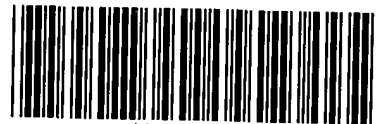


Registered number 02631340 (England and Wales)

**A4e Limited**

**Annual report and consolidated financial statements  
for the year ended 31 March 2015**

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# A4e Limited

## Annual report and consolidated financial statements for the year ended 31 March 2015

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## **A4e Limited**

### **Directors and advisers for the year ended 31 March 2015**

#### **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**

National Westminster Bank plc  
244 Fulwood Road  
Broomhill  
Sheffield  
South Yorkshire  
S10 3AA

#### **Registered Number**

02631340

## **A4e Limited**

### **Strategic report for the year ended 31 March 2015**

The Directors present their strategic report on the company and the group for the year ended 31 March 2015.

#### **Overview**

Tackling high levels of unemployment remains a top priority for the Government. In the financial year to 31 March 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.

In Australia, whilst the impact of the economic downturn has not been so keenly felt, there is a continued focus on welfare and skills provision with the Job Services Australia (JSA) contracts being retendered in the first quarter of the calendar year 2015.

#### **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. In Australia, we deliver the Government's JSA programme.
- **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 CPA's are in the top quartile as we exploit the functionality of the recently implemented Connect4Work, which continues to meet our expectations in terms of efficiency and effectiveness.

We have continued to focus on transforming our skills delivery, which has recently culminated in the award of a 'good' (Grade 2) rating from Ofsted for our Skills England delivery. Additionally, we are developing our apprenticeships offering. The OLASS London contract has been successfully transitioned to Manchester College in January 2015, following our decision to agree an early exit from the contract with Skills Funding Agency (SFA). The East of England contract continues to operate effectively.

In Australia, we have been successful in the latest JSA retender, which means the business has grown slightly and is now consolidated around the Sydney area. Implementation of the new contract will be complete by the end of July 2015.

## A4e Limited

### Strategic report for the year ended 31 March 2015 (continued)

#### Future developments

The group continues to focus in the same markets and geographies. The primary goal is to remain a significant provider of employment services following the retender of the Work Programme in the UK and the JSA contract in Australia. The group is seeking to strengthen its skills and apprenticeships provision by achieving an Ofsted Grade 2, enabling greater drawdown.

#### Managing and mitigating risk

The group 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 in a range of ways including, investment into new IT systems, Connect4Work and Customer Connect.

The business will continue to balance its work across markets that operate management fees and outcome funding in relation to the services provided. We are also planning to generate commercial revenue, alongside, public revenue streams. Our focus remains, as ever, on the strength of our customer relationships – including enhancements to the ways in which we respond to customer complaints.

The group maintains strong relationships and frequent dialogue with both our shareholders and banking partners to ensure that the future financing needs of the business are managed.

#### Results and dividends

The group made an operating profit of £10.7m (2014: £3.2m) and an EBITDA profit of:

	2015	2014
	£'m	£'m
Operating profit	10.7	3.2
Depreciation charge (note 4)	3.7	3.3
Impairment and amortisation charge (note 5)	1.4	1.1
<b>EBITDA</b>	<b>15.8</b>	<b>7.6</b>

The group's profit before income tax for the year is shown on page 10. This includes £Nil (2014: £1.9m) of exceptional operating expenses. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Directors do not recommend the payment of any dividends for the year ended 31 March 2015 (2014: £Nil).

## A4e Limited

### Strategic report for the year ended 31 March 2015 (continued)

#### Principal risks and uncertainties

The group, 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 group. We have a robust risk management process, which is designed to identify, manage and mitigate risk.

This section highlights the principal risks and uncertainties that affect the group, 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 group continues to develop strong and productive relationships with employers both in the UK and internationally.

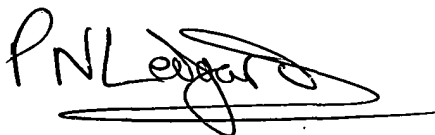
The increasing use of 'Payment by results' as a funding mechanism by UK and Australian governments places a greater working capital requirement on the group. In response, we have developed and established ways of working that deliver sustainable outcomes for all our customers and drive revenue for the group. Additionally, we have established and developed strong working relationships with our shareholders and banking partners.

#### - 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.

On behalf of the Board



Phil Ledgard  
Director

10 August

2015

## **A4e Limited**

### **Directors' report for the year ended 31 March 2015**

The Directors present their annual report and the audited consolidated financial statements of the company and the group for the year ended 31 March 2015.

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

#### **Going concern**

The consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements show a net asset position at 31 March 2015, and A4e is forecasting similar profitability for 2015/2016 and 2016/2017 with the majority of this profitability arising from contracts that A4e already delivers.

#### **Results and dividends**

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

The Directors do not recommend the payment of any dividends for the year ended 31 March 2015 (2014: £Nil).

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

On 27 April 2015, A4e Limited was purchased by Staffline Group plc.

#### **Pay and remuneration**

A4e carried out a pay review in this financial year 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 year and up to the date of signing the financial statements (unless otherwise stated) are given below:

S Anderson CBE	(appointed 1 April 2014, 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)
M Lovell	(resigned 31 May 2014)
N MacDonald	(appointed 1 April 2014, resigned 27 April 2015)
M Stevens	(resigned 1 September 2014)
Sir R Young KCB	(resigned 27 April 2015)

## **A4e Limited**

### **Directors' report for the year ended 31 March 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 consolidated financial statements (and for the financial year ended 31 March 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 group maintained a directors' and officers' liability insurance policy throughout the financial year.

#### **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 group'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 group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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.



## A4e Limited

### Directors' report for the year ended 31 March 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the group 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 the group 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 IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the group and 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 and group.


#### Statement of disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the group'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 group'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

10 August

2015

# **A4e Limited**

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

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

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#### **Our opinion**

In our opinion:

- A4e Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2015 and of the group's profit and the group's and the company's cash flows for the year then ended;
  - the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
  - the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
  - the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.
- 

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

A4e Limited's financial statements comprise:

- the Consolidated balance sheet and company balance sheet as at 31 March 2015;
- the Consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the Consolidated and company statement of cash flows for the year then ended;
- the Consolidated and company statement of changes in equity for the year then ended; 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 IFRSs as adopted by the European Union and, as regards the company financial statements, 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 financial year 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.

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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.

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

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

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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.

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

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 group's and 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 and consolidated financial statements 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*

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

10 August 2015

## A4e Limited

### Consolidated income statement for the year ended 31 March 2015

		2015	2014
	Note	£'000	£'000
<b>Continuing operations</b>			
Revenue	3	166,424	189,393
Operating expenses		(155,722)	(184,293)
Exceptional operating expenses	20	-	(1,871)
Total operating expenses	19	(155,722)	(186,164)
<b>Operating profit</b>		<b>10,702</b>	<b>3,229</b>
Finance income	23	94	66
Finance costs	23	(1,569)	(1,020)
Finance costs – net	23	(1,475)	(954)
<b>Profit before income tax</b>		<b>9,227</b>	<b>2,275</b>
Income tax expense	24	(2,825)	(760)
<b>Profit for the year</b>		<b>6,402</b>	<b>1,515</b>
<b>Profit attributable to:</b>			
Owners of the parent	12	6,408	1,536
Non-controlling interests		(6)	(21)
		<b>6,402</b>	<b>1,515</b>

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £4,674,000 (2014: loss of £5,597,000).

The notes on pages 20 to 66 are an integral part of these consolidated financial statements.

## A4e Limited

### Consolidated statement of comprehensive income for the year ended 31 March 2015

		2015	2014
	Note	£'000	£'000
<b>Profit for the year</b>		<b>6,402</b>	<b>1,515</b>
<b>Other comprehensive income:</b>			
Currency translation differences	11	(261)	97
Actuarial losses on post employment benefit assets	17	(146)	(133)
Movement on deferred tax in relation to actuarial losses	16	29	27
<b>Other comprehensive loss for the year, net of tax</b>		<b>(378)</b>	<b>(9)</b>
<b>Total comprehensive income for the year</b>		<b>6,024</b>	<b>1,506</b>
<b>Comprehensive income attributable to:</b>			
Owners of the parent		6,030	1,527
Non-controlling interests		(6)	(21)
<b>Total comprehensive income for the year</b>		<b>6,024</b>	<b>1,506</b>

The notes on pages 20 to 66 are an integral part of these consolidated financial statements.

**Consolidated balance sheet  
as at 31 March 2015**

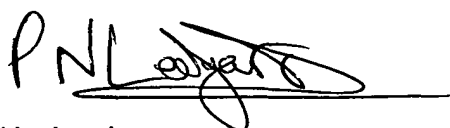
	Note	2015 £'000	2014 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	8,965	10,323
Intangible assets	5	3,055	4,897
Deferred income tax assets	16	131	383
Retirement benefit assets	17	933	933
		<b>13,084</b>	16,536
<b>Current assets</b>			
Deferred income tax assets	16	-	1,276
Trade and other receivables	7	20,004	19,381
Current income tax assets		-	368
Cash and cash equivalents	8	8,777	10,110
		<b>28,781</b>	31,135
Assets of disposal group classified as held for sale	9	-	332
		<b>28,781</b>	31,467
<b>Total assets</b>		<b>41,865</b>	48,003
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	10	1,053	1,053
Other reserves	11	(1,575)	(1,314)
Retained earnings/(accumulated losses)	12	1,041	(5,250)
		<b>519</b>	(5,511)
<b>Non-controlling interests</b>		<b>5</b>	11
<b>Total equity</b>		<b>524</b>	(5,500)

**Consolidated balance sheet  
as at 31 March 2015 (continued)**

	Note	2015 £'000	2014 £'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	13	-	3,700
Borrowings	14	-	17,600
Provisions for other liabilities and charges	15	959	-
Deferred income tax liabilities	16	330	688
		<b>1,289</b>	<b>21,988</b>
<b>Current liabilities</b>			
Trade and other payables	13	18,815	27,602
Current income tax liability		656	-
Borrowings	14	19,588	2,405
Provisions for other liabilities and charges	15	993	1,486
		<b>40,052</b>	<b>31,493</b>
Liabilities of disposal group classified as held for sale	9	-	22
		<b>40,052</b>	<b>31,515</b>
<b>Total liabilities</b>		<b>41,341</b>	<b>53,503</b>
<b>Total equity and liabilities</b>		<b>41,865</b>	<b>48,003</b>

The notes on pages 20 to 66 are an integral part of these consolidated financial statements.

The financial statements on pages 10 to 66 were authorised for issue by the Board of Directors on  
10 March 2015 and were signed on its behalf by:



**Phil Ledgard**  
Director

# Consolidated statement of changes in equity for the year ended 31 March 2015

		Attributable to owners of the parent					
	Note	Share capital £'000	Other reserves £'000	Retained earnings / (accumulated losses) £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 1 April 2013		1,053	(1,411)	(6,680)	(7,038)	32	(7,006)
Profit/(loss) for the year		-	-	1,536	1,536	(21)	1,515
Other comprehensive income							
Currency translation differences	11	-	97	-	97	-	97
Actuarial losses on post employment benefit assets	17	-	-	(133)	(133)	-	(133)
Deferred tax in relation to actuarial losses	16	-	-	27	27	-	27
Total other comprehensive income/(expense)		-	97	(106)	(9)	-	(9)
Total comprehensive income/(expense)		-	97	1,430	1,527	(21)	1,506
Balance at 31 March 2014		1,053	(1,314)	(5,250)	(5,511)	11	(5,500)



**Consolidated statement of changes in equity  
for the year ended 31 March 2015 (continued)**

	Note	Attributable to owners of the parent					Non-controlling interests £'000	Total equity £'000
		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>(1,314)</b>	<b>(5,250)</b>	<b>(5,511)</b>		<b>11</b>	<b>(5,500)</b>
Profit/(loss) for the year		-	-	6,408	6,408		(6)	6,402
<b>Other comprehensive income</b>								
Currency translation differences	11	-	(261)	-	(261)		-	(261)
Actuarial losses on post employment benefit assets	17	-	-	(146)	(146)		-	(146)
Deferred tax in relation to actuarial losses	16	-	-	29	29		-	29
Total other comprehensive expense		-	(261)	(117)	(378)		-	(378)
<b>Total comprehensive (expense)/income</b>		<b>-</b>	<b>(261)</b>	<b>6,291</b>	<b>6,030</b>		<b>(6)</b>	<b>6,024</b>
<b>Balance at 31 March 2015</b>		<b>1,053</b>	<b>(1,575)</b>	<b>1,041</b>	<b>519</b>		<b>5</b>	<b>524</b>

## Company balance sheet as at 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Non-current assets</b>			
Property, plant and equipment	4	8,720	9,857
Intangible assets	5	-	-
Investments	6	7,536	7,730
Retirement benefit assets	17	933	933
		<b>17,189</b>	<b>18,520</b>
<b>Current assets</b>			
Deferred income tax assets	16	-	1,276
Trade and other receivables	7	20,857	23,286
Current income tax assets		-	368
Cash and cash equivalents	8	7,228	8,952
		<b>28,085</b>	<b>33,882</b>
<b>Total assets</b>		<b>45,274</b>	<b>52,402</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	10	1,053	1,053
Other reserves	11	(1,829)	(1,451)
Retained earnings/(accumulated losses)	12	3,643	(914)
<b>Total equity</b>		<b>2,867</b>	<b>(1,312)</b>

**Company balance sheet  
as at 31 March 2015 (continued)**

		2015	2014
	Note	£'000	£'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	13	-	3,700
Borrowings	14	-	17,600
Provisions for other liabilities and charges	15	959	-
Deferred income tax liabilities	16	326	688
		<b>1,285</b>	<b>21,988</b>
<b>Current liabilities</b>			
Trade and other payables	13	19,939	27,870
Current income tax liability		602	-
Borrowings	14	19,588	2,405
Provisions for other liabilities and charges	15	993	1,451
		<b>41,122</b>	<b>31,726</b>
<b>Total liabilities</b>		<b>42,407</b>	<b>53,714</b>
<b>Total equity and liabilities</b>		<b>45,274</b>	<b>52,402</b>

The notes on pages 20 to 66 are an integral part of these consolidated financial statements.

The financial statements on pages 10 to 66 were authorised for issue by the Board of Directors on  
10 August 2015 and were signed on its behalf by:



**Phil Ledgard**  
Director

## A4e Limited

### Company statement of changes in equity for the year ended 31 March 2015 (continued)

	Note	Attributable to shareholders			Total £'000
		Share capital £'000	Other reserves £'000	Retained earnings / (accumulated losses) £'000	
<b>Balance at 1 April 2013</b>		<b>1,053</b>	<b>(1,447)</b>	<b>4,789</b>	<b>4,395</b>
Loss for the year		-	-	(5,597)	(5,597)
<b>Other comprehensive income</b>					
Currency translation differences	11	-	(4)	-	(4)
Actuarial losses on post employment benefit assets	17	-	-	(133)	(133)
Deferred tax in relation to actuarial losses	16	-	-	27	27
Total other comprehensive expense		-	(4)	(106)	(110)
<b>Total comprehensive expense</b>		<b>-</b>	<b>(4)</b>	<b>(5,703)</b>	<b>(5,707)</b>
<b>Balance at 31 March 2014</b>		<b>1,053</b>	<b>(1,451)</b>	<b>(914)</b>	<b>(1,312)</b>

	Note	Attributable to shareholders			Total £'000
		Share capital £'000	Other reserves £'000	Retained earnings / (accumulated losses) £'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	11	-	(378)	-	(378)
Actuarial losses on post employment benefit assets	17	-	-	(146)	(146)
Deferred tax in relation to actuarial losses	16	-	-	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

### Consolidated and company statement of cash flows for the year ended 31 March 2015

	Note	Group		Company	
		2015	2014	2015	2014
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	3,339	13,411	2,931	15,217
Interest paid		(1,569)	(1,020)	(1,579)	(1,042)
Income tax paid		(602)	(268)	(620)	(370)
Net cash generated from operating activities		1,168	12,123	732	13,805
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment ("PPE")	4	(2,383)	(4,416)	(2,312)	(4,266)
Proceeds from sale of PPE	25	11	25	-	-
Proceeds from disposal of subsidiary		194	-	194	-
Interest received		94	66	79	82
Net cash used in investing activities		(2,084)	(4,325)	(2,039)	(4,184)
<b>Cash flows from financing activities</b>					
Repayment of borrowings		(417)	(5,000)	(417)	(5,000)
Net cash used in financing activities		(417)	(5,000)	(417)	(5,000)
Net (decrease)/increase in cash and cash equivalents		(1,333)	2,798	(1,724)	4,621
Cash and cash equivalents at beginning of year		10,110	7,312	8,952	4,331
Cash and cash equivalents at end of year	8	8,777	10,110	7,228	8,952

The notes on pages 20 to 66 are an integral part of these consolidated financial statements.

# **A4e Limited**

## **Notes to the financial statements for the year ended 31 March 2015**

### **1 Significant accounting policies**

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

#### **1.1 Basis of preparation**

The consolidated financial statements of A4e Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs as adopted by the EU'), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.25.

#### **1.2 Going concern**

The consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements show a net asset position at 31 March 2015, and A4e is forecasting similar profitability for 2015/2016 and 2016/2017 with the majority of this profitability arising from contracts that A4e already delivers.

#### **1.3 Changes in accounting policy and disclosures**

##### **(a) New and amended standards adopted by the group**

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2014 that have been adopted or would have a material impact on the group.

##### **(b) New standards and interpretations not yet adopted**

There are no new IFRSs or IFRIC interpretations that have been applied in preparing these consolidated financial statements before their operative date, as they are not expected to have a material impact on the group.

## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

##### **1.4 Consolidation**

###### **(a) Subsidiaries**

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income (note 1.8).

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

###### **(b) Transactions and non-controlling interests**

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is revalued to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced and significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit and loss where appropriate.

## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

##### **1.5 Segmental reporting**

The group 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 Chief Executive Officer.

##### **1.6 Foreign currency translation**

###### **(a) Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The consolidated financial statements are presented in pounds sterling (£), which is the company's functional and the group's presentation currency.

###### **(b) Transactions and balances**

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the income statement.

###### **(c) Group companies**

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

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



## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

##### **1.7 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 group 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.

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 1.9).

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.

## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

##### **1.8 Intangible assets**

###### **(a) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is allocated to cash generating units ("CGU's") for the purposes of impairment testing, and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

###### **(b) Contractual customer relationships**

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

###### **(c) Brand & intellectual property**

Brand & intellectual property acquired in a business combination are recognised at fair value at the acquisition date. Brand & intellectual property are deemed to have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the Brand & intellectual property.

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

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

## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

##### **1.10 Financial assets**

###### **1.10.1 Classification**

The group 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 group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

###### **1.10.2 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.

###### **1.10.3 Impairment of financial assets**

The group 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 consolidated 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 consolidated income statement.

Impairment testing of trade receivables is described in note 7.

## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

##### **1.11 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.

##### **1.12 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.

##### **1.13 Share capital**

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

##### **1.14 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.

##### **1.15 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.

## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

##### **1.16 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 group's subsidiaries and associates operate and generate 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 consolidated 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 group and it is probable that the temporary difference will not reverse in the foreseeable future.

## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

##### **1.17 Employee benefits**

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

The group 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 group has both defined contribution and defined benefit plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group 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 group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group 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 group 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 group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

##### **1.18 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.

##### **1.19 Share-based payments**

The group operates a cash-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the group. 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.

## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

##### **1.20 Provisions**

Provisions for remedial contract provisions, vacant property obligations and restructuring costs are recognised when the group 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.

##### **1.21 Revenue recognition**

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

The group 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 group'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 turnover 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.

##### **1.22 Exceptional operating expenses**

Exceptional operating expenses are material items which fall outside the ordinary activities of the group 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 group'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.



## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

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

##### **1.23 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.

##### **1.24 Dividend distribution**

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

##### **1.25 Critical accounting estimates and assumptions**

The preparation of the group's financial statements in accordance with IFRS 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.

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of 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 company has used the Black-Scholes option pricing model to determine the fair value of employee share options. Any changes to the volatility and assumptions made by the Directors will impact the valuation. At 31 March 2015, the liability outstanding was £162,000 (2014: £73,000). See note 18 for additional information.

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 March 2015, the provision was £1,952,000 (2014: £1,486,000). See note 15 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 March 2015 was £933,000 (2014: £933,000). See note 17 for additional information.

## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

## **2 Financial risk management**

### **2.1 Financial risk factors**

The group's activities expose it to a variety of financial risks: namely market risk and credit risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group'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 group is not considered to be exposed to any risk variables that may subsequently impact on the value of the revenue recognised in the 12 months to 31 March 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 group'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. Note 7 to the financial statements evidences the ageing of the trade debtor balances as at the financial year end.

### **2.2 Capital risk management**

The working capital required to develop and grow the group's overseas subsidiaries is provided by the company, resulting in balances due to the company from the overseas subsidiary undertakings. These balances are susceptible to exchange rate movements, therefore the group enters into foreign exchange contracts as appropriate to reduce the exposure.

## **3 Segmental information**

The Board considers the business from a geographic perspective. Geographically the Board considers the performance of the UK and Australia as the business currently operates in these geographical areas.

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 3 Segmental information (continued)

The revenue, profit for the year, total assets and total liabilities are attributable to the principal activities of the group as described in the Strategic Report on page 2.

	2015 £'000	2014 £'000
<b>Segmental revenue</b>		
UK	153,330	169,912
Continental Europe	-	40
Australia	13,094	18,952
Rest of the World	-	489
<b>Revenue from external customers</b>	<b>166,424</b>	<b>189,393</b>

#### 4 Property, plant and equipment

Group	Freehold property £'000	Short-term leasehold improvements £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
<b>At 1 April 2013</b>						
Cost or valuation	700	2,867	2,358	192	9,907	16,024
Accumulated depreciation	(153)	(1,367)	(1,344)	(101)	(3,588)	(6,553)
<b>Net book amount</b>	<b>547</b>	<b>1,500</b>	<b>1,014</b>	<b>91</b>	<b>6,319</b>	<b>9,471</b>
<b>Year ended 31 March 2014</b>						
Opening net book amount	547	1,500	1,014	91	6,319	9,471
Exchange differences	-	-	(73)	(17)	(74)	(164)
Additions	-	137	51	14	4,214	4,416
Revaluation	(67)	-	-	-	-	(67)
Impairment charge	-	-	(5)	-	(5)	(10)
Disposals	-	-	(12)	(13)	-	(25)
Depreciation charge	-	(587)	(406)	(14)	(2,291)	(3,298)
<b>Closing net book amount</b>	<b>480</b>	<b>1,050</b>	<b>569</b>	<b>61</b>	<b>8,163</b>	<b>10,323</b>

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

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

Group	Freehold property £'000	Short-term leasehold improvements £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
<b>At 31 March 2014</b>						
Cost or valuation	480	2,239	1,800	124	11,654	16,297
Accumulated depreciation	-	(1,189)	(1,231)	(63)	(3,491)	(5,974)
<b>Net book amount</b>	<b>480</b>	<b>1,050</b>	<b>569</b>	<b>61</b>	<b>8,163</b>	<b>10,323</b>
<b>Year ended 31 March 2015</b>						
Opening net book amount	480	1,050	569	61	8,163	10,323
Exchange differences	-	-	(9)	(3)	(8)	(20)
Reclassification	-	(29)	29	-	-	-
Additions	-	174	66	-	2,143	2,383
Disposals	-	-	(2)	(11)	(2)	(15)
Depreciation charge	(11)	(416)	(298)	(25)	(2,956)	(3,706)
<b>Closing net book amount</b>	<b>469</b>	<b>779</b>	<b>355</b>	<b>22</b>	<b>7,340</b>	<b>8,965</b>
<b>At 31 March 2015</b>						
Cost or valuation	480	1,498	1,639	103	12,212	15,932
Accumulated depreciation	(11)	(719)	(1,284)	(81)	(4,872)	(6,967)
<b>Net book amount</b>	<b>469</b>	<b>779</b>	<b>355</b>	<b>22</b>	<b>7,340</b>	<b>8,965</b>

Depreciation expense of £3,706,000 (2014: £3,298,000) has been charged in 'operating expenses' in the consolidated income statement.

Lease rentals amounting to £144,000 (2014: £112,000) and £7,580,000 (2014: £8,373,000) relating to the lease of computer equipment and property, respectively, are included in the income statement (note 19).

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

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

Company	Freehold property £'000	Short-term leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<b>At 1 April 2013</b>					
Cost or valuation	625	2,867	1,528	8,725	13,745
Accumulated depreciation	(78)	(1,367)	(952)	(2,865)	(5,262)
<b>Net book amount</b>	<b>547</b>	<b>1,500</b>	<b>576</b>	<b>5,860</b>	<b>8,483</b>
<b>Year ended 31 March 2014</b>					
Opening net book amount	547	1,500	576	5,860	8,483
Additions	-	106	32	4,128	4,266
Revaluations	(67)	-	-	-	(67)
Depreciation charge	-	(585)	(231)	(2,009)	(2,825)
<b>Closing net book amount</b>	<b>480</b>	<b>1,021</b>	<b>377</b>	<b>7,979</b>	<b>9,857</b>
<b>At 31 March 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
Disposals	-	-	(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>

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 year ended 31 March 2015 (continued)

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

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

Group	2015 £'000	2014 £'000	2013 £'000
Cost	352	352	352
Aggregate depreciation	(95)	(88)	(81)
<b>Net book amount</b>	<b>257</b>	<b>264</b>	<b>271</b>

Company	2015 £'000	2014 £'000	2013 £'000
Cost	253	253	253
Aggregate depreciation	(87)	(82)	(77)
<b>Net book amount</b>	<b>166</b>	<b>171</b>	<b>176</b>

#### 5 Intangible assets

Group	Goodwill £'000	Contractual customer relationships £'000	Brand & intellectual property £'000	Total £'000
<b>At 1 April 2013</b>				
Cost	640	2,659	4,940	8,239
Accumulated amortisation and impairment charge	(240)	(1,077)	(999)	(2,316)
<b>Net book amount</b>	<b>400</b>	<b>1,582</b>	<b>3,941</b>	<b>5,923</b>
<b>Year ended 31 March 2014</b>				
Opening net book amount	400	1,582	3,941	5,923
Amortisation charge	-	(532)	(494)	(1,026)
<b>Closing net book amount</b>	<b>400</b>	<b>1,050</b>	<b>3,447</b>	<b>4,897</b>
<b>At 31 March 2014</b>				
Cost	640	2,659	4,940	8,239
Accumulated amortisation and impairment charge	(240)	(1,609)	(1,493)	(3,342)
<b>Net book amount</b>	<b>400</b>	<b>1,050</b>	<b>3,447</b>	<b>4,897</b>

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 5 Intangible assets (continued)

Group	Goodwill £'000	Contractual customer relationships £'000	Brand & intellectual property £'000	Total £'000
<b>Year ended 31 March 2015</b>				
Opening net book amount	400	1,050	3,447	4,897
Exchange differences	-	(131)	(245)	(376)
Impairment charge	-	-	(440)	(440)
Amortisation charge	-	(532)	(494)	(1,026)
<b>Closing net book amount</b>	<b>400</b>	<b>387</b>	<b>2,268</b>	<b>3,055</b>
<b>At 31 March 2015</b>				
Cost	640	2,528	4,695	7,863
Accumulated amortisation and impairment charge	(240)	(2,141)	(2,427)	(4,808)
<b>Net book amount</b>	<b>400</b>	<b>387</b>	<b>2,268</b>	<b>3,055</b>
				<b>Goodwill £'000</b>
<b>Company</b>				
<b>At 1 April 2013, 31 March 2014 and 31 March 2015</b>				
Cost				215
Accumulated impairment charge				(215)
<b>Net book amount</b>				-

#### Impairment tests for intangible assets

In accordance with IAS 36 'impairment of assets' intangible assets are subject to an annual impairment review.

The carrying value of goodwill is reduced to its recoverable amount through the recognition of an impairment charge if necessary. Any such charge is included within 'operating expenses' in the income statement together with the amortisation of contractual customer relationships and brand & intellectual property. The recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management. At 31 March 2015, management consider the carrying value of goodwill to be equal to the recoverable amount. As such, no further impairment charge has been recognised in these financial statements.

Contractual customer relationships and brand & intellectual property are amortised over the expected life of the assets. At 31 March 2015, management considered the carrying value of the brand & intellectual property and determined the need for an impairment charge of £440,000 (2014: £Nil) resulting from the loss of a significant contract in Australia. The impairment charge has been included within 'operating expenses' in the consolidated income statement.

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 6 Investments

Company	2015 £'000	2014 £'000
<b>Shares in group undertakings</b>		
At 1 April	7,730	992
Additions	732	11,740
Disposals	(194)	-
Impairment charge	(732)	(5,002)
<b>At 31 March</b>	<b>7,536</b>	<b>7,730</b>

During the year, the company authorised a capital contribution to A4e Deutschland GmbH amounting to £732,000. This has resulted in an increase in the cost of investments.

During the previous year, the company authorised capital contributions to A4e Australia and A4e India Pvt. Limited amounting to £11,031,000 and £709,000 respectively. This resulted in an increase in the cost of investments.

During the year, the company sold its 100% interest in A4e India Pvt. Limited with a carrying value of £194,000 to a third party for consideration of £194,000, which resulted in a profit on disposal of £Nil.

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 year end, through the recognition of an impairment charge. This charge has been included within 'operating expenses' in the income statement.

At 31 March 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 Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 6 Investments (continued)

Name of undertaking and country of incorporation	Nature of business	Description of shares and proportion of nominal value of that class 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 (Australia)*	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

#### 7 Trade and other receivables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Current</b>				
Trade receivables	5,026	5,827	4,829	5,195
Less: provision for impairment	(32)	(122)	(32)	(29)
Trade receivables – net	4,994	5,705	4,797	5,166
Prepayments and accrued income	14,548	13,141	13,423	12,134
Receivables from related parties	-	-	2,175	5,451
Other debtors	462	535	462	535
<b>Total trade and other receivables</b>	<b>20,004</b>	<b>19,381</b>	<b>20,857</b>	<b>23,286</b>

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

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 7 Trade and other receivables (continued)

As at 31 March 2015, trade receivables of £612,000 (2014: £1,256,000) (company - 2015: £562,000 (2014: £1,046,000)) were past due but not impaired. These relate to a number of customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Up to three months	246	632	204	444
Three – six months	10	30	2	-
Over six months	356	594	356	602
	<b>612</b>	<b>1,256</b>	<b>562</b>	<b>1,046</b>

As at 31 March 2015, trade receivables of £32,000 (2014: £122,000) (company - 2015: £32,000 (2014: £29,000)) were impaired and provided for in full. There is no indication that any of this debt will be settled. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Over six months	32	122	32	29

The carrying amounts of trade and other receivables are denominated in the following currencies:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
UK sterling	19,807	19,024	20,857	23,286
Australian dollar	197	351	-	-
Other currencies	-	6	-	-
	<b>20,004</b>	<b>19,381</b>	<b>20,857</b>	<b>23,286</b>

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 7 Trade and other receivables (continued)

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

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
At 1 April	122	358	29	266
Provision for receivables impairment	32	99	32	13
Receivables written off during the year as uncollectable	(122)	(335)	(29)	(250)
<b>At 31 March</b>	<b>32</b>	<b>122</b>	<b>32</b>	<b>29</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.

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.

#### 8 Cash and cash equivalents

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Cash at bank and in hand	1,651	1,273	104	116
Short term bank deposits	7,126	8,837	7,124	8,836
<b>Cash and cash equivalents</b>	<b>8,777</b>	<b>10,110</b>	<b>7,228</b>	<b>8,952</b>

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 9 Non-current assets held for sale

At 31 March 2014, the assets and liabilities related to A4e India Pvt. Limited were presented as held for sale following approval by the group's management and shareholders on 6 March 2014 to sell A4e India Pvt. Limited. The transaction was completed on 30 July 2014.

##### (a) Assets of disposal group classified as held for sale

	2015 £'000	2014 £'000
Trade and other receivables	-	64
Cash and cash equivalents	-	268
	-	332

##### (b) Liabilities of disposal group classified as held for sale

	2015 £'000	2014 £'000
Trade and other payables	-	22

#### 10 Share capital

Group and company	Number of shares (thousands)	Ordinary shares £'000
At 31 March 2014 and 31 March 2015	21,050	1,053

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 11 Other reserves

Group	Translation reserve £'000	Own shares £'000	Merger reserve £'000	Total £'000
At 1 April 2013	(421)	(1,447)	457	(1,411)
Currency translation differences	97	-	-	97
<b>At 31 March 2014</b>	<b>(324)</b>	<b>(1,447)</b>	<b>457</b>	<b>(1,314)</b>
At 1 April 2014	(324)	(1,447)	457	(1,314)
Currency translation differences	(261)	-	-	(261)
<b>At 31 March 2015</b>	<b>(585)</b>	<b>(1,447)</b>	<b>457</b>	<b>(1,575)</b>

Company	Translation reserve £'000	Own shares £'000	Total £'000
At 1 April 2013	-	(1,447)	(1,447)
Currency translation differences	(4)	-	(4)
<b>At 31 March 2014</b>	<b>(4)</b>	<b>(1,447)</b>	<b>(1,451)</b>
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>

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

#### 12 Retained earnings/(accumulated losses)

	Group £'000	Company £'000
At 1 April 2013	(6,680)	4,789
Profit/(loss) for the year	1,536	(5,597)
Actuarial losses on post employment benefit assets (note 17)	(133)	(133)
Deferred tax in relation to actuarial losses (note 16)	27	27
<b>At 31 March 2014</b>	<b>(5,250)</b>	<b>(914)</b>

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 12 Retained earnings/(accumulated losses) (continued)

	Group £'000	Company £'000
At 1 April 2014	(5,250)	(914)
Profit for the year	6,408	4,674
Actuarial losses on post employment benefit assets (note 17)	(146)	(146)
Deferred tax in relation to actuarial losses (note 16)	29	29
<b>At 31 March 2015</b>	<b>1,041</b>	<b>3,643</b>

#### 13 Trade and other payables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Non-current</b>				
Accrued expenses	-	963	-	963
Deferred income	-	2,737	-	2,737
<b>Total non-current trade and other payables</b>	<b>-</b>	<b>3,700</b>	<b>-</b>	<b>3,700</b>
<b>Current</b>				
Trade payables	<b>2,858</b>	4,117	<b>2,640</b>	3,930
Amounts due to related parties	-	-	<b>3,215</b>	3,400
Social security and other taxes	<b>4,041</b>	6,213	<b>3,349</b>	5,422
Accrued expenses	<b>8,430</b>	9,391	<b>8,338</b>	8,854
Deferred income	<b>3,171</b>	2,585	<b>2,085</b>	975
Other payables	<b>315</b>	5,296	<b>312</b>	5,289
<b>Total current trade and other payables</b>	<b>18,815</b>	<b>27,602</b>	<b>19,939</b>	<b>27,870</b>

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

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 14 Borrowings

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Non-current</b>				
Bank loan	-	14,600	-	14,600
Loan from related party	-	3,000	-	3,000
	-	17,600	-	17,600
<b>Current</b>				
Bank loan	14,054	2,400	14,054	2,400
Loan from related party	5,529	-	5,529	-
104,200 (2014: 104,200) redeemable preference shares of 5p each	5	5	5	5
	19,588	2,405	19,588	2,405
<b>Total borrowings</b>	<b>19,588</b>	<b>20,005</b>	<b>19,588</b>	<b>20,005</b>

All group and company borrowings are denominated in UK sterling.

##### Bank loan

The bank loan amounting to £17,000,000 expires on 31 December 2015 and is secured by a floating charge over all of the assets and liabilities of A4e Limited and its material subsidiaries. Interest of LIBOR plus 4% is applied to the full balance of the loan, and is payable during the course of the year. A further 8% PIK is applied to £7,000,000 of the loan and will 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 (note 30).

##### Loan from related party

The loan from related party represents a revolving credit facility of £5,000,000 provided by Thornbridge Limited (note 28) which expires on 31 December 2015 and is unsecured. At 31 March 2015, the full facility had been drawn down. Interest of 5% is payable on a monthly basis. A further 6% of interest is accrued on the loan balance and will be paid on termination of the facility. The accrued interest rolled-up into the loan at 31 March 2015 amounted to £529,000 (2014: £Nil).

The loan was repaid in full following the acquisition of the company by Staffline Group plc on 27 April 2015 (note 30).

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 14 Borrowings (continued)

##### Redeemable preference shares

Details of shares shown as liabilities are as follows:

Group and company	Allotted, issued and fully paid	
	2015 £'000	2014 £'000
<b>Redeemable shares:</b>		
Ordinary 'A' of 5p each	2	2
Ordinary 'B' of 5p each	1	1
Ordinary 'D' of 5p each	1	1
Ordinary 'E' of 5p each	1	1
	<b>5</b>	<b>5</b>

##### 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 will be 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 (note 30).



## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 15 Provisions for other liabilities and charges

Group	Dilapidations £'000	Redundancy £'000	Closure of overseas subsidiaries £'000	Contract claim provision £'000	Total £'000
At 1 April 2014	1,198	40	35	213	1,486
Additional provisions made during the year	380	263	-	350	993
Used during the year	(239)	(40)	(35)	(213)	(527)
<b>At 31 March 2015</b>	<b>1,339</b>	<b>263</b>	<b>-</b>	<b>350</b>	<b>1,952</b>

Analysis of total provisions:	<b>2015 £'000</b>	<b>2014 £'000</b>
Non-current	<b>959</b>	-
Current	<b>993</b>	<b>1,486</b>
	<b>1,952</b>	<b>1,486</b>

Company	Dilapidations £'000	Redundancy £'000	Contract claim provision £'000	Total £'000
At 1 April 2014	1,198	40	213	1,451
Additional provisions made during the year	380	263	350	993
Used during the year	(239)	(40)	(213)	(492)
<b>At 31 March 2015</b>	<b>1,339</b>	<b>263</b>	<b>350</b>	<b>1,952</b>

Analysis of total provisions:	<b>2015 £'000</b>	<b>2014 £'000</b>
Non-current	<b>959</b>	-
Current	<b>993</b>	<b>1,451</b>
	<b>1,952</b>	<b>1,451</b>

## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

#### **15 Provisions for other liabilities and charges (continued)**

**(a) 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.

**(b) Redundancy**

This relates to redundancy provisions for staff which have been paid in the first quarter of the financial year to 31 March 2016.

**(c) Closure of overseas subsidiaries**

The provision for the closure of overseas subsidiaries relates to the closure of A4e Deutschland GmbH and A4e France SAS. The provision was based on the expected costs involved with the closure. These costs were incurred during the financial year to 31 March 2015.

**(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. These costs are expected to be incurred in the financial year to 31 March 2016.

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 16 Deferred income tax

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Deferred tax assets</b>				
Deferred tax asset to be recovered after more than 12 months	131	383	-	-
Deferred tax asset to be recovered within 12 months	-	1,276	-	1,276
	131	1,659	-	1,276
<b>Deferred tax liabilities</b>				
Deferred tax liability to be paid after more than 12 months	(330)	(688)	(326)	(688)
<b>Net deferred tax (liability)/asset</b>	<b>(199)</b>	<b>971</b>	<b>(326)</b>	<b>588</b>

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

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
At 1 April	971	1,701	588	1,701
Charged to the income statement	(1,199)	(757)	(943)	(1,140)
Tax credit relating to components of other comprehensive income	29	27	29	27
<b>At 31 March</b>	<b>(199)</b>	<b>971</b>	<b>(326)</b>	<b>588</b>

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 16 Deferred income tax (continued)

Group	Accelerated capital allowances £'000	Other £'000	Total £'000
<b>Deferred tax assets</b>			
At 1 April 2013	552	1,262	1,814
Transfer to deferred income tax liabilities	(552)	-	(552)
Charged to the income statement	-	397	397
<b>At 31 March 2014</b>	<b>-</b>	<b>1,659</b>	<b>1,659</b>
Transfer to deferred income tax liabilities	-	(1,519)	(1,519)
Charged to the income statement	-	(9)	(9)
<b>At 31 March 2015</b>	<b>-</b>	<b>131</b>	<b>131</b>

	Accelerated capital allowances £'000	Other £'000	Retirement benefit assets £'000	Total £'000
<b>Deferred tax liabilities</b>				
At 1 April 2013	-	-	(113)	(113)
Transfer from deferred income tax assets	552	-	-	552
Credited to other comprehensive income	-	-	27	27
Charged to the income statement	(1,054)	-	(100)	(1,154)
<b>At 31 March 2014</b>	<b>(502)</b>	<b>-</b>	<b>(186)</b>	<b>(688)</b>
Transfer from deferred income tax assets	-	1,519	-	1,519
Credited to other comprehensive income	-	-	29	29
Credited/(charged) to the income statement	397	(1,587)	-	(1,190)
<b>At 31 March 2015</b>	<b>(105)</b>	<b>(68)</b>	<b>(157)</b>	<b>(330)</b>

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 16 Deferred income tax (continued)

Company	Accelerated capital allowances £'000	Other £'000	Total £'000
<b>Deferred tax assets</b>			
At 1 April 2013	552	1,262	1,814
Transfer to deferred income tax liabilities	(552)	-	(552)
Charged to the income statement	-	14	14
<b>At 31 March 2014</b>	<b>-</b>	<b>1,276</b>	<b>1,276</b>
Transfer to deferred income tax liabilities	-	(1,276)	(1,276)
Charged to the income statement	-	-	-
<b>At 31 March 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Accelerated capital allowances £'000	Other £'000	Retirement benefit assets £'000	Total £'000
<b>Deferred tax liabilities</b>				
At 1 April 2013	-	-	(113)	(113)
Transfer from deferred income tax assets	552	-	-	552
Credited to other comprehensive income	-	-	27	27
Charged to the income statement	(1,054)	-	(100)	(1,154)
<b>At 31 March 2014</b>	<b>(502)</b>	<b>-</b>	<b>(186)</b>	<b>(688)</b>
Transfer from deferred income tax assets	-	1,276	-	1,276
Credited to other comprehensive income	-	-	29	29
Credited/(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>

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.

A change in the main UK corporation tax rate from 21% to 20% was substantively enacted on 2 July 2013 and became effective from 1 April 2015. The relevant deferred tax balances have been re-measured.

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 17 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 group was £2,601,000 (2014: £3,582,000) of which £1,080,000 (2014: £1,579,000) 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 £188,000 (2014: £369,000) is included in accruals in respect of contributions payable at 31 March 2015.

Group and company	2015 £'000	2014 £'000
<b>Balance sheet asset for:</b>		
Pension benefits	933	933
<b>Asset in the balance sheet</b>	<b>933</b>	<b>933</b>
<b>Income statement charge (note 22):</b>		
Pension benefits	1,080	1,579
Actuarial losses recognised in the statement of other comprehensive income in the year	(146)	(133)
Cumulative actuarial losses recognised in the statement of other comprehensive income	(303)	(157)

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

	2015 £'000	2014 £'000
Present value of funded obligations	(6,835)	(4,957)
Fair value of plan assets	7,768	5,890
<b>Asset in the balance sheet</b>	<b>933</b>	<b>933</b>

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 17 Retirement benefit assets (continued)

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

	2015 £'000	2014 £'000
At 1 April	4,957	2,604
Current service cost	1,441	2,173
Interest cost	223	162
Actuarial (gains)/losses	(561)	207
Decrease in secured pensioners value due to scheme experience	-	(8)
Benefits paid	(264)	(15)
Changes in assumptions	1,039	(166)
<b>At 31 March</b>	<b>6,835</b>	<b>4,957</b>

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

	2015 £'000	2014 £'000
At 1 April	5,890	3,097
Expected return on plan assets	265	136
Actuarial gains/(losses)	332	(92)
Employer contributions	1,264	2,162
Employee contributions	319	620
Decrease in secured pensions value due to scheme experience	-	(8)
Benefits paid	(264)	(15)
Expenses paid by scheme	(38)	(10)
<b>At 31 March</b>	<b>7,768</b>	<b>5,890</b>

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 17 Retirement benefit assets (continued)

The amounts recognised in the income statement are as follows:

	2015 £'000	2014 £'000
Current service cost (after employee contributions)	1,122	1,553
Financial (income)/cost	(42)	26
<b>Total included in employee benefit expenses (note 22)</b>	<b>1,080</b>	<b>1,579</b>

The actual return on plan assets was £597,000 (2014: £44,000).

#### 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:

	2015 £'000	2014 £'000
Inflation rate	3.0%	3.3%
Salary increase	3.0%	3.3%
Discount rate	3.4%	4.5%
Future pension increases for leavers	3.0%	3.3%
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% (2014: 0.75%) for males and 0.75% (2014: 0.5%) for females per annum.

The mortality assumptions used were as follows:	2015 years	2014 years
Longevity at age 65 (2014: age 60) for current pensioners		
- men	22.2	26.4
- women	24.2	28.5
Longevity at age 65 (2014: age 60) for future pensioners		
- men	23.5	27.6
- women	25.3	29.3



## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 17 Retirement benefit assets (continued)

Plan assets are comprised as follows:

	2015		2014	
	Long-term rate of return expected		Long-term rate of return expected	
	%	£'000	%	£'000
Cash	4.5%	651	4.5	498
Bonds	4.5%	4,627	4.5	3,444
Equities	4.5%	2,490	4.5	1,948
		<b>7,768</b>		<b>5,890</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 £309,000 excluding employees' contributions for the year ending 31 March 2016.

Amounts for current and previous four years	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Defined benefit obligation	(6,835)	(4,957)	(2,604)	(1,561)	(1,113)
Plan asset	7,768	5,890	3,097	1,707	1,299
<b>Surplus</b>	<b>933</b>	<b>933</b>	<b>493</b>	<b>146</b>	<b>186</b>
Experience adjustments on scheme assets	332	(92)	14	(42)	(46)
Experience adjustments on scheme liabilities	1,039	(166)	172	117	(46)

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 18 Share-based payments

Options have been granted to certain employees of the group 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:

		2015	2014
Share price at grant date	November 2009	-	£6.84
	June and October 2010	-	£11.26
	November 2012	£0.70	£0.70
	January 2013	£0.70	£0.70
Share exercise price	July 2007	-	£0.44
	July 2008	-	£0.77
	November 2009	-	£0.68
	June 2010	-	£1.03
	October 2010	-	£1.04
	November 2012	£0.70	£0.70
	January 2013	£0.68	£0.68
Number of employees		7	11
Shares under option		500,000	1,660,000

**A4e Limited**  
**Notes to the financial statements for the year ended 31 March**  
**2015 (continued)**

**18 Share-based payments (continued)**

		2015	2014
Vesting period (years)		-	3
Expected volatility	November 2009	-	28.04%
	June and October 2010	-	25.37%
	November 2012	-	26.49%
	January 2013	-	28.04%
Option life (years)		-	3
Expected life (years)		-	2
Risk free interest rate	November 2009	-	0.94%
	June and October 2010	-	0.54%
	November 2012	-	0.88%
	January 2013	-	0.94%
Expected dividends expressed as a dividend yield	November 2009	-	11.08%
	June and October 2010	-	11.08%
	November 2012	-	11.08%
	January 2013	-	11.08%
Fair value per options	November 2009	-	£0.05
	June and October 2010	-	£0.00
	November 2012	-	£0.04
	January 2013	-	£0.05

Management consider the assumptions above are not relevant as on 27 April 2015, A4e Limited was purchased by Staffline Group plc (note 30). The outstanding share options were subsequently settled at the share price paid by Staffline Group plc at 27 April 2015, being £1.017 per share. As a result, the group has used this valuation to calculate a share-based payments liability of £162,000 at 31 March 2015 (2014: £73,000), which is included in other creditors.

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

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

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

	2015		2014	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 April	1,660,000	0.70	1,800,000	0.71
Forfeited	(760,000)	0.71	(75,000)	0.72
Expired	(400,000)	0.71	(65,000)	0.72
Outstanding at 31 March	500,000	0.69	1,660,000	0.70
Exercisable at 31 March	500,000	0.69	1,660,000	0.70

The options outstanding at 31 March 2015 can be further summarised as follows:

	2015		2014	
Exercise price	Number of shares outstanding	Weighted average remaining contractual life (years)	Number of shares outstanding	Weighted average remaining contractual life (years)
£0.44	-	-	110,000	-
£0.68	-	-	670,000	-
£1.03	-	-	160,000	-
£0.70	430,000	-	510,000	1
£0.68	70,000	-	210,000	-

The total charge for the year relating to employee share-based payment plans was £89,000 (2014: credit of £55,000), all of which related to cash-settled share-based payment transactions.

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 19 Operating expenses by nature

Group	2015 £'000	2014 £'000
Depreciation, amortisation and impairment charges (notes 4 and 5)	5,172	4,334
Loss on disposal of property, plant and equipment	4	-
Operating lease charges (note 4)	7,724	8,485
Employee benefit expense (note 22)	85,090	96,629
Exceptional operating expenses (note 20)	-	1,871
Other expenses	57,732	74,845
<b>Total operating expenses</b>	<b>155,722</b>	<b>186,164</b>

#### 20 Exceptional operating expenses

Group	2015 £'000	2014 £'000
Bank facility costs	-	724
Legal and professional fees	-	457
Compensation for loss of office	-	247
Costs associated with closing division	-	443
<b>Total exceptional operating expenses</b>	<b>-</b>	<b>1,871</b>

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 21 Auditors' remuneration

Group	2015 £'000	2014 £'000
Fees payable to the company's auditor for the audit of the parent company and consolidated financial statements	112	114
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	39
- Tax advisory services	200	139
- Other services	22	20
	366	320
Fees payable in respect of the A4e Limited Retirement Benefit Scheme audit	7	6

#### 22 Employee benefit expense

Group	2015 £'000	2014 £'000
Wages and salaries including restructuring costs and other termination benefits	76,310	85,248
Social security costs	6,090	7,854
Pension costs – defined contribution plans	1,521	2,003
Pension costs – defined benefit plans (note 17)	1,080	1,579
Cost of employee share scheme (note 18)	89	(55)
	85,090	96,629

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

By activity	2015 Number	2014 Number
Management	385	442
Administration	2,614	2,907
	2,999	3,349

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 22 Employee benefit expense (continued)

Directors' emoluments	2015 £'000	2014 £'000
Aggregate emoluments	646	965
Compensation for loss of office	178	247
Company contributions to money purchase schemes	24	35
	848	1,247

The number of Directors, to whom retirement benefits were accruing under money purchase schemes was 3 (2014: 2).

Highest paid director	2015 £'000	2014 £'000
Aggregate emoluments	291	150
Compensation for loss of office	-	247
	291	397

#### 23 Finance income and costs

Group	2015 £'000	2014 £'000
Finance income:		
Interest income on cash at bank	94	66
<b>Finance income</b>	<b>94</b>	<b>66</b>
Interest expense:		
Bank borrowings	(1,111)	(699)
Other borrowings	(458)	(321)
<b>Finance costs</b>	<b>(1,569)</b>	<b>(1,020)</b>
<b>Net finance costs</b>	<b>(1,475)</b>	<b>(954)</b>

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 24 Income tax expense

	2015 £'000	2014 £'000
<b>Current tax:</b>		
Current tax on profit for the year	1,659	3
Adjustments in respect of prior years	(33)	-
<b>Total current tax</b>	<b>1,626</b>	<b>3</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	1,215	909
Adjustments in respect of prior years	35	(240)
Impact of change in tax rate	(51)	88
<b>Total deferred tax</b>	<b>1,199</b>	<b>757</b>
<b>Income tax expense</b>	<b>2,825</b>	<b>760</b>

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

	2015 £'000	2014 £'000
<b>Profit before income tax</b>	<b>9,227</b>	<b>2,275</b>
Tax calculated at the standard rate of corporation tax in the UK of 21% (2014: 23%)	1,938	523
Tax effects of:		
Expenses not deductible for tax purposes	989	317
Other timing differences	167	(1)
Utilised losses	-	5
Re-measurement of deferred tax – change in tax rate through income statement	(65)	88
Re-measurement of deferred tax – change in tax rate through reserves	-	(4)
Adjustments in respect of prior years	2	(240)
Adjustments in respect of foreign tax rates	(206)	72
<b>Income tax expense</b>	<b>2,825</b>	<b>760</b>



## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 24 Income tax expense (continued)

##### Factors affecting future tax charges

A change in the main UK corporation tax rate from 21% to 20% was substantively enacted on 2 July 2013 and became effective from 1 April 2015.

#### 25 Cash generated from operations

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Profit/(loss) before income tax	9,227	2,275	7,208	(4,455)
Adjustments for:				
Depreciation and impairment of property, plant and equipment (note 4)	3,706	3,308	3,445	2,825
Intangibles and investments impairment and amortisation charge (notes 5 and 6)	1,466	1,026	732	5,002
Revaluation deficit of property, plant and equipment (note 4)	-	67	-	67
Loss on disposal of property, plant and equipment	4	-	4	-
Share-based payments (note 18)	89	(55)	89	(55)
Difference between pension charge and cash contribution	(146)	(573)	(146)	(573)
Foreign exchange losses/(gains)	135	261	(378)	(4)
Finance costs – net (note 23)	1,475	954	1,500	960
Changes in working capital:				
Trade and other receivables	(623)	1,853	2,429	16,282
Non-current assets held for sale	310	(310)	-	-
Trade and other payables	(12,770)	5,479	(12,453)	(4,299)
Provisions for liabilities and charges	466	(874)	501	(533)
<b>Cash generated from operations</b>	<b>3,339</b>	<b>13,411</b>	<b>2,931</b>	<b>15,217</b>

In the statement of cash flows, proceeds from sale of property, plant and equipment ("PPE") comprise:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Net book amount (note 4)	15	25	4	-
Loss on disposal of PPE	(4)	-	(4)	-
<b>Proceeds from disposal of PPE</b>	<b>11</b>	<b>25</b>	<b>-</b>	<b>-</b>

## A4e Limited

### Notes to the financial statements for the year ended 31 March 2015 (continued)

#### 26 Operating lease commitments

The group 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:

Group	Land and buildings		Other operating leases	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
No later than one year	4,415	6,116	23	258
Later than one year and no later than five years	7,672	10,605	-	34
Greater than five years	3,252	4,391	-	-
	15,339	21,112	23	292

Company	Land and buildings		Other operating leases	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
No later than one year	4,052	5,022	-	132
Later than one year and no later than five years	7,445	9,967	-	2
Greater than five years	3,252	4,391	-	-
	14,749	19,380	-	134

#### 27 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 year ended 31 March 2015 (continued)

#### 28 Related party disclosures

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

Group	Transactions during the year		Balance at the year end	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Donations to entities controlled by key management personnel	75	75	-	-
Costs paid on behalf of entities controlled by key management personnel (note 1 below)	16	-	-	-
Lease of property from entities controlled by key management personnel (note 2 below)	-	255	-	-
Lease of property from other related parties – Thornbridge Ltd (controlled by Mr J Harrison)	814	793	-	-
Loans from other related parties – Thornbridge Ltd (controlled by Mr J Harrison)	2,529	500	5,529	3,000
<b>Total</b>	<b>3,434</b>	<b>1,623</b>	<b>5,529</b>	<b>3,000</b>

##### Notes

- (1) Costs paid on behalf of entities controlled by key management personnel are on normal commercial terms and conditions.
- (2) Property leased from the Elite Pension Scheme of which Mrs E Harrison and her husband, Mr J Harrison, are beneficiaries. During 2014, a final settlement was paid to the Elite Pension Scheme to terminate the lease agreement.

##### (b) Directors

See note 22 for details of transactions with Directors.

## **A4e Limited**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

#### **28 Related party disclosures (continued)**

##### **(c) Key management compensation**

Key management includes Directors (executive and non-executive). The compensation paid or payable to key management for employee services is shown below:

	<b>2015 £'000</b>	<b>2014 £'000</b>
Salaries and other short term employee benefits	<b>1,737</b>	1,929
Compensation for loss of office	<b>178</b>	247
Post employment benefits	<b>75</b>	82
	<b>1,990</b>	2,258

#### **29 Ultimate parent undertaking and controlling party**

The ultimate parent undertaking and the parent of the smallest and largest group to consolidate these financial statements until 27 April 2015 was A4e Limited.

The ultimate controlling party until 27 April 2015 was Mrs E Harrison by virtue of her 85.51% shareholding in A4e Limited.

The ultimate parent undertaking and ultimate controlling party from 27 April 2015 is Staffline Group plc, a company incorporated in the United Kingdom.

#### **30 Events after the reporting period**

On 27 April 2015, A4e Limited was purchased by Staffline Group plc.