

Hudson Global Resources Limited

Directors' report and financial statements

Registered number 03206355

31 December 2014

WEDNESDAY



S4H1L0CA

SCT

30/09/2015

#536

COMPANIES HOUSE

Contents

Directors and advisers	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements	6
Independent auditor's Report to the members of Hudson Global Resources Limited	7
Profit and loss account	8
Statement of total recognised gains and losses	8
Balance sheet	9
Notes	10

Directors and advisers

Directors	J Melbourne P Istead A DeBretteville P Skalski
Auditor	KPMG LLP 191 West George Street Glasgow G2 2LJ
Registered office	Chancery House 53-64 Chancery Lane London WC2A 1QS

Strategic report

The directors present their strategic report for the year ended 31 December 2014.

Principal activities

Hudson Global Resources Limited ("the Company") provides professional staffing services on a permanent and contract consultancy basis and talent management services to businesses operating in many industries.

The Company's aim is to continue to expand its market share, targeting middle to senior management placements.

The Company has one branch outside the UK which operates in the Republic of Ireland.

Review of business

Turnover decreased from £120 million in 2013 to £115 million in 2014 however gross profit increased by £0.4 million from £32.8 million in 2013 to £33.2 million in 2014. The Company made an operating loss of £333,000 (2013: £123,000 loss).

Principal risks and uncertainties facing the business

The future growth of the business depends on the ability of the Company to continue to build strong professional relationships with clients and those seeking employment and recovery in the economy.

Trading conditions remained challenging in 2014 in a highly competitive market but the directors believe that the Company is well placed to expand its market presence and revenue.

The principal risks and uncertainties affecting the business include the following:

- Current economic climate: the market has started to recover however is highly competitive and remains challenging. The Company monitors actual performance against forecasts on a regular basis.
- Debtors: the Company maintains strong relationships with each of its key customers and has appropriate credit terms agreed with all customers which are closely managed. The Company makes a concerted effort to clear queries, reduce older debt and improve cash flow.
- The effect of legislation or other regulatory activities: the Company regularly monitors forthcoming and current legislation and its potential impact on the Company's finances and operating procedures.
- Foreign currency exchange: the Company monitors closely short, medium and long term exchange rates and manages its currency to protect it against currency fluctuations.

Financial ratios

	2014	2013
Gross Profit %	28.8%	27.4%
Current ratio	2.5	2.3
Debtor days	37	37

Future outlook

Market conditions remained very competitive and challenging in 2014, however there were signs of the recruitment market starting to recover in the final quarter. The directors' strategy is to improve market presence and product offering, improve margins and keep costs strictly under control and maximise cash.

The Parent company maintains adequate committed banking facilities and has undrawn committed borrowing facilities, if required to meet any short term working cashflow requirements. The company agreed a new debt facility with Lloyds Banking Group Plc in August 2014. As at 31 December 2014 no funds were drawn on this facility.

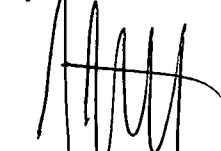
The Directors have reviewed the company's financial forecasts for the period of 12 months from the date of approval of these financial statements and have performed scenario analysis on these forecasts reflecting current economic conditions.

Strategic report *(continued)*

Future outlook *(continued)*

After making appropriate enquiries, the Directors consider they have a reasonable expectation for stating that the company has adequate resources to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

By order of the board



A de Bretteville
Director

Chancery House
53-64 Chancery Lane
London
WC2A 1QS

25 September 2015

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Trade creditors

It is the Company's policy to pay its trade creditors to agreed terms.

Dividends

During the year the Company paid dividends of Nil (2013: £1,500,000) to its shareholder. The directors do not propose a further payment of a dividend (2013: £Nil).

Financial instruments

The Company does not use complex financial instruments. The Company's financial instruments comprise of cash and other items, such as trade debtors and trade creditors that arise directly from its operations and bank financing facilities. The main purpose of these financial instruments is to raise finance for the Company's operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The Company does not believe it will be exposed to any significant risks due to the nature of the financial instruments in the operation.

Employees

The Company has continued its policy of consulting with and informing all staff of matters of concern to them as employees, both in their immediate work situations and in the wider context of the Company's well being. The involvement of employees in the Company's performance is encouraged.

Training and development of staff continue to have a high priority as the Company seeks to ensure that necessary skills and knowledge are available for performance at the highest level to be achieved. This enables staff to respond to change in a fast changing market and to take advantage of opportunities to develop their careers.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Neither the Company nor any of its subsidiaries made any political or charitable donations or incurred any political expenditure during the year.

Directors

The directors who held office during the year and to the date of this report were as follows:

L Williams (resigned 11 December 2014)
J Melbourne
P Istead (appointed 9 June 2014)
A De Bretteville (appointed 23 January 2014)
M Game (resigned 23 January 2014)
P Skalski (appointed 11th December 2014)

Disclosure of information to auditor


The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

A de Bretteville
Director

Chancery House
53-64 Chancery Lane
London
WC2A 1QS

25 September 2015

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditor's Report to the members of Hudson Global Resources Limited

We have audited the financial statements of Hudson Global Resources Limited for the year ended 31 December 2014 set out on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alex Sanderson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
25 September 2015

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £000	2013 £000
Turnover	2	115,406	119,975
Cost of sales		(82,156)	(87,155)
		<hr/>	<hr/>
Gross profit		33,250	32,820
Administrative expenses		(32,442)	(31,146)
Other expenses	6	(1,141)	(1,797)
		<hr/>	<hr/>
Operating (loss)	7	(333)	(123)
Interest receivable and similar income	8	63	71
Interest payable and similar charges	9	(671)	(343)
		<hr/>	<hr/>
(Loss) on ordinary activities before taxation		(941)	(395)
Taxation on (loss) from ordinary activities	10	130	(279)
		<hr/>	<hr/>
(Loss) for the financial year	19	(811)	(674)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

Statement of total recognised gains and losses
for the year ended 31 December 2014

	2014 £000	2013 £000
(Loss) for the financial year	(811)	(674)
Net exchange differences on the retranslation of overseas branch	(18)	-
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	(829)	(674)
	<hr/> <hr/>	<hr/> <hr/>

Balance sheet
as at 31 December 2014

	<i>Note</i>	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Tangible assets	11		1,177		1,746
Current assets					
Debtors	12	20,603		19,347	
Cash at bank and in hand	13	4,971		7,015	
		<u>25,574</u>		<u>26,362</u>	
Creditors: amounts falling due within one year	14	<u>(10,000)</u>		<u>(11,672)</u>	
Net current assets			15,574		14,690
Total assets less current liabilities			16,751		16,436
Creditors: amounts falling due after more than one year	15		(6,757)		(6,358)
Provisions for liabilities and charges	16		(1,742)		(997)
Net assets			8,252		9,081
Capital and reserves					
Called up share capital	18		266		266
Capital contribution reserve	19		4,488		4,488
Share premium	19		2,009		2,009
Profit and loss account	19		1,489		2,318
Equity shareholder's funds	20		8,252		9,081

These financial statements were approved by the board of directors on 25 September 2015 and were signed on its behalf by:


A de Bretteville
Director

Company registered number: 03206355

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company agreed a new debt facility with Lloyds Banking Group PLC in August 2014, comprising a two-year committed borrowing facility of up to £8.2m in place until 31 July 2016, and secured over part of the company's trade receivables. The facility bears interest at normal commercial rates and carries financial covenants in relation to credit note dilution, debt turn, dividends to the parent, and levels of headroom over trade receivables. The directors have considered trading forecasts based on estimated future market conditions, the availability of ongoing funding and the underlying operational performance of the business in the context of its principal business activities, risks and uncertainties as set out above. After making suitable enquiries and on the basis of their assessment of the company's financial position, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern assertion in the preparation of these financial statements.

Cash flow statement

Under Finance Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent company includes the Company in its own published consolidated financial statements.

Turnover

Turnover represents fees and expenses chargeable to clients, excluding Value Added Tax.

Fee income on retained assignments is recognised on completion of defined stages of work. Income on non-retained assignments (which is dependent upon the successful completion of the assignment) is recognised when the position of employment is accepted by the candidate. This normally precedes the invoice date which approximates the date when the position of employment is started. These amounts are included in accrued income in the balance sheet. Provision is made for withdrawals prior to, or shortly after, the commencement of employment.

Fee income on temporary placements is recognised following successful processing of the contractor's authorised timesheet.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, on all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Short leasehold properties	-	over the term of the lease
Furniture, fixtures and fittings	-	20% per annum on cost
Computer and office equipment	-	between 25% and 33% per annum on cost

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Accounting policies (continued)

Leased assets

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

Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The Company operates an overseas branch in the Republic of Ireland. The assets and liabilities of the Irish branch are translated at the closing exchange rates and the profit and loss account is translated at the average exchange rates for the year. Gains and losses arising on these transactions are taken to reserves.

Share based payments

The share option programme allows employees to acquire shares in the Company's ultimate parent company. The fair value of options granted are recognised as an employee expense with a corresponding increase in equity; this is then matched by an equal and opposite amount for the recharge from the Company's ultimate parent company for the shares. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

2 Turnover

The analyses of turnover by activity and geographical location of service provision are as follows:

	2014 £000	2013 £000
Permanent placements	12,982	10,595
Temporary labour	96,050	100,239
Advertising	255	1,314
Other	6,119	7,827
	<hr/> 115,406 <hr/>	<hr/> 119,975 <hr/>
United Kingdom	113,754	118,339
Ireland	1,652	1,636
	<hr/> 115,406 <hr/>	<hr/> 119,975 <hr/>

Notes (continued)

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2014	2013
Management, administration and selling	385	367

The aggregate payroll costs of these persons were as follows:

	2014 £000	2013 £000
Wages and salaries	21,562	18,777
Social security costs	2,475	2,240
Other pension costs	599	355
Share based payments (see note 22)	44	156
	<u>24,680</u>	<u>21,528</u>

4 Remuneration of directors

	2014 £000	2013 £000
Directors' emoluments	469	607
Compensation for loss of office	-	498
Company contributions to money purchase pension schemes	35	15
	<u>504</u>	<u>1,120</u>

The aggregate of emoluments of the highest paid director was £193,375 (2013: £983,027), and Company pension contributions of £16,356 (2013: £Nil) were made to a money purchase scheme on his behalf.

	Number of directors	
	2014	2013
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	4	1
The number of directors who exercised share options was	Nil	Nil
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	Nil	Nil

Notes (continued)

5 Pension scheme

The Company operates a defined contribution pension scheme, the assets of which are held separately from those of the company. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £599,000 (2013: £355,170).

Contributions from employees and the Company amounting to £201,340 (2013: £9,000) were payable to the scheme and are included in creditors.

6 Other expenses

Other expenses relates to charges for corporate management services offset against income from European management fees, as well as the write off of capitalised software.

7 Operating (loss)

	2014 £000	2013 £000
<i>The operating (loss) is stated after charging:</i>		
Depreciation	813	546
Hire of plant and machinery – operating leases	43	211
Other – operating leases	2,575	1,623
Reorganisation costs	991	96
	<hr/>	<hr/>
<i>Auditor's remuneration:</i>		
Audit of these financial statements	107	107
Amounts receivable by the auditor and its associates in respect of:		
All other services	2	2
	<hr/>	<hr/>

Re-organisation costs relate to the recognition of onerous lease charges for Floor 1 of the Chancery Lane, London office which was partly vacated by Hudson. It also includes staff redundancy costs which were part of a business re-structure.

8 Interest receivable and similar income

	2014 £000	2013 £000
Interest charged to group undertakings	54	1
Bank interest and other interest	9	25
Foreign currency exchange gain	-	45
	<hr/>	<hr/>
	63	71
	<hr/>	<hr/>

9 Interest payable and similar charges

	2014 £000	2013 £000
Interest payable to group undertakings	343	343
Foreign currency exchange loss	328	-
	<hr/>	<hr/>
	671	343
	<hr/>	<hr/>

Notes (continued)

10 Taxation

Analysis of taxation charge:

	2014 £000	2013 £000
<i>Current tax</i>		
UK corporation tax for the year	(11)	218
Adjustment in respect of prior periods	(177)	42
	<hr/>	<hr/>
Total corporation tax	(188)	260
Double taxation relief	-	(17)
	<hr/>	<hr/>
	(188)	243
<i>Foreign tax</i>		
Current tax on foreign income for the year	-	17
	<hr/>	<hr/>
Total current tax (credit)/charge	(188)	260
<i>Deferred tax (note 17)</i>		
Movement in deferred taxation provision	(82)	(79)
Adjustment in respect of prior periods	137	(8)
Effect of change in taxation rate	3	106
	<hr/>	<hr/>
Total deferred tax charge	58	19
	<hr/>	<hr/>
Tax on (loss) on ordinary activities	(130)	279
	<hr/>	<hr/>

Factors affecting the tax (credit)/charge

The current tax (credit)/charge for the period is lower (2013: higher) than the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%). The differences are explained below:

	2014 £000	2013 £000
<i>Current tax reconciliation</i>		
(Loss) on ordinary activities before tax	(941)	(395)
	<hr/>	<hr/>
Current tax at 21.50% (2013: 23.25%)	(202)	(92)
	<hr/>	<hr/>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	94	371
Capital allowances in excess of depreciation/(Depreciation in excess of capital allowances)	39	(63)
Other deferred tax timing differences	58	2
Adjustments to corporation tax charge in respect of previous years	(177)	42
	<hr/>	<hr/>
Current tax (credit)/charge for the year	(188)	260
	<hr/>	<hr/>

Notes (continued)

10 Taxation (continued)

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet

11 Tangible fixed assets

	Furniture, fixtures and fittings £000	Computers and office equipment £000	Short leasehold property £000	Total £000
<i>Cost</i>				
At 1 January 2014	171	5,187	2,695	8,053
Additions	14	133	97	244
At 31 December 2014	185	5,320	2,792	8,297
<i>Depreciation</i>				
At 1 January 2014	(137)	(4,523)	(1,647)	(6,307)
Charge for year	(14)	(385)	(414)	(813)
At 31 December 2014	(151)	(4,908)	(2,061)	(7,120)
<i>Net book value</i>				
At 31 December 2014	34	412	731	1,177
At 31 December 2013	34	664	1,048	1,746

Notes (continued)

12 Debtors

	2014 £000	2013 £000
Trade debtors	11,738	12,085
Amounts owed by group undertakings	2,836	2,047
Other debtors	925	131
Corporation Tax	50	-
Prepayments and accrued income	4,414	4,386
Deferred tax (note 17)	640	698
	<u>20,603</u>	<u>19,347</u>

The Company's ultimate parent company, Hudson Global, Inc. has a credit facility, secured over certain of the global group's assets; this includes Hudson Global Resources Limited's trade debtor balance.

No interest is received on trading intercompany balances. Interest is charged on short term and long term loans at LIBOR +2%. Short term loans included within amounts due within one year amounted to £Nil (2013: £33,431).

13 Restricted cash

Included within cash at bank is restricted cash of £312,000 (2013: £624,000) relates to a rent deposit paid by a sub-tenant of a leased property.

14 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	829	995
Amounts owed to group undertakings	134	88
Taxation and social security	824	1,866
Accruals and deferred income	7,892	7,977
Corporation tax	-	44
Other creditors	321	702
	<u>10,000</u>	<u>11,672</u>

No interest is charged on intercompany trading balances. Interest is charged at LIBOR +2% on loans. Loans included within amounts owed to group undertakings are £Nil (2013: £Nil).

15 Creditors: amounts falling due after more than one year

	2014 £000	2013 £000
Amount due to ultimate parent company	6,757	6,358

Interest is charged at 5.00% on £6,757,000.

Notes (continued)

16 Provision for liabilities and charges

	Property provisions £000
At 1 January 2014	997
Provided in year	745
	<hr/>
At 31 December 2014	1,742
	<hr/> <hr/>

The closing balance represents provision for rental costs for leasehold properties. These costs will be incurred upon expiry of individual lease agreements between 2015 and 2020.

17 Deferred taxation asset

	2014 £000	2013 £000
At beginning of year	698	717
Charge to profit and loss account (note 10)	(58)	(19)
	<hr/>	<hr/>
At end of year (note 12)	640	698
	<hr/> <hr/>	<hr/> <hr/>

Deferred taxation asset recognised in the financial statements of the Company as follows:

	2014 £000	2013 £000
Depreciation in excess of capital allowances	354	423
Other timing differences	286	275
	<hr/>	<hr/>
	640	698
	<hr/> <hr/>	<hr/> <hr/>

18 Called up share capital

	2014 £000	2013 £000
<i>Allotted - unpaid</i>		
300,000,000 ordinary shares of 1p each	3,000	3,000
	<hr/>	<hr/>
<i>Allotted - fully paid</i>		
26,588,750 ordinary shares of 1p each	266	266
	<hr/>	<hr/>
<i>Called up and fully paid</i>		
26,588,750 ordinary shares of 1p each	266	266
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

19 Reserves

	Capital contribution reserve £000	Share premium £000	Profit and loss account £000
At 1 January 2014	4,488	2,009	2,318
Loss for year	-	-	(811)
Charge in relation to share based payments	-	-	44
Recharge from group in relation to share based payments	-	-	(44)
Net exchange differences on retranslation of overseas branch	-	-	(18)
At 31 December 2014	4,488	2,009	1,489

20 Reconciliation of movements in shareholder's funds

	2014 £000	2013 £000
(Loss) for the financial year	(811)	(674)
Dividends paid	-	(1,500)
Charge in relation to share based payments	44	156
Recharge from group in relation to share based payments	(44)	(156)
Net exchange differences on retranslation of overseas branch	(18)	-
Net decrease in shareholder's funds	(829)	(2,174)
Opening shareholder's funds	9,081	11,255
Closing shareholder's funds	8,252	9,081

21 Commitments under operating leases

The Company's annual commitments, in respect of non-cancellable operating leases, for land and buildings and equipment are as follows:

	2014		2013	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Expiring:				
within one year	74	-	51	25
between one to two years	109	-	-	-
between two and five years	297	35	67	-
after five years	2,435	-	2,732	-
	2,915	35	2,850	25

Commitments under operating leases relating to land and buildings are subject to rent reviews.

Notes (continued)

22 Employee share schemes

Share based payments

The Company participates in stock option and stock purchase plan arrangements as detailed below.

Information provided in respect of share price is included in US dollars as that is the functional currency of Hudson Global, Inc., the ultimate parent company which grants the options.

Incentive compensation plan

The Company participates in the Hudson Global, Inc. 2009 Incentive Stock and Award Plan (the "2009 Incentive Plan"). The 2009 Incentive Plan enables Hudson Global, Inc. to issue stock-based compensation through stock options, restricted stock awards, stock appreciation rights, performance-based awards and other types of equity-based awards as the Compensation Committee deems advisable. Under the 2009 Incentive Plan, an aggregate of 2.1 million shares of common stock were authorised for future issuance as at 31 December 2014. All options granted have a contractual term of ten years. Unvested restricted stock awards outstanding have vesting periods of four years that vest 25% on each of the four annual anniversary dates or three years that vested 33% on each of the three annual anniversary dates. Hudson Global, Inc. generally issues new shares for stock option exercises and restricted stock awards.

Stock options

The fair value of stock options granted is determined on the date of grant using a Black-Scholes option pricing model. Expected volatilities are calculated based on the historical volatility of Hudson Global, Inc. stock. Management monitors stock option exercise and employee termination patterns to estimate forfeiture rates. Hudson Global, Inc. analysed its historical forfeiture rate, the remaining lives of unvested options and the amount of vested options as a percentage of total options outstanding. If the Hudson Global, Inc. actual forfeiture rate is materially different from its estimate, or if Hudson Global, Inc. re-evaluates the forfeiture rate in the future, the stock-based compensation expense could be significantly different from what was recorded in the current periods. The risk-free interest rate is based on the U.S. Treasury whose term is consistent with the expected term of the option. Volatility is determined using historical prices to estimate the expected future fluctuations in the Hudson Global, Inc. share price. The dividend rate is assumed to be zero as Hudson Global, Inc. has never paid dividends on its common stock and does not anticipate paying dividends in the foreseeable future. For awards with graded vesting conditions, the values of the awards are determined by valuing each tranche separately and expensing each tranche over the required service period.

All options are classified as equity settled as they are settled by the physical delivery of shares.

The following were the weighted average assumptions used to determine the fair value of stock options granted by the Company and the details of option activity as of and for the respective periods:

	2014	2013
Risk free interest rate	(a)	(a)
Volatility	(a)	(a)
Expected life (years)	(a)	(a)
Dividends	(a)	(a)
Weighted average fair value of options granted during the period	(a)	(a)

(a) Stock options assumptions are not provided above as there were no option granting activities in the years ended 31 December 2014 and 31 December 2013

Notes (continued)

22 Employee share schemes (continued)

Stock options (continued)

	2014		2013	
	Number of options outstanding	Weighted average exercise price per share	Number of options outstanding	Weighted average exercise price per share
Options outstanding at beginning of year	1,300	12.93	2,500	12.85
Forfeited		-		-
Expired	(1,000)	12.34	(1,200)	12.77
Options outstanding at end of year	300	14.89	1,300	12.93
Options exercisable at end of year	300	14.89	1,300	12.93

The weighted average remaining contractual term and the aggregated intrinsic value for stock options outstanding as of 31 December 2014 was approximately 0.41 years and \$Nil, respectively. The weighted average remaining contractual term and the aggregated intrinsic value for options exercisable as of 31 December 2014 was 0.41 years and \$Nil, respectively. There were no stock options exercised for the years ended 31 December 2014 and 31 December 2013.

Net cash proceeds from the exercise of stock options for the year ended 31 December 2014 were \$Nil and the associated income tax benefits were \$Nil. The total fair value of stock options vested during the years ended 31 December 2014 and 2013, was \$Nil and \$Nil, respectively.

Restricted stock

The parent company treated its restricted stock awards as having been issued and measured at the fair market value on the date of grant. The Company may grant restricted stock to employees under the 2009 Incentive Plan. These shares are provided at no cost to the employee.

Changes in the parent company's restricted stock in respect of the Company's employees for the years ended 31 December 2014 and 2013 were as follows:

	2014		2013	
	Number of restricted shares outstanding	Weighted average grant date fair value per share \$	Number of restricted shares outstanding	Weighted average grant date fair value per share \$
Unvested restricted stock at beginning of year	92,370	3.04	95,531	4.96
Granted	15,300	3.22	76,333	2.42
Vested	(16,539)	5.07	(23,414)	5.41
Forfeited	(72,000)	2.56	(56,080)	4.47
Unvested restricted stock at end of year	19,131	3.24	92,370	3.04

The total fair value of restricted shares vested during the years ended 31 December 2014 and 2013 was \$60,692 and \$89,953 respectively.

Notes (continued)

22 Employee share schemes (continued)

Employee stock purchase plan

Until 2011 the company operated a Hudson Global Resources Share Incentive Plan (the "SIP"), which was unique to the UK, whereby eligible employees could purchase shares on the open market at the end of each month. Hudson Global, Inc. matched the employee purchases with a contribution of shares equal to 50% of the number of employee shares purchased. Shares were issued under the SIP from the ESPP share reserve.

The total expenses recognised for the year and arising from share based payments are as follows:

	2014 £000	2013 £000
Equity settled share based payments	44	156

23 Related party transactions

The Company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions (but not balances) with entities that are included in the consolidated financial statements of Hudson Global, Inc., on the grounds that at least 90% of voting rights in the Company are controlled within that group and the Company is included in the financial statements of that group.

24 Immediate parent company

As at the balance sheet date the Company's immediate parent company is Hudson Global Resources Jersey Limited, a company incorporated in the Channel Islands.

25 Ultimate parent company

The Company's ultimate parent company is Hudson Global, Inc., a company incorporated in the United States of America.

Copies of the consolidated financial statements of Hudson Global, Inc. are available from 5th Floor, 560 Lexington Avenue, New York, NY 10022, USA.

26 Related undertakings

In addition to the immediate and ultimate parent undertakings disclosed above, related undertakings include the following subsidiary company:

Melville Craig Group Limited, a company incorporated in Scotland on 26th January 1987. The company whose principal activity is Human resources provision and management of human resources functions is a wholly owned subsidiary which is now dormant. 100% of its ordinary share capital is owned by Hudson Global Resources Limited.