Company Registration No. 2714555

MORSON HUMAN RESOURCES LIMITED

Report and Financial Statements

Year ended 31 December 2015

REPORT AND FINANCIAL STATEMENTS 2015

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G A Mason
P J Gilmour
K P Gorton

SECRETARY

P J Gilmour

REGISTERED OFFICE

Adamson House
Centenary Way
Salford
M50 1RD

BANKERS

Barclays Bank plc

SOLICITORS

Atticus Legal LLP
Manchester

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The company operates as part of the Morson Group's United Kingdom, European and other worldwide operations. The company's principal activities are as an employment business, a recruitment agency and the provision of technical personnel for engineering management and design consultancy. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

BUSINESS REVIEW

The results of the year are set out on page 7. As shown in the company's profit and loss account the company's sales have increased by £42.7m (7.2%) against the prior year to £636.9m. Operating profit has increased by £4.9m (37.2%) to £18.0m and profit before tax has increased by £4.1m (32.6%) to £16.7m. Adjusted operating profit (being operating profit excluding amortisation and exceptional costs, as detailed on page 7) has increased 28.9% against the prior year to £18.2m (2014: £14.1m). Adjusted profit before tax (being profit before tax excluding amortisation, exceptional costs and fair value movement on derivative financial instrument) increased 23.2% against the prior year to £16.8m (2014: £13.7m).

The Aerospace and Defence markets, particularly Military, have performed well. Our rail expertise and service delivery has been widened and strengthened. We continue to be a key supplier to the Mechanical, Electrical and Power sectors supporting Civil programmes in the UK and feel this market can grow significantly in coming years as investment is released.

The balance sheet shows the company's financial position at the year end. Net assets have increased from £46.9m to £53.5 during the year. Trade debtors combined with prepayments and accrued income have increased from £90.4m to £79.7m, largely reflecting increased sales.

Morson Group Limited, the smallest group of undertakings to consolidate these financial statements, manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of Morson Group Limited, which includes the company, is discussed in the group's Annual Report which does not form part of this report.

The company continues to invest in training and in the development of its information technology platforms. This has resulted in a number of updates of existing software. The directors continue to make such investment as is necessary for continuing the success of the business in the medium to long term future.

There have been no significant events since the balance sheet date.

CREDITOR PAYMENT POLICY

The policy of the company in relation to its suppliers is to set the terms of payment when agreeing to the terms of the transaction and abide by them provided it is satisfied that the supplier has properly provided their goods or services in accordance with agreed terms and conditions.

The company's trade creditors as at 31 December 2015 were equivalent to 7 days' purchases (2014: 8 days).

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure in the UK is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing valued services to its customers, by having fast response times, by innovating and supplying flexible solutions to address customer requirements and by maintaining strong relationships with customers.

The company is financed by borrowings secured on the debtor book of the company. Whilst it therefore has interest costs, the gearing of the company is not in the directors' opinion excessive and the Group's interest rate derivatives protect against severe adverse interest rate movement as discussed in Morson Group Limited's accounts. Group risks are discussed in the Morson Group Limited Annual Report, which does not form part of this Report.

Approved by the Board of Directors on 29 April 2016 and signed on behalf of the Board

Paul Gilmour
Director

DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended 31 December 2015.

ENVIRONMENT

Morson Group Limited recognises the importance of its environmental responsibilities and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the Morson Group Limited Annual Report which does not form part of this Report. Initiatives designed to minimise the company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

EMPLOYEES

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 14.

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

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

DIVIDENDS AND PROFIT

The profit for the year is £10,366,000 (2014: £7,852,000). Interim dividends were paid in the year totalling £55,810,000 (2014: £nil) and accordingly £45,444,000 was transferred from reserves (2014: £7,852,000 transferred to reserves). The dividend was paid out of distributable retained earnings. In the current year a cash loan of £52,045,000 was provided by a parent company and subsequently this loan was written off by the parent company provider resulting in a capital contribution reserve. The capital contribution reserve is fully distributable.

The directors do not recommend any final dividend (2014: no final dividend paid). Interim dividends were paid of £1,250,000 per share on 28 August 2015 and £26,655,000 per share on 18 December 2015 (2014: no interim dividend paid).

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year and to the date of this report were G A Mason, P J Gilmour and K P Gorton.

The directors who held office at the end of the financial year had no interests in the shares of the company.

G A Mason, P J Gilmour and K P Gorton are shareholders and directors of GGM Holdings Limited. Their interests in the shares of the holding company are disclosed in the financial statements of that company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

POLITICAL AND CHARITABLE DONATIONS

The company made no political contributions during the year (2014: £nil). Donations to UK Charities amounted to £106,682 (2014: £533,057 which included £380,000 paid to Seashell Trust to fund the construction of a specialist house).

GOING CONCERN

The directors are required to satisfy themselves as to whether the financial statements of the company should be prepared on the going concern basis. As part of the ongoing duties and activities of the Board there is continual assessment of the company's financial and commercial performance. This review considers business risks and uncertainties that exist, including those described above, and takes account of how wider economic circumstances can impact these, including due consideration and assessment of potentially adverse and testing situations. The Board looks forward and appropriate forecasts of financial performance and assessments of future business opportunities and challenges are regularly made. The directors have also considered the financial support required for these anticipated income streams and note that the company's current financing arrangements run until 31 July 2017 for its invoice discounting facility.

DIRECTORS' REPORT (continued)

Having considered the matter the Directors concluded that they are satisfied that these financial statements should be prepared on a going concern basis.

AUDITOR

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Each of the persons who are directors at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Approved by the Board of Directors on 29 April 2016
and signed on behalf of the Board

Paul Gilmour
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORSON HUMAN RESOURCES LIMITED

We have audited the financial statements of Morson Human Resources Limited for the year ended 31 December 2015, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Damian Sanders (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

29 April 2016

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2015

Continuing Operations	Note	2015 £'000	2014 £'000
TURNOVER	2	636,907	594,158
Cost of sales		(591,923)	(554,798)
Gross profit		44,984	39,360
Other administrative expenses		(26,781)	(25,237)
Exceptional loss on disposal of subsidiary undertakings	3	-	(553)
Amortisation	3, 9	(237)	(475)
Total administrative expenses		(27,018)	(26,265)
OPERATING PROFIT		17,966	13,095
Interest payable and similar charges	6(a)	(1,883)	(1,078)
Interest income receivable	6(b)	196	268
Other income receivable	6(c)	325	360
Fair value movements on derivative financial instruments		46	(92)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	16,650	12,553
Tax on profit on ordinary activities	7	(6,284)	(4,701)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	17	10,366	7,852

There have been no gains or losses in either year other than the profit above and therefore a separate statement of comprehensive income has not been presented.

All activities arose from continuing operations.

BALANCE SHEET
As at 31 December 2015

	Note	£'000	2015 £'000	£'000	2014 £'000
FIXED ASSETS					
Intangible assets	9		-		237
Tangible assets	10		2,585		2,634
Investments	11		26		26
			2,611		2,897
CURRENT ASSETS					
Debtors	12	123,627		117,632	
Cash at bank and in hand		1,591		738	
		125,218		118,370	
CREDITORS: amounts falling due within one year	13	(74,122)		(74,062)	
NET CURRENT ASSETS			51,096		44,308
TOTAL ASSETS LESS CURRENT LIABILITIES			53,707		47,205
CREDITORS: amounts falling due greater than one year	14		(161)		(260)
NET ASSETS			53,546		46,945
CAPITAL AND RESERVES					
Called-up share capital	16		-		-
Profit and loss account	17		1,501		46,945
Capital contribution reserve	17		52,045		-
SHAREHOLDER'S FUNDS			53,546		46,945

These financial statements were approved by the Board of Directors on 29 April 2016

Signed on behalf of the Board of Directors

P J Gilmour

Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Share Capital £'000	Profit and loss account £'000	Capital contribution reserve £'000	Total £'000
Balance at 1 January 2014	-	39,093	-	39,093
Profit for the period	-	7,852	-	7,852
Total comprehensive income for the period	-	7,852	-	7,852
Balance at 31 December 2014	**-**	**46,945**	**-**	**46,945**
Profit for the period	-	10,366	-	10,366
Total comprehensive income for the period	**-**	**10,366**	**-**	**10,366**
Dividends paid	-	(55,810)	-	(55,810)
Parental company loan waived	-	-	52,045	52,045
Balance at 31 December 2015	**-**	**1,501**	**52,045**	**53,546**

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Morson Human Resources Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 23.

The functional currency of Morson Human Resources Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

As the company is a wholly-owned subsidiary of MMGG Acquisition Limited, the company has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with wholly-owned entities which form part of the group, nor has it prepared a cash flow statement. The consolidated financial statements of MMGG Acquisition Limited, within which this company is included, can be obtained from Companies House.

For this reason the company has also taken advantage of section 400 of the Companies Act 2006 and has not prepared consolidated financial statements.

Going concern

The directors are required to satisfy themselves as to whether the financial statements of the company should be prepared on the going concern basis. As part of the ongoing duties and activities of the Board there is continual assessment of the company's financial and commercial performance. This review considers business risks and uncertainties that exist, as discussed in the directors' report and takes account of how wider economic circumstances can impact these, including due consideration and assessment of potentially adverse and testing situations. The Board looks forward and appropriate forecasts of financial performance and assessments of future business opportunities and challenges are regularly made. The directors have also considered the financial support required for these anticipated income streams and note that the company's current financing arrangements run until 31 July 2017 for its invoice discounting facility.

Having considered the matter the directors conclude that they are satisfied that these financial statements should be prepared on a going concern basis.

Goodwill

Goodwill relating to businesses purchased by the company is amortised over a period representing the directors' reasonable estimate of the period over which the company will derive direct economic benefit from the goodwill acquired as part of those businesses. This tends to be a period of 3 to 5 years depending on the nature of the business acquired. Provision is made for any impairment.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their useful life as follows:

Property improvements	Life of lease
Fixtures, fittings and office equipment	4-8 years
Motor vehicles	4 years

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2015

1. **ACCOUNTING POLICIES (continued)**

Foreign currencies

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

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Leases

Tangible fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excess of the lease payments over the recorded lease obligations are treated as finance charges, which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases even where payments are not made on such a basis. Incentive benefits are spread on a straight-line basis over the lease term.

Post-retirement benefits

The company contributes to several defined contribution pension schemes. The assets of those schemes are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting year.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when the fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover is measured at the fair value of consideration received or receivable and represents the amounts receivable derived from the provision of services to customers in the normal course of business, net of discounts, VAT and other sales-related taxes.

Turnover arising from the provision of temporary recruitment services is recognised based on hours worked, following receipt of an approved timesheet. For those contracts where the company acts as principal, turnover represents the amounts billed for services of the temporary personnel, including the direct costs of those staff. Where the company is acting as an agent, turnover represents commission receivable relating to the supply of temporary personnel and does not include their direct costs.

Turnover arising from the provision of permanent recruitment services is recognised at the time the candidate starts work. Provision is made for the expected cost of meeting obligations should the candidate leave before the end of any contractual rebate period.

Research and development expenditure

Research and development expenditure credits are recognised in line with the year in which the related costs are incurred. The credit is recognised gross as an item in other income.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Recoverability of Trade Receivables

In considering the recoverability of trade receivables, the Directors use their judgement to assess whether particular amounts are at risk and make provision for them accordingly. There are assessments made on the Company's client base which take into account externally sourced information as well as trading history and market information. As the status of contracts changes, the level of required allowances requires reassessment. This can lead to increases or decreases in the level of allowances or receivables.

2. ANALYSIS OF TURNOVER

The turnover and profit on ordinary activities before taxation relate to the principal activities of the company.

An analysis of turnover by geographical market is as follows:

	2015	**2014**
	£'000	**£'000**
United Kingdom	625,081	581,763
Rest of Europe	4,457	3,729
Rest of World	7,369	8,666
	636,907	594,158

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2015

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation is stated after charging:		
Fees payable to the company's auditor for the audit of the company's annual accounts	55	51
Total audit fees	55	51

There are no non-audit fees payable to the auditor in the current or prior year.

	2015 £'000	2014 £'000
Depreciation and amounts written off tangible fixed assets:		
Owned	549	680
Leased	21	4
Goodwill amortisation	237	475
Plant and machinery - rentals payable under operating leases	466	453
Hire of other assets - rentals payable under operating leases	1,542	1,668
Loss/ (gain) on foreign exchange	243	(68)
Other income – research and development expenditure credit	(325)	(360)
Exceptional loss on disposal of subsidiary undertakings	-	553

The prior year exceptional loss on disposal of subsidiary undertakings includes impairment & disposal of investment at nil consideration along with certain costs directly associated with the disposal transactions.

4. REMUNERATION OF THE DIRECTORS

The directors are remunerated by Morson Group Limited and their costs are not recharged to the profit and loss account of this company (2014: same) as no practicable allocation can be made.

5. STAFF NUMBERS AND COSTS

The average number of employees and related payroll costs excludes any other contractors. The average number of persons employed by the company during the year, excluding directors, analysed by category, was as follows:

	2015 No.	2014 No.
Managers and recruitment staff	233	225
Administrative and support staff	218	210
Employee contract staff	538	416
	989	851

The aggregate payroll costs of these persons were as follows:

	2015 £'000	2014 £'000
Managers, recruitment, administrative and support staff		
Wages and salaries	15,303	14,381
Social security costs	1,582	1,491
Other pension costs (see note 20)	575	514
	17,460	16,386

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2015

5. STAFF NUMBERS AND COSTS (continued)

	2015 £'000	2014 £'000
Employee contract staff		
Wages and salaries	16,223	13,173
Social security costs	1,800	1,418
Other pension costs (see note 20)	405	291
	18,428	14,882

6. (A) INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £'000	2014 £'000
On bank loans and overdrafts	401	786
Finance charges payable in respect of finance leases and hire purchase contracts	3	-
Other finance and transactional charges	1,453	192
Intercompany and direct interest paid in respect of derivative financial instruments	26	100
	1,883	1,078

6. (B) INTEREST RECEIVABLE

	2015 £'000	2014 £'000
On intercompany loans	196	268

(C) OTHER INCOME

	2015 £'000	2014 £'000
Research & development expenditure credit	325	360

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2015

7. TAXATION

The tax charge comprises:

	2015 £'000	2014 £'000
Current tax on profit on ordinary activities		
UK corporation tax	5,638	4,459
Double tax relief	(180)	(180)
Foreign tax	552	454
	6,010	4,733
Adjustments in respect of prior years		
UK corporation tax	(4)	674
Total current tax	6,006	5,407
Deferred tax		
Origination and reversal of timing differences	(106)	(430)
Effect of decrease in tax rate on opening balance	45	-
Adjustments in respect of prior periods	339	(276)
Total deferred tax (see note 15)	278	(706)
Total tax on profit on ordinary activities	6,284	4,701

The standard rate of tax applied to reported profit on ordinary activities is 20.25 per cent (2014: 21.49 per cent).

There is no expiry date on timing differences, unused tax losses or tax credits.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	16,650	12,553
Tax on Group profit on ordinary activities at standard UK corporation tax rate of 20.25 per cent (2014: 21.49 per cent)	3,372	2,698
Effects of:		
- Expenses not deductible for tax purposes	172	192
- Income not taxable in determining taxable profit	(3)	-
- Fixed asset differences	24	45
- Foreign tax credits	372	274
- Group relief claimed	(596)	(308)
- Payment for group relief	2,550	1,433
- Adjustments to tax charge in respect of previous periods		
- current tax	(4)	(276)
- deferred tax	339	674
- Adjustments to brought forward balances	58	(68)
- Impact in change of rate of corporation tax	-	37
Total tax charge for period	6,284	4,701

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2015

8. DIVIDENDS

	2015 £'000	2014 £'000
Equity shares		
Interim dividend: - £27,905,000 per share (2014: £nil)	55,810	-

9. INTANGIBLE FIXED ASSETS

	Goodwill £'000
Cost	
At 1 January 2015	10,066
At 31 December 2015	10,066
Amortisation	
At 1 January 2015	9,829
Charged during year	237
At 31 December 2015	10,066
Net book value	
At 31 December 2015	-
At 31 December 2014	237

10. TANGIBLE FIXED ASSETS

	Property improvement £'000	Office equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2015	1,685	2,580	1,651	353	6,269
Additions	-	314	96	128	538
Disposals	-	-	-	(68)	(68)
At 31 December 2015	1,685	2,894	1,747	413	6,739
Depreciation					
At 1 January 2015	497	1,624	1,267	247	3,635
Charge for year	102	248	167	53	570
On Disposals	-	-	-	(51)	(51)
At 31 December 2015	599	1,872	1,434	249	4,154
Net book value					
At 31 December 2015	1,086	1,022	313	164	2,585
At 31 December 2014	1,188	956	384	106	2,634

Included in the total net book value of motor vehicles is £107,000 (2014: £5,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £21,000 (2014: £4,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2015

11. INVESTMENTS

	£'000
At 31 December 2015 and at 31 December 2014	26

The subsidiary undertakings in which the company's interest during the year was more than 20% was as follows:

Company	Shareholding	Country of incorporation	Principal activity
Morson Group GmbH	100% of issued share capital	Germany	Technical recruitment employment business
Morson International Recruitment (Proprietary) Limited	100% of issued share capital	South Africa	Technical recruitment employment business
Morson International Inc	100% of issued share capital	USA	Technical recruitment employment business
Morson International Inc	100% if issued share capital	Canada	Technical recruitment employment business

12. DEBTORS

	2015 £'000	2014 £'000
Trade debtors	73,229	56,179
Amounts owed by group undertakings	32,421	36,619
Other debtors	343	503
Deferred tax asset (see note 15)	509	787
Prepayments and accrued income	17,125	23,544
	123,627	117,632

All debtors fall due within one year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2015

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015		2014	
	£'000	£'000	£'000	£'000
Bank loans and overdrafts		23,150		15,138
Obligations under finance leases and hire purchase contracts		68		-
Trade creditors		3,654		2,936
Amounts owed to group undertakings		1,050		16,761
Derivative financial instrument		46		92
Other creditors including taxation and social security:				
Corporation tax	1,127		1,755	
Other taxation and social security	7,699		5,136	
Taxation and social security	8,826		6,891	
Other creditors	9,610		9,792	
		18,436		16,683
Accruals and deferred income		27,718		22,452
		74,122		74,062

Bank loans and overdrafts include an amount of £23,057,000 (2014: £15,053,000) secured on the trade debtors of the company. All bank overdrafts are arranged at floating rates and are repayable on demand. Bank loans are at fixed rate and repayment schedule.

14. CREDITORS: AMOUNTS FALLING DUE GREATER THAN ONE YEAR

	2015	2014
	£'000	£'000
Bank loans	161	260

15. DEFERRED TAX

	£'000
At 1 January 2015	787
Current year credit	61
Adjustment in respect of prior year	(339)
At 31 December 2015	509

The amounts provided for deferred taxation are analysed below:

	2015	2014
	£'000	£'000
Deferred tax asset		
Difference between accumulated depreciation and capital allowances	20	110
Other timing differences	489	677
	509	787

The Finance Act 2015, which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017. The deferred tax has been calculated at 18%, this being the future enacted rate at the year end.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2015

16. CALLED-UP SHARE CAPITAL

	2015 £'000	2014 £'000
Allotted, called-up and fully paid		
2 ordinary shares of £1 each	-	-

17. RESERVES

	2015 £'000	2014 £'000
Profit and loss account		
At beginning of year	46,945	39,093
Profit for the year	10,366	7,852
Dividends paid	(55,810)	-
At end of year	1,501	46,945

	2015 £'000	2014 £'000
Capital contribution reserve		
At beginning of year	-	-
Parental company loan waived	52,045	-
At end of year	52,045	-

18. COMMITMENTS

	2015 £'000	2014 Restated £'000
Minimum lease payments under operating leases recognised as an expense in the year	2,008	2,121

The comparative for 2014 has been restated following a review of the spend category.

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £'000	2014 £'000
Within one year	516	574
In second to fifth years inclusive	484	540
	1,000	1,114

A significant proportion of operating leases are taken out for periods of less than one year. The Company pays rent for its head office building, Adamson House, to a parent company, Morson Group Limited. Morson Group Limited holds the lease for the building, details of which are further described in the financial statements of that company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2015

19. RELATED PARTY TRANSACTIONS

The company rented offices and an apartment from a director, G A Mason trading as GGM Properties under an arm's length agreement. Certain costs relating to these premises are recharged from the company to GGM Properties. The net charge in the profit and loss account for the year amounted to £125,000 (2014: £142,000). At 31 December 2015 the company was owed £13,749 (2014: £13,263) by GGM Properties for recharges of property costs. At 31 December 2015 £nil (2014: £nil) was owed to GGM properties in respect of property rental payments. The company receives services on an arm's length basis from Essential Hygiene Limited in which G A Mason has a majority shareholding. These services amounted to £145,000 (2014: £156,000). At 31 December 2015 Essential Hygiene were owed £nil (2014: £nil) by Morson Human Resources Limited.

20. PENSIONS

The company contributes to several defined contribution pension schemes. The pension charge for the year represents contributions payable by the company to the funds and amounted to £980,000 (2014: £805,000). There were outstanding contributions at the beginning of the financial year of £156,000. At the end of the financial year there were outstanding contributions of £178,000.

21. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is GGM Holdings Limited and the controlling party of this company is G A Mason. GGM Holdings Limited will first prepare consolidated financial statements for the period to 31 December 2016

MMGG Acquisition Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of MMGG Acquisition Limited are available to the public and may be obtained from Companies House.

Morson Group Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. Morson Group Limited is incorporated in England and Wales. The consolidated accounts of Morson Group Limited are available to the public and may be obtained from Companies House or downloaded from the website www.morson.com.

The company's immediate parent company is Morson Holdings Limited, which is registered in England and Wales.

22. DERIVATIVE FINANCIAL INSTRUMENT

During 2014, the company entered into an interest base rate swap instrument of principal value £10,000,000 and at fixed interest rate of 1.14%, effective from 31 July 2014 and expiring 31 July 2016.

	Principal		Fair value	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Interest rate swap contracts - liability	10,000	10,000	46	92

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2015

23. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102 the interest base rate swap instrument described in note 22 has been included at fair value measured at each balance sheet date with the resulting gain or loss recognised in the income statement.

23. (A) RECONCILIATION OF EQUITY

Note		At 1 January 2014 £'000	At 31 December 2014 £'000
	Equity reported under previous UKGAAP	39,093	47,037
	Adjustments to equity on transition to FRS 102		
1	*Fair value movement of derivative financial instrument*	-	(92)
	Equity reported under FRS 102	39,093	46,945

23. (B) RECONCILIATION OF PROFIT OR LOSS FOR 2014

Note		Company £'000
	Profit for the financial year under previous UK GAAP	7,944
1	*Fair value movement of derivative financial instrument*	(92)
	Profit for the financial year under FRS 102	7,852