14 October 2014

Matchtech Group plc
Preliminary Results for the year ended 31 July 2014

Matchtech Group plc ("Matchtech" or the "Group"), one of the UK's leading specialist engineering and professional services recruitment companies, today announces its Preliminary Results for the year ended 31 July 2014.

Financial Highlights

	2014	2013	Change
Revenue	**£451.6m**	£408.9m	**+10%**
Net Fee Income[1] (NFI)	**£45.0m**	£38.4m	**+17%**
Underlying NFI [2]	**£43.2m**	£38.4m	**+13%**
Contract NFI	**£32.8m**	£27.2m	**+21%**
Permanent recruitment fees[2]	**£12.2m**	£11.2m	**+9%**
Contract NFI / Permanent fees mix	**73%/27%**	71%/29%	
EBITA[3]	**£13.6m**	£10.7m	**+27%**
Underlying EBITA[2 3]	**£12.7m**	£11.1m	**+14%**
Profit before tax	**£11.9m**	£9.9m	**+20%**
Basic earnings per share	**37.0p**	32.0p	**+16%**
Adjusted basic earnings per share[3]	**39.1p**	32.9p	**+19%**
Adjusted diluted earnings per share[3]	**36.9p**	31.6p	**+17%**
Final proposed dividend	**14.59p**	12.85p	**+14%**
Total proposed dividend	**20.00p**	18.00p	**+11%**
Operating cash conversion	**121%**	110%	
Net debt	**£3.1m**	£10.5m	**down £7.4m**

The following footnotes apply, where indicated, throughout these Preliminary Results:
[1] NFI is calculated as revenue less contractor payroll costs
[2] Underlying results exclude trading of the Provanis acquisition and restructuring costs in 2013 (£0.4m)
[3] Adjusted results exclude £0.7m (2013: £0.2m) of amortisation from acquired intangibles

Operational Highlights

- Increase in contract margins to 7.5% (2013: 6.8%)
- Volume of permanent placements up 15%
- NFI per sales head up 5%
- Increased NFI conversion ratio to 30% (2013: 28%)
- Successful integration of Provanis acquisition
- Continued investment in sales headcount in targeted growth markets

Commenting on the results, Adrian Gunn, Chief Executive of the Group said:

"The Group has continued its track record of delivering year-on-year double-digit growth in Net Fee Income and it is particularly pleasing that contract margins have also increased, driving a 19% increase in adjusted earnings per share.

"There remains very strong demand in the UK and worldwide for skilled engineers and this demand is increasing as the global economy recovers and manufacturing output rises. The Group is ideally placed to benefit from these trends due to our niche focus within Engineering and Technology, market leading position and balanced business model of contract and permanent recruitment.

"We therefore continue to invest to accelerate the on-going medium term success of the business particularly focusing on increasing our consultant headcount within Engineering in the first half of FY2015.

"We have refined our 2017 Vision for the Group to be a market leading specialist recruiter, the employer of choice, the best partner to clients & candidates with a rapidly developing international business.

"The new financial year has started well, building on our solid foundations and I am confident that the Group will continue to make significant progress again this year."

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Michael Meade (NOMAD)/ James Serjeant	

Chairman's Statement

Introduction

On behalf of the Board it gives me great pleasure to report a further year of progression for the Group, with adjusted earnings up 19% to 39.1 pence per share (2013: 32.9 pence).

Matchtech Group was incorporated in 1984 by George Materna, our founder and my predecessor as Chairman. On 1 August 2014 we celebrated the Group's 30th birthday and its remarkable achievements in that time.

I must thank George for his inspiration in creating Matchtech Group and for the legacy he bestowed to me when he stepped down from the Chairmanship.

Strategy, Purpose and Vision

I joined Matchtech Group because I believed it was a great company with lots of potential and everything I have seen since arriving here in December 2013 has confirmed that view. We have a strong client proposition, good people, a terrific culture and the Group is financially sound.

During this year we have refined and sharpened our strategy so that we can do even better in the future. We have conducted research both internally and externally to ensure that we completely understand how the Group is seen by our staff, clients and candidates.

This has enabled us to agree on our Purpose, whereby we aim to engage our staff, delight our clients and promote our candidates.

This in turn has enabled us to build our Vision to 2017 and beyond.

We have a solid foundation based around high quality people. We know that on-going growth depends on us continuing to value and engage our staff, so this year we used our engagement survey to find out what they think of the Group.

Our overall engagement score was an outstanding 90% placing us in the top 5% of our benchmark group.

The survey confirmed that culture is one of the most important factors driving our engagement score. Our staff told us it was our culture and values that attracted them to us and these are one of the biggest reasons they stay. This demonstrates the huge importance our culture plays in the Group's success.

The Board

During the year we said goodbye to Andy White who left the business having joined the Board in 1990.

His counsel, energy and commitment to our business will be missed. I thank him on behalf of the Board and our shareholders for all his input over the years.

Dividend

The Group's progressive dividend policy remains an important part of our investment proposition and having maintained the dividend through the recession we are pleased to add to last year's increase.

The Board recommends to shareholders a final dividend of 14.59 pence per share, an increase of 14% on last year.

This gives a total dividend for the year of 20.0 pence per share (2013: 18.0 pence) up 11%, with adjusted dividend cover increasing to 2.0 times (2013: 1.8 times).

If approved by shareholders at the Annual General Meeting, to be held on 14 November 2014, the final dividend will be payable on 5 December 2014 to those shareholders registered on 7 November 2014.

Outlook

With a clear purpose and vision, a refined strategy and an engaged workforce I am more confident than ever that we can continue to outperform our competitors and deliver excellent returns to our shareholders.

Chief Executive's Review

This has been another successful year with strong performance across the Group.

Our focus as a specialist recruiter, on higher margin, harder to fill roles, is bearing fruit.

We are focused on putting the right value on the quality service we provide. By increasing our staff's ability to appreciate their own added value, we have improved their negotiating confidence which, in turn, has increased margins whilst maintaining nurtured client relationships.

Whilst contractor numbers on assignment, excluding the Provanis acquisition, has increased by only 100 to 7,100 from the 7,000 we had at the start of the year, we have grown the Net Fee Income (NFI) we generate from contract recruitment by 14%.

We have replaced the contractor reductions at Portsmouth Naval Base with better paid, higher margin contractors elsewhere. We increased our contract margin percentage from 6.8% last year to 7.5% this year which equates to 10% more NFI from the same revenue and this, along with wage inflation and placing candidates at higher pay rates, has driven the NFI forward.

In 2014 we also made over 3,000 permanent placements, generating in excess of £12m in fees.

However, whilst the UK economy is in recovery mode, the acute skills shortage means that candidates are finding themselves with multiple job offers. This leads to more offer rejections and counter offers from incumbent employers, somewhat elongating the time to hire and slowing the growth in permanent fees.

We have maintained a healthy business mix with contract NFI now representing 73% and permanent fees 27% of Group NFI.

The Group has continued its track record of delivering year-on-year organic double-digit growth in NFI with both the average permanent fee and contract margins increasing.

The acquisition of Provanis has added to our capabilities. It has been successfully integrated into the Group and has positively impacted on profitability.

Having mapped our most attractive markets against our teams of strongest capability, we have identified the areas of greatest potential.

We continue to invest heavily in additional consultants, particularly focusing on increasing our consultant headcount within Engineering in the first half of FY2015.

We refined our 2017 Vision for the Group to be the market leading specialist recruiter within Engineering and Technology, the employer of choice, the best partner to clients and candidates with a rapidly developing international business and being a premium stock for investors.

The Group is ideally placed to benefit from the very strong demand in the UK and worldwide for skilled engineers and this demand is increasing as the global economy recovers and manufacturing output rises.

Our niche Engineering and Technology focus, market leading position and balanced business model of contract and permanent recruitment put us in a good position to take advantage of these trends.

I look forward to reporting on further progress throughout the coming year.

Engineering Sector

The engineering sector delivered 13% growth in Net Fee Income (NFI) to £27.1m, with a 15% increase in Contract NFI and Permanent Fees slightly ahead of the prior year.

Infrastructure was our strongest performing area with a 36% increase in NFI on the back of major investment in rail, highways, utilities and building structures. Network Rail announced £38bn of funding into engineering projects and the Highways Agency delivered record spending reports, increasing confidence to the infrastructure sector. Both private and public organisations throughout the industry proactively targeted niche engineering talent, resulting in increased activity across both contract and permanent recruitment.

Aerospace NFI grew by 17% as the design and engineering phases of the A380, A400m and A350 moved into volume manufacturing, resulting in the UK having an order backlog of more than 10 years.

NFI in Automotive was up 5%, there were sustained high levels of investment from Jaguar Land Rover (JLR) and increased levels of interest in UK automotive capability from developing countries.

Energy produced similar NFI to the previous year, the Nuclear division (Defence and New Build) recorded strong growth, whilst our Oil & Gas team was impacted by stalling North Sea investment.

As expected Maritime was impacted by the planned completion of the QEC aircraft carrier build phase at Portsmouth Naval Base, but with NFI down only 7% year on year this highlights our ability to supply into shipyards nationally.

Our low risk international strategy of following key clients has led us to place candidates in 30 countries from our UK office. Our German business continues to be challenging but operational results have shown an improved performance compared to 2013.

Engineering has continued to differentiate its recruitment service by providing a clear focus on niche and specialist skills, whilst also positioning ourselves as authoritative thought leaders in the sector.

Gaining credibility with engineering industry stakeholders through association and partnerships is key and we have continued to provide valuable market intelligence and balanced opinion, as well as facilitating events and highlighting recommendations and actions in order to address the skills gap.

In partnership with the Institute of Marine, Engineering, Science & Technology (IMarEST), a report, 'Mitigating the Skills Gap', in the Maritime and Oil & Gas Market, identified 16 recommendations to government, educators and industry which are being implemented through the Marine Industries Alliance and UK Naval Engineering, Science and Technology Forum (UK NEST).

Our annual 'Confidence Index' which examines, by sector, how confident engineers are about a variety of different career related issues, including career progression, job security and salary, attracts a healthy amount of debate, media coverage and interaction with the Department of Business Innovation and Skills.

We provided valuable insight on recruitment trends within the engineering community contributing to a high profile report 'Inventing the Future', which was produced by the New Engineering Foundation. Submitted to Government the report challenges the way Science, Technology, Engineering and Mathematics (STEM) education subjects are delivered, managed and funded.

Our new partnership with Women in Engineering Society (WES) supports activities such as 'National Women in Engineering Day' which attracted an overwhelmingly positive response from clients, candidates and EngineeringUK.

We are committed to addressing the skills gap by addressing diversity, supporting a pipeline of talent, exploring the advantages of skills transfer, celebrating engineering excellence, promoting engineering as the career of choice and maintaining a focus on attracting and retaining talent to ensure a long-term sustainable engineering future for UK industry.

Professional Services Sector

The Professional Services sector delivered £17.9m of Net Fee Income (NFI) up 24% (2013: £14.4m) and now generates 40% of the Group's NFI.

Excluding £1.8m of NFI generated from the acquisition of Provanis, underlying NFI grew by 13%. Contract NFI was up 34% to £10.2m (2013: £7.6m), 11% on an underlying basis, and permanent fees were up 13% to £7.7m (2013: £6.8m).

With Provanis generating almost all its business from contractors, there has been a shift in the business mix within Professional Services with contract now generating 57% of NFI (2013: 53%) and permanent fees 43% NFI (2013: 47%).

Technology, which is the largest part of Professional Services, increased NFI by 27%, 8% excluding Provanis and has a business mix of 83% contract and 17% permanent fees.

Technology operates seven niche teams within Controls & Automation, Electronics & Systems, Software, Communications & Infrastructure, Business Intelligence, ERP and Project Management. These specialist teams focus on higher margin, lower volume contingency business.

A centralised Corporate Accounts Team has also been set up to service our high volume, lower margin framework agreements more profitably.

Provanis, the niche Oracle Applications agency acquired in September, has accelerated our penetration into the ERP marketplace. Provanis has been successfully integrated into the business, with an outturn NFI conversion ratio in excess of 60%.

Professional Staffing NFI was up 19% with strong growth in permanent fees giving a business mix of 27% contract and 73% permanent fees.

Similar to Technology, Professional Staffing operates within skill specific teams who focus on Procurement, Finance, HR, Sales & Marketing and Training. These specialist teams are split across two recruitment centres, London and Whiteley and as well as being skill specific these teams only focus on four key sectors including Engineering and Technology.

This clearly defined remit is accelerating new client acquisition, improving the candidate experience and helping identify cross selling opportunities between brands. This strategy also underpins our primary objective of driving up productivity levels within Professional Services and we have the capacity to increase this productivity within our existing staff levels before further headcount investment is required.

Chief Financial Officer's Report

Performance

Net Fee Income (NFI) grew by 17% to £45.0m (2013: £38.4m). Excluding a £1.8m contribution from the Provanis acquisition made during the year, NFI grew by 13%.

This was against the backdrop of a growth in revenue of 10% to £451.6m (2013: £408.9m). This lower growth in revenue than NFI reflects the increase in our contract margin from 6.8% last year to 7.5% this year, as we focus on new contingency business rather than large, lower margin framework contracts.

Contract NFI grew by 21% to £32.8m (2013: £27.2m), with the key drivers of this growth being the Provanis acquisition (7%), increasing margins (5%) with the balance of a combination of volume, higher pay rates and hours worked. Contractor numbers on assignment at 31 July 2014 grew by 3% to 7,200 (31 July 2013: 7,000).

Permanent recruitment fees were up 9% to £12.2m (2013: £11.2m).

The following adjusted results exclude £0.7m (2013: £0.2m) of amortisation from acquired intangibles.

EBITA was up 27%, to £13.6m (2013: £10.7m), reflecting a NFI conversion rate of 30%, up 2 percentage points (2013: 28%).

Adjusted profit before tax of £12.6m was up 25% (2013: £10.1m).

The Group's effective tax rate has fallen to 23.6% (2013: 23.9%).

Adjusted basic earnings of 39.1 pence per share rose 19% (2013: 32.9 pence) with adjusted diluted earnings per share of 36.9 pence up 17% (2013: 31.6 pence).

Dividends Paid

In the year the Group paid a final dividend of £3.17m at 12.85 pence per share on 6 December 2013 (£2.48m at 10.6 pence per share on 7 December 2012) and an interim dividend of £1.35m at 5.41 pence per share on 20 June 2014 (£1.17m at 5.15 pence per share on 21 June 2013).

Capital Expenditure and Tangible and Intangible Assets

Capital expenditure in the year was £0.3m (2013: £0.9m). Tangible assets at 31 July 2014 of £1.3m (2013: £1.7m) consist of the Group's motor fleet, office equipment, leasehold improvements and computer equipment.

Intangible assets at 31 July 2014 were £3.7m (2013: £0.6m), £3.3m relating to the acquisition of Provanis: £1.7m of unamortised acquired intangible assets and £1.6m of goodwill, and external software licences of £0.4m which are amortised over the expected life of the licence.

Working Capital, Cash Flow and Net Debt

Debtor days at the year end improved by 3 days to 46 (31 July 2013: 49).

Net cash from operating activities was £12.3m (2013: £8.5m) with an operating cash conversion of 121% (2013: 110%).

Net debt at 31 July 2014 was £3.1m (31 January 2014: £8.6m, 31 July 2013: £10.5m), consisting of a working capital facility of £3.3m (2013: £11.4m), bank overdrafts £0.4m (2013: £0.1m) less cash £0.6m (2012: £0.9m) and capitalised finance costs £nil (2013: £0.1m).

Banking Facilities

On 30 July 2014 the Group agreed to transfer its banking relationship to HSBC.

The new agreement is a three year, £60m Invoice Financing Facility, at a lower rate of 1.1% over HSBC bank base rate.

Group Consolidated Statement of Financial Position

At 31 July 2014 the Group had net assets of £42.7m (2013: £32.3m) and had 25.0m fully paid ordinary shares in issue (2013: 23.6m).

Critical Accounting Policies

The Statement of Significant Accounting Policies is set out in Note 1 to the Financial Statements.

The Board considers that the estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement of tangible assets (where the Group estimates useful lives for the purposes of depreciation).

Group Financial Risk Management

The Board reviews and agrees policies for managing financial risks. The Group's Finance function is responsible for managing investment and funding requirements including banking and cash flow monitoring. It seeks to ensure that adequate liquidity exists at all times in order to meet its cash requirements.

The Group's financial instruments comprise borrowings, cash and various items, such as trade receivables and trade payables that arise from its operations. The main purpose of these financial instruments is to finance the Group's operations. The Group does not trade in financial instruments. The main risks arising from the Group's financial instruments are described below.

Liquidity and Interest Rate Risk

The Group had net debt of £3.1m at the year end, comprising £3.7m debt less £0.6m cash. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank loan and sales financing facility debt obligations. Bank interest is charged on a floating rate basis.

Credit Risk

The Group trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group, with no single debtor accounting for more than 9% (2013: 18%) of total receivables balances at 31 July 2014.

Foreign Currency Risk

The Board considers that the Group does not have any material risks arising from the effects of exchange rate fluctuations.

CONSOLIDATED INCOME STATEMENT
for the year ended 31 July 2014

	Note	2014 £'000	restated 2013 £'000
Revenue		**451,591**	408,926
Cost of sales		**(406,609)**	(370,554)
GROSS PROFIT	2	**44,982**	38,372
Administrative expenses		**(32,024)**	(27,874)
PROFIT FROM OPERATIONS	3	**12,958**	10,498
Profit from operations before amortisation of acquired intangibles		**13,621**	10,698
Amortisation of acquired intangibles		**(663)**	(200)
Finance income		**-**	180
Finance costs	5	**(1,015)**	(782)
PROFIT BEFORE TAX		**11,943**	9,896
Income tax expense	8	**(2,821)**	(2,361)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**9,122**	7,535

EARNINGS PER ORDINARY SHARE

	Note	2014 pence	2013 pence
Basic	9	**37.0**	32.0
Diluted	9	**35.0**	30.7

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 July 2014

	2014 £'000	2013 £'000
PROFIT FOR THE YEAR	**9,122**	7,535
OTHER COMPREHENSIVE INCOME		
Exchange differences on translating foreign operations	**120**	(95)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**120**	(95)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**9,242**	7,440

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 July 2014

A) GROUP

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Translation of foreign operations £'000	Retained earnings £'000	Total £'000
At 1 August 2012	**234**	**3,128**	**224**	**885**	**64**	**23,113**	**27,648**
Profit for the year	-	-	-	-	-	7,535	7,535
Other comprehensive income	-	-	-	-	(95)	-	(95)
Total comprehensive income	-	-	-	-	(95)	7,535	7,440
Dividends paid in the year	-	-	-	-	-	(3,704)	(3,704)
Deferred tax movement re share options	-	-	-	-	-	223	223
IFRS2 charge	-	-	-	610	-	-	610
IFRS2 reserves transfer	-	-	-	(401)	-	401	-
Shares issued	2	103	-	-	-	-	105
Transactions with owners	2	103	-	209	-	(3,080)	(2,766)
At 31 July 2013	**236**	**3,231**	**224**	**1,094**	**(31)**	**27,568**	**32,322**
At 1 August 2013	**236**	**3,231**	**224**	**1,094**	**(31)**	**27,568**	**32,322**
Profit for the year	-	-	-	-	-	9,122	9,122
Other comprehensive income	-	-	-	-	120	-	120
Total comprehensive income	-	-	-	-	120	9,122	9,242
Dividends paid in the year	-	-	-	-	-	(4,516)	(4,516)
Deferred tax movement re share options	-	-	-	-	-	109	109
IFRS2 charge	-	-	-	1,335	-	-	1,335
IFRS2 reserves transfer	-	-	-	(808)	-	808	-
Shares issued	14	4,157	-	-	-	-	4,171
Transactions with owners	14	4,157	-	527	-	(3,599)	1,099
At 31 July 2014	**250**	**7,388**	**224**	**1,621**	**89**	**33,091**	**42,663**

B) COMPANY

	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2012	**234**	**3,128**	**885**	**934**	**5,181**
Profit and total comprehensive income for the year	-	-	-	4,140	4,140
Dividends paid in the year	-	-	-	(3,704)	(3,704)
IFRS2 charge	-	-	610	-	610
IFRS2 reserves transfer	-	-	(401)	401	-
Shares issued	2	103	-	-	105
Transactions with owners	2	103	209	(3,303)	(2,989)
At 31 July 2013	**236**	**3,231**	**1,094**	**1,771**	**6,332**
At 1 August 2013	**236**	**3,231**	**1,094**	**1,771**	**6,332**
Profit and total comprehensive income for the year	-	-	-	3,345	3,345
Dividends paid in the year	-	-	-	(4,516)	(4,516)
IFRS2 charge	-	-	1,335	-	1,335
IFRS2 reserves transfer	-	-	(808)	808	-
Shares issued	14	4,157	-	-	4,171
Transactions with owners	14	4,157	527	(3,708)	990
At 31 July 2014	**250**	**7,388**	**1,621**	**1,408**	**10,667**

STATEMENTS OF FINANCIAL POSITION
for the year ended 31 July 2014

		GROUP		COMPANY	
		2014	**2013**	**2014**	**2013**
	Note	**£'000**	**£'000**	**£'000**	**£'000**
NON-CURRENT ASSETS					
Intangible assets	11	**3,704**	635	**-**	-
Property, plant and equipment	12	**1,328**	1,744	**-**	-
Investments	13	**-**	-	**3,403**	2,068
Deferred tax asset	14	**388**	533	**-**	-
Total Non-Current Assets		**5,420**	2,912	**3,403**	2,068
CURRENT ASSETS					
Trade and other receivables	15	**72,248**	69,210	**9,414**	4,913
Cash		**569**	857	**39**	39
Total Current Assets		**72,817**	70,067	**9,453**	4,952
TOTAL ASSETS		**78,237**	72,979	**12,856**	7,020
NON-CURRENT LIABILITIES					
Provisions	16	**(278)**	(278)	**-**	-
Total Non-Current Liabilities		**(278)**	(278)	**-**	-
CURRENT LIABILITIES					
Trade and other payables	17	**(30,112)**	(27,800)	**(2,189)**	(688)
Current tax liability		**(1,506)**	(1,229)	**-**	**-**
Bank loans and overdrafts	22	**(3,678)**	(11,350)	**-**	**-**
Total Current Liabilities		**(35,296)**	(40,379)	**(2,189)**	(688)
TOTAL LIABILITIES		**(35,574)**	(40,657)	**(2,189)**	(688)
NET ASSETS		**42,663**	32,322	**10,667**	6,332
EQUITY					
Called-up equity share capital	20	**250**	236	**250**	236
Share premium account		**7,388**	3,231	**7,388**	3,231
Merger reserve		**224**	224	**-**	-
Share-based payment reserve		**1,621**	1,094	**1,621**	1,094
Translation of foreign operations		**89**	(31)	**-**	**-**
Retained earnings		**33,091**	27,568	**1,408**	1,771
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**42,663**	32,322	**10,667**	6,332

These financial statements were approved by the Board of Directors on 14 October 2014, and signed on their behalf by:

Tony Dyer
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 July 2014

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	£'000	**£'000**	**£'000**	**£'000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after taxation	**9,122**	7,535	**3,345**	4,140
Adjustments for:				
Depreciation and amortisation	**1,385**	816	**-**	-
Loss/(profit) on disposal of property, plant and equipment	**18**	(4)	**-**	-
Interest income	**-**	(180)	**-**	-
Interest expense	**1,015**	782	**-**	-
Income taxation expense recognised in the income statement	**2,821**	2,361	**-**	-
(Increase) in trade and other receivables	**(1,896)**	(6,574)	**(4,501)**	(1,337)
Increase in trade and other payables	**1,906**	5,975	**1,501**	688
Increase in provisions	**-**	178	**-**	-
Share-based payment charge	**1,335**	610	**-**	-
Investment income	**-**	-	**(4,500)**	(3,704)
Cash generated from operations	**15,706**	11,499	**(4,155)**	(213)
Interest paid	**(642)**	(732)	**-**	-
Income taxes paid	**(2,809)**	(2,296)	**-**	-
NET CASH FROM OPERATING ACTIVITIES	**12,255**	8,471	**(4,155)**	(213)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of plant and equipment	**(293)**	(484)	**-**	-
Purchase of intangible assets	**(10)**	(418)	**-**	-
Proceeds from the sale of plant and equipment	**19**	41	**-**	-
Interest received	**-**	2	**-**	**-**
Dividend received	**-**	-	**4,500**	3,704
NET CASH USED IN INVESTING ACTIVITIES	**(284)**	(859)	**4,500**	3,704
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	**4,171**	105	**4,171**	105
Acquisitions net of cash received	**(4,170)**	-	**-**	-
Dividends paid	**(4,516)**	(3,704)	**(4,516)**	(3,704)
NET CASH USED IN FINANCING	**(4,515)**	(3,599)	**(345)**	(3,599)
Effects of exchange rates on cash and cash equivalents	**20**	18	**-**	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**7,476**	4,031	**-**	(108)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**(10,585)**	(14,616)	**39**	147
CASH AND CASH EQUIVALENTS AT END OF YEAR	**(3,109)**	(10,585)	**39**	39
CASH AND CASH EQUIVALENTS				
Cash	**569**	857	**39**	39
Bank overdrafts	**(332)**	(67)	**-**	-
Working capital facility used	**(3,346)**	(11,375)	**-**	-
CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENTS	**(3,109)**	(10,585)	**39**	39

NOTES
forming part of the financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

i. The business and address of the Group

Matchtech Group plc is a human capital resources business dealing with contract and permanent recruitment in the Private and Public Sectors. The Company is incorporated in the United Kingdom. The Group's address is: Matchtech Group plc, 1450 Parkway, Whiteley, Fareham PO15 7AF.

ii. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and which are effective at 31 July 2014.

These financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently throughout both the Group and the Company for the purposes of preparation of these financial statements. A summary of the principal accounting policies of the Group are set out below.

iii. Going concern

The Directors have reviewed forecasts and budgets for the coming year, which have been drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Group operates. These were prepared with reference to historic and current industry knowledge, taking future strategy of the Group into account. As a result, at the time of approving the financial statements, the Directors consider that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future, and accordingly, that it is appropriate to adopt the going concern basis in the preparation of the financial statements. As with all business forecasts, the directors cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty about future events.

iv. New standards and interpretations

There are no new standards and amendments to existing standards applicable for the period ending 31 July 2014.

New standards in issue, not yet effective

Standard		Effective date (Annual periods beginning on or after)
IAS 27	Separate Financial Statements	1 January 2014
IAS 28	Associates and Joint Ventures	1 January 2014
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IFRS improvements	Various	Various

Based on the Group's current business model and accounting policies, the Directors do not expect material impacts on the figures in the Group's financial statements when the interpretations become effective.

The Group does not expect to apply any of these pronouncements early.

v. Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the Statement of Financial Position date. Subsidiaries are entities over which the Group has power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the basis for subsequent measurement in accordance with Group accounting policies.

Transactions between Group companies are eliminated on consolidation.

vi. Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services provided, excluding VAT and trade discounts. Revenue on temporary placements is recognised upon receipt of a client approved timesheet or equivalent. Revenue from permanent placements, which is based on a percentage of the candidate's remuneration package, is recognised when candidates commence employment, at which point it is probable that the economic benefits associated with the transaction will be transferred. Fees for the provision of engineering services are recognised on completion of work performed in accordance with customer contracts. Other fees are recognised on confirmation from the client committing to the agreement.

vii. Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset. Depreciation is charged per annum as follows:

Motor vehicles	25.0%	Reducing balance
Computer equipment	25.0%	Straight-line
Office equipment	12.5%	Straight-line
Leasehold improvements	Over the period of the lease term	

Residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

viii. Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the fair value of the consideration given for a business over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is stated at cost less accumulated impairment.

Goodwill is allocated to cash-generating units and is not amortised, but is tested at least annually for impairment. For the purpose of impairment testing, goodwill acquired in a business acquisition is allocated to each of the cash generating units (CGUs), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight line method to allocate the cost of the software licences over their useful lives of between two and five years. Software licences are stated at cost less accumulated amortisation.

Other Intangibles

Acquired customer relationships

Acquired customer relationships comprise principally of existing customer relationships which may give rise to future orders (customer relationships), and existing order books (backlog orders). Acquired customer relationships are recognised at fair value at the acquisition date and have a finite useful life. Amortisation of customer relationships is amortised in line with the expected cashflows. Acquired customer relationships are stated at cost less accumulated amortisation and impairment. Backlog orders are recognised at fair value at the acquisition date and amortised in line with the expected cash flows. Backlog orders are stated at cost less accumulated amortisation and impairment.

Trade names and trademarks

Trade names and trademarks have arisen on the consolidation of recently acquired businesses and are recognised at fair value at the acquisition date. Where trade names and trademarks are considered to have a finite useful life, amortisation is calculated using the straight line method to allocate the cost of trade names and trademarks over their estimated useful lives. Where trade names and trademarks are considered to have an indefinite useful life, they are not subject to amortisation; they are tested annually for impairment and when there are indications that the carrying value may not be recoverable, as detailed within the impairment of non-financial assets section below. Trade names and trademarks are stated at cost less accumulated amortisation and impairment.

Other

Other intangible assets acquired by the Group and have a finite life useful lives are measured at cost less accumulated amortisation and accumulated losses. Amortisation of intangible assets is recognised in the income statement under administrative expenses. Provision is made against the carrying value of intangible assets where an impairment in value is deemed to have occurred. Impairment losses are recognised in the income statement under administrative expenses.

ix. Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the Income Statement.

x. Operating lease agreements

Rentals applicable to operating leases are charged against profits on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

xi. Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided if these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as share-based payments) in which case the related deferred tax is also charged or credited directly to equity.

xii. Pension costs

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The contributions payable are charged to the Income Statement as they accrue.

xiii. Share-based payment

The transitional arrangements of IFRS 1 have been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 August 2006. All share-based remuneration is ultimately recognised as an expense in the income statement with a corresponding credit to "share-based payment reserve". All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options, proceeds received net of attributable transaction costs are credited to share capital and share premium.

The Company is the granting and settling entity in the group share-based payment arrangement where share options are granted to employees of its subsidiary companies. The Company recognises the share-based payment expense as an increase in the investment in subsidiary undertakings.

The Group operates a Share Incentive Plan (SIP) which is HMRC approved, and enables employees to purchase Company shares out of pre-tax salary. For each share purchased the Company grants an additional share at no cost to the employee. The expense in relation to these 'free' shares is recorded as employee remuneration and measured at fair value of the shares issued as at the date of grant.

xiv. Business combinations completed prior to date of transition to IFRS

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to 1 August 2006.

Accordingly the classification of the combination (merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax is adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

xv. Financial assets

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

In the Company financial statements, investment in the subsidiary company is measured at cost, and provision made where an impairment value is deemed to have occurred.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Income Statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

A financial asset is derecognised only where the contractual rights to cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Trade receivables subject to the invoice discounting facility are recognised in the Statement of Financial Position until they are settled by the customer.

Trade receivables subject to factoring arrangements are derecognised in the Statement of Financial Position when the Group has transferred its rights to receive cash flows from the receivables; and either the Group has transferred substantially all of the risks and rewards of the ownership of the receivables, or the Group has neither transferred nor retained substantially all of the risks and rewards, but has transferred control of the assets.

xvi. Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument and comprise trade and other payables and bank loans. Financial liabilities are recorded initially at fair value, net of direct issue costs and are subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

xvii. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, on demand deposits and bank overdrafts.

xviii. Dividends

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in general meeting prior to the balance sheet date.

xix. Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of Financial Position date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the Income Statement in the period in which they arise.

The assets and liabilities in the financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the Statement of Financial Position date. Income and expenses are translated at the actual rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to "Translation of foreign operations" in equity. On disposal of a foreign operation the cumulative translation differences are transferred to the Income Statement as part of the gain or loss on disposal.

As permitted by IFRS 1, the balance on the cumulative translation adjustment on retranslation of subsidiaries' net assets has been set to zero at the date of transition to IFRS.

xx. Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Share-based payment reserve" represents equity-settled share-based employee remuneration until such share options are exercised.
- "Merger reserve" represents the equity balance arising on the merger of Matchtech Engineering Limited and Matchmaker Personnel Limited.
- "Translation of foreign operations" represents the foreign currency differences arising on translating foreign operations into the presentational currency of the Group.
- "Retained earnings" represents retained profits.

xxi. Significant accounting estimates and judgements

Estimates and assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group’s accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements

The judgements made which, in the opinion of the Directors, are critical in drawing up the financial statements are as follows:

Invoice discounting facility

The terms of this arrangement are judged to be such that the risk and rewards of ownership of the trade receivables do not pass to the finance provider. As such the receivables are not derecognised on drawdown of funds against this facility. This facility is recognised as a liability for the amount drawn.

Factoring arrangements

In the event of sale of receivables and factoring, the Group derecognises receivables when the Group has given up control or continuing involvement.

The Group derecognises receivables in case of sale and factoring when the Group has transferred its rights to receive cash flows from the receivables; and either the Group has transferred substantially all of the risks and rewards of the ownership of the receivables, or the Group has neither transferred nor retained substantially all of the risks and rewards, but has transferred control of the assets.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date are discussed below. These are included for completeness, although it is the Directors' view that none of these have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated useful lives of property, plant and equipment

The cost of equipment is depreciated on a straight-line basis and the cost of motor vehicles is depreciated on a reducing balance basis over their useful lives. Management estimates the useful lives of property, plant and equipment to be within 2 to 8 years. These are common life expectancies applied in the industry in which the Group operates. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment loss of trade and other receivables

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and ageing analysis of the trade and other receivables and on management's judgements. Considerable judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of the Group's receivables were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of trade and other receivables may be required. The carrying amounts of these assets are shown in Note 15.

Intangibles

The Group determines whether goodwill and other intangible assets (including acquired intangibles) are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount of the cash generating unit to which the assets are allocated. Consideration is given to the future cash flows of each cash generating unit and the discount rate applied to calculate the present value of those cash flows.

Restatement of prior period comparatives

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in finance costs or finance income. In previous periods these costs have been recognised within administrative expenses. The comparative figures have been restated to be consistent with the current year policy which has resulted in an increase in administrative costs in the year to 31 July 2013 of £178,000 with a corresponding increase to interest income.

2. SEGMENTAL INFORMATION

The chief operating decision maker, as defined in IFRS 8, has been identified as the Board of Directors of Matchtech Group plc. The information reported below is consistent with the reports regularly provided to the Board of Directors.

Reportable segments

2014	**Engineering**	**Professional Services**	**Group Total**
	£'000	**£'000**	**£'000**
Revenue	311,602	139,989	451,591
Gross profit	27,077	17,905	44,982
Profit from operations	10,548	2,410	12,958
Finance costs, net	(649)	(366)	(1,015)
Profit before tax	9,899	2,044	11,943
Depreciation and amortisation	432	953	1,385
Segment net assets	59,295	11,046	70,341
Unallocated net liabilities			(27,678)
Total net assets			42,663

2013 restated	**Engineering**	**Professional Services**	**Group Total**
	£'000	**£'000**	**£'000**
Revenue	293,524	115,402	408,926
Gross profit	23,919	14,453	38,372
Profit from operations	8,916	1,582	10,498
Finance costs, net	(405)	(197)	(602)
Profit before tax	8,511	1,385	9,896
Depreciation and amortisation	572	244	816
Segment net assets	48,705	19,148	67,853
Unallocated net liabilities			(35,531)
Total net assets			32,322

A segmental analysis of total assets has not been included as this information is not available to the board; the majority of assets are centrally held and are not allocated across the reportable segments. Only trade receivables are reported by segment and as such they are included as segment net assets above. Unallocated net liabilities include non-current assets, other receivables, cash and cash equivalents and current liabilities.

Geographical information

All amounts in £'000	**United Kingdom**		**Germany**		**Total**	
	2014	restated **2013**	**2014**	**2013**	**2014**	restated **2013**
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Revenue	**448,772**	405,629	**2,819**	3,297	**451,591**	408,926
Gross profit	**44,307**	37,560	**675**	812	**44,982**	38,372
Profit/(loss)from operations	**13,119**	10,726	**(161)**	(228)	**12,958**	10,498
Finance costs, net	**(803)**	(724)	**(212)**	122	**(1,015)**	(602)
Profit/(loss) before tax	**12,316**	10,002	**(373)**	(106)	**11,943**	9,896
Depreciation and amortisation	**1,380**	811	**5**	5	**1,385**	816
Net non-current assets	**5,141**	2,625	**1**	9	**5,142**	2,634
Net current assets/(liabilities)	**38,840**	30,750	**(1,319)**	(1,062)	**37,521**	29,688
Total net assets/(liabilities)	**43,981**	33,375	**(1,318)**	(1,053)	**42,663**	32,322

Revenue and net non-current assets are allocated to the geographic market based on the domicile of the respective subsidiary. Included within UK revenues is cross-border revenues of £13,667,000 (2013: £5,171,000).

Largest customers

During the year revenues of £35,287,000 (2013: £54,853,000) were generated from sales to the Group's largest client and its business process outsourcer. The majority of this revenue is included in the Engineering segment.

No single client contributed more than 10% of the Group's revenues.

3. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

			2014	**2013**
			£'000	**£'000**
Depreciation			**591**	535
Amortisation of acquired intangibles			**663**	200
Amortisation of software licences			**131**	81
Loss/(profit) on disposal of property, plant and equipment			**18**	(4)
Auditor's remuneration:	- Fees payable for the audit of the Parent Company financial statements		**10**	10
	- Fees payable for the audit of the Subsidiary Company financial statements		**77**	63
	- Non-audit services:	taxation	**48**	37
		other services pursuant to legislation	**6**	11
Operating lease costs:	- Plant and machinery		**197**	172
	- Land and buildings		**787**	756
Share-based payment charge			**1,335**	610
Net loss/(profit) on foreign currency translation			**280**	(177)
Acquisition costs			**72**	-
Restructuring costs[1]			**-**	425

[1] Consisting of non-recurring management and staff costs incurred during the reorganisation of the Group into two business units.

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Group during the financial year amounted to:

	2014	2013
	No.	No.
Sales	**305**	273
Administration	**111**	106
Directors	**10**	9
Total	**426**	388

The aggregate payroll costs of the above were:

	2014	2013
	£'000	£'000
Wages and salaries	**19,491**	17,418
Social security costs	**2,221**	1,878
Pension costs	**542**	396
Total	**22,254**	19,692

Disclosure of the remuneration of key management personnel, as required by IAS 24, is detailed below. Disclosure of the remuneration of the statutory Directors is further detailed in the Directors' Remuneration Report contained in the Annual Report and Accounts 2014.

	2014	2013
	£'000	£'000
Short term employee benefits	**1,534**	1,437
Post employment benefits	**77**	59
Share-based payments	**461**	228
Total	**2,072**	1,724

5. FINANCE COSTS

	2014	2013
	£'000	£'000
Bank interest payable	**642**	732
Amortisation of capitalised finance costs	**92**	50
Foreign currency exchange differences	**281**	-
	1,015	782

6. DIVIDENDS

	2014	2013
	£'000	£'000
Equity dividends paid during the year at 18.26 pence per share (2013: 15.75 pence)	**4,516**	3,704
Equity dividends proposed after the year-end (not recognised as a liability) at 14.59 pence per share (2013: 10.6 pence)	**3,642**	3,170

A dividend will be declared from Matchtech Group (Holdings) Limited prior to the payment of the proposed dividend above.

7. PARENT COMPANY PROFIT

	2014 £'000	2013 £'000
The amount of profit dealt with in the accounts of the Company	**3,345**	4,140

The Company has taken advantage of the exemption in S408 of the Companies Act 2006 not to present the Parent Company's Income Statement.

8. INCOME TAX EXPENSE

		2014 £'000	2013 £'000
Current Tax:	UK corporation tax	**2,936**	2,481
	Prior year over provision	**79**	(30)
		3,015	2,451
Deferred tax (Note 14)		**(194)**	(90)
Income tax expense		**2,821**	2,361

UK corporation tax has been charged at 22.3% (2013: 23.7%).

The charge for the year can be reconciled to the profit as per the Income Statement as follows:

	2014 £'000	2013 £'000
Profit before tax	**11,943**	9,896
Profit before tax multiplied by the standard rate of corporation tax in the UK of 22.3% (2013: 23.7%)	**2,663**	2,345
Expenses not deductible for tax purposes	**(3)**	73
Enhanced R&D tax relief	**-**	(62)
Adjustments to tax charge in respect of previous periods	**79**	(30)
Overseas losses not provided for	**82**	35
Total tax charge for period	**2,821**	2,361

Tax credit recognised directly in equity:

	2014 £'000	2013 £'000
Deferred tax recognised directly in equity	**109**	223
Total tax recognised directly in equity	**109**	223

Future Tax Rate Changes

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Group's future current tax charge accordingly. The deferred tax asset at 31 July 2014 has been calculated using a UK corporation tax rate of 20%.

9. EARNINGS PER SHARE

Earnings per share has been calculated by dividing the consolidated profit after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share has been calculated on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares (arising from the Group's share option schemes) into ordinary shares has been added to the denominator. There are no changes to the profit (numerator) as a result of the dilutive calculation. The number of dilutive shares has increased significantly due to the issue of new share options in the current year.

The earnings per share information has been calculated as follows:

	2014 £'000	2013 £'000
Profit after tax attributable to ordinary shareholders	**9,122**	7,535

	2014 '000s	2013 '000s
Weighted average number of ordinary shares in issue	**24,655**	23,525
Effect of dilutive potential ordinary shares	**1,418**	987
Total	**26,073**	24,512

		2014 pence	2013 Pence
Earnings per ordinary share	- basic	**37.0**	32.0
	- diluted	**35.0**	30.7

10. ACQUISITION

The Group completed the acquisition of the entire ordinary share capital of Application Services Limited, trading as Provanis, on 6 September 2013, for a total cash consideration of £4,296,000. Provanis is a technology recruitment business with niche expertise within the Oracle Applications marketplace which will complement the group's technology business, Connectus, and will broaden the Group's capability in the global ERP recruitment market.

The consideration of £4,047,000 was paid on completion date with a further £249,000 In December 2013.

The acquisition had the following effect on the Group's assets and liabilities:

	Net assets acquired £'000	Fair value adjustments £'000	Fair value £'000
Intangible assets	-	2,242	2,242
Fixed assets	4	-	4
Cash	126	-	126
Trade and other receivables	1,141	-	1,141
Trade and other payables	(328)	-	(328)
Deferred tax liability	-	(448)	(448)
Current tax liability	(294)	210	(84)
Total	649	2,004	2,653
Goodwill			1,643
Consideration paid			**4,296**

The fair value of the acquired tangible assets is equivalent to their book values

Intangible assets have been identified relating to the candidate database, customer relationships, order backlog and trademarks, all intangible assets have been recognised at fair value. Goodwill represents expected synergies from combining operations of the acquiree and acquirer, the employees of Provanis and intangibles that do not qualify for separate recognition.

Adjustments to the fair values have been made since the provisional fair values were reported at 31 January 2014. These adjustments have been made within the measurement period to reflect the deferred tax liability arising on identifiable Intangible assets and a current tax asset relating to the exercise of share options immediately prior to acquisition.

Amortisation of intangible assets is on a straight line basis, with exception of the customer relationships which are amortised in line with expected cashflows for that period.

The Group incurred costs of acquisition of £72,000 for external legal fees, stamp duty and due diligence costs. These costs have been recognised in administrative expense in the Group's Consolidated Income statement.

In the period between the acquisition and 31 July 2014 the Group benefited from £13,157,000 of revenue from Provanis, gross profit of £1,820,000 and profit after amortisation of intangibles of £276,000. If the acquisition had occurred on 1 August 2013, the Group would have benefited from revenue of £14,473,000, gross profit of £987,000 and profit from operations after amortisation of £341,000. The amortisation of intangibles was £579,000.

11. INTANGIBLE ASSETS

Group

		Goodwill	Acquired Intangibles	Software licences	Other	Total
		£'000	£'000	£'000	£'000	£'000
COST	At 1 August 2012	-	-	555	400	955
	Additions	-	-	418	-	418
	At 1 August 2013			973	400	1,373
	Additions	-	-	(22)	-	(22)
	Acquisitions	1,643	2,242	-	-	3,885
	At 31 July 2014	**1,643**	**2,242**	**951**	**400**	**5,236**
AMORTISATION	At 1 August 2012	-	-	341	116	457
	Charge for the year	-	-	81	200	281
	At 1 August 2013	-	-	422	316	738
	Charge for the year	-	579	131	84	794
	At 31 July 2014	**-**	**579**	**553**	**400**	**1,532**
NET BOOK VALUE	At 31 July 2013	-	-	551	84	635
	At 31 July 2014	**1,643**	**1,663**	**398**	**-**	**3,704**

Goodwill arising on business combinations is reviewed and tested on an annual basis or more frequently if there is indication that goodwill might be impaired.

Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU), including goodwill, with the recoverable amount.

The recoverable amounts of the CGUs are determined from value-in-use calculations.

The key assumptions for the value-in-use calculations are as follows:

Profit from operations:	The profit from operations is based on the latest 1 year forecast approved by the Group’s Board of Directors which was prepared using expectations of revenue and operating cost growth.
Discount rates:	The pre-tax rate that was used to discount the forecast cash flows was 12.5% reflecting the Group’s weighted average cost of capital (WACC).
Growth rates:	The long term growth rates are based on management forecasts which are consistent with external sources at an average growth rate of 2.5%.

Impairment reviews are performed at the year-end by comparing the carrying value of goodwill with the recoverable amount of the CGU's to which goodwill has been allocated.

The impairment review determined that there has been no impairment to any of the CGUs. Sensitivity analysis has been performed in assessing recoverable amounts of goodwill. The sensitivity analysis shows no impairment would arise under each scenario for any of the CGUs.

Amortisation is charged through administrative expenses in the profit and loss account.

12. PROPERTY, PLANT AND EQUIPMENT

Group

		Motor vehicles	Office equipment	Leasehold Improvem-ents	Computer equipment	Total
		£'000	£'000	£'000	£'000	£'000
COST	At 1 August 2012	1,691	1,564	649	1,079	4,983
	Additions	182	30	57	215	484
	Disposals	(161)	-	-	-	(161)
	At 1 August 2013	1,712	1,594	706	1,294	5,306
	Additions	-	8	221	60	289
	Acquisitions	-	-	4	-	4
	Disposals	(539)	-	(108)	-	(647)
	At 31 July 2014	**1,173**	**1,602**	**823**	**1,354**	**4,952**
DEPRECIATION	At 1 August 2012	1,016	1,244	117	774	3,151
	Charge for the year	191	98	106	140	535
	Released on disposal	(124)	-	-	-	(124)
	At 1 August 2013	1,083	1,342	223	914	3,562
	Charge for the year	154	165	107	165	591
	Released on disposal	(469)	-	(60)	-	(529)
	At 31 July 2014	**768**	**1,507**	**270**	**1,079**	**3,624**
NET BOOK VALUE	At 31 July 2013	629	252	483	380	1,744
	At 31 July 2014	**405**	**95**	**553**	**275**	**1,328**

Included within leasehold improvements is £215,000 relating to the dilapidations provision (note 16).

There were no capital commitments as at 31 July 2014 or 31 July 2013.

13. INVESTMENTS

	Company	
	2014	**2013**
	£'000	**£'000**
Investment in Group companies at 1 August	**2,068**	1,458
Movement in investment in Group companies	**1,335**	610
Investment in Group companies at 31 July	**3,403**	2,068

Subsidiary undertakings

Company	Country of Incorporation	Share Class	% held	Main Activities
Matchtech Group (Holdings) Ltd	United Kingdom	Ordinary	100%	Non trading
Matchtech Group Management Company Ltd	United Kingdom	Ordinary	69%	Non trading
Matchtech Group (UK) Ltd	United Kingdom	Ordinary	99.998%	Provision of recruitment consultancy
Matchtech Engineering Ltd	United Kingdom	Ordinary	100%	Non trading
Matchmaker Personnel Ltd	United Kingdom	Ordinary	100%	Non trading
Barclay Meade Ltd	United Kingdom	Ordinary	100%	Provision of recruitment consultancy
Alderwood Education Ltd	United Kingdom	Ordinary	100%	Provision of recruitment consultancy
elemense Ltd	United Kingdom	Ordinary	100%	Provision of recruitment consultancy
Matchtech GmbH	Germany	Ordinary	100%	Provision of recruitment consultancy
Connectus Technology Ltd	United Kingdom	Ordinary	100%	Provision of recruitment consultancy
Connectus Recruitment Ltd	United Kingdom	Ordinary	100%	Non trading
Matchtech BV	Netherlands	Ordinary	100%	Non trading
Matchtech Engineering Inc.	USA	Ordinary	100%	Non trading
Application Services Ltd	United Kingdom	Ordinary	100%	Provision of recruitment consultancy
Provanis Ltd	United Kingdom	Ordinary	100%	Non trading

All holdings are indirect except Matchtech Group (Holdings) Limited and Matchtech GmbH.

Matchtech Group Management Company Limited has been consolidated under the Special Purpose Entity rules within International Accounting Standards. Although senior management of the Group hold a number of shares in Matchtech Group Management Company Limited, this entity is considered to be a Special Purpose Entity and as such these shares are considered own shares held. No separate reserve is shown as the amounts held are immaterial.

14. DEFERRED TAX ASSET

The deferred tax asset is represented by temporary differences on share-based payments.

	Group	
	2014	**2013**
	£'000	**£'000**
At 1 August	**533**	220
Acquisitions	**(448)**	-
Recognised in income	**194**	90
Recognised in equity	**109**	223
At 31 July	**388**	533

The rate of UK corporation tax applied to deferred tax calculations is 20% (2013: 20%).

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	£'000	**£'000**	**£'000**	**£'000**
Trade receivables	**70,341**	67,853	**-**	-
Amounts owed by Group companies	**-**	-	**9,414**	4,913
Other receivables	**1,050**	433	**-**	-
Prepayments	**857**	924	**-**	-
Total	**72,248**	69,210	**9,414**	4,913

The amount due from Group undertakings in the Company Statement of Financial Position is considered to approximate to fair value.

Days sales outstanding at the year-end based upon the preceding three months' revenue were 45.9 days (2013: 48.9 days). The allowance for doubtful debts has been determined by reference to previous experience and management assessment of debts.

The Directors consider that the carrying amount of trade and other receivables approximates to the fair value.
Included in the Group's trade receivable balance are debtors with a carrying amount of £8,297,000 (2013: £6,037,000) which are past due at the reporting date for which the Group has not provided as the Directors do not believe there has been a significant change in credit quality and consider the amounts to be recoverable in full. The Group does not hold any collateral over these balances.

The Group uses a third party credit scoring system to assess the creditworthiness of potential new customers before accepting them. Credit limits are defined by customer based on this information. All customer accounts are subject to review on a regular basis by senior management and actions are taken to address debt ageing issues.

The Directors believe that there is no requirement for further provision over and above the allowance for doubtful debts.

Ageing of past due but not impaired trade receivables:

	Group	
	2014	**2013**
	£'000	**£'000**
0-30 days	**7,264**	4,845
30-60 days	**999**	808
60-90 days	**34**	372
90+ days	**-**	12
Total	**8,297**	6,037

Movement in the allowance for doubtful debts:

	Group	
	2014	**2013**
	£'000	**£'000**
Balance at 1 August	**585**	260
Impairment losses recognised	**(285)**	325
Balance at 31 July	**300**	585

Ageing of impaired trade receivables:

	Group	
	2014	**2013**
	£'000	**£'000**
Not past due at reporting date	**-**	-
0-30 days	**-**	5
30-60 days	**8**	11
60-90 days	**91**	60
90+ days	**201**	509
Total	**300**	585

16. PROVISIONS

	Group	
	2014	**2013**
	£'000	**£'000**
Balance at 1 August	**278**	278
Transfer from other payables	**-**	-
Provisions made during the year	**-**	-
Balance at 31 July	**278**	278
Non-current	**-**	-
Current	**278**	278
	278	278

The above provision relates to a dilapidations provision based on the requirement to return leased buildings to their original condition at the end of the lease term. The provision relates to 5 offices held under lease arrangements that expire between August 2016 and June 2017. The Group annually assesses the lease obligation and provides for onerous leases as required by IAS 37.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	**2013**
	£'000	£'000	**£'000**	**£'000**
Trade payables	**10**	-	**-**	-
Amounts owed to Group companies	**-**	-	**2,189**	688
Taxation and social security	**5,280**	6,636	**-**	-
Contractor wages creditor	**21,108**	17,469	**-**	-
Accruals and deferred income	**3,405**	3,031	**-**	-
Other payables	**309**	664	**-**	-
Total	**30,112**	27,800	**2,189**	688

18. FINANCIAL ASSETS AND LIABILITIES STATEMENT OF FINANCIAL POSITION CLASSIFICATION

The carrying amount of the Group's financial assets and liabilities as recognised at the Statement of Financial Position date of the reporting periods under review may also be categorised as follows:

Financial assets are included in the Statement of Financial Position within the following headings:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	£'000	**£'000**	**£'000**	**£'000**
Trade and other receivables				
- Loan and receivables	**71,391**	68,286	**9,414**	4,913
Cash and cash equivalents				
- Loan and receivables	**569**	857	**39**	39
Total	**71,960**	69,143	**9,453**	4,952

Financial liabilities are included in the Statement of Financial Position within the following headings:

	Group	
	2014	**2013**
	£'000	**£'000**
Current liabilities		
Borrowings		
- Financial liabilities recorded at amortised cost	**3,678**	11,350
Trade and other payables		
- Financial liabilities recorded at amortised cost	**24,832**	21,164
Total	**28,150**	32,514

The amounts at which the assets and liabilities above are recorded are considered to approximate to fair value.

The working capital facility is secured by way of an all assets debenture which contains fixed and floating charges over the assets of the Group. The facility held with Barclays Bank allows the Company to borrow up to 90% of its invoiced debtors up to a maximum of £50m. Interest is charged on borrowings at a rate of 2% over Barclays Bank base rate. On 30 July 2014 the Group agreed to transfer its banking relationship to HSBC with committed facilities allowing the Group to borrow up to 90% of its invoiced debtors up to a maximum of £60m. Interest is charged on borrowings at a rate of 1.1% over HSBC bank base rate.

19. COMMITMENTS UNDER OPERATING LEASES

At 31 July 2014 the Group had commitments to pay the following amounts under non-cancellable operating leases as set out below:

			Group	
			2014	**2013**
			£'000	**£'000**
Land and buildings	Payments falling due:	within 1 year	**875**	815
		within 1 to 5 years	**1,824**	2,340
		after 5 years	**138**	138
Other	Payments falling due:	within 1 year	**233**	94
		within 1 to 5 years	**541**	29

20. SHARE CAPITAL

Authorised share capital

	Company 2014 £'000	Company 2013 £'000
40,000,000 ordinary shares of £0.01 each	**400**	400

Allotted, called up and fully paid:

	Company 2014 £'000	Company 2013 £'000
24,965,000 (2013: 23,616,000) ordinary shares of £0.01 each	**250**	236

The number of shares in issue in the Company is shown below:

	Company 2014 '000s	Company 2013 '000s
In issue at 1 August	**23,616**	23,445
Exercise of share options	**299**	145
Share placing	**1,050**	-
Shares granted under Share Incentive Plan	**-**	26
In issue at 31 July	**24,965**	23,616

Share Options

The following options arrangements exist over the Company's shares:

	2014 '000s	2013 '000s	Date of grant	Exercise price pence	Exercise period From	Exercise period To
Key Share Options	**5**	32	01/12/2005	146	01/06/2007	01/12/2015
Key Share Options	**-**	1	18/06/2004	70	18/06/2005	18/06/2014
Key Share Options	**-**	1	08/11/2004	89	14/07/2006	08/11/2014
Target/Loyalty Share Options	**3**	10	01/12/2005	146	01/12/2006	01/12/2015
Deferred Share Bonus	**6**	16	18/01/2010	1	18/01/2012	18/01/2020
Deferred Share Bonus	**6**	16	18/01/2010	1	18/01/2013	18/01/2020
Zero Priced Share Option Bonus	**1**	10	18/01/2010	1	18/01/2012	18/01/2020
Zero Priced Share Option Bonus	**1**	10	18/01/2010	1	18/01/2013	18/01/2020
Zero Priced Share Option Bonus	**2**	20	04/02/2011	1	25/01/2013	04/02/2021
Zero Priced Share Option Bonus	**2**	188	04/02/2011	1	03/02/2014	04/02/2021
Long Term Incentive Plan Options	**51**	51	31/01/2012	1	30/01/2015	31/01/2022
Zero Priced Share Option Bonus	**12**	33	31/01/2012	1	30/01/2014	31/01/2022
Zero Priced Share Option Bonus	**213**	232	31/01/2012	1	30/01/2015	31/01/2022
Long Term Incentive Plan Options	**57**	57	31/01/2013	1	30/01/2016	31/01/2023
Zero Priced Share Option Bonus	**38**	44	31/01/2013	1	30/01/2015	31/01/2023
Zero Priced Share Option Bonus	**257**	281	31/01/2013	1	30/01/2016	31/01/2023
Value Creation Plan	**380**	-	14/11/2013	1	18/11/2016	18/11/2021
Value Creation Plan	**380**	-	14/11/2013	1	18/11/2017	18/11/2021
Zero Priced Share Option Bonus	**60**	-	01/01/2014	1	01/01/2016	01/01/2024
Zero Priced Share Option Bonus	**383**	-	01/01/2014	1	01/01/2017	01/01/2024
Long Term Incentive Plan Options	**156**	-	24/01/2014	1	24/01/2017	24/01/2024
Deferred Share Bonus	**19**	-	24/01/2014	1	24/01/2015	24/01/2024
Deferred Share Bonus	**19**	-	24/01/2014	1	24/01/2016	24/01/2024
Total	**2,051**	1,002				

The Group granted share options under a Long Term Incentive Plan (LTIP) and Deferred Share Bonus Plan for Executive Directors on 24 January 2014. The LTIP options are subject to an EPS performance target. The zero priced share options were granted on 1 January 2014 to members of staff subject to two and three year holding periods.

During the year the Group granted share options under the Value Creation Plan (VCP) to Executive Directors and key staff, 50% of the options are exercisable on 18 November 2016 with the remaining 50% one year later.

All share options have a life of 10 years and are equity settled on exercise.

The movement in share options is shown below:

	2014			2013		
	Number	**Weighted average exercise price**	**Weighted average share price**	**Number**	**Weighted average exercise price**	**Weighted average share price**
	'000s	**(pence)**	**(pence)**	**'000s**	**(pence)**	**(pence)**
Outstanding at 1 August	**1,002**	**7.2**	**-**	931	19.3	-
Granted	**1,434**	**1.0**	**-**	397	1.0	-
Forfeited/lapsed	**(108)**	**1.0**	**-**	(166)	1.0	-
Exercised	**(277)**	**19.3**	**561.9**	(160)	66.0	290.7
Outstanding at 31 July	**2,051**	**1.7**		1,002	7.2	
Exercisable at 31 July	**38**	**1.7**		116	53.9	

The number of share options granted includes the deferred share bonus options.

The numbers and weighted average exercise prices of share options vesting in the future are shown below.

	2014			2013		
Exercise date	**Weighted average remaining contract life**	**Number**	**Weighted average exercise price**	**Weighted average remaining contract life**	**Number**	**Weighted average exercise price**
	(months)	**'000s**	**(pence)**	**(months)**	**'000s**	**(pence)**
24/01/2015	**6**	**19**	**1.0**	6	33	1.0
30/01/2015	**6**	**302**	**1.0**	18	327	1.0
01/01/2016	**17**	**60**	**1.0**	-	-	-
24/01/2016	**18**	**19**	**1.0**	-	-	-
30/01/2016	**18**	**314**	**1.0**	30	338	1.0
18/11/2016	**28**	**380**	**1.0**	-	-	-
01/01/2017	**29**	**383**	**1.0**	-	-	-
24/01/2017	**30**	**156**	**1.0**	-	-	-
18/11/2017	**40**	**380**	**1.0**	-	-	-
Total		**2,013**			698	

In addition to the share option schemes the Group operated a Share Incentive Plan (SIP), which is an HMRC approved plan available to all employees enabling them to purchase shares out of pre-tax salary. For each share purchased the Company grants an additional share at no cost.

The fair values of the share options and the SIPS are included in the table below. The values of the VCP options granted in the year were calculated using a Monte Carlo simulation method along with the assumptions as detailed below. The values of the LTIPs and the Zero price options were calculated using a Black Scholes method along with the assumptions as detailed below.

The fair values of the SIPS and Deferred Bonus Shares were calculated as the market values on the date of the grant adjusted for the assumptions as detailed below.

Date of grant		Share price on the date of grant	Exercise price	Volatility	Vesting period	Dividend yield	Risk free rate of interest	Fair value
		(£)	(£)	(%)	(yrs)	(%)	(%)	(£)
07/08/2012	SIP	2.03	0.01	N/A	3.00	N/A	N/A	2.03
12/09/2012	SIP	2.04	0.01	N/A	3.00	N/A	N/A	2.04
05/10/2012	SIP	2.21	0.01	N/A	3.00	N/A	N/A	2.21
09/11/2012	SIP	2.37	0.01	N/A	3.00	N/A	N/A	2.37
12/12/2012	SIP	2.33	0.01	N/A	3.00	N/A	N/A	2.33
11/01/2013	SIP	2.63	0.01	N/A	3.00	N/A	N/A	2.63
31/01/2013	LTIP	2.67	0.01	14.0	2.00	5.8	0.56	1.76
31/01/2013	Deferred bonus	2.67	0.01	N/A	3.00	5.8	0.56	2.27
31/01/2013	Deferred bonus	2.67	0.01	N/A	2.00	5.8	0.37	2.41
31/01/2013	Zero price share option bonus	2.67	0.01	14.0	2.00	5.8	0.56	2.24
31/01/2013	Zero price share option bonus	2.67	0.01	14.0	3.00	5.8	0.56	2.24
08/02/2013	SIP	2.73	0.01	N/A	3.00	N/A	N/A	2.73
12/03/2013	SIP	2.87	0.01	N/A	3.00	N/A	N/A	2.87
12/04/2013	SIP	3.47	0.01	N/A	3.00	N/A	N/A	3.47
10/05/2013	SIP	3.38	0.01	N/A	3.00	N/A	N/A	3.38
14/11/2013	Value Creation Plan	2.37	0.01	18.8	5.00	6.6	0.64	
01/01/2014	Zero price share option bonus	5.75	0.01	16.8	2.00	3.1	1.18	5.22
01/01/2014	Zero price share option bonus	5.75	0.01	16.8	3.00	3.1	1.18	5.22
24/01/2014	Zero price share option bonus	5.93	0.01	17.0	3.00	3.0	1.18	5.40

The volatility of the Company's share price on each date of grant was calculated as the average of the annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over 5 years back from the date of grant, where applicable. The risk-free rate is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the life of the option. LTIP awards are subject to a TSR test. This 'market' based condition is taken into account in the date of grant fair calculation.

21. TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

During the year the Group made sales of £37,000 (2013: £64,000) to CTruk Group Limited and £nil (2013: £72,000) to CWind Limited, both related parties by virtue of the common directorship of Andy White. The Group also made sales of £268,000 (2013: £177,000) to InHealth Group which is a related party by virtue of common directorship of Richard Bradford and £261,000 (2013: £38,000) to Waterman Group which is a related party by virtue of common directorship of Ric Piper. As at the year-end CTruk Group Limited had a balance outstanding of £3,000 (2013: £nil), CWind Limited had a balance outstanding of £nil (2013: £nil), InHealth Group had a balance outstanding of £44,000 (2013: £55,000) and Waterman Group had a balance outstanding of £30,000 (2013: £4,000). All transactions were undertaken at an arms' length price.

There were no other related party transactions with entities outside of the Group.

During the year Matchtech Group (UK) Limited charged Matchtech Group plc £496,000 (2013: £436,000) for provision of management services. Further details of transactions with directors are included in the Director's Remuneration Report.

Further details of transactions with directors are included in the Directors' Remuneration Report in the Annual Report.

22. FINANCIAL INSTRUMENTS

The financial risk management policies and objectives including those related to financial instruments and the qualitative risk exposure details, comprising credit and other applicable risks, are included within the Chief Financial Officer's report under the heading Group financial risk management.

Maturity of financial liabilities

The Group financial liabilities analysis at 31 July 2014 was as follows:

	Group	
	2014	**2013**
	£'000	**£'000**
In less than one year or on demand:		
Bank overdrafts	**332**	67
Working capital facility	**3,346**	11,375
Finance costs capitalised	**-**	(92)
Bank loans and overdrafts	**3,678**	11,350
Trade and other payables	**24,832**	21,164
Total	**28,510**	32,514

Borrowing facilities

The Group makes use of a working capital facility, details of which can be found in Note 18. The undrawn facility available at 31 July 2014, in respect of which all conditions precedent had been met, was as follows:

	Group	
	2014	**2013**
	£'000	**£'000**
Expiring in one to five years	**46,654**	38,625

On 30 July 2014 the Group agreed to transfer its banking relationship to HSBC with committed facilities of £60m until July 2017.

The Directors have calculated that the effect on profit of a 1% movement in interest rates would be £285,000.

The Directors believe that the carrying value of borrowings approximates to their fair value.

Net foreign currency monetary assets

	Group	
	2014	**2013**
	£'000	**£'000**
Euros	**884**	1,232

In the Directors' opinion, the exposure to foreign currency risk is not material to the Group therefore a sensitivity analysis in this area has not been included.

23. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

Matchtech Group plc's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and to provide an adequate return to shareholders; and
- by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the Statement of Financial Position.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. Capital for the reporting period under review is summarised as follows:

	Group	
	2014	**2013**
	£'000	**£'000**
Total equity	**42,663**	32,322
Cash and cash equivalents	**(569)**	(857)
Capital	**42,094**	31,465
Total equity	**42,663**	32,322
Borrowings	**3,678**	11,350
Overall financing	**46,341**	43,672
Capital to overall financing ratio	**91%**	72%

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 July 2014 or 2013 but is derived from those accounts. Statutory accounts for 2013 have been delivered to the registrar of companies, and those for 2014 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial information presented on this web site does not comprise the statutory accounts of Matchtech Group plc for the financial years ended 31 July 2014 and 31 July 2013 but represents extracts from them. These extracts do not provide as full an understanding of the financial performance and position, or financial and investing activities, of the company as the complete Annual Report.

The statutory accounts for those years have been reported on by the company's auditor and delivered to the registrar of companies. The reports of the auditor were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.