Company registration number: 02641313

SERVOCA Plc

Annual Report and Financial Statements

For the year ended 30 September 2015

SERVOCA Plc
Contents

SERVOCA Plc
Corporate information

Directors

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

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

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

Company Number
02641313

Country of Incorporation
United Kingdom

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

Legal Form
Public limited company

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

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

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

Introduction

We are pleased to report that for the year ended 30 September 2015 we have delivered another year of outstanding growth with revenue, gross profit and pre-tax profits achieving record levels.

As indicated in our interim statement for the six months ended 31 March 2015, our Education and Healthcare Recruitment businesses have been the driving force behind this growth with substantial increases in their profitability and scale over the prior year.

Our Education businesses delivered a strong performance in the September period, with gross profit up over 20% on the comparative period. Our Healthcare recruitment operations went from strength to strength over the course of the year. The strong growth achieved in the first half accelerated during the second half and helped drive a 70% increase in revenues for the year.

Financial review

Group revenue was £58.8 million compared with £49.0 million (2014), an increase of 20%. Gross profit for the year was £16.9 million against £14.2 million (2014), an increase of 19%.

Operating profit for the year was £3.1 million*, compared with an operating profit in the prior year of £1.8 million (on the same basis), an increase of 72%.

Profit before taxation was £3.0 million* (2014: £1.7 million), an increase of 76%.

Profit after taxation was £2.4 million* (2014: £1.4 million), an increase of 71%.

Basic earnings per share for the year were 1.91p* compared with 1.08p (2014), an increase of 77%.

Cash generated from operations in the year was £2.2 million (2014: £0.8 million).

Net debt decreased from £2.6 million at September 2014 to £2.0 million at September 2015. This was after paying the initial consideration of £0.8 million in respect of the acquisition of A+ Teachers.

The Board is also pleased to propose a maiden dividend of 0.3p per share for the year end and we would like to thank our shareholders for their continued support.

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

***** Before share based payment charges, amortisation of intangible assets and exceptional costs.

Operational highlights

Strategy and delivery

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

Outsourcing

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

In our statement for the six months ended 31 March 2015 we reported that our **Domiciliary Care** business had started the year positively and delivered growth despite challenging trading conditions. We are pleased to report that for the full year the business has delivered an increase in revenues, gross profit and operating profit over the prior year.

To have delivered growth given the problems facing this market is a particularly creditable achievement. This performance has been achieved against a background of continued difficulties in the social care sector. The increasingly acute problem of adequate funding has been well documented in recent times. Both local authority and NHS budgets remain under severe pressure and this is generally resulting in rates of supply that are increasingly unsustainable and levels of care that are well below those funded in the past. This challenge is being exacerbated by rising costs of supply for providers, which are set to rise further with government announcements on increases to the National Minimum Wage and the Living Wage. We are managing these costs tightly.

Our **Security** business saw a reduction in profitability as in the previous year the business benefitted from significant non-recurring supply to the Commonwealth Games. The business does however continue to benefit from above industry standard margins as a consequence of our focus on our Event Management and Electronic Security offerings.

Recruitment

Our **Education** businesses delivered an outstanding performance during the period enjoying another year of significant growth. Revenues, gross profit and operating profit were all in excess of 30% higher than prior year and this performance is particularly significant given the operation is the single largest contributor to Group profits. The scale of our operation continued to increase with new branch openings and continued investment in sales headcount, which was on average 25% higher, than the prior year.

We were also pleased to complete the acquisition of A+ Teachers at the end of August. This acquisition bolsters the scale of our operations and fits well with our existing branch network. A+ Teachers gives us a presence in the Home Counties which continues to show strong demand for Education recruitment services. Further details of the acquisition are shown in note 21 to the financial statements.

Our **Healthcare** recruitment operation has gone from strength to strength this year and has delivered exceptional growth over the period. Revenues were up by 70%, which led to a 75% increase in gross profit and operating profits that were more than double the prior year.

The disposal of our Doctors recruitment business at the start of the financial year enabled an improved management focus on our Nursing recruitment operations. Our Nursing businesses had experienced considerable growth in the year ended 30 September 2014 and we are pleased to report that the scale of this growth has accelerated throughout this year with second half profitability well ahead of the first half. The business ended the year with strong momentum.

Our **Police** business, which operates in a niche market, enjoyed a substantially better second half to end the year with significantly improved momentum. Revenues ended the year 10% higher than the prior year with second half turnover 30% up on the first half. Despite reduced margins, the business continues to make a solid contribution to the Group and the momentum from the second half performance continues.

The Board is also pleased to propose a maiden dividend of 0.3p per share for the year end which will be paid in February 2016 to shareholders on the register on 8 January 2016. The associated ex-dividend date is 7 January 2016.

Outlook

Our Education recruitment businesses have enjoyed several years of outstanding growth and the operation now represents the most mature business within the Group and is well placed for the future. Despite school budget constraints, demand for our services is strong and there remains a shortage of teaching staff in the UK as schools struggle to meet the needs of a growing pupil population.

Our Healthcare recruitment businesses have increased their contribution to Group profitability significantly and the momentum they have established bodes well for future growth. They are experiencing strong demand for their services in both the private and public sector markets. Whilst not immune from some issues around NHS supply, our supply to the NHS is all via approved procurement frameworks at agreed rates and furthermore only represents about half our business from this area. We therefore believe the resilience of our operation will benefit from our diversified business mix. We continue to invest in additional sales headcount to maintain the strong momentum we have established and allow us to deliver further growth.

Despite ongoing challenges within some of our markets the Group is well placed to deliver further growth, both organically and by selective bolt on acquisitions.

This Review and Strategic Report was approved by the Board of Directors on 22 December 2015 and signed by order of the Board.

Bob Morton
Non Executive Chairman
22 December 2015

Andrew Church
Chief Executive Officer
22 December 2015

The directors present their report together with the audited financial statements for the year ended 30 September 2015.

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

Key performance indicators
Whilst there are many financial and operating measures regularly monitored by the Group, the primary financial metrics are:

- Revenue: this has increased by 20.0% (2014: increase of 13.7%)
- Gross margin percentage: 28.7% (2014: 29.0%)
- Profit before tax, share based payment charges, amortisation of intangible assets and exceptional costs: £3.0 million (2014: £1.7 million).

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

Group revenue for the year was £58.78 million (2014: £48.99 million) which produced a gross profit of £16.86 million (2014: £14.20 million). The profit before taxation for the year, after a share based payment charge of £0.08 million, amortisation of intangible assets of £0.05 million and exceptional costs of £0.06 million, was £2.83 million (2014: after a share based payment charge of £0.08 million and amortisation of intangible assets of £0.05 million: £1.57 million).

No dividends were paid during the year but a dividend of 0.3p per share will be proposed at the Annual General Meeting on 26 January 2016.

Share capital
The Company acquired 1,020,103 of its own shares in the year (2014: 200,613) and sold 760,616 of its own shares in the period (2014: nil). The total amount paid to acquire the shares was £195,343 (2014: £18,248) and the total amount received from the sale of these shares was £131,052 (2014: nil). These amounts have been deducted from retained earnings within shareholders' equity. The number of shares held as "treasury shares" at the year end was 460,100 (2014: 200,613). The Company has the right to re-issue these shares at a later date.

Further details of share capital are set out note 19 to the financial statements.

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

- Changes in tax laws, regulations and government spending and policy. The Board keeps itself up to date with national news and press releases taking appropriate steps to address changes.
- Failure to continue to be registered for supply with HTE (Health-Trust Europe LLP), CQC (Care Quality Commission), the Home Office and others that are required for the operation of the various businesses of Servoca to trade in their respective specialist fields. The Group has a dedicated compliance team which monitors and maintains the internal policies and procedures of the Group.

Principal risks and uncertainties (continued)

- Failure to attract candidates of sufficient quality or sufficient numbers. Investment has been made in maintaining databases to ensure our records are up to date and reliable.
- Loss of management or key sales staff. Incentive schemes have been put in place to help retain key personnel.

The principal risks arising from the Group's financial instruments and the policies in respect of them are set out in note 18 to the financial statements. The Board meets on a regular basis to discuss the continuing management of these risks and uncertainties and identify any new exposures as they arise.

Directors

The following directors held office since 1 October 2014:

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

Directors' remuneration	2015			2014
Director	Emoluments and benefits £'000	Pension contributions £'000	Total £'000	Total £'000
Bob Morton	40	-	40	35
Andrew Church	433	-	433	297
Glenn Swaby	128	49	177	162
John Foley	30	-	30	25
Emma Caplan	20	-	20	20
	651	49	700	539

Interests in shares

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

Director	30 September 2015 Ordinary shares of 1p each Number	1 October 2014 Ordinary shares of 1p each Number
Bob Morton	32,407,481	32,407,481
Andrew Church	6,889,413	6,013,523
Glenn Swaby	103,833	103,833
John Foley	4,895,000	4,895,000
Emma Caplan	6,551,514	6,551,514

On the 8 December 2014, Andrew Church purchased 115,274 ordinary 1p shares on the open market for 17.35p per share. During the year he also purchased a total of 760,616 ordinary 1p shares from the shares held in treasury. These purchases were made at market value for a total consideration of £131,052.

Interests in share options and long term incentive plans

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

Director	Exercise price	Date of grant	Date first exercisable	Date of expiry	Ordinary shares of 1p each at 30 September 2015
Glenn Swaby	2.38	25/03/13	See below	25/03/23	1,260,500

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

The mid-market price of the Company's shares on 30 September 2015 was 24.0 pence. The lowest mid-market price during the period from 1 October 2014 to 30 September 2015 was 11.5 pence and the highest mid-market price during the year was 25.5 pence.

Information on directors

Bob Morton, FCA – Non - Executive Chairman

Aged 73, Bob is a Chartered Accountant with substantial public company experience. He is currently Chairman of Armour Group Plc, Porta Communications Plc and St. Peter Port Capital Limited. In addition he holds directorships in several private companies.

Andrew Church – Chief Executive Officer

Aged 43, Andrew joined as the Group's Chief Executive Officer with effect from 24 November 2008. Andrew was formerly a main board director of Lorien Plc and Managing Director of its resourcing division.

Glenn Swaby, ACA – Chief Financial Officer

Aged 60, Glenn is a Chartered Accountant and has a wealth of experience within the security market and was until July 2007 the financial director of First Security Group Limited, where he played a key role in the development of the company. Glenn took over as Chief Financial Officer from 28 March 2008.

John Foley, ACA, Barrister – Non - Executive Director

Aged 60, John is a Chartered Accountant and a Barrister. He is a successful public company director having served on many boards in senior roles. He was previously CEO of Maclellan Group Plc from 1994 until its disposal to Interserve Plc for £120 million during 2006. He is currently Chairman of Premier Technical Services Group PLC (an AIM listed Company) and Chairman of Penta Consulting Group, a technical staffing Company in the telecoms/ IT sector.

Emma Caplan, Non – Executive Director

Emma, 47, joined the Board on 16 December 2008 as an executive director. Emma was the founding director of Academics Holdings Limited and Academics Limited. Emma had built the business to a revenue approaching £15 million per annum when it was acquired by the Group in March 2008. She became a non-executive director on 15 July 2010.

Substantial shareholders
At 10 December 2015 those shareholders which had notified the Company of a disclosable interest of 3% or more in the share capital of Servoca Plc are set out below:

Holder	Ordinary shares of 1p each	Percentage
Bob Morton	32,407,481	25.81
Groundlinks Limited	16,966,162	13.51
Seraffina Holdings Limited	16,054,659	12.78
Retro Grand Limited	12,540,000	9.99
Andrew Church	6,889,413	5.49
Emma Caplan	6,551,514	5.22
John Foley	4,895,000	3.90

Groundlinks Limited, Seraffina Holdings Limited and Retro Grand Limited are considered to be included in a concert party under the influence of Bob Morton together with the holdings of Hawk Investment Holdings Limited and Southwind Limited. At 10 December 2015, the aggregate holding of the concert party was 79,318,302 shares which represent a holding of 63.55% of the total voting rights in the Company.

Financial instruments
Details of the Group and Company's use of financial instruments and their associated risks are given in note 18 to the financial statements.

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

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing each of the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRS adopted by the EU and for the company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Group's business activities together with factors likely to affect its future development, performance and position are set out in the Chairman/Chief Executive Officer Review and Strategic Report on pages 2 to 4 and in the Directors' Report above. In addition note 18 describes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit and liquidity risk.

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

The directors have prepared trading and cash flow forecasts for the period to 31 December 2016 which indicate adequate headroom in borrowing facilities. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Auditor

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

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

This report was approved by the Board of Directors on 22 December 2015 and signed by order of the Board.

Glenn Swaby
Company Secretary 22 December 2015

We have audited the group and parent company financial statements ("the financial statements") on pages 12 to 52. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on pages 8 and 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and parent company's affairs as at 30 September 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Graham Ricketts (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes, MK9 1BP
22 December 2015

SERVOCA Plc
Consolidated statement of comprehensive income
For the year ended 30 September 2015

		2015			2014		
	Note	**Before Amortisation, share based payments and exceptional costs £'000**	**Amortisation, share based payments and exceptional costs (see note 7) £'000**	**Total £'000**	Before Amortisation, share based payments and exceptional costs £'000	Amortisation, share based payments and exceptional cos86 (see note 7) £'000	Total £'000
Continuing operations							
Revenue		**58,778**	**-**	**58,778**	48,989	-	48,989
Cost of sales		**(41,920)**	**-**	**(41,920)**	(34,785)	-	(34,785)
Gross profit		**16,858**	**-**	**16,858**	14,204	-	14,204
Administrative expenses		**(13,781)**	**(186)**	**(13,967)**	(12,421)	(134)	(12,555)
Operating profit	6	**3,077**	**(186)**	**2,891**	1,783	(134)	1,649
Finance costs	8	**(59)**	**-**	**(59)**	(80)	-	(80)
Profit before taxation		**3,018**	**(186)**	**2,832**	1,703	(134)	1,569
Tax charge	9	**(625)**	**-**	**(625)**	(346)	-	(346)
Total comprehensive income for the year, net of tax, attributable to owners of the parent		**2,393**	**(186)**	**2,207**	1,357	(134)	1,223
Earnings per share:		**Pence**	**Pence**	**Pence**	Pence	Pence	Pence
- Basic	5	**1.91**	**(0.15)**	**1.76**	1.08	(0.11)	0.97
- Diluted	5	**1.89**	**(0.15)**	**1.74**	1.07	(0.10)	0.97

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

SERVOCA Plc
Consolidated statement of financial position
At 30 September 2015

	Note	30 September 2015 £'000	30 September 2014 £'000
Assets			
Non-current assets			
Intangible assets	11	**7,814**	6,687
Property, plant and equipment	12	**737**	658
Deferred tax asset	9	**65**	61
Total non-current assets		**8,616**	7,406
Current assets			
Trade and other receivables	14	**11,625**	10,172
Inventories		**103**	143
Cash and cash equivalents	23	**803**	197
Total current assets		**12,531**	10,512
Total assets		**21,147**	17,918
Liabilities			
Current liabilities			
Trade and other payables	15	**(6,368)**	(5,156)
Corporation tax payable		**(763)**	(184)
Other financial liabilities and provisions	16	**(1,982)**	(2,837)
Total current liabilities		**(9,113)**	(8,177)
Non current liabilities			
Deferred consideration	21	**(70)**	-
Total liabilities		**(9,183)**	(8,177)
Total net assets		**11,964**	9,741
Capital and reserves attributable to equity owners of the company			
Called up share capital	19	**1,256**	1,256
Share premium account	20	**202**	202
Merger reserve	20	**2,772**	2,772
Reverse acquisition reserve	20	**(12,268)**	(12,268)
Retained earnings		**20,002**	17,779
Total equity		**11,964**	9,741

The financial statements were approved by the Board and authorised for issue on 22 December 2015 and signed on its behalf by:

Andrew Church
Chief Executive Officer

Glenn Swaby
Chief Financial Officer

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

SERVOCA Plc
Consolidated statement of changes in equity
For the year ended 30 September 2015

	Share capital £'000	Share premium £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 30 September 2013 attributable to equity owners of the parent	1,256	202	2,772	(12,268)	16,492	**8,454**
Profit for the year being total comprehensive profit for the year	-	-	-	-	1,223	**1,223**
Transactions with owners:						
Share based payment expense	-	-	-	-	82	**82**
Purchase of treasury shares	-	-	-	-	(18)	(18)
Total transactions with owners	-	-	-	-	64	**64**
Balance as at 30 September 2014 attributable to equity owners of the parent	**1,256**	**202**	**2,772**	**(12,268)**	**17,779**	**9,741**
Profit for the year being total comprehensive profit for the year	-	-	-	-	2,207	**2,207**
Transactions with owners:						
Share based payment expense (note 19)	-	-	-	-	80	**80**
Net purchase of treasury shares (note 19)	-	-	-	-	(64)	**(64)**
Total transactions with owners	-	-	-	-	16	**16**
Balance as at 30 September 2015 attributable to equity owners of the parent	**1,256**	**202**	**2,772**	**(12,268)**	**20,002**	**11,964**

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

SERVOCA Plc
Consolidated statement of cash flows
For the year ended 30 September 2015

	Note	2015 £'000	2014 £'000
Operating activities			
Profit before tax		**2,832**	1,569
Non cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation		**303**	298
Share based payments		**80**	82
Finance costs		**59**	80
Decrease in provisions		**13**	-
Decrease/(increase) in inventories		**40**	(50)
Increase in trade and other receivables		**(1,406)**	(2,474)
Increase in trade and other payables		**319**	1,337
Cash generated from operations		**2,240**	842
Corporation tax paid		**(156)**	(3)
Cash flows from operating activities		**2,084**	839
Investing activities			
Acquisitions, net of cash acquired	21	**(86)**	-
Purchase of property, plant and equipment		**(335)**	(304)
Purchase of intangible assets		**(92)**	-
Proceeds of sale of property, plant and equipment		**-**	3
Net cash flows from investing activities		**(513)**	(301)
Financing activities			
Interest paid		**(59)**	(80)
Net purchase of shares held in treasury		**(64)**	(18)
Net cash flows from financing activities		**(123)**	(98)
Increase in cash and cash equivalents	23	**1,448**	440
Cash and cash equivalents at beginning of the year	23	**(2,627)**	(3,067)
Cash and cash equivalents at end of the year	23	**(1,179)**	(2,627)

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

1 Accounting policies

Basis of preparation

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

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

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

The Group financial statements have been prepared for a twelve month period to 30 September 2015 and the comparative figures represent a twelve month period to 30 September 2014.

Going concern

The Group's business activities together with factors likely to affect its future development, performance and position are set out in the Chairman/Chief Executive Officer Review and Strategic Report and Directors' Report on pages 2 to 9. In addition note 18 describes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit risk and liquidity risk.

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

The directors have prepared trading and cash flow forecasts for the period to 31 December 2016 which indicate adequate headroom in borrowing facilities. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Significant judgements and estimates

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

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

- Impairment of goodwill. Goodwill is tested for impairment annually. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future business performance. Details of the calculations, assumptions and rates used are disclosed in note 11.

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

Significant judgements and estimates ***(continued)***

- Provision for doubtful debts. Management reviews trade receivables on a regular basis and doubtful debts are provided for on the basis of expected recoverability based on credit ratings, knowledge of the customer, market conditions and previous experience. Further details are disclosed in note 14.
- Share based payments. The fair values of options are calculated at the date of grant based on conditions existing at that time. Judgement is required in determining the most appropriate valuation model and the assumptions used to value the options for a grant of equity instruments. The assumptions and models used are disclosed in note 19.
- Business combinations. On acquisition, the Company calculates the fair value of the assets, liabilities and contingent liabilities acquired. The assessment of fair values is judgemental and directly impacts the value of goodwill carried on the statement of financial position. Goodwill is tested annually for impairment based on the cash flows of the income generating unit to which it relates. These estimates affect whether an impairment of goodwill should be recognised. Further disclosures of the assessment of impairment of goodwill are provided in note 11.
- Deferred consideration. Amounts payable in respect of acquisitions can depend in part upon the achievement of a number of financial and non-financial performance measures specified in the purchase agreement. The Directors estimate the amounts payable by assessing the performance of the acquired businesses since acquisition. As such, an element of judgement is required in determining whether the performance measures will be achieved.

Adoption of new and amended IFRS and IFRIC interpretations

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

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities (effective for periods commencing 1 January 2014). The amendments clarify the meaning of a current, legally enforceable right of set-off and establish situations where gross settlement systems may be considered equivalent to net settlement. The amendment has no impact on the Group.

Amendment to IAS 36 Impairment of Assets (effective for periods commencing 1 January 2014). The amendments clarify the IASB's original intention: that the scope of those disclosures is limited to the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendment has no impact on the Group.

Amendment to IAS 27 Separate Financial Statements (effective for periods commencing 1 January 2014). The revised standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity presents separate financial statements. The amendment has no impact on the Group.

Amendment to IFRS 10 Consolidated Financial Statements (effective for periods commencing 1 January 2014). The amendments apply to a particular class of business that qualify as investment entities which does not apply to the Group.

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

Standards effective in future periods

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

- Amendment to IAS 1: Disclosure initiative (effective for periods commencing 1 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the Consolidation Exception (effective for periods commencing 1 January 2016).
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective for periods commencing 1 January 2016).
- IFRS 15: Revenue from Contracts with Customers (effective for periods commencing 1 January 2018).

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

Basis of consolidation

The consolidated financial statements incorporate the results of Servoca Plc and all of its subsidiary undertakings, made up to 30 September 2015. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Revenue

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

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

Revenue from permanent placements is recognised in line with contractual terms on commencement of employment. A provision is made for possible cancellation of placements shortly after commencement of employment within the "clawback" period.

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

Business combinations

The consolidated financial statements incorporate the results of business combinations using the acquisition method. The consideration transferred is measured at the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of the exchange. Costs directly attributable to the acquisition are expensed as incurred. Deferred consideration due to the vendors is treated in accordance with IFRS 3 when it is linked to the continued employment of the previous owners. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

1 Accounting policies *(continued)*

Goodwill

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

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

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

Impairment of non-financial assets

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

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

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

Externally acquired intangible assets

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

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

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

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

1 Accounting policies *(continued)*

Property, plant and equipment

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

Depreciation has been calculated at the following rates:

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

Inventories

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

Deferred taxation

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

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

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

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

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

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

1 Accounting policies *(continued)*

Financial instruments

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

Financial assets

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

Trade and other receivables arise principally through the provision of services to customers. They are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

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

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

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

Share capital

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

Dividends

Equity dividends are recognised either when they are paid or a liability is established by approval of the shareholders.

Leased assets

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

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

1 Accounting policies *(continued)*

Pension costs

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

Provisions

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

Share-based payments

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

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

2 Segmental analysis

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

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

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

	Outsourcing £'000	Recruitment £'000	Unallocated £'000	Total £'000
For the year ended 30 September 2015:				
Revenue	15,201	43,577	-	**58,778**
Segment expense	(15,084)	(39,406)	(1,211)	**(55,701)**
Amortisation, share based payment expense and exceptional costs	(60)	(94)	(32)	**(186)**
Operating profit/(loss)	57	4,077	(1,243)	**2,891**
Finance costs	(16)	(43)	-	**(59)**
Profit/(loss) before tax	41	4,034	(1,243)[1]	**2,832**
Statement of financial position				
Assets	5,161	15,345	641	**21,147**
Liabilities	(1,712)	(6,870)	(601)	**(9,183)**
Net assets	3,449	8,475	40	**11,964**
Other				
Capital expenditure	210	100	68	**378**
Depreciation	111	67	77	**255**
Amortisation	42	6	-	**48**

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

2 Segmental analysis *(continued)*

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

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

3 Employees

	2015 £'000	2014 £'000
Staff costs, including executive directors, consist of:		
Wages and salaries	**8,309**	7,345
Social security costs	**875**	766
Redundancy costs	**32**	27
Pension contributions	**106**	60
Share-based payments	**80**	82
	9,402	8,280
The average monthly number of employees, including directors, during the year was as follows:	**Number**	Number
Operations	**41**	43
Sales	**146**	127
Financial and administration	**29**	32
	216	202

4 Directors' remuneration

Total remuneration was as follows:	**2015**	2014
	£'000	£'000
Salaries and benefits	**651**	530
Share based payments	**15**	15
Pension contributions	**49**	9
	715	554
Salary and benefits of the highest paid director:		
Salaries and benefits	**433**	297
Share based payments	**-**	-
Pension contributions	**-**	-
	433	297

The Group has an agreement with Hawk Consulting Limited for Bob Morton to supply consultancy services to the Group. He is the owner of Hawk Consulting Limited and payments totalling £40,000 (2014: £35,000) were made to Hawk Consulting Limited in the year for services rendered and are included in salaries and benefits in the above table.

During the year, one director had benefits accruing under defined contribution pension schemes (year ended 30 September 2014: one).

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

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

	2015	2014
	Number	Number
	'000	'000
At the beginning and end of the year	**1,261**	1,261

5 Earnings per share

The calculation of earnings per share for the year ended 30 September 2015 is based on a weighted average number of shares in issue during the year of:

	Basic	Dilutive effect of share options and shares to be issued	Diluted
30 September 2015	**125,282,960**	**1,856,072**	**127,139,032**
30 September 2014	125,449,031	987,232	126,436,263

Basic earnings per share are calculated by dividing the net profit for the year attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the year excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted earnings per share are calculated by dividing the net profit attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares. Share options totalling 150,000 that could potentially dilute basic earnings per share in the future have not been included in the calculation of diluted earnings per share because they are antidilutive for the periods presented. See note 19 for details of share options.

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

Year ended 30 September 2015	**Basic £'000**	**Diluted £'000**
Profit for the year	**2,207**	**2,207**
Amortisation, share based payment expense and exceptional costs:		
Amortisation of intangible assets	**48**	**48**
Share based payment expense	**80**	**80**
Exceptional costs	**58**	**58**
Profit before amortisation, share based payments and exceptional costs	**2,393**	**2,393**
	Pence	**Pence**
Earnings per share	**1.76**	**1.74**
Amortisation, share based payment expense and exceptional costs:		
Amortisation of intangible assets	**0.04**	**0.04**
Share based payment expense	**0.06**	**0.06**
Exceptional costs	**0.05**	**0.05**
Adjusted earnings per share before amortisation, share based payments and exceptional costs	**1.91**	**1.89**

5 Earnings per share *(continued)*

Year ended 30 September 2014	Basic £'000	Diluted £'000
Profit for the year	1,223	1,223
Amortisation and share based payment expense:		
Amortisation of intangible assets	52	52
Share based payment expense	82	82
Profit before amortisation and share based payment expense	1,357	1,357

	Pence	Pence
Earnings per share	0.97	0.97
Amortisation and share based payment expense:		
Amortisation of intangible assets	0.04	0.04
Share based payment expense	0.07	0.06
Adjusted earnings per share before amortisation and share based payment expense	1.08	1.07

6 Operating profit

	2015 £'000	2014 £'000
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	**255**	246
Amortisation of intangible assets	**48**	52
Share based payment expense	**80**	82
Profit on disposal of property, plant and equipment	**-**	-
Operating lease rentals:		
- land and buildings	**501**	421
- other	**191**	175
Remuneration to auditors:		
- Audit of the Company's financial statements pursuant to legislation	**20**	20
- Audit of the subsidiaries' financial statements pursuant to legislation	**40**	40
- Other taxation compliance services	**12**	12

On 14 November 2014, the entire share capital of both Triple West Medical Limited and Pure Medical Healthcare Solutions Limited were sold to the management team of these companies for a total consideration of £160,000 of which £60,000 was deferred. To the date of disposal, revenue from these two businesses was £171,000, expenses £179,000 and loss before taxation £8,000 in the year. The profit on disposal included in operating profit was £36,000. These disposals are not disclosed as discontinued operations as they are considered immaterial.

6 Operating profit *(continued)*

Analysis of expenses by nature	2015 £'000	2014 £'000
Direct cost of temporary placements	**41,263**	34,060
Staff costs	**9,402**	8,280
Cost of inventory	**657**	725
Depreciation and amortisation	**303**	298
Property costs	**1,135**	1,096
Others	**3,186**	2,961
	55,946	47,420

Direct cost of temporary placements includes the employment costs of candidates whether by means of umbrellas companies or contract for services.

7 Amortisation, share based payments and exceptional costs

	2015 £'000	2014 £'000
Amortisation of intangible assets	**48**	52
Share based payments	**80**	82
Exceptional costs: costs of acquisitions	**58**	-
	186	134

8 Finance costs

	2015 £'000	2014 £'000
Invoice discounting facilities	**59**	80

9 Taxation

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

	2015 £'000	2014 £'000
Current income tax		
UK – current year	**631**	187
UK – prior years	**(2)**	-
	629	187
Deferred tax		
Origination and reversal of temporary differences	**(4)**	129
Prior year adjustment	**-**	(13)
Impact of change in tax rates	**-**	43
	(4)	159
Income tax charge	**625**	346

9 Taxation *(continued)*

b) Reconciliation of the total tax charge

A reconciliation between the tax charge and the product of the accounting profit multiplied by the tax rate for the years ended 30 September 2015 and 2014 is as follows:

	2015 £'000	2014 £'000
Profit before taxation	**2,832**	1,569
Profit before taxation multiplied by the average rate of corporation tax in the UK of 20.0% (2014: 22.0%)	**566**	345
Expenses not deductible for tax purposes	**59**	27
Temporary differences not recognised for tax	**2**	3
Adjustment in respect of earlier years	**(2)**	(13)
Change in tax rates	**-**	(16)
Total tax charge reported in the consolidated statement of comprehensive income	**625**	346

c) Deferred tax

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

	2015 £'000	**2015 £'000**	2014 £'000	2014 £'000
As at 1 October		**61**		220
Decelerated capital allowances:				
Movement in respect of current year	**4**		(53)	
Movement in respect of prior years	**-**		13	
		4		(40)
Losses:				
Utilisation of current year losses	**-**		(117)	
Movement in respect of prior years	**-**		(2)	
		-		(119)
As at 30 September		**65**		61

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

d) Unrecognised deferred tax

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

	2015 £'000	2014 £'000
Capital losses for offset against future capital gains	**1,876**	1,876

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

10 Dividends

A dividend of 0.3p per ordinary share will be proposed at the Annual General Meeting on 26 January 2016.

11 Intangible assets

	Goodwill £'000	Licences £'000	Customer relationships £'000	Total £'000
Cost				
Balance at 30 September 2013 and 2014	**14,735**	**347**	**294**	**15,376**
Additions in year	-	41	-	41
On acquisition	1,134	-	-	1,134
Balance as at 30 September 2015	**15,869**	**388**	**294**	**16,551**
Accumulated amortisation and impairment				
Balance at 1 October 2013	**8,279**	**90**	**268**	**8,637**
Amortisation for the year	-	46	6	52
Balance at 1 October 2014	**8,279**	**136**	**274**	**8,689**
Amortisation for the year	-	42	6	48
Balance at 30 September 2015	**8,279**	**178**	**280**	**8,737**
Net book value				
At 30 September 2013	6,456	257	26	6,739
At 30 September 2014	6,456	211	20	6,687
At 30 September 2015	**7,590**	**210**	**14**	**7,814**

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

	30 September 2015 £'000	30 September 2014 £'000
A-Day Consultants Limited	**5,334**	5,334
A+ Teachers Limited (note 21)	**961**	-
Others	**1,295**	1,122
	7,590	6,456

Goodwill

In assessing the extent of any impairment to goodwill, value in use calculations are based on cash flow projections from formally approved budgets covering a one year period to September 2016 and estimates for subsequent years. The key assumptions in the value in use calculations are:

- Forecasts are based on pre tax cash flows derived from the approved budget to September 2016. These have been prepared based on management's past experience taking into account future expectations. Management believe that these forecasts are reasonably achievable;

11 Intangible assets (continued)
Goodwill (continued)

- The revenue growth estimates for future years are extrapolated at 5% (2014: 5%) per annum for the first year and 2% thereafter (2014: 2%). This is based on the Group's estimate of the long term growth rate of the recruitment sector based on management's experience of the sector;

- Gross margin percentage is assumed to remain constant; and

- The pre tax discount rate used is based on the estimated weighted average cost of capital of 14.4% (2014: 13.5%).

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

Sensitivity to changes in assumptions
The value in use of the A-Day Consultants Limited CGU exceeds its carrying amount by £11.5 million (2014: £8.5 million). Sensitivity analysis has been completed on each key assumption in isolation, and this indicates that the value in use of the division will be equal to its carrying amount following a reduction in gross margin of 63.8 percentage points (2014: 56.8 percentage points), an increase in the discount rate of 50.6 percentage points (2014: 28.5 percentage points) or a reduction in revenue growth rates of 36 percentage points (2014: 29 percentage points). These sensitivities in total equate to a reduction in the CGU's gross margin of £1.6 million (2014: £2.8 million) and revenues of £3.8 million (2014: £6.7 million).

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

12 Property, plant and equipment

	Leasehold improvements £'000	Motor vehicles £'000	Fixtures, fittings and office equipment £'000	Computer equipment £'000	Total £'000
Cost					
Balance at 1 October 2013	**207**	**19**	**290**	**1,750**	**2,266**
Additions	2	-	43	259	304
Disposals	-	(6)	-	-	(6)
Balance at 1 October 2014	209	13	333	2,009	2,564
Additions	11	-	21	303	335
Acquired on acquisition	-	-	-	2	2
Disposals	-	-	(3)	(1,096)	(1,099)
Balance at 30 September 2015	**220**	**13**	**351**	**1,218**	**1,802**
Accumulated depreciation					
Balance at 1 October 2013	**205**	**14**	**214**	**1,230**	**1,663**
Depreciation charge for the year	3	1	27	215	246
Disposals	-	(3)	-	-	(3)
Balance at 1 October 2014	208	12	241	1,445	1,906
Depreciation charge for the year	3	-	27	225	255
Disposals	-	-	(3)	(1,093)	(1,096)
Balance at 30 September 2015	**211**	**12**	**265**	**577**	**1,065**
Net book value					
At 30 September 2013	2	5	76	520	603
At 30 September 2014	1	1	92	564	658
At 30 September 2015	**9**	**1**	**86**	**641**	**737**

The computer equipment disposed of represents the removal of obsolete equipment from the Group's records.

13 Subsidiary undertakings

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

Name	Country of incorporation and operation	Proportion of voting rights and ordinary share capital held	Nature of business
SN&C Holdings Limited	England and Wales	100%	Holding company
Servoca Nursing & Care Limited*	England and Wales	100%	Staffing and recruitment
Servoca Resourcing Solutions Limited	England and Wales	100%	Staffing and recruitment
Firstpoint Healthcare Limited*	England and Wales	100%	Staffing and recruitment
Servoca Secure Solutions Limited	England and Wales	100%	Security manned guarding
A-Day Consultants Limited	England and Wales	100%	Staffing and recruitment
Healthcare Staffing Group Limited	England and Wales	100%	Holding company
Firstpoint Homecare Limited	England and Wales	100%	Staffing and recruitment
Yorkshire and Humberside Teacher Agency Limited*	England and Wales	100%	Staffing and recruitment
A+ Teachers Limited*	England and Wales	100%	Staffing and recruitment

*Undertaking held indirectly by Parent Company.

14 Trade and other receivables

	30 September 2015 £'000	30 September 2014 £'000
Due in less than one year:		
Trade receivables	**9,867**	7,686
Less: Provision for impairment of trade receivables	**(315)**	(209)
Trade receivables net	**9,552**	7,477
Other receivables	**104**	59
Prepayments and accrued income	**1,969**	2,636
	11,625	10,172

14 Trade and other receivables *(continued)*

	30 September 2015 £'000	30 September 2014 £'000
Total financial assets other than cash and cash equivalents classified as loans and receivables	**9,656**	7,536
Cash and cash equivalents	**803**	197
Total financial assets classified as loans and receivables	**10,459**	7,733

The fair values of financial assets classified as loan and receivables approximate to their carrying value. Trade receivables are non-interest bearing and are generally on 14-60 day terms. At 30 September 2015, trade receivables of £315,000 (30 September 2014: £209,000) were impaired and fully provided for.

At 30 September 2015 the analysis of trade receivables is:

			Past due or impaired			
	Total £'000	**Neither past due nor impaired £'000**	**31-60 days £'000**	**60-90 days £'000**	**90-120 days £'000**	**120+ days £'000**
Trade receivables	9,867	6,507	1,523	889	391	557
Provision	(315)	-	-	-	-	(315)
	9,552	6,507	1,523	889	391	242

At 30 September 2014 the analysis of trade receivables was:

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

14 Trade and other receivables *(continued)*

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

	30 September 2015 £'000	30 September 2014 £'000
At beginning of the year	**209**	276
Provided/(released or utilised) during the year	**106**	(67)
At end of the year	**315**	209

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

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

15 Trade and other payables

	30 September 2015 £'000	30 September 2014 £'000
Trade payables	**996**	1,138
Other taxation and social security	**1,335**	1,207
Deferred consideration	**805**	-
Other payables	**1,043**	1,107
Accruals and deferred income	**2,189**	1,704
	6,368	5,156

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

16 Other financial liabilities and provisions - current

	30 September 2015 £'000	30 September 2014 £'000
Invoice discounting facility	**1,982**	2,824
Provisions (see note 17)	**-**	13
	1,982	2,837

Invoice discounting facilities of £1,982,000 (2014: £2,824,000) are secured by a charge over the borrowing company's book debts. Interest during the year is payable on these facilities at commercial rates.

17 Provisions

	National Insurance on share options £'000
At 1 October 2013 and 1 October 2014	**13**
Release of over-provisions in prior periods	(13)
At 30 September 2015	**-**

18 Financial instruments

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

- Credit risk
- Cash flow interest rate risk
- Liquidity risk

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

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

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

Principal financial instruments

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

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

General objectives, policies and processes

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

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

18 Financial instruments *(continued)*

General objectives, policies and processes *(continued)*

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

Credit risk

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

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

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

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

Quantitative disclosures of the credit risk exposure in relation to trade and other receivables, which are neither past due nor impaired, are disclosed in note 14.

Interest rate risk

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

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

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

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

	Floating rate borrowings £'000
At 30 September 2015	
Invoice discounting facility	**1,982**
At 30 September 2014	
Invoice discounting facility	2,824

18 Financial instruments *(continued)*
Interest rate risk *(continued)*
The floating rate borrowings bear interest at a commercial rate above the bank's base rate and all the Group's borrowings are in sterling.

At 30 September 2015, if interest rates on the above floating rate borrowings had been 2% (2014: 3%) higher or lower with all other variables held constant, profit after tax for the period would have been £61,000 (2014: £166,000) lower or higher. There would be the same effect on equity.

The directors consider that 2% (2014: 3%) is the maximum likely change to Sterling interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

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

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

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

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

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

	Due in less than 1 year £'000	**Due in more than 1 year £'000**	**Total £'000**
Trade and other payables	**5,033**	**70**	**5,103**
Invoice discounting facilities	**1,982**	**-**	**1,982**
At 30 September 2015	**7,015**	**70**	**7,085**

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

18 Financial instruments *(continued)*

Undrawn facilities

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

	30 September 2015 £'000	30 September 2014 £'000
Expiring within one year	**3,691**	2,429

Capital management policy

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

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

Movements in capital during the year are disclosed in note 19 and the Consolidated Statement of Changes in Equity.

19 Called up share capital

	30 September 2015 Number '000	**30 September 2015 £'000**	30 September 2014 Number '000	30 September 2014 £'000
Allotted, issued and fully paid:				
Ordinary shares of 1p each	**125,575**	**1,256**	125,575	1,256

The Company acquired 1,020,103 of its own shares in the year (2014: 200,613) and sold 760,616 of its own shares in the period (2014: nil). The total amount paid to acquire the shares was £195,343 (2014: £18,248) and the total amount received from the sale of these shares was £131,052 (2014: nil). These amounts have been deducted from retained earnings within shareholders' equity. The number of shares held as "treasury shares" at the year end was 460,100 (2014: 200,613). The Company has the right to re-issue these shares at a later date.

19 Called up share capital *(continued)*

Share options

At 30 September 2015 employee share options were outstanding as follows:

Number of employees	Exercise price	Date of issue	Date first exercisable	Date of expiry	Number of share options
7	40.0p	01/12/07	01/12/10	30/11/17	100,000
1	31.5p	31/03/08	31/03/11	30/03/18	50,000
1	10.0p	31/03/08	31/03/11	30/03/18	116,279
1	12.5p	07/07/09	31/03/11	20/07/19	116,279
3	5.0p	12/10/11	See below	12/10/21	490,000
1	2.38p	25/03/13	See below	25/03/23	1,260,500
1	8.00p	26/02/14	See below	25/02/24	250,000
					2,383,058

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

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

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

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

The movements in the total number of share options is as follows:	**2015 Number**	2014 Number
Outstanding at beginning of year	**3,308,058**	3,229,058
Issued in year	**-**	250,000
Lapsed	**(925,000)**	(171,000)
Outstanding at end of year	**2,383,058**	3,308,058
Exercisable at end of year	**382,558**	1,307,558

The weighted average exercise price of the share options outstanding at the year end is 6.6p (2014: 11.7p) and the weighted average contractual life of the options outstanding at the end of the year is 6.6 years (2014: 5.7 years).

19 Called up share capital ***(continued)***
Share options ***(continued)***
Details of parent company share option schemes.

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

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

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

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

Group 4 – 1,675,000 options granted 19 July 2008
The remaining 925,000 of these options all lapsed during the year.

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

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

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

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

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

Details of other share options and long term incentive schemes.

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

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

	30 September 2015 £'000	30 September 2014 £'000
Expense arising from share based payment transactions:		
– share option schemes	**80**	82
Recognised through retained earnings	**80**	82

20 Reserves

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

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

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

21 Acquisitions

On 28 August 2015, the Group acquired the entire issued share capital of A+ Teachers Limited for a total consideration of £2.30 million, satisfied by an initial cash consideration of £1.42 million on completion, a further cash consideration paid in October 2015 of £0.74 million and deferred cash consideration of £0.14 million. In addition, a further £0.8 million of deferred consideration is payable dependant on A+ Teachers Limited achieving certain levels of gross margin in the two years to 31 August 2017. There is potentially further cash consideration to a maximum of £0.6m payable should the results for year 2 exceed the target for that year. The payment of these additional amounts is dependent on continuing employment of one of the former shareholders and they are therefore accounted for as post acquisition remuneration, as required by IFRS 3, rather than part of the consideration on acquisition.

21 Acquisitions *(continued)*

A+ Teachers Limited is an education recruitment company operating in Hertfordshire which will enhance the Group's geographical coverage.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	£'000	£'000
Trade and other receivables	**35**	
Cash	**1,458**	
Corporation tax	**(102)**	
Trade and other payables	**(53)**	
Net assets		**1,338**
Consideration		
Cash on completion		**1,424**
Cash post completion		**739**
Deferred cash consideration		**136**
		2,299
Goodwill		**961**

The directors did not identify any other separable intangible assets in respect of this acquisition. The goodwill represents the expected value of synergies from the integration into a larger group.

Included in the results of the Group for the year is revenue of £175,000 and a profit before tax of £76,000 in respect of A+ Teachers since its acquisition.

Prior to acquisition by Servoca, A+ Teachers had a year end of 31 August. In the year ended 31 August 2015 it had revenues of £1,736,000 and a net profit after taxation of £396,000.

Had the Group acquired A+ Teachers on 1 October 2014, the revenue that A+ Teachers would have contributed to the Group would have been £1,735,000 with a profit before taxation of £490,000.

The Group also acquired the entire issued share capital of Yorkshire and Humberside Teacher Agency Limited in February for a cash consideration of £115,000. The goodwill on this acquisition amounts to £122,000. This acquisition is not considered sufficiently material to warrant the disclosures required by IFRS3.

21 Acquisitions ***(continued)***

The amount included in the consolidated statement of cash flows in respect of the acquisitions is as follows:

	Cash consideration paid £'000	Cash acquired £'000	Total £'000
All acquisitions	**1,539**	**(1,453)**	**86**

22 Operating leases

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

The future minimum lease payments are due as follows:

	30 September 2015 Land and buildings £'000	**30 September 2015 Other £'000**	30 September 2014 Land and buildings £'000	30 September 2014 Other £'000
Not later than one year	**697**	**93**	214	130
Later than one year but not later than five years	**225**	**122**	242	65
	922	**215**	456	195

23 Notes to the consolidated statement of cash flows

a) Cash and cash equivalents

	30 September 2015 £'000	30 September 2014 £'000
Cash available on demand	**803**	197
Invoice discounting facilities	**(1,982)**	(2,824)
	(1,179)	(2,627)
Cash and cash equivalents at beginning of year	**(2,627)**	(3,067)
Net increase in cash and cash equivalents	**1,448**	440

23 Notes to the consolidated statement of cash flows *(continued)*

b) Analysis of net debt

2015	As at 1 October 2014 £'000	Cash flow £'000	Non cash movement £'000	**As at 30 September 2015 £'000**
Cash and cash equivalents	(2,627)	1,448	-	**(1,179)**
Current deferred consideration	-	-	(805)	**(805)**
	(2,627)	1,448	(805)	**(1,984)**

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

24 Pensions

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

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

25 Related party transactions

Key management personnel are defined as being Directors of Servoca Plc. Information on their remuneration is set out in note 4. In addition to the remuneration disclosed in note 4, employer's National Insurance of £80,000 (2014: £64,000) was paid in relation to key management personnel.

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

SERVOCA Plc
Parent company balance sheet
At 30 September 2015 — Company registration number: 02641313

	Note	30 September 2015 £'000	30 September 2014 £'000
Fixed assets			
Tangible assets	2	**177**	187
Investments	3	**9,807**	10,299
		9,984	10,486
Current assets			
Debtors - due after more than one year	4	**3,440**	4,004
- due in less than one year	4	**725**	548
Deferred tax asset		**37**	39
Cash at bank and in hand		**12**	99
		4,214	4,680
Creditors: amounts falling due within one year	5	**(976)**	(622)
Net current assets		**3,238**	4,068
Total assets less current liabilities		**13,222**	14,554
Creditors: amounts falling due after more than one year	6	**(3,813)**	(6,197)
Provisions for liabilities	7	**-**	(13)
Net assets		**9,409**	8,344
Capital and reserves			
Called up share capital	8	**1,256**	1,256
Share premium account	9	**203**	203
Profit and loss account	9	**7,950**	6,885
Shareholders' funds	10	**9,409**	8,344

The financial statements were approved by the Board and authorised for issue on 22 December 2015 and signed on its behalf by:

Andrew Church
Chief Executive Officer

Glenn Swaby
Chief Financial Officer

The notes on pages 47 to 52 form part of these financial statements.

1 Accounting policies

The following principal accounting policies have been applied:

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

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

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

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

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

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

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

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

Dividends
Equity dividends are recognised either when they are paid or a liability is established by approval of the shareholders.

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

Leased assets

Operating leases

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

Pension costs

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

Share-based payments

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

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

2 Tangible fixed assets

	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 October 2014	218	61	866	1,145
Additions	5	1	61	67
At 30 September 2015	**223**	**62**	**927**	**1,212**
Depreciation				
At 1 October 2014	218	56	684	958
Charge for the year	2	3	72	77
At 30 September 2015	**220**	**59**	**756**	**1,035**
Net book value				
At 30 September 2015	**3**	**3**	**171**	**177**
At 30 September 2014	-	5	182	187

3 Investments

	Subsidiary undertakings £'000
Cost	
At 1 October 2014	**13,224**
Disposals	(569)
At 30 September 2015	12,655
Provisions	
At 1 October 2014	**2,925**
Eliminated on disposal	(77)
At 30 September 2015	**2,848**
Net book value	
At 30 September 2015	**9,807**
At 30 September 2014	10,299

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

	30 September 2015 £'000	30 September 2014 £'000
SN&C Holdings Limited	**350**	350
Servoca Resourcing Solutions Limited	**2,180**	2,180
A-Day Consultants Limited	**7,277**	7,277
Triple West Medical Limited	**-**	492
	9,807	10,299

A list of the main subsidiary companies is disclosed in note 13 to the group financial statements. Those subsidiaries listed in the note 13 and not above are either held indirectly or have no cost of investment.

4 Debtors

	30 September 2015 £'000	30 September 2014 £'000
Amounts due within one year:		
Other tax and social security	**312**	279
Other debtors	**62**	4
Prepayments and accrued income	**351**	265
	725	548
Amounts due in more than one year:		
Due from group companies	**3,440**	4,004
	4,165	4,552

4 Debtors *(continued)*

The Company has a recognised deferred tax asset of £37,000 (2014: £39,000) in respect of unclaimed capital allowances carried forward and an unrecognised deferred tax asset of £289,000 (2014: £289,000) in respect of capital losses for offset against future capital gains. The asset in respect of capital losses has not been recognised as there is currently not sufficient evidence about available gains in the future.

5 Creditors: amounts falling due within one year

	30 September 2015 £'000	30 September 2014 £'000
Trade creditors	**276**	262
Corporation tax	**218**	-
Other taxation and social security	**47**	66
Other creditors	**16**	32
Accruals and deferred income	**419**	262
	976	622

The Company is part of a group VAT registration and the total group liability at 30 September 2015 was £833,000 (2014: £755,000).

6 Creditors: amounts falling due after more than one year

	30 September 2015 £'000	30 September 2014 £'000
Amounts due to group companies	**3,813**	6,197

7 Provisions for liabilities and charges

	National Insurance on share options £'000
At 1 October 2014	13
Utilised in the year	(13)
At 30 September 2015	**-**

8 Called up share capital

	30 September 2015 Number '000	**30 September 2015 £'000**	30 September 2014 Number '000	30 September 2014 £'000
Allotted, issued and fully paid:				
Ordinary shares of 1p each	**125,575**	**1,256**	125,575	1,256

The Company acquired 1,020,103 of its own shares in the year (2014: 200,613) and sold 760,616 of its own shares in the period (2014: nil). The total amount paid to acquire the shares was £195,343 (2014: £18,248) and the total amount received from the sale of these shares was £131,052 (2014: nil). These amounts have been deducted from the profit and loss account reserves within shareholders' funds. The number of shares held as "treasury shares" at the year end was 460,100 (2014: 200,613). The Company has the right to re-issue these shares at a later date.

Share options

Details of the Company's share option schemes and long term incentive plans are provided in note 19 in the notes forming part of the consolidated financial statements.

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

	30 September 2015 £'000	30 September 2014 £'000
Expense arising from share based payment transactions		
– share option schemes	**80**	82
Recognised in retained earnings	**80**	82

9 Share premium account and other reserves

	Share premium £'000	**Profit and loss account £'000**
At 1 October 2014	203	6,885
Profit for the year	-	1,049
Share based payment expense	-	80
Purchase of treasury shares	-	(64)
At 30 September 2015	**203**	**7,950**

10 Reconciliation of movements in shareholders' funds

	30 September 2015 £'000	30 September 2014 £'000
Profit/(loss) for the year	**1,049**	(528)
Share based payment expense	**80**	82
Purchase of treasury shares	**(64)**	(18)
Net movement in shareholders' funds	**1,065**	(464)
Opening shareholders' funds	**8,344**	8,808
Closing shareholders' funds	**9,409**	8,344

11 Annual commitments under operating leases

	30 September 2015 Land and buildings £'000	**30 September 2015 Other £'000**	30 September 2014 Land and buildings £'000	30 September 2014 Other £'000
Operating leases which expire:				
In less than one year	**-**	**-**	14	6
In more than one year but less than two years	**193**	**20**	-	1
	193	**20**	14	7

12 Parent company results

The Parent Company's own result for the year was a profit after taxation of £1,049,000 (2014: loss of £528,000).

13 Pensions

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

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

14 Related party transactions

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

15 Directors' remuneration

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