mar 2015: £1,080,000) relates to the defined benefit scheme. The pension cost relating to the defined benefit scheme is assessed in accordance with the advice of an independent qualified actuary using the Projected Unit method.

In respect of the defined contribution scheme, an amount of £162,000 (Mar 2015: £188,000) is included in accruals in respect of contributions payable at 31 December 2015.

	31 Dec 2015 £'000	31 Mar 2015 £'000
<b>Balance sheet asset for:</b>		
Pension benefits	2,437	933
<b>Asset in the balance sheet</b>	<b>2,437</b>	<b>933</b>
 <b>Income statement charge (note 18):</b>		
Pension benefits	125	1,080
 Actuarial gains/(losses) recognised in the statement of other comprehensive income in the period	391	(146)
 Cumulative actuarial gains/(losses) recognised in the statement of other comprehensive income	88	(303)

The amounts recognised in the balance sheet are determined as follows:

	31 Dec 2015 £'000	31 Mar 2015 £'000
Present value of funded obligations	(5,878)	(6,835)
Fair value of plan assets	8,315	7,768
<b>Asset in the balance sheet</b>	<b>2,437</b>	<b>933</b>

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 11 Retirement benefit assets (continued)

The movement in the defined benefit obligation over the period is as follows:

	<b>31 Dec 2015 £'000</b>	<b>31 Mar 2015 £'000</b>
At 1 April	<b>6,835</b>	4,957
Current service cost	-	1,441
Interest cost	<b>169</b>	223
Actuarial (gains)/losses	<b>(285)</b>	(561)
Benefits paid	<b>(243)</b>	(264)
Changes in assumptions	<b>(598)</b>	1,039
<b>At 31 December / 31 March</b>	<b>5,878</b>	6,835

The movement in the fair value of plan assets of the period is as follows:

	<b>31 Dec 2015 £'000</b>	<b>31 Mar 2015 £'000</b>
At 1 April	<b>7,768</b>	5,890
Expected return on plan assets	<b>197</b>	265
Actuarial (losses)/gains	<b>(346)</b>	332
Employer contributions	<b>901</b>	1,264
Employee contributions	<b>38</b>	319
Benefits paid	<b>(243)</b>	(264)
Expenses paid by scheme	-	(38)
<b>At 31 December / 31 March</b>	<b>8,315</b>	7,768

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 11 Retirement benefit assets (continued)

The amounts recognised in the income statement are as follows:

	31 Dec 2015 £'000	31 Mar 2015 £'000
Current service cost (after employee contributions)	153	1,122
Financial (income)/cost	(28)	(42)
<b>Total included in employee benefit expenses (note 18)</b>	<b>125</b>	<b>1,080</b>

The actual return on plan assets was -£149,000 (2015: £597,000).

#### Principal actuarial assumptions

The assets of the defined benefit pension scheme are valued at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	31 Dec 2015 £'000	31 Mar 2015 £'000
Inflation rate	3.1%	3.0%
Salary increase	3.1%	3.0%
Discount rate	4.0%	3.4%
Future pension increases for leavers	3.1%	3.0%
Expected return on plan assets	4.5%	4.5%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience. Mortality assumptions are based on the following mortality tables (i) S1NMA (ii) S1NFA with medium cohort adjustments subject to a minimum annual improvement rate of 1.0% (Mar 2015: 1.0%) for males and 0.75% (Mar 2015: 0.75%) for females per annum.

The mortality assumptions used were as follows:	31 Dec 2015 years	31 Mar 2015 years
Longevity at age 65 (2014: age 60) for current pensioners		
- men	22.3	22.2
- women	24.4	24.2
Longevity at age 65 (2014: age 60) for future pensioners		
- men	23.6	23.5
- women	25.5	25.3

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 11 Retirement benefit assets (continued)

Plan assets are comprised as follows:

	31 Dec 2015		31 Mar 2015	
	Long-term rate of return expected		Long-term rate of return expected	
	%	£'000	%	£'000
Cash	4.5%	854	4.5%	651
Bonds	4.5%	4,928	4.5%	4,627
Equities	4.5%	2,533	4.5%	2,490
		<b>8,315</b>		<b>7,768</b>

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the end of the reporting period. Expected returns on equity and property investments reflect long term real rates of return experienced in the respective markets, based on the current schedule of contributions and pensionable salaries at 31 July 2013. It is estimated that the expected contribution will be approximately £374,000 excluding employees' contributions for the year ending 31 December 2016.

Amounts for current period and previous four years	31 Dec 2015 £'000	31 Mar 2015 £'000	31 Mar 2014 £'000	31 Mar 2013 £'000	31 Mar 2012 £'000
Defined benefit obligation	(5,878)	(6,835)	(4,957)	(2,604)	(1,561)
Plan asset	8,315	7,768	5,890	3,097	1,707
<b>Surplus</b>	<b>2,437</b>	<b>933</b>	<b>933</b>	<b>493</b>	<b>146</b>
Experience adjustments on scheme assets	(346)	332	(92)	14	(42)
Experience adjustments on scheme liabilities	(598)	1,039	(166)	172	117

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 12 Share-based payments

Options have been granted to certain employees of the company by A4e Limited. The options were granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 3 years.

The company used the Black-Scholes option pricing model to determine the fair value of employee share options. The determination of the fair value of share-based payment awards on the date of grant using an option pricing model was affected by assumptions regarding a number of complex and subjective variables. These variables included the parent company's expected share price volatility over the term of the awards, actual and projected employee option exercise behaviours, risk-free interest rate and expected dividends. The expected volatility used in the valuation model was based on the volatility of the FTSE All Share Support Services Index, which was considered to be comparable for the company. The risk free rate of interest was taken to be a UK government bond with a maturity date on or around the end of the expected life of the option. The dividend yield was based on the payment rate.

The parent company is required to estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. The parent company uses historical data to estimate pre-vesting option forfeitures and record share-based compensation expense only for those awards that are expected to vest. All share-based payment awards are cash settled and amortised on a straight-line basis over the requisite service periods of the awards, which are generally the vesting periods.

The fair value per option granted and the assumptions used in the calculation are as follows:

		31 Dec 2015	31 Mar 2015
Share price at grant date	November 2012	-	£0.70
	January 2013	-	£0.70
Share exercise price	November 2012	-	£0.70
	January 2013	-	£0.68
Number of employees		-	7
Shares under option		-	500,000

On 27 April 2015, A4e Limited was purchased by Staffline Group plc. The outstanding share options were subsequently settled at the share price paid by Staffline Group plc, being £1.017 per share, and there is no remaining liability at 31 December 2015.



## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 12 Share-based payments (continued)

The number and weighted average exercise price of share options are as follows:

	31 Dec 2015		31 Mar 2015	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 April	500,000	0.69	1,660,000	0.70
Forfeited	-	-	(760,000)	0.71
Expired	-	-	(400,000)	0.71
Settled	(500,000)	0.69	-	-
Outstanding at 31 December / 31 March	-	-	500,000	0.69
Exercisable at 31 December / 31 March	-	-	500,000	0.69

The total charge for the period relating to employee share-based payment plans was £nil (Mar 2015: £89,000), all of which related to cash-settled share-based payment transactions.

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 13 Share capital

	Number of shares (thousands)	Ordinary shares £'000
At 31 March 2015 and 31 December 2015	21,050	1,053

#### 14 Other reserves

	Translation reserve £'000	Own shares £'000	Total £'000
At 1 April 2014	(4)	(1,447)	(1,451)
Currency translation differences	(378)	-	(378)
<b>At 31 March 2015</b>	<b>(382)</b>	<b>(1,447)</b>	<b>(1,829)</b>
At 1 April 2015	(382)	(1,447)	(1,829)
Currency translation differences	-	-	-
<b>At 31 December 2015</b>	<b>(382)</b>	<b>(1,447)</b>	<b>(1,829)</b>

Own shares are held by The Action For Employment Limited Employee Share Trust.

#### 15 Operating expenses by nature

	For the period ended 31 Dec 2015 £'000	For the year ended 31 Mar 2015 £'000
Depreciation charge (note 3)	2,139	3,445
Loss on disposal of property, plant and equipment	2	4
Operating lease charges	3,999	6,248
Employee benefit expense (note 18)	41,955	74,617
Exceptional operating expenses (note 16)	7,424	-
Other expenses	10,511	24,372
<b>Total operating expenses</b>	<b>66,030</b>	<b>108,686</b>

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 16 Exceptional operating expenses

	For the period ended 31 Dec 2015 £'000	For the year ended 31 Mar 2015 £'000
Redundancy costs (note 9)	1,418	-
Impairment of investment (note 4)	5,000	-
Impairment of intercompany receivables (note 5)	1,006	-
<b>Total exceptional operating expenses</b>	<b>7,424</b>	<b>-</b>

#### 17 Auditors' remuneration

	For the period ended 31 Dec 2015 £'000	For the year ended 31 Mar 2015 £'000
Fees payable to the company's auditor for the audit of the parent company	80	112
Fees payable to the company's auditor for other services:		
- Audit of the company's subsidiaries pursuant to legislation	8	8
- Tax compliance services	-	24
- Tax advisory services	-	200
- Other services	-	22
	<b>88</b>	<b>366</b>
Fees payable in respect of the A4e Limited Retirement Benefit Scheme audit	7	7

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 18 Employee benefit expense

	For the period ended 31 Dec 2015	For the year ended 31 Mar 2015
	£'000	£'000
Wages and salaries including restructuring costs and other termination benefits	37,809	66,149
Social security costs	3,294	5,915
Pension costs – defined contribution plans	727	1,521
Pension costs – defined benefit plans (note 11)	125	1,080
Cost of employee share scheme (note 12)	-	89
	<b>41,955</b>	<b>96,629</b>

The average monthly number of employees, including executive Directors, during the period was as follows:

By activity	For the period ended 31 Dec 2015	For the year ended 31 Mar 2015
	Number	Number
Management	255	397
Administration	1,604	2,384
	<b>1,859</b>	<b>2,781</b>

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 18 Employee benefit expense (continued)

Directors' emoluments	For the period ended 31 Dec 2015	For the year ended 31 Mar 2015
	£'000	£'000
Aggregate emoluments	484	646
Compensation for loss of office	2,834	178
Company contributions to money purchase schemes	-	24
	3,318	848

The number of Directors, to whom retirement benefits were accruing under money purchase schemes was nil (Mar 2015: 3).

Highest paid director	For the period ended 31 Dec 2015	For the year ended 31 Mar 2015
	£'000	£'000
Aggregate emoluments	38	291
Compensation for loss of office	1,902	-
	1,940	291

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 19 Finance income and costs

	For the period ended 31 Dec 2015	For the year ended 31 Mar 2015
	£'000	£'000
Finance income:		
Interest income on cash at bank	31	94
<b>Finance income</b>	<b>31</b>	<b>94</b>
Interest expense:		
Bank borrowings	(107)	(1,111)
Other borrowings	(62)	(484)
<b>Finance costs</b>	<b>(169)</b>	<b>(1,595)</b>
<b>Net finance costs</b>	<b>(138)</b>	<b>(1,501)</b>

#### 20 Income tax expense

	For the period ended 31 Dec 2015	For the year ended 31 Mar 2015
	£'000	£'000
<b>Current tax:</b>		
Current tax on (loss)/profit for the period	63	1,605
Adjustments in respect of prior years	-	(14)
<b>Total current tax</b>	<b>63</b>	<b>1,591</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	239	1,098
Adjustments in respect of prior years	-	(103)
Impact of change in tax rate	(16)	(52)
<b>Total deferred tax</b>	<b>223</b>	<b>943</b>
<b>Income tax expense</b>	<b>286</b>	<b>2,534</b>

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 20 Income tax expense (continued)

Tax on the company's profit before tax differs from the theoretical amount that would arise using the standard tax rate applicable in the UK to profits of as follows:

	For the period ended 31 Dec 2015	For the year ended 31 Mar 2015
	£'000	£'000
<b>(Loss)/Profit before income tax</b>	<b>(13,799)</b>	<b>7,208</b>
Tax calculated at the standard rate of corporation tax in the UK of 20% (year ended 31 March 2015: 21%)	<b>(3,450)</b>	<b>1,514</b>
Tax effects of:		
Expenses not deductible for tax purposes	<b>239</b>	<b>1,210</b>
Utilised losses	-	-
Re-measurement of deferred tax – change in tax rate through income statement	<b>(16)</b>	<b>(65)</b>
Effect of group relief	<b>3,450</b>	<b>(7)</b>
Adjustments in respect of prior years	<b>63</b>	<b>(118)</b>
<b>Income tax expense</b>	<b>286</b>	<b>2,534</b>

#### Factors affecting future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 21 Operating lease commitments

The company leases various property and equipment under non-cancellable operating lease agreements. The lease terms are between 12 months and 10 years and the majority of the lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other operating leases	
	31 Dec 2015 £'000	31 Mar 2015 £'000	31 Dec 2015 £'000	31 Mar 2015 £'000
No later than one year	597	4,052	-	-
Later than one year and no later than five years	5,100	7,445	-	-
Greater than five years	6,881	3,252	-	-
	12,578	14,749	-	-

#### 22 Contingent liabilities

An unlimited inter-company composite guarantee, together with debentures between the company and its subsidiaries in the United Kingdom, provides security covering all group liabilities to the group's bankers.



## A4e Limited

### Notes to the financial statements for the period ended 31 December 2015 (continued)

#### 23 Related party disclosures

The company was acquired by Staffline Group plc on 27 April 2015. As a wholly owned subsidiary of Staffline Group plc, the company has taken advantage of the exemption contained in IAS 24 and has therefore not disclosed transactions or balances with wholly owned entities which form part of the group.

##### (a) Transactions and balances with related parties

	Transactions during the period		Balance at the period end	
	For the period ended 31 Dec 2015 £'000	For the year ended 31 Mar 2015 £'000	31 Dec 2015 £'000	31 Mar 2015 £'000
Donations to entities controlled by key management personnel	6	75	-	-
Costs paid on behalf of entities controlled by key management personnel (note 1 below)	7	16	-	-
Lease of property from other related parties – Thornbridge Ltd (controlled by Mr J Harrison)	-	814	-	-
Loans from other related parties – Thornbridge Ltd (controlled by Mr J Harrison)	-	2,529	-	5,529
<b>Total</b>	<b>13</b>	<b>3,434</b>	<b>-</b>	<b>5,529</b>

##### Notes

- (1) Costs paid on behalf of entities controlled by key management personnel are on normal commercial terms and conditions.

##### (b) Directors

See note 18 for details of transactions with Directors.

#### 24 Ultimate parent undertaking and controlling party

The directors consider that the ultimate parent undertaking of this company from 27 April 2015 is Staffline Group plc, incorporated in the United Kingdom, by virtue of its 100% holding in the issued share capital of the company at the period end.

The company is included in the consolidated financial statements of Staffline Group plc, the largest and smallest group to consolidate this entity, and these financial statements are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maindy Cardiff, CF4 3UZ.

## **A4e Limited**

### **Notes to the financial statements for the period ended 31 December 2015 (continued)**

#### **25 Post balance sheet event**

On 1 January 2016 the majority of the trade and assets of A4e Limited were transferred to PeoplePlus Group Limited, a fellow subsidiary of Staffline Group plc, as part of a group reorganisation. Therefore, the revenue, profits and net assets of A4e Limited for the year ended 31 December 2016 are expected to significantly reduce.