

15 October 2013

Matchtech Group plc
Preliminary Results for the year ended 31 July 2013

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 2013.

Financial Highlights

	2013	2012	Change
Revenue	£408.9m	£371.4m	+10%
Net Fee Income ¹ (NFI)	£38.4m	£36.1m	+6%
Contract NFI	£27.2m	£24.6m	+11%
Permanent recruitment fees ²	£11.2m	£10.7m	+5%
Contract NFI / Permanent fees mix	71%/29%	68%/32%	
Profit from operations ³	£11.1m	£8.7m	+28%
Profit before tax ³	£10.3m	£8.0m	+29%
Reported profit before tax	£9.9m	£8.0m	+24%
Basic earnings per share ³	33.4p	24.3p	+37%
Reported basic earnings per share	32.0p	24.3p	+32%
Final dividend	12.85p	10.60p	+21%
Total dividend	18.00p	15.60p	+15%
Operating cash conversion	108%	106%	
Net debt	£10.5m	£14.5m	down £4.0m

The following footnotes apply, where indicated, throughout these Preliminary Results.

¹ NFI is calculated as revenue less contractor payroll costs

² Excluding discontinued operations of Executive Search and Financial Services

³ Underlying results excluding £0.4m of non-recurring restructuring costs

Operational Highlights

- Increased NFI conversion ratio to 29% (2012: 24%)
- Strong demand for contractors across all engineering sectors with record numbers on assignment
- Successful rebrand of our Technology business to Connectus

Post Year End

- Acquisition of Provanis, a niche Oracle recruitment agency
- Cash placing of net £4.1m to fund acquisition
- Appointment of Brian Wilkinson as Executive Chairman with effect from 2 December 2013

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

“The Group has delivered excellent results with 37% growth in underlying earnings per share in the year. Demand for contract staff remains strong and we are starting to see candidate confidence returning which should encourage growth in the permanent marketplace.

Since our pre-close trading update on 8 August 2013 trading has remained in line with the Board’s expectations.

In that time we have announced our first significant acquisition: Provanis, a niche Oracle recruitment agency, for a total consideration of £4.0m, subsequently funded through a placing of new shares. Integration of this business has already started and is going well.

We have also announced that George Materna will be stepping down as Chairman on 2 December 2013 and that Brian Wilkinson will join as the Group Executive Chairman. As its founder, George is widely recognised as having, over the last 30 years, made Matchtech Group into the highly successful business it is today and I am pleased that his experience and wisdom will still be available to us as our Non-Executive Deputy Chairman.

I am greatly looking forward to working with Brian, who I believe has the right credentials to help accelerate the next stage of our strategic vision.

The new financial year has started well and having laid solid foundations over the last few years I am confident that the Group can make significant progress this year.”

For further information please contact:

Matchtech Group plc

01489 898989

Adrian Gunn, Chief Executive Officer
Tony Dyer, Chief Financial Officer

MHP Communications

020 3128 8100

John Olsen / James White / Giles Robinson

Numis Securities Limited

020 7260 1000

Michael Meade / James Serjeant

Chairman's Statement

Trading Performance

The Board is pleased to report another good performance by the Group, with encouraging progress against all key metrics.

Revenue for the year was up 10% and Net Fee Income (NFI) up by 6%, while underlying³ profit before tax, which excludes £0.4m of non-recurring restructuring costs, was up 29% on the previous year. Further details on the financial performance can be found in the Chief Executive's Review and the Chief Financial Officer's Report.

Once again, we achieved another record year for contractors on assignment which at 31 July 2013 stood at 7,000, an increase of 4% on 31 July 2012.

Fees from permanent recruitment² have improved by 5%, with H1 up 2% and H2 up 7%, on the previous year. The demand for highly skilled labour continues to exceed supply, but the time to hire period is still longer than in pre-recessionary markets. As the UK and global economies improve, we would expect to see the hiring period begin to shorten as clients and candidates become more confident.

We have created a robust platform for further growth. We are strengthening both our IT and HR infrastructure and have budgeted to increase expenditure on our systems by some £1m in the coming year, ensuring they remain cutting edge and continue to drive further efficiencies within the business.

All our Professional Services brands are now firmly established and performing well. We are excited about the prospects for Connectus, our rebranded standalone technology recruitment consultancy, launched in April.

Dividend

The Group's progressive dividend policy remains an important key element of our investment proposition and we are pleased to have maintained the dividend throughout the recession. With the economic outlook starting to improve, and the Group positioned well for further growth, the Board recommends to shareholders that the final dividend is raised to 12.85 pence per share, up 21%, giving a total dividend for the year of 18.0 pence (2012: 15.6 pence) up 15% and covered 1.9 times by underlying earnings per share (2012: 1.6 times).

If approved by shareholders at the Annual General Meeting, to be held on Friday 15 November 2013, the final dividend will be payable on 6 December 2013 to those shareholders registered on 8 November 2013.

Corporate Governance

The Group places high importance to Corporate Governance. I have reported separately on Corporate Governance in a letter in our 2013 Annual Report.

People and Culture

While we have a clear strategy, which responds well to changing markets, we are aware that over time it can be replicated by rivals. What cannot be easily copied is our robust, people focused culture.

The best companies employ the best people, who are supported to deliver best in class results. This has long been the Group's approach. We choose our people carefully, reward them well and invest heavily in their professional development. Our commitment to our people is embedded in our culture and enshrined in our core values.

Our culture relies on clear values and leadership. Our transparency and honesty has produced a collaborative culture that naturally aids communication and sustains trust.

We are a Group that people really want to work for. Like any people business, it is a two-way street where our employees will work hard for us if the management works hard for them.

The Group's values are important to us. They are 'lived' by our staff who go out of their way to make a difference by striving to provide the best service to candidates and clients.

We are in a strong position today because we have a passionate management team that shares the Board's vision and has a real sense of ownership.

On behalf of the Board I would like to thank all our staff and management for their continued commitment and hard work.

Board

As announced on 20 September 2013, I will be stepping down as Chairman on 2 December 2013.

I am delighted that Brian Wilkinson has agreed to succeed me as Chairman. There is clearly good existing momentum within Matchtech Group, but the Board and the executive team share an ambitious plan to build a significantly larger and more profitable group. I am therefore certain that now is the right time to bring someone with the external

perspective and international experience that Brian has developed over his career, including within one of the world's largest recruitment firms.

Brian's complementary skills will be a tremendous asset as he works with us to capitalise fully on the opportunities that are in front of us, and to deliver significant further growth in value to shareholders over time.

Pursuant to the appointment of a new Chairman and also with effect from 2 December 2013, I will become Non-Executive Deputy Chairman and Andy White, currently Non-Executive Deputy Chairman, will step aside from this role but will remain on the Board as a Non-Executive Director. Ric Piper, a Non-Executive Director since 2006, will become the Group's inaugural Senior Independent Director.

Strategic Aims

Progress on the 7 key objectives I set out in last year's Chairman's Statement has been encouraging. Of course, there remains more to do in the coming years.

Adrian details some of this year's main strategic developments in his Chief Executive's Review.

Our goal is to take the business to the next level.

By some measures, we already qualify as the Number 1 Engineering recruiter in the UK and our Professional Services brands have established the platform from which we can build and accelerate growth and profitability.

International growth provides a rich vein of opportunity. As we build our knowledge in this area we aim to push forward a little more forcefully than hitherto, albeit still with appropriate caution.

The contract marketplace is very important to us and we are aiming for a two-thirds blend of contract NFI to permanent recruitment fees, whilst delivering acceptable margins to sustain our conversion rates.

As economic conditions improve we believe permanent recruitment will flourish and we are well positioned, with the people and culture already in place, to reap the rewards. As the market improvement continues we will invest in additional headcount in permanent recruitment to maximise the potential.

As mentioned above, people are key to our business. We aim to constantly evolve our management and career development processes, which we expect will reduce staff turnover in the future.

We are always mindful of working within the bounds of realistic shared services costs and will try to maintain these costs at around our current level of 23% of NFI.

Our websites and our intranet both continue to be improved, and our overall online presence remains at the fore of our investment plans this year.

Our historically high NFI conversion rate is something that has differentiated us from our competitors and although our conversion rates have retreated a little in recent years they are rising again, from 24% last year to 29% this year. We are targeting 35% in the medium term.

Whilst the road to full economic recovery is a long one, we believe the corner has been turned. We are confident that our business is ready to enjoy a strong year ahead.

George Materna
Chairman

Chief Executive's Review

Performance Overview

I am pleased once again to report on a good financial performance, which has been achieved by leveraging our industry contacts, utilising our specialist sector knowledge and maintaining our high professional reputation.

Over the last few years, the recruitment market has become increasingly polarised, the beneficiaries being either the bespoke, value added recruitment companies like Matchtech Group or the efficient high volume recruiters.

The middle market in recruitment has suffered and I believe is shrinking. It is being replaced by internet job boards, candidates finding their own roles via social media together with the willingness of more companies to fill the 'day-to-day' roles in-house.

The Board took the decision 3 years ago to focus on the higher margin, harder-to-fill recruitment roles and not pursue large volume, low value added opportunities.

As a result of this strategy, Net Fee Income (NFI) from contract business, which accounts for 71% of Group NFI, rose by 11% to £27.2m, while fees from permanent placements² rose by 5% to £11.2m. Group revenue rose 10% to £408.9m and we delivered underlying profit before tax of £10.3m, up 29% compared to the previous year.

This was a creditable performance as the economy starts to grow.

We continue to find that employers are still very cautious about increasing permanent staff numbers preferring the flexibility of contractors, while candidates have stayed in existing roles rather than looking for and accepting new jobs.

However, with the gradual improvement in economic conditions, we are noticing the first signs of recovery in the permanent market, and are cautiously hopeful of stronger sales growth.

Similar to last year we invested heavily in staff development, devoting considerable resource to each individual's training, including team working skills, sector knowledge and how they interface with clients.

By increasing our staff's ability to appreciate their own added value, we have improved their negotiating confidence which has increased margins whilst maintaining nurtured client relationships.

Strategic Developments

Last year, we restructured the Group into two business units, Engineering and Professional Services, in order to give greater clarity to stakeholders. The restructuring has been well received and given the Group increased clarity of direction and purpose.

One of this year's most important changes was the launch of Connectus, a new brand that was formerly the Information Systems & Technology sector within Matchtech.

The launch of Connectus was designed to capitalise on the trend of convergence in technology, an example being voice and data communications which have turned into a single technical discipline. This technology convergence is enabling skilled candidates to work across multiple industries, increasing the number of roles we can offer to them.

Connectus, as part of a multi-brand approach, enables us to define more precisely our product portfolio in each of our specialist markets. It also creates greater brand awareness among defined candidate communities, hence enhancing our ability to find passive jobseekers.

With an experienced, enthusiastic team in place, and a much clearer brand proposition, Connectus is trading strongly and already winning higher margin business. The acquisition of Provanis in September 2013, a niche Oracle recruitment agency, is helping Connectus to develop and expand further into the ERP marketplace. The integration has already started and is progressing well.

The multi-brand approach has also simplified the Matchtech brand's engineering message, through reducing the number of sectors it serves.

This year we absorbed elemense, our Managed Services business, back into Engineering.

Business Plan

We have continued to build the Group by pursuing a strategy that treats clients and candidates as equally important. By identifying and working with the best candidates, and placing them in premium roles, we ensure our clients are supplied with the finest people the market can offer.

Having completed the second year of a 5 year business plan, I am pleased with the progress we are making against the Group's 7 key aims. Of course, without the consistently impressive performance of our staff, delivery of the

business plan would not be possible. This is why we have made staff engagement and retention the highest priority among our key aims.

1. **Improving our staff retention levels** by continuing to develop and improve staff engagement ensuring that we provide opportunities for career development.
2. **Enhancing internal systems performance and controls** and delivering an even faster, more efficient and robust service to our clients.
3. **Maximising cross-selling opportunities across the Group** by utilising the increasingly varied client base created from new brands.
4. **Expanding our sector diversification and geographical reach** through building on our early successes and looking at opportunities to grow into new sectors and additional strategic locations within the UK.
5. **Extending our international reach** and developing a structured rollout of international opportunities.
6. **Increasing the NFI we generate per total staff member** by focusing on developing existing client relationships and winning new business outside the engineering sector.
7. **Building our conversion ratio of NFI to profit from operations** as our investments mature, continuing the Group's ability to generate high levels of return from NFI.

Enhanced Group Infrastructure

In the coming year we have planned to spend an additional £1m on our IT systems. Under a newly recruited Head of IT, we are substantially enhancing our Group intranet and CRM databases. Our new Business Data Intelligence system allows us to track far more precisely how candidates are engaging with the Group and to understand more thoroughly how they regard our service.

We will be moving all our major IT systems into the 'Cloud'. Staff will be able to work equally efficiently from the office, home, clients' offices or when on the road.

With appropriate security measures, we are also enabling staff to use their own preferred computer devices (often called Bring Your Own Device), be they smart phones, tablets or laptops, which both saves money in equipment costs and enhances performance through allowing our staff to use their preferred device.

Our IT investments will improve communications with colleagues, candidates and clients, increasing our speed and efficiency, especially outside of normal office hours.

Reflecting that the most important of our 7 key aims is increasing staff retention levels, we have also brought in a new Head of HR.

By investing more in our own staff recruitment, induction, coaching and training processes, our ultimate goal is to reduce annual employee turnover to 20%, well below industry averages. This will have significant benefits in saved recruitment costs, but more importantly, it will give clients and candidates better continuity of service and reduce our risk of losing income.

Management and Staff

All the Directors would like to thank staff and management for all the hard work and commitment they have once again given the Group this year.

I was particularly pleased with the response of managers and staff to the launch of Connectus. The energy and commitment of the marketing team in developing the new brand in-house is worthy of a special mention.

We rely on every single person's commitment and enthusiasm to deliver the performance that is enabling us to bring in even higher quality business and at improved margins.

This year, we were very pleased to welcome Jennie Mead as the new Head of HR, and David Parker, our new Head of IT. We are fortunate to have them both. We are already seeing the benefits not only of their professionalism and technical expertise, but also how they apply these commercially for the Group.

The executive management team is working well together, and has benefited from all the structural changes introduced this year and from the simplified presentation of the business.

It is professionally rewarding to be working closely with such talented and committed people who are so clearly focused on the opportunities we see ahead.

Engineering

This was another satisfying growth year for the Matchtech brand delivering an increase in NFI of 7% to £24.0m for the year.

The acute skills shortages and strong demand for contract labour were major factors in seeing the number of contractors on assignment rise from 5,000 at the start of the year to over 5,500 at the end; up 10%.

Government investment and international growth featured as prominent trends, providing a positive outlook for the engineering industry as a whole, such investment acting as a catalyst for the growth and activity that we have been experiencing, with a variety of large scale projects progressing.

We have continued to support the needs of our clients based in the UK and overseas across all of our sectors, with our teams continuing to source and place niche skills and reinforce our delivery capabilities.

Professional Services

In Professional Services, Barclay Meade and Alderwood have both performed very well and with Connectus, also growing strongly, the combined brands delivered underlying NFI of £14.4m up 12%².

Barclay Meade serves four main professional areas: Procurement, Human Resources, Sales & Marketing, and Finance & Accounting. It reported another strong performance with the number of candidates placed up by around 10% per quarter.

Alderwood, a leading recruiter in two growth UK markets, welfare to work and work-based learning provision, saw significant rise in demand for permanent assessors.

Connectus performed well and we expect it to maximise the benefits of the newly acquired Provanis.

Chairman

As previously announced, George Materna will be stepping down as Chairman on 2 December 2013 and Brian Wilkinson will join as the Group Executive Chairman. As its founder, George is widely recognised as having, over the last 30 years, made Matchtech Group into the highly successful business it is today and I am pleased that his experience and wisdom will still be available to us as our Non-Executive Deputy Chairman.

I am greatly looking forward to working with Brian who I believe has the right credentials to help accelerate the next stage of our strategic vision.

The Year Ahead

The new financial year has started well and having laid solid foundations over the last few years I am confident that the Group can make significant progress this year. I look forward to giving shareholders a further update on the progress made in April 2014.

Adrian Gunn

Chief Executive Officer

Chief Financial Officer's Report

Performance

The Group continues to grow with revenue increasing to £408.9m (2012: £371.4m), a rise of 10%, and Net Fee Income (NFI) for the year of £38.4m (2012: £36.1m), up 6%.

This growth was achieved by a combination of successfully taking advantage of our established presence in growth niche markets and from the encouraging improved performance by the Professional Services brands. Our performance was aided by strong client retention based on consistently first class service delivery, significant contract extensions and new client wins.

Contract NFI grew by 11% to £27.2m (2012: £24.6m), driven by both strong demand for contract labour and increases in pay rates and hours worked. Contractor numbers on assignment grew by 4% to 7,000 at 31 July 2013 (31 July 2012: 6,700).

Permanent recruitment fees from continuing operations², have improved by 5% over the course of the year to £11.2m (2012: £10.7m), with H1 up 2% and H2 up 7% on the previous year. Information on the performance of Group businesses is provided in the Chief Executive's Review.

Underlying³ profit from operations has increased strongly by 28% to £11.1m (2012: £8.7m) and underlying³ profit before tax of £10.3m, was up 29% (2012: £8.0m).

The Group's effective tax rate has fallen to 24.0% (2012: 28.0%) due to tax relief from gains made on the exercise of share options and by a smaller loss in our German business.

This results in a 39% increase in underlying³ profit after tax to £7.9m (2012: £5.7m).

Underlying³ basic earnings per share rose by 37% to 33.4 pence (2012: 24.3 pence) with underlying³ diluted earnings per share of 32.1 pence up 37% (2012: 23.5 pence).

Dividends

The Group announced in April a 3% increase in its interim dividend to 5.15 pence per share (2012: 5.00 pence per share). The Board proposes a 21% increase in its final dividend to 12.85 pence per share (2012: 10.60 pence per share).

When added to the interim dividend, the full year payout of 18.00 pence per share represents a 15% increase (2012: 15.60 pence per share). Dividend cover has increased by 19% to 1.9 times (2012: 1.6 times).

If approved by shareholders at the Annual General Meeting, to be held on Friday 15 November 2013, the final dividend will be payable on 6 December 2013 to those shareholders registered on 8 November 2013.

Dividends Paid

In the year the Group paid a final dividend of £2.48m at 10.6 pence per share on 7 December 2012 (£2.48m at 10.6 pence per share on 2 December 2011) and an interim dividend of £1.17m at 5.3 pence per share on 18 June 2013 (£1.17m at 5.0 pence per share on 19 June 2012).

Group Consolidated Statement of Financial Position

At 31 July 2013 the Group had net assets of £32.3m (2012: £27.6m) and had 23.6m fully paid ordinary shares in issue (2012: 23.4m).

Capital Expenditure and Tangible and Intangible Assets

Capital expenditure in the year was £0.9m (2012: £1.4m). Tangible assets at 31 July 2013 of £1.7m (2012: £1.8m) consist of the Group's motor fleet, office equipment, leasehold improvements and computer equipment.

Intangible assets at 31 July 2013 of £0.6m (2012: £0.5m) consist of £0.1m being the unamortised acquisition cost of XRS, which is being amortised over a 2 year period, and external software licences of £0.5m which are amortised over the expected life of the licence.

Working Capital, Cash Flow and Net Debt

Debtor days at the year-end improved slightly to 49 (31 July 2012: 50).

Net cash from operating activities was £8.5m (2012: £6.5m) with an operating cash conversion of 108% (2012: 106%). Net debt at 31 July 2013 was £10.5m (31 January 2013: £8.0m, 31 July 2012: £14.5m), consisting of a working capital facility of £11.4m (2012: £15.1m), bank overdrafts £0.1m (2012: £0.1m) less cash £0.9m (2012: £0.6m) and capitalised finance costs £0.1m (2012: £0.1m).

Banking Facilities

The Group operates a working capital Confidential Invoice Discounting facility with Barclays Bank plc.

In June 2012 the Group renewed its facility with Barclays at £50m committed until June 2015.

The facility ceiling currently stands at the lower of £50m or 90% of qualifying invoiced debtors and interest on borrowing is at Barclays bank base rate plus 2.00%. At 31 July 2013 the balance on this facility was £11.4m.

Critical Accounting Policies

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

The Group's Revenue Recognition policy may be summarised as:

- Contract revenue, and hence contract net fee income, is only recognised upon receipt of a client signed timesheet
- Permanent fees are only recognised following confirmation by the client that the candidate has started work
- Other fees are recognised on completion of work performed in accordance with client agreements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

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 strategy is to finance its operations through a mixture of cash generated from operations and, where necessary, equity finance and borrowings by way of bank facilities and working capital finance.

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 £10.5m at the year end, comprising £11.4m debt less £0.9m 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 on-going 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 18% (2012: 18%) of total receivables balances at 31 July 2013.

Foreign Currency Risk

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

Tony Dyer

Chief Financial Officer
15 October 2013

Operating review

Engineering

Many sectors that we supply continue to have acute skills shortages and demand for contract labour has been strong. Our niche focus and ability to source hard to find candidates has served us well.

To increase the pool of available candidates we have invested in our candidate attraction strategy.

Through a combination of search engine optimisation, public relations activities and industry networking, site traffic on matchtech.com grew by 20%. The site now receives around 120,000 visits a month.

Once again, our senior managers and consultants attended many key networking events run by trade associations and global engineering companies in order to increase the profile of the Matchtech brand.

We also became a corporate member of EngineeringUK, an independent organisation that promotes the vital contribution that engineers, engineering and technology makes to society, as well as forming a key partnership with IMarEST, the Institute of Marine Engineering, Science and Technology which has 150,000 members in more than 100 separate countries. Under an exclusive arrangement we run its online recruitment service. Within one month of launch in April 2013, we received over 1,200 referrals.

Matchtech's international presence continued to expand, with the majority of overseas contracts being client and/or project led, supplying international skilled engineers for global projects. New contracts won this year included projects in the Middle East, North America and China.

Infrastructure

This broad sector spans major engineering projects in water and waste infrastructure, roads, rail, and property.

We are now in year 5 of the water industry's Asset Management Plan (AMP5) and work has inevitably slowed as certain phases near completion. However, we expect recruitment volumes to increase once design work starts again in 2015.

Environment and waste continue to grow well, and our specialist team recorded a 56% increase in contract and permanent placements in the financial year. We expect new EU legislation such as the EU Landfill Directive and the Climate Change Levy and Waste Strategy for England to drive investment in the sector and create opportunities for Matchtech.

Investment in rail projects continues apace, with our growth supported by key projects including the planned multi-billion pound High Speed 2 rail line, Crossrail and major improvements to the London Underground. Overseas projects such as the Doha, Riyadh and Dubai Metros are commanding significant resources from around the world.

The highways market is equally buoyant. This stems from a plethora of central government or local authority projects, including many maintenance, renewal and improvement schemes.

We are currently recruiting for some very exciting major property projects, including high profile schemes such as Doha Airport and the Heron Plaza, a £500m mixed development in the City of London.

Energy

We are working on some very large scale UK oil and gas projects, recruiting for permanent, as well as the traditional contract roles, as companies grow their core teams to meet rising demand.

Demand is strong in all areas of power, not just generation, but in transmission and distribution. We are filling an array of roles from experienced high voltage engineers to cabling engineers and fitters and expect this to continue as the UK overhauls its network of overhead power lines and substations.

While we await the green light for new nuclear power development, demand for candidates exists for the decommissioning of existing nuclear power stations as well as on the Trident submarine programme.

In renewable energy, the UK is now leading the way in offshore wind farms. The industry already employs 11,000 people in Scotland and investment to date in projects is now more than £100m. We are filling both contract roles and increasingly permanent positions.

Aerospace

The aerospace sector saw increased demand for engineers in many areas.

Several high profile Airbus programmes have moved to the manufacturing phase, including A440M and A350. This has resulted in a change of focus in skill sets from design and stress, to quality and manufacturing. AgustaWestland's

programmes stretch across the complete product life-cycle; the AW189 has just completed design certification and the AW159 Wildcat is in full production, while the AW609 remains in the product development phase.

With several major aircraft, rotorcraft and aeroengine programmes in full scale production, as well as Airbus looking to outsource an ever greater level of work to its supply chain, we are confident of delivering growth in the coming year.

Automotive

We are benefiting from the UK car industry's sales to the BRIC economies, as well as better markets in Europe & North America.

The strong growth in product development investment and car sales from key clients, such as Jaguar Land Rover (JLR) and BMW, led to increased demand for engineers and production operatives.

China is playing an ever more important role in the global car market; Matchtech is working closely with several Chinese OEMs and suppliers for whom we are recruiting engineers from across the globe.

The UK market, categorised by advanced engineering and manufacturing capabilities and by luxury vehicle production, is experiencing unprecedented global demand. With JLR alone looking to boost production from around 350,000 to 700,000 vehicles per annum, Matchtech expects to see further automotive NFI growth next year.

Marine

In the marine sector large scale international projects created vacancies for qualified engineers for shipbuilding programmes in Canada, Abu Dhabi, Italy, America and Romania.

Home markets have also delivered growth, with Matchtech winning a number of leisure and commercial recruitment projects in the last quarter, including customers building luxury yachts and working boats following the successful Seawork show.

Our shipping department picked up several new assignments, particularly in the technical shore based market, with many shipping organisations requiring technical superintendents and senior fleet personnel.

Science and Medical Sector

The pharmaceuticals and biotechnology sectors remained busy and there was demand for design & development engineers in the medical device market. Private healthcare is taking up the slack caused by ring-fenced funding in the NHS with strong demand for radiographers and biomedical scientists.

Germany

Performance in Germany has been disappointing with NFI down 11%, which reflected a poor market and the challenges we face growing this relatively new business.

The reliance of the aircraft industry on Airbus programmes was very apparent. More positively, our energy clients are delivering growth, and while automotive has been flat for the most of this year, we are expecting a small improvement in the next financial year.

Professional Services

Technology

Having already achieved increased scale, good profitability and strong growth momentum, in April 2013, we launched Connectus – a new standalone technology recruitment consultancy comprising our Information, Systems & Technology business. By trading under its own identity, with a clearly explained brand proposition, Connectus is now powerfully placed to increase its share of the high growth IT, ICT, electronics and automation markets.

Connectus' launch followed six months of groundwork and preparation, which was aided by the superb engagement and enthusiasm of staff, and excellent support from the Group's own marketing team. The new brand was developed in-house at relatively insignificant cost.

Connectus has 15 separate recruitment teams providing contract and permanent staffing solutions each focused on specific areas including SAP, business intelligence, project management, automation, networking & communications, software development, electronic software systems and cyber security. In September 2013 this was enhanced by the acquisition of Provanis, a technology recruitment business with niche expertise within the Oracle Applications marketplace, and a focus on low volume, high margin international contract recruitment.

IT, ICT, electronics and automation are large markets and with demand for skilled people continuing to outstrip supply, client numbers continued to rise strongly this year. We are now billing 435 clients, of whom 135 were added this year.

Pleasingly, clients have reacted very positively to the launch of Connectus. They continue to enjoy working with the same experienced teams with whom they have forged successful working relationships over many years. Staff

turnover at 11% has been significantly below recruitment industry averages and is something we are striving to emulate in the rest of the Group.

Encouragingly, our new website www.connectusnow.com received over 50,000 page views within the first month of launch.

By creating a separate site, we have been able to expand considerably our skills based pages to over 250 pages, with our in-house Search Engine Optimisation team improving our key word search results and Google rankings, helping us to boost both the size and quality of our candidate database, which now stands at around 300,000 individuals.

The launch of Connectus is timely as technology, such as voice and data communications, is converging, enabling candidates who would have worked in a single industry to work across more than one vertical market, lifting significantly the number of available roles for their particular skills.

With a new brand, and experienced and enthusiastic teams in place, Connectus is much better positioned to compete for the higher margin business that was historically harder to win as part of Matchtech.

Professional Staffing

Since trading independently under our own brand three years ago, Barclay Meade's reputation is now well established in the professional services sector, with a large and growing client base.

Barclay Meade serves four main professional areas: Procurement, Human Resources, Sales & Marketing and Finance & Accounting, all of which have large target markets in London and the Home Counties, from where we operate.

We are pleased to report an encouragingly improved performance from the business this year. We increased the number of candidates handled by around 10% per quarter, producing a rise in Net Fee Income (NFI) of 8%.

Our client base grew by 100. We are now recruiting for around 400 clients, who range from blue-chip companies to small and medium-sized enterprises. Our target industry sectors are Energy, Retail, FMCG and IT/Telecoms.

One of the strengths of the Barclay Meade business is the opportunity to supply professional staff to other parts of the Group, courtesy of internal referrals.

Our geographical proximity to clients has been a key element in winning new business. We have been able to demonstrate how we understand the drivers in their local markets, fine tuning our candidate provision more precisely around their needs.

We believe this bespoke, non-commoditised approach is absolutely critical to our future success.

A key factor this year has been the time and effort management has expended on improving staff development. In the coming year we will be implementing a new staff training and coaching programme which addresses all aspects of professional development.

Our commitment to training and development has many benefits both in terms of service to clients and candidates and in retaining talented people.

We decided this year to exit from Executive Search and Financial Services to focus solely on higher margin, bespoke client work where there are natural synergies with the rest of the Group. These departments accounted for just 13% of our NFI in 2012.

With this sound footing and increasing presence in the marketplace we look forward to developing the business further by delivering a consistent quality service to our clients.

Skills & Employability

Run from the Group's head office in Whiteley, Alderwood has become a leading recruiter in two growth UK markets: welfare to work and work-based learning provision.

With both strands of Alderwood's business experiencing strong demand, we were able to post an increase in NFI to £1.2m (2012: £1.1m). In contrast to other Group businesses, our fees are mostly derived by filling permanent rather than contract roles.

Currently, we are benefiting from significant growth in the work-based learning market as a result of increased government skills funding and the introduction of university tuition fees.

Young people are once again favouring on the job learning and paid employment over long-term debt with no guaranteed career prospects. This has led to a severe shortage of suitable candidates to deliver the required training courses, so our ability to fill these difficult roles is at a premium.

Another growth driver is the regular turnover in staff across the skills and employability sectors. Many of the specialist staff enter the market as either new entrants changing from a day-to-day role in industry to focus on training or are towards the end of their careers and nearing retirement. As a result, these roles often need replacing regularly with new candidates.

One of the main decisions this year has been to focus on increased efficiency and to maximise the benefits of the Group's investment in client databases and customer relationship management (CRM) systems. As such we have revised our approach to the market.

For the harder to fill roles, we employ personal account handling techniques which require strong personal client relationships and regular face to face meetings with clients. For the higher volume, repeat roles, we are using a resourcer based approach to reduce account handling time and maintain profit margins.

We have also introduced a more flexible and innovative pricing model for key accounts. This allows us to create value added opportunities to embed or deepen a client relationship.

Today, we are strongly positioned for further growth, but without the need to add to our headcount, certainly in the immediate future.

Our plan is to target larger, longer term contracts and to draw on Matchtech's heritage by focusing new business development on engineering related apprentice programmes.

Human Resources

Our people are crucial to the success of the business and build on our reputation for delivering excellence. They display commitment to our strong values, and appreciate the Group's vibrant and positive culture.

In return we continue to create exciting career opportunities, invest in the development of our staff and provide a rewarding and supportive environment in which success is celebrated and shared.

Human Resources Delivery

We have restructured the HR team over the last year and the business is realising immediate benefits from this through enhanced strategies to attract staff and improved performance management tools, both supporting the Group with increased Net Fee Income (NFI) per head and our NFI conversion ratio.

We have recently reviewed our HR Strategy with the aim of supporting the Group through optimising our recruitment processes, maximising performance through an engaged workforce and providing streamlined, supportive HR systems and processes.

Our success is underpinned by the quality and output of our employees, where the business seeks to retain high performing individuals and empowers these individuals to support the growth of the Group.

Staff Numbers and Attrition

Total staff numbers at 31 July 2013 were 385 (31 July 2012: 381; 31 July 2011: 350). The sales force headcount has risen by 2% from 275 to 280.

We continue to invest in all of our brands and manage our talent to position ourselves for UK sector diversification and international expansion by bringing in capabilities to support us in achieving these key aims.

Group attrition for the year was 31% (2012: 23%), of which 5% related to restructuring programmes that have sought to strengthen the affected teams. On a normalised basis, our attrition rates are amongst the best in the industry and we have strategies to reduce them further.

Recruitment

We have restructured our Internal Recruitment team to ensure the right level of resources and expertise is available to the business to attract and recruit high quality staff.

The Group recognises the importance of recruiting and retaining talent. Our focus this year is to redefine our selection methods, and along with improved competency assessment we are striving to improve our capability of recruiting the right people at the right time.

We aim to introduce recognised apprenticeship and intern programmes, supported by the appropriate training mechanisms, and improve our graduate programme reach.

Reward and Recognition

A key component of our staff retention strategy is ensuring that our employees feel rewarded and appreciated for their hard work in supporting the business in achieving our key aims. We engaged with our staff in 2013 through a staff survey to get their feedback on the benefits of working with the Group. In response to this we have commenced a programme to improve and better communicate the benefits we offer our valued staff.

Our aim is to be recognised in 2014 as a leader in our industry for providing an innovative and flexible benefits package to support the lifestyle needs of our staff; a package that is valued by our employees and one they are proud of.

Learning & Development

Personal development and career progression remain key factors in employee satisfaction. We have two programmes in place to deliver benefits in the area of Learning and Development, supported by increased resource and expertise in our internal Learning and Development team.

A relevant sales training programme is important to the success of our business. We are working towards a Group Sales Academy that is recognised by the professional bodies in our industry. The Academy will identify the diverse needs for the different types of sales roles within the business. Giving individuals the opportunity to 'Choose their Route' through the Academy will not only ensure the learning is relevant but will also support employee engagement initiatives.

Continued management development is important to support the progress of the business, ensuring that we have individuals coming through the business to ensure sustainable growth. We are investing in supporting the development of key management competencies, with a particular emphasis on ensuring our managers and leaders support the continued development of a high performing workforce.

Responsible Employer

We remain committed to protecting and having a positive impact on our local communities and environment. We are currently finalising our Responsible Employer Strategy and, together with our newly established Corporate & Social Responsibility (CSR) Committee, we will be focusing on 4 key areas over the next 3 years.

Workplace

The Group believes in the value of employing people with a diverse range of cultures and backgrounds and recognises the obligation to promote the universal respect for observation of human rights and fundamental freedoms for all, without distinction to ethnicity, origin, religion, gender, language or disability.

We aim to eliminate discrimination on any grounds and promote equality of opportunity amongst our staff, clients and suppliers.

We are committed to building and fostering an environment where our people can excel in their performance and can continually develop and succeed professionally to deliver a high quality service to our clients.

Marketplace

We understand that public company audits are vital to the strength and stability of the business. We take transparency seriously because we want our stakeholders to feel confident in our delivery. To this end we will drive and maintain the highest standards of accountability, scrutiny and transparency and reporting.

The Group is committed to the maintenance of high ethical standards and these standards are applied to all Directors and employees.

Environment

The Group recognises that it has a clear obligation and aims to ensure that it operates in a manner which minimises the impact of its business operations on the environment. The Group is committed to its Environmental Policy and seeks to ensure its employees, contractors and suppliers meet the same objective.

Our objective is to endeavour to reduce the impact on the environment through continual improvement and be recognised in doing this through the ISO 14001 accreditation.

Community

The Group believes that the communities where we operate should benefit directly from our presence through the investment of our time and money in the community along with the jobs and wealth created.

We will take steps to understand how we can most effectively support the needs of the local communities and implement initiatives accordingly.

We aim to work with our partner, Business in the Community (BITC), to support and contribute to community projects that benefit the local areas to our offices. In particular we aim to support them through utilising our skills in the recruitment and employment arena to further the prospects of the local individuals and provide them with skills and tools to gain employment.

Through our CSR Committee the Group engages with all its brands to choose the charities and volunteering projects that employees wish to support and engage with. We encourage staff to favour projects that reflect our corporate values and priorities.

CONSOLIDATED INCOME STATEMENT
for the year ended 31 July 2013

	Note	2013 £'000	2012 £'000
Revenue		408,926	371,366
Cost of Sales		(370,554)	(335,248)
GROSS PROFIT	2	38,372	36,118
Administrative expenses		(27,696)	(27,444)
PROFIT FROM OPERATIONS	3	10,676	8,674
Finance income		2	2
Finance costs	5	(782)	(711)
PROFIT BEFORE TAX		9,896	7,965
Income tax expense	8	(2,361)	(2,268)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		7,535	5,697

All of the current year activities of the Group are classed as continuing; the prior year activities include discontinued activities as outlined on page 1.

EARNINGS PER ORDINARY SHARE

	Note	2013 pence	2012 pence
Basic	9	32.0	24.3
Diluted	9	30.7	23.5

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 July 2013

	2013 £'000	2012 £'000
PROFIT FOR THE YEAR	7,535	5,697
OTHER COMPREHENSIVE INCOME		
Exchange differences on translating foreign operations	(95)	74
OTHER COMPREHENSIVE INCOME FOR THE YEAR	(95)	74
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	7,440	5,771

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 July 2013

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 2011	234	3,126	224	779	(10)	20,701	25,054
Dividends paid in the year	-	-	-	-	-	(3,652)	(3,652)
Deferred tax movement re share options	-	-	-	-	-	(3)	(3)
IFRS2 charge	-	-	-	476	-	-	476
IFRS2 reserves transfer	-	-	-	(370)	-	370	-
Shares issued	-	2	-	-	-	-	2
Transactions with owners	-	2	-	106	-	(3,285)	(3,177)
Profit for the year	-	-	-	-	-	5,697	5,697
Other comprehensive income	-	-	-	-	74	-	74
Total comprehensive income	-	-	-	-	74	5,697	5,771
At 31 July 2012	234	3,128	224	885	64	23,113	27,648
At 1 August 2012	234	3,128	224	885	64	23,113	27,648
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)
Profit for the year	-	-	-	-	-	7,535	7,535
Other comprehensive income	-	-	-	-	(95)	-	(95)
Total comprehensive income	-	-	-	-	(95)	7,535	7,440
At 31 July 2013	236	3,231	224	1,094	(31)	27,568	32,322

B) COMPANY

	Share capital £'000	Share premium £'000	Share- based payment reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2011	234	3,126	779	866	5,005
Dividends paid in the year	-	-	-	(3,652)	(3,652)
IFRS 2 charge	-	-	476	-	476
IFRS 2 reserves transfer	-	-	(370)	370	-
Shares issued	-	2	-	-	2
Transactions with owners	-	2	106	(3,282)	(3,174)
Profit and total comprehensive income for the year	-	-	-	3,350	3,350
At 31 July 2012	234	3,128	885	934	5,181
At 1 August 2012	234	3,128	885	934	5,181
Dividends paid in the year	-	-	-	(3,704)	(3,704)
IFRS 2 charge	-	-	610	-	610
IFRS 2 reserves transfer	-	-	(401)	401	-
Shares issued	2	103	-	-	105
Transactions with owners	2	103	209	(3,303)	(2,989)
Profit and total comprehensive income for the year	-	-	-	4,140	4,140
At 31 July 2013	236	3,231	1,094	1,771	6,332

STATEMENTS OF FINANCIAL POSITION
for the year ended 31 July 2013

	Note	GROUP		COMPANY	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
NON-CURRENT ASSETS					
Intangible assets	10	635	498	-	-
Property, plant and equipment	11	1,744	1,832	-	-
Investments	12	-	-	2,068	1,458
Deferred tax asset	13	533	220	-	-
Total Non-Current Assets		2,912	2,550	2,068	1,458
CURRENT ASSETS					
Trade and other receivables	14	69,210	62,749	4,913	3,576
Cash		857	626	39	147
Total Current Assets		70,067	63,375	4,952	3,723
TOTAL ASSETS		72,979	65,925	7,020	5,181
NON-CURRENT LIABILITIES					
Provisions	15	(278)	(278)	-	-
Total Non-Current Liabilities		(278)	(278)	-	-
CURRENT LIABILITIES					
Trade and other payables	16	(27,800)	(21,825)	(688)	-
Current tax liability		(1,229)	(1,074)	-	-
Bank loans and overdrafts	21	(11,350)	(15,100)	-	-
Total Current Liabilities		(40,379)	(37,999)	(688)	-
TOTAL LIABILITIES		(40,657)	(38,277)	(688)	-
NET ASSETS		32,322	27,648	6,332	5,181
EQUITY					
Called-up equity share capital	19	236	234	236	234
Share premium account		3,231	3,128	3,231	3,128
Merger reserve		224	224	-	-
Share-based payment reserve		1,094	885	1,094	885
Translation of foreign operations		(31)	64	-	-
Retained earnings		27,568	23,113	1,771	934
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		32,322	27,648	6,332	5,181

These financial statements were approved by the Board of Directors on 15 October 2013, and signed on their behalf by:

Tony Dyer
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 July 2013

	GROUP		COMPANY	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after taxation	7,535	5,697	4,140	3,350
Adjustments for:				
Depreciation and amortisation	816	702	-	-
(Profit)/loss on disposal of property, plant and equipment	(4)	1	-	-
Interest income	(2)	(2)	-	(2)
Interest expense	782	711	-	-
Income taxation expense recognised in the income statement	2,361	2,268	-	-
(Increase)/decrease in trade and other receivables	(6,574)	(6,223)	(1,337)	301
Increase in trade and other payables	5,975	5,248	688	-
Increase in provisions	-	278	-	-
Share-based payment charge	610	476	-	-
Investment income	-	-	(3,704)	(3,645)
Cash generated from operations	11,499	9,156	(213)	4
Interest paid	(732)	(703)	-	-
Income taxes paid	(2,296)	(1,916)	-	-
NET CASH FROM OPERATING ACTIVITIES	8,471	6,537	(213)	4
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of plant and equipment	(484)	(868)	-	-
Purchase of intangible assets	(418)	(575)	-	-
Proceeds from sale of plant	41	45	-	-
Interest received	2	2	-	2
Dividend received	-	-	3,704	3,645
NET CASH USED IN INVESTING ACTIVITIES	(859)	(1,396)	3,704	3,647
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	105	4	105	4
Payment of transactions costs relating to loans and borrowings	-	(150)	-	-
Dividends paid	(3,704)	(3,652)	(3,704)	(3,652)
NET CASH USED IN FINANCING	(3,599)	(3,798)	(3,599)	(3,648)
Effects of exchange rates on cash and cash equivalents	18	(4)	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,031	1,339	(108)	3
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(14,616)	(15,955)	147	144
CASH AND CASH EQUIVALENTS AT END OF YEAR	(10,585)	(14,616)	39	147
CASH AND CASH EQUIVALENTS				
Cash	857	626	39	147
Bank overdrafts	(67)	(169)	-	-
Working capital facility used	(11,375)	(15,073)	-	-
CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENTS	(10,585)	(14,616)	39	147

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 2013.

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

New standards and amendments to existing standards applicable for the period ending 31 July 2013 are:

IAS 1 Financial Statement Presentation

The adoption of the above standard has had no impact on the financial statements. Specifically, there was no impact on the Statement of Financial Position in the current or prior periods, and as such an additional comparative Statement of Financial Position has not been included.

New standards in issue, not yet effective

The following relevant Standards and Interpretations, which are new and yet to become mandatory, have not been applied in the Group financial statements:

Standard		Effective date (Annual periods beginning on or after)
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 intend 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 bases 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. Other fees are recognised on completion of work performed in accordance with client agreements. Fees for the provision of engineering services are recognised on completion of work performed in accordance with customer contracts.

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

Separately acquired software licences are included at cost and amortised on a straight-line basis over the useful economic life of that asset at 20%-50% per annum.

Other intangible assets are included at cost and amortised on a straight-line basis over the useful economic life of that asset.

Provision is made against the carrying value of intangible assets where an impairment in value is deemed to have occurred. Amortisation is 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 lease term.

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 annual 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", a component of equity. 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. The Group is responsible for collection of trade receivables and undertakes the risks and rewards until they are settled by the customer.

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 and on demand deposits, bank overdrafts and working capital facility.

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 Statement of Financial Position 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.

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 14.

Share-based payments

The key assumptions used in estimating the fair values of options granted to employees under IFRS 2 are detailed under Note 19.

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

2013	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	9,094	1,582	10,676
Finance costs, net	(583)	(197)	(780)
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

2012	Engineering	Professional Services	Group Total
	£'000	£'000	£'000
Revenue	266,849	104,517	371,366
Gross profit	22,301	13,817	36,118
Profit from operations	7,500	1,174	8,674
Finance costs, net	(516)	(193)	(709)
Profit before tax	6,984	981	7,965
Depreciation and amortisation	334	368	702
Segment net assets	44,601	17,469	62,070
Unallocated net liabilities			(34,422)
Total net assets			27,648

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 assets above. Other net assets are. 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	
	2013	2012	2013	2012	2013	2012
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	405,629	368,348	3,297	3,018	408,926	371,366
Gross profit	37,560	35,239	812	879	38,372	36,118
Profit/(loss) from operations	10,736	9,084	(60)	(410)	10,676	8,674
Finance costs, net	(734)	(676)	(46)	(33)	(780)	(709)
Profit/(loss) before tax	10,002	8,408	(106)	(443)	9,896	7,965
Depreciation and amortisation	811	700	5	2	816	702
Net non-current assets	2,625	2,540	9	10	2,634	2,550
Net current assets/(liabilities)	30,750	25,849	(1,062)	(751)	29,688	25,098
Total net assets/(liabilities)	33,375	28,389	(1,053)	(741)	32,322	27,648

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 £5,171,000 (2012: £4,298,000).

Largest customers

During the year revenues of £54,853,000 (2012: £45,519,000) 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 other single client contributed more than 10% of the Group's revenues.

3. PROFIT FROM OPERATIONS

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

	2013	2012
	£'000	£'000
Depreciation	535	519
Amortisation	281	183
(Profit)/loss on disposal of property, plant and equipment	(4)	1
Auditors' 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	63	60
- Non-audit services: taxation	37	18
other services pursuant to legislation	11	4
Operating lease costs:		
- Plant and machinery	172	178
- Land and buildings	756	802
Share-based payment charge	610	476
Net (profit)/loss on foreign currency translation	(177)	164
Acquisition costs	-	35
Legal and professional fees relating to the Value Creation Plan	-	233
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:

	2013	2012
	No.	No.
Sales	273	275
Administration	106	77
Directors	9	8
Total	388	360

In 2013 the average number of staff for administration includes the Managed Service business which was included within sales in 2012. The average number of staff in the Managed Service business was 17 (2012: 16).

The aggregate payroll costs of the above were:

	2013	2012
	£'000	£'000
Wages and salaries	17,418	17,062
Social security costs	1,878	1,848
Pension costs	396	450
Total	19,692	19,360

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 2013.

	2013 £'000	2012 £'000
Short term employee benefits	1,437	1,318
Post employment benefits	59	79
Share-based payments	61	13
Total	1,557	1,410

5. FINANCE COSTS

	2013 £'000	2012 £'000
Bank interest payable	782	711

6. DIVIDENDS

	2013 £'000	2012 £'000
Equity dividends paid during the year at 15.75 pence per share (2012: 15.6 pence)	3,704	3,652
Equity dividends proposed after the year-end (not recognised as a liability) at 12.85 pence per share (2012: 10.6 pence)	3,170	2,485

A dividend will be declared from Matchtech Group Holdings Limited prior to the payment of the proposed dividend above, to ensure that Matchtech Group plc has sufficient distributable reserves to pay the proposed dividend.

7. PARENT COMPANY PROFIT

	2013 £'000	2012 £'000
The amount of profit dealt with in the accounts of the Company	4,140	3,350

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

	2013 £'000	2012 £'000
Current Tax:		
UK corporation tax	2,481	2,311
Prior year over provision	(30)	(8)
	2,451	2,303
Deferred tax (Note 13)	(90)	(35)
Income tax expense	2,361	2,268

UK corporation tax has been charged at 23.7% (2012: 25.3%).

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

	2013	2012
	£'000	£'000
Profit before tax	9,896	7,965
Profit before tax multiplied by the standard rate of corporation tax in the UK of 23.7% (2012: 25.3%)	2,345	2,015
Expenses not deductible for tax purposes	73	204
Enhanced R&D tax relief	(62)	(42)
Adjustments to tax charge in respect of previous periods	(30)	(8)
Overseas losses not provided for	35	99
Total tax charge for period	2,361	2,268

	2013	2012
	£'000	£'000
Tax credit recognised directly in equity:		
Deferred tax recognised directly in equity	223	(3)
Total tax recognised directly in equity	223	(3)

Future Tax Rate Changes

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions 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 2013 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 due to the issue of new share options in the current year.

The earnings per share information has been calculated as follows:

	2013	2012
	£'000	£'000
Profit after tax attributable to ordinary shareholders	7,535	5,697
	2013	2012
	'000s	'000s
Weighted average number of ordinary shares in issue	23,525	23,408
Effect of dilutive potential ordinary shares	987	845
Total	24,512	24,253

		2013	2012
		pence	pence
Earnings per ordinary share	- basic	32.0	24.3
	- diluted	30.7	23.5

10. INTANGIBLE ASSETS

Group

		Software licences £'000	Other £'000	Total £'000
COST	At 1 August 2011	380	-	380
	Additions	175	-	175
	Acquisitions	-	400	400
	At 1 August 2012	555	400	955
	Additions	418	-	418
	At 31 July 2013	973	400	1,373
AMORTISATION	At 1 August 2011	274	-	274
	Charge for the year	67	116	183
	At 1 August 2012	341	116	457
	Charge for the year	81	200	281
	At 31 July 2013	422	316	738
NET BOOK VALUE	At 31 July 2012	214	284	498
	At 31 July 2013	551	84	635

11. PROPERTY, PLANT AND EQUIPMENT

Group

		Motor vehicles £'000	Office equipment £'000	Leasehold improvements £'000	Computer equipment £'000	Total £'000
COST	At 1 August 2011	1,646	1,551	243	858	4,298
	Additions	228	13	406	221	868
	Disposals	(183)	-	-	-	(183)
	At 1 August 2012	1,691	1,564	649	1,079	4,983
	Additions	182	30	57	215	484
	Disposals	(161)	-	-	-	(161)
	At 31 July 2013	1,712	1,594	706	1,294	5,306
DEPRECIATION	At 1 August 2011	956	1,131	23	658	2,758
	Charge for the year	196	113	94	116	519
	Released on disposal	(136)	-	-	-	(136)
	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 31 July 2013	1,083	1,342	223	914	3,562
NET BOOK VALUE	At 31 July 2012	675	320	532	305	1,832
	At 31 July 2013	629	252	483	380	1,744

Included within leasehold improvements is £228,000 relating to the dilapidations provision (see Note 15).

There were no capital commitments as at 31 July 2013 or 31 July 2012.

12. INVESTMENTS

	Company	
	2013	2012
	£'000	£'000
Investment in Group companies at 1 August	1,458	983
Movement in investment in Group companies	610	475
Investment in Group companies at 31 July	2,068	1,458

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	48%	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

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.

13. DEFERRED TAX ASSET

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

	Group	
	2013	2012
	£'000	£'000
At 1 August	220	188
Recognised in income	90	35
Recognised in equity	223	(3)
At 31 July	533	220

The rate of UK corporation tax applied to deferred tax calculations is 20% (2012: 24%).

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade receivables	67,853	62,070	-	-
Amounts owed by Group companies	-	-	4,913	3,576
Other receivables	433	70	-	-
Prepayments	924	609	-	-
Total	69,210	62,749	4,913	3,576

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 48.9 days (2012: 49.6 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 £6,037,000 (2012: £7,357,000) 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	
	2013	2012
	£'000	£'000
0-30 days	4,845	6,019
30-60 days	808	998
60-90 days	372	287
90+ days	12	53
Total	6,037	7,357

Movement in the allowance for doubtful debts:

	Group	
	2013	2012
	£'000	£'000
Balance at 1 August	260	201
Impairment losses recognised	325	59
Balance at 31 July	585	260

Ageing of impaired trade receivables:

	Group	
	2013 £'000	2012 £'000
Not past due at reporting date	-	-
0-30 days	5	-
30-60 days	11	22
60-90 days	60	22
90+ days	509	216
Total	585	260

15. PROVISIONS

	Group	
	2013 £'000	2012 £'000
Balance at 1 August	278	-
Transfer from other payables	-	50
Provisions made during the year	-	228
Balance at 31 July	278	278
Non-current	278	278
Current	-	-
	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.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade payables	-	149	-	-
Amounts owed to Group companies	-	-	688	-
Taxation and social security	6,636	5,863	-	-
Contractor wages creditor	17,469	13,308	-	-
Accruals and deferred income	3,031	2,189	-	-
Other payables	664	316	-	-
Total	27,800	21,825	688	-

17. 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	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade and other receivables				
- Loan and receivables	67,567	62,140	4,913	3,476
Cash and cash equivalents				
- Loan and receivables	857	626	39	147
Total	68,424	62,766	4,952	3,623

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

	Group	
	2013 £'000	2012 £'000
Current liabilities		
Borrowings		
- Financial liabilities recorded at amortised cost	11,350	15,100
Trade and other payables		
- Financial liabilities recorded at amortised cost	20,445	15,961
Total	31,795	31,061

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.

18. COMMITMENTS UNDER OPERATING LEASES

At 31 July 2013 the Group had commitments to pay the following amounts under non-cancellable operating leases as set out below:

		Group	
		2013 £'000	2012 £'000
Land and buildings	Payments falling due:		
	within 1 year	815	793
	within 1 to 5 years	2,340	2,818
	after 5 years	138	117
Other	Payments falling due:		
	within 1 year	94	150
	within 1 to 5 years	29	57

19. SHARE CAPITAL

Authorised share capital

Company	
2013	2012
£'000	£'000

40,000,000 ordinary shares of £0.01 each

400 400

Allotted, called up and fully paid:

Company	
2013	2012
£'000	£'000

23,616,000 (2012: 23,445,000) ordinary shares of £0.01 each

236 234

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

Company	
2013	2012
'000s	'000s

In issue at 1 August

23,445 23,387

Exercise of share options

145 18

Shares granted under Share Incentive Plan

26 40

In issue at 31 July

23,616 23,445

Share Options

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

	2013	2012	Date of grant	Exercise price	Exercise period	
	'000s	'000s		pence	From	To
Key Share Options	-	24	18/06/2004	70	18/06/2005	18/06/2014
Key Share Options	32	86	01/12/2005	146	01/06/2007	01/12/2015
Target/Loyalty Share Options	-	2	05/03/2003	70	14/07/2005	05/03/2013
Target/Loyalty Share Options	1	2	18/06/2004	70	18/06/2005	18/06/2014
Target/Loyalty Share Options	1	1	08/11/2004	89	14/07/2006	08/11/2014
Target/Loyalty Share Options	10	18	01/12/2005	146	01/12/2006	01/12/2015
Deferred Share Bonus	16	24	18/01/2010	1	18/01/2012	18/01/2020
Deferred Share Bonus	16	33	18/01/2010	1	18/01/2013	18/01/2020
Zero Priced Share Option Bonus	10	16	18/01/2010	1	18/01/2012	18/01/2020
Zero Priced Share Option Bonus	10	24	18/01/2010	1	18/01/2013	18/01/2020
Zero Priced Share Option Bonus	20	61	04/02/2011	1	03/02/2013	04/02/2021
Zero Priced Share Option Bonus	188	229	04/02/2011	1	03/02/2014	04/02/2021
Long Term Incentive Plan Options	51	71	31/01/2012	1	30/01/2015	31/01/2022
Zero Priced Share Option Bonus	33	43	31/01/2012	1	30/01/2014	31/01/2022
Zero Priced Share Option Bonus	232	297	31/01/2012	1	30/01/2015	31/01/2022
Long Term Incentive Plan Options	57	-	31/01/2013	1	30/01/2016	31/01/2023
Zero Priced Share Option Bonus	44	-	31/01/2013	1	30/01/2015	31/01/2023
Zero Priced Share Option Bonus	281	-	31/01/2013	1	30/01/2016	31/01/2023
Total	1,002	931				

During the year the Group operated a Long Term Incentive Plan (LTIP) and a Deferred Share Bonus Plan for Executive Directors and a Zero Priced Share Option Bonus for key staff. The LTIP options were granted on 31 January 2013 and are subject to an EPS performance target with a Total Shareholder Return (TSR) underpin. The Zero Priced Share Options were granted on 31 January 2013 to members of staff subject to two and three year holding periods.

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

The movement in share options is shown below:

	2013			2012		
	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	931	19.3	-	691	26.0	-
Granted	397	1.0	-	545	1.0	-
Forfeited/lapsed	(166)	1.0	-	(287)	1.0	-
Exercised	(160)	66.0	290.7	(18)	11.4	219.0
Outstanding at 31 July	1,002	7.2		931	19.3	
Exercisable at 31 July	116	53.9		173	91.1	

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.

Exercise date	2013			2012		
	Weighted average remaining contract life (months)	Number '000s	Weighted average exercise price (pence)	Weighted average remaining contract life (months)	Number '000s	Weighted average exercise price (pence)
30/01/2014	6	33	1.0	18	43	1.0
03/02/2014	7	188	1.0	19	229	1.0
30/01/2015	18	327	1.0	30	368	1.0
30/01/2016	30	338	1.0	-	-	-
Total		886			758	

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 LTIPS granted in the year were calculated using the Monte Carlo simulation method along with the assumptions as detailed below. The values of the zero price options granted in the year were calculated using the 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 (yrs)	Dividend yield (%)	Risk free rate of interest (%)	Fair value (£)
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%	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%	2.00	5.8%	0.56%	2.24
31/01/2013	Zero price share option bonus	2.67	0.01	14%	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

The volatility of the Company's share price on each date of grant was calculated as the average of 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 value calculation.

20. TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

During the year the Group made sales of £64,000 (2012: £4,000) to CTruk Group Limited and £72,000 (2012: £88,000) to CWind Limited, both related parties by virtue of the common directorship of Andy White. The Group also made sales of £177,000 (2012: £37,000) to InHealth Group which is a related party by virtue of common directorship of Richard Bradford and £38,000 (2012: £nil) 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 £nil (2012: £2,000), CWind Limited had a balance outstanding of £nil (2012: £32,000), InHealth Group has a balance outstanding of £55,000 (2012: £27,000) and Waterman Group had a balance outstanding of £4,000 (2012: £nil). 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 £436,000 (2012: £394,000) for provision of management services.

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

21. 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 2013 was as follows:

	Group	
	2013	2012
	£'000	£'000
In less than one year or on demand:		
Bank overdrafts	67	169
Working capital facility	11,375	15,073
Finance costs capitalised	(92)	(142)
Bank loans and overdrafts	11,350	15,100
Trade and other payables	21,164	15,961
Total	32,514	31,061

Borrowing facilities

The Group makes use of a working capital facility, details of which can be found in Note 17. The undrawn facility available at 31 July 2013, in respect of which all conditions precedent had been met, was as follows:

	Group	
	2013	2012
	£'000	£'000
Expiring in one to five years	38,625	34,927

The working capital facility of £50m is committed until June 2015.

The Directors have calculated that the effect on profit of a 1% movement in interest rates would be £292,000.

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

Net foreign currency monetary assets

	Group	
	2013	2012
	£'000	£'000
Euros	1,232	923

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

22. 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.
- 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	
	2013	2012
	£'000	£'000
Total equity	32,322	27,648
Cash and cash equivalents	(857)	(626)
Capital	31,465	27,022
<hr/>		
Total equity	32,322	27,648
Borrowings	11,350	15,100
Overall financing	43,672	42,748
<hr/>		
Capital to overall financing ratio	72%	63%

23. SUBSEQUENT EVENTS

On 5 September 2013 the Group acquired 100% of the ordinary share capital of Application Services Limited, trading as Provanis, a niche technology recruitment business for a total cash consideration of £4m funded from the Group's existing lending facility. Provanis is a technology recruitment business which will complement the Group's newly rebranded technology business, Connectus.

An exercise to determine the fair value of the net assets and any contingent liabilities acquired is ongoing at the time of authorising the Group financial statements.

On 20 September 2013, the Group placed 1,050,000 new ordinary shares of 1 pence each at a price of 405 pence, raising £4m cash. The proceeds of the placing was used to repay the drawdown on the Group's existing lending facility which was used to fund the acquisition of Provanis.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 July 2013 or 2012 but is derived from those accounts. Statutory accounts for 2012 have been delivered to the registrar of companies, and those for 2013 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 2013 and 31 July 2012 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.