NAKAMA GROUP PLC

GLOBAL RECRUITMENT SOLUTIONS
IN TECHNOLOGY, DIGITAL, CREATIVE
AND MARKETING

CONNECTING PEOPLE GLOBALLY

Annual Report & Financial Statements for the year ended 31 March 2014

“The best way to predict the future is to create it” Peter Drucker

Group at a glance

Our Markets
Nakama Group plc is a recruitment group of two branded solutions placing people into specialist and management positions; Nakama operates in the digital, creative, media, marketing and technology sectors all over the world from offices in the UK, Asia and Australia. The Highams brand specialises in the Financial Services sector, specifically Business Change and IT in Insurance and Investment Management currently in the UK.

Our Consultants, Contractors and Applicants
Our speciality is finding excellent career opportunities and assignments for senior IT, business and professional services talent. We are constantly developing our relationships and networks to ensure we obtain the best available positions for such talent, whilst ensuring that their skills and personalities are compatible with the needs of our clients.

Our People
At Nakama, we work hard to develop and maintain long-term relationships with our clients, contractors and applicants. To do this, we focus on the development and retention of our experienced staff to ensure they are among the most knowledgeable in the industry, both in terms of recruitment best practice and the niche markets in which Nakama operates.

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Operating and financial highlights

	2014 £'000	2013 £'000
Revenue	**17,502**	16,668
NFI (Net fee income)	**4,353**	3,989
PBTAE*	**56**	9
Operating loss for the financial year	**(76)**	(174)
Loss for the financial year before tax	**(121)**	(219)
Net current assets	**323**	290
Equity	**1,632**	1,784
Loss per share	**(0.17)p**	(0.19)p

*PBTAE - Profit before tax, amortisation and exceptional items (no exceptional items in the year (2103: £68,000)).

Operational

- Group revenue increased by 5 per cent. to £17.5m (2013: £16.7m)
- Net fee income improved by 9 per cent. to £4.35m (2013: £3.98m)
- Net fee income percentage increased to 25 per cent. (2013: 24 per cent.)
- Global networks growing global client base creating increased blue chip clients
- Contractors on client sites and permanent placements increased overall
- Revenue across the APAC region increased by 39 per cent. to £5.3m (2013: £3.8m) which is now 30 per cent. of total revenue compared to 23 per cent. in the previous year
- Regional managing directors have been appointed in the Hong Kong and Singapore offices

Chairman’s Statement

Introduction
Nakama provides a range of specialist recruitment services to its clients, providing staff for the Web, Interactive, IT and Digital Media sectors through the placement of contract and permanent staff in the UK, Asia and Australia.

The market conditions during the year under review were mixed, with tough market conditions being experienced during 2013, but with an improvement being seen at the start of 2014 with a more active market and the level of staff requirements increasing. Despite margins being under pressure during the period, they pleasingly have held steady.

Financial Results
Please refer to review of the year in the Strategic Report on page 6.

Board changes
We are very pleased to welcome Rob Sheffield (Managing Director of Nakama APAC) and Paul Goodship (Managing Director of Nakama London) who were appointed to the Board on 11 June 2013. Stefan Ciecierski left the company on 7 May 2013.

Strategy
Our stated strategy of expanding into our specialist areas internationally is proving successful, but tough UK market conditions have had an impact on UK profits. Digital media recruitment both into agencies and into corporate global clients continues to grow and Highams’ traditional business of providing technology, business and professional services staff to the insurance and financial services sector remains firm.

With regard to APAC, we have continued to focus on our core objectives, namely business development across the corporate and agency sector encompassing a local, regional and global strategy. We aim to concentrate our efforts on expanding new and existing client relationships, cross-selling services globally, the continued hiring of staff in key locations, the training and development of existing staff and increasing the volume of business and conversion rates across the business.

We look to 2014/2015 as a year in which the improved economic environment and a renewed and changing workforce will provide new and exciting opportunities. We look forward to leveraging off our specialism and brand and further developing our service offering with existing and new clients.

As well as developing our staff from within we are always looking to recruit further excellent, driven individuals to enhance the current team globally to meet the needs of our clients and the delivery of our specialist services. We believe that the Nakama Group offering and quality of our service is based upon our staff’s professional understanding and knowledge of our clients’ requirements and their markets.

We intend to concentrate on our strengths and we are focused on growing each office organically to ensure we are making full use of the infrastructure, which is now in place. We will continue to look at other opportunities to grow, whether by acquisition of teams or companies. Our Board remains very firmly aligned to our strategy and goals, as we look to create more activity as a team, by developing increased brand awareness and by solid client and candidate focused delivery.

Executives and Staff

The Company retains a strong team of very knowledgeable and long serving staff and we look forward to continuing to build the Nakama Group. I would like to acknowledge the loyalty and commitment of all the staff to the Group and I am extremely grateful for their efforts. Again I extend a very warm welcome to all new members of the team and I look forward to their development and the future success of Nakama.

Outlook

Trading in the first quarter of our financial year has improved in terms of both Net Fee Income and profitability. Finding good quality candidates is still challenging, but candidates are now more willing to consider changing employers so as to progress their careers and they also now have more opportunities to choose from. We continue to focus on ensuring continuity of performance in each office. The Board looks to the 2014/2015 year as one in which the Group will benefit from a still improving market environment and will work to increase revenue and profit performance from the strengthened infrastructure and international offices now securely in place.

Ken Ford
29 July 2014

Directors

Eric Kenelm (Ken) Ford

Non-Executive Chairman

Ken Ford has over 37 years of experience in the City. From 1993 he worked at Teather & Greenwood stockbrokers serving as Chief Executive and later as Deputy Chairman until retirement in 2007. Prior to this he worked as a director at Aberdeen Asset Management and served for seven years as a director at Morgan Grenfell, as Head of Research and Head of Corporate Finance at Morgan Grenfell Securities. Ken is a Fellow of the Chartered Securities Institute and on the executive committee of the Quoted Companies Alliance. He is also Chairman of AIM quoted Brainjuicer Group plc and Scientific Digital Imaging plc.

Kerri Anne Sayers

Chief Operating Officer

Kerri Sayers has been employed by Nakama (previously Highams) since 1994 when she initially managed the finance department. She has since managed both the operation of the finance and HR team through various Group acquisitions and disposals. She has been a director of the company since 30 September 2008.

Robert James Sheffield

Managing Director of Nakama Asia and Australasia

Rob Sheffield joined the Group as MD international along with the acquisition of Nakama having been a founding member of that company. Rob worked alongside Paul Goodship in Aquent for many years pioneering Digital recruitment as a specialism and building the digital team before leaving in 2009 and starting Nakama. Rob now resides in Australia where he is responsible to the APAC strategy for growth, operations and delivery in current and emerging markets.

Paul Jonathan Goodship

Managing Director of Nakama London

Paul Goodship joined the Group as MD Nakama London along with the acquisition of Nakama having also been a founding member of that company. Paul worked alongside Rob Sheffield for many years in Aquent where he built their Digital marketing recruitment team through both organic growth and acquisition. London is the leader for many parts of the Digital world and it is Nakama's largest Digital recruitment team and Paul is able to drive the company's strategy for market coverage which can be replicated in other parts of the Group.

Mark de Lacy

Managing Director of Highams

Mark de Lacy has been employed by Nakama (previously Highams) since 1990. Originally brought in for his sales experience, Mark rapidly progressed to a senior role, responsible for the development of the Group's major accounts within the Life and Pensions and Insurance sectors. He moved into recruiting and developing successful sales teams before being appointed in 2007 to Sales Director, and Managing Director in September 2008. Mark continues to actively develop new strategic accounts within specialist vertical markets.

John Edward Higham

Non-Executive Director and Deputy Chairman

John founded Highams (now Nakama) in 1983 after many years gaining experience of the insurance market from an IT and business perspective, both within insurance company and software house environments. John was Chief Executive of the Group until April 2000 when he took up his current role. He has been a director of the company since 1 February 1983.

Directors and advisers

Company Registration Number:	1700310
Registered Office:	Quadrant House 33/45 Croydon Road Caterham Surrey CR3 6PB
Directors:	EK Ford *(Non-executive Chairman)* KA Sayers *(Chief Operating Officer)* R Sheffield *(Managing Director Nakama Asia and Australasia)* P Goodship *(Managing Director Nakama London)* M de Lacy *(Managing Director Highams)* JE Higham *(Non-executive and Deputy Chairman)*
Secretary:	KA Sayers
Bankers:	Lloyds TSB Commercial 1st Floor 39 Threadneedle Street London EC2R 8AU
Nominated Adviser and Brokers:	WH Ireland 14 Martin Lane London EC4 0DR
Registrars:	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Solicitors:	Eversheds LLP One Wood Street London EC2V 7WS
Auditors:	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

Strategic Report

Business model

The Group aims to provide superior quality Recruitment Services to its specialist niche market clients in global geographical locations where there is both growing demand and a skills shortage. Recruitment services include permanent staff placements and contract staff placed on a fixed term assignment.

The UK is represented by two UK offices: the Nakama brand operating from London and the Highams brand operating from Caterham. We work closely together to explore opportunities to cross-sell services into our respective client bases.

APAC is represented by two Nakama offices in Australia, one in Hong Kong and an office in Singapore. We serve digital media markets across a broad spectrum of clients ranging from corporates to digital marketing agencies.

Strategy

The Group's focus is to grow both revenue and profit through our network of global offices. The enlarged Group's target market remains the same, but the scope of its geographical spread has expanded as the company has developed.

We aim to target those sectors where we can secure profitable business and where we can differentiate ourselves from our competitors by providing a bespoke and specialist quality service and can deliver incremental value to our clients to assist them in managing their businesses. Our increasing ability to cross-sell our services to our international clients is also key to our strategic ambition to become "The Global Specialist Recruitment Business".

By sourcing candidates though our global database, where we can track and trace our network of specialists by using real time data we have been able to focus our efforts on building Talent Communities through recommendations, referrals, local advertising and highly specialised peer groups. Each Nakama office has a local and regional talent pool, which in aggregate combines to create an international talent pool. We have the ability to build self-generating communities in this way. We have a number of social media channels and forums that we use to identify local talent looking to relocate internationally. These avenues are typically established in line with the specialisation for which we are recruiting, across local regions and via our global footprint. Linked-in, Twitter, Facebook, Instagram are a few of the channels we currently utilise. This approach gives operational staff a full view of the businesses we are involved with and access to a global client and talent list. In short, we can deliver a well-connected organisation with a high level of specialisation and a greater reach internationally and in local markets than many of our competitors. As such we will continue to focus on hiring and developing our salesforce to enable them to perform in their local markets. Our vision for the future is to continue building head count and gaining critical mass in our current markets and to expand and establish more international offices. By doing so we believe we will be well placed to leverage off our niche specialisations and our international footprint to better drive group profitability.

Review of the year

Group revenue for the year ended 31 March 2014 increased by 5 per cent. overall to £17.5m (2013: £16.7m). Net Fee Income ("NFI") improved on the prior period by 9 per cent. to £4.35m (2013: £3.98m). Our NFI percentage improved slightly to 25 per cent. (2013: 24 per cent), which is as a result of increased permanent niche supply, though we saw UK revenue reduce in the period to £12.2m from £12.9m due to a reduction in contractors on site in the first half of the year. With increased staff costs and related fees, this resulted in a reduced UK profit performance to £157,000 from £329,000 in 2013.

As reported at the interim stage, we significantly increased our revenue in APAC. With the recruitment of additional staff in the region during the previous period, we are now starting to see some of the rewards of this investment bear fruit in the year under review. For APAC, this expansion delivered a 39 per cent. increase in revenue to £5.3m compared to revenue in the prior period of £3.8m. This performance now gives APAC a 30 per cent. share of total Group revenue compared to 23 per cent. in the previous year.

The strengthening of the pound has impacted the results in APAC, particularly from Australian dollar exposure, and an exchange loss of £94,000 was recorded, which is included in administrative expenses and relates to intercompany debt currency translation, which is a non cash item.

Operating profit before amortisation, tax and exceptional items grew to £56,000 (2013: profit of £9,000) and as stated above, the restructuring and investment in Australia and Hong Kong during the previous year has had a very pleasing and positive impact on the APAC region's performance. The Directors are not recommending the payment of a final dividend for the year to 31 March 2014 (2013: nil), but a resumption in dividend payments will be kept under review.

The Group invested in its IT infrastructure during the year under review with computer equipment, software and a new version of the Group's website. All offices are now using the same IT systems and software and the Board anticipates that this will produce cost savings and benefits of scale going forward. Headcount increased by 30 per cent. during the period to 68 staff across all the offices, with the largest increase being seen in the Australian offices. We expect our new hires to make a full contribution to increasing revenue during the 2014/2015 period.

Key performance indicators

The Board considers a number of key performance indicators. These include indicators such as the level of requirements received, again up 30% in comparison to previous periods; however the market for candidates is competitive especially in the UK as mentioned above which affects delivery on those requirements. The margin percentage on specialist permanent roles we recruit for has increased, and this is reflected in the increase in Net Fee Income percentage overall.

KPI's	**2014**	2013
	£ 000's	£ 000's
Revenue	**17,502**	16,668
NFI %	**25%**	24%
Staff costs	**2,778**	2,294
Staff cost % of NFI	**65.6%**	57.5%

The 2014 result shows that we have increased staff levels during the period, which we believe will in turn produce better revenue. Given that there is a recognised delay in new staff producing sales we monitor them closely to ensure that they are all working towards our expectations.

Review of business performance

The Board has reviewed the detail of the business during the past year and we have provided an overview of the business split between UK and APAC regions and an outlook for next financial year.

Key Financial Risks of the Group

Details of the Group's financial instruments are given in note 21 to the financial statements.

Principal Risks and Uncertainties of the Group

The Board continuously monitors the key risks and uncertainties that may impact the business and the ability to deliver our strategy. These are identified below:

UK operations

Over the last 12 months the UK employment market has changed significantly with jobs growth between January 2014 and March 2014 rising to a 43-year high. The initial reports from this quarter confirm the continuing improvement of the general labour market. According to the 2014 Responsys survey (published by econsultancy) three out of five businesses are planning to increase their overall marketing budgets this year, which is more than at any other time since the height of the downturn. Digital channels largely drive this with 71 per cent. of companies planning to increase the amount they invest in digital advertising and marketing. Disappointingly revenue decreased in the UK by 5 per cent. to £12.2m compared to £12.8m in 2013.

The UK recruitment market has seen continued usage of in-house recruitment teams, and on-line tools such as Linked-In to drive down agency cost for generalist roles. The strategy of Nakama remains to specialise on sourcing those harder to fill roles, which preserve margin value and develop brand and reputation.

The specialist insurance and wealth management sectors which are serviced by Highams, experienced steady demand at the outset of the financial year across both permanent and contract recruitment. We saw a marked increase in contract demand during the early months of 2014 which we expect to continue as a trend. Highams has a strong commercial advantage it can apply, in that owing to its knowledgeable recruitment teams the company enjoys access to some of the best developed candidate networks available in the UK.

The pace of globalisation across all sectors is driving the need for improved equality and diversity in our programmes. It is essential that our clients are representative of the world in which they serve, and this need has resulted in a strong focus on policies, training and education to meet diversity goals. We strongly believe that diverse teams of people can bring to bear valuable insights and viewpoints that can strengthen an organisation and improve its ability to outperform in competitive markets.

At Nakama we are helping a number of our clients to achieve many of their diversity goals, by assisting in the proposed planning stages and by developing strategic solutions that can deliver the desired results. Our global office locations and employee candidate networks give Nakama an advantage over many other recruitment groups.

While the market is showing strong signs of improvement, transactional recruitment is not entirely straightforward. Demand for talent has increased as measured by job vacancies and by the number of jobs we are increasingly filling. However the pattern is disrupted by the challenges of working in a candidate-short environment. This means we have had to develop our methods and the ways in which we communicate with candidates. It has become more important than ever to provide true consultancy and to qualify and quantify precisely which areas we should devote our resources and time to.

During the period the company opened a new fledgling operation in Germany but it was not successful and has since been closed.

APAC operations

The APAC business is based in Australia, Singapore and Hong Kong, but it operates across the wider region covering South East Asia, China and Japan. The APAC region is therefore a mix of economic environments and cultures. Across all the markets we serve, our competitors are a mix of boutique specialised players and large-scale organisations, recruitment process outsourcing (RPO) and Managed Services. The appetite for suppliers with a depth of knowledge is increasing especially across the digital space that covers media, technology, data, mobile and social media. The appetite does provide an opportunity, but the margins, as in most service companies, are constantly being challenged.

APAC's economic environment is steady. We have continued to increase revenue across the APAC business and hire staff in line with our expectations. Australia's outlook is steady as its mining boom tapers off. Singapore continues to grow, with GDP in Singapore expanding 4.9 per cent. in the first quarter of 2014 over the same quarter of the previous year China's GDP will overtake that of the US this year making it a key focus for us.

We have a clear strategy for where the business is going and a deep understanding of the trending global digital market. We have a global footprint of offices that provide a network for recruiting talent. Having a focus on being highly specialised and having a local regional and global reach, enables us to keep our margins stable. We have stuck to our mantra of "Work Local Think Global". Each business unit, collaborating and sharing clients and talent has given us a highly specialised network. We have a rich culture of diversity permitting us to penetrate deeply into local markets and on a larger regional basis. The demand for attracting and retaining talent is a key discussion point for most local businesses as it is an essential factor in fuelling the highly publicised growth and development, which APAC is currently experiencing. Businesses are looking for specialist skill sets and they seek advice on where specialist individuals can be found, and in a largely candidate driven market how those individuals can be secured. We have seen a significant increase in our APAC revenue. This has yielded a 39 per cent increase in revenue to £5.3m compared to last year's revenue of £3.8m. This performance now makes APAC responsible for 30 per cent. of total Group revenue compared to 23 per cent. in the prior year. We have seen our staff retention remain stable and have grown our head count across all offices. We have also seen an increase in corporate clients as opposed to our traditional agency client base.

Due to the strength of sterling against the Australian dollar we suffered a £94,000 exchange loss. The APAC margins pleasingly have held steady. We face the usual challenges; the market has been competitive and finding good quality candidates can be difficult. However our global connections have created opportunity. There are many factors to success in APAC, including overcoming language barriers, restrictions on hiring staff and financial constraints, along with securing trading licences, and retaining staff. However our strong understanding of local markets and our ability to work across local, regional and global markets puts us in a strong position and is beneficial on a number of levels. We have and will continue to build on this platform.

Staff

The Group has a good record of staff retention in the recruitment market. In a service company such as Nakama and if client relationships are to be maintained and new customers won, it is essential that high quality staff are recruited and then retained. The use of appropriate incentives, focused training and a challenging and supportive environment all work to this end. At Nakama and as opportunities grow, we offer the potential for staff to relocate to any of our offices and experience different cultures and to enhance their position in the Group. We recognise that staff retention is vital to our operation especially in our sector. We continue to recruit new staff, experienced and non- experienced to ensure that we mitigate any reliance on any key individuals and grow our own sales consultants.

Office Locations

Nakama has offices in the UK (2), Australia (2), Hong Kong and Singapore. It is essential that we examine each of our locations for risks of performance and the operations management of these offices, ensuring we are aware of local laws and can secure licences for the employment of our own staff and those of our placements at clients.

Competition

There are many competing recruitment organisations and RPO companies. It is very important that Nakama maintains and enhances its niche market approach in order to continue to differentiate itself from most other such organisations.

Whilst competition remains robust it is mainly from local SME based businesses. Competitors are now starting to look closely at the markets we operate in. We are confident however that at the time of writing there is no competitive business that operates along all of Nakama's service lines within our markets either locally or globally. Our ability to remain specialised within the digital, technology, creative and marketing industry locally and globally continues to provide a significant competitive advantage.

On-line recruiting/other competition

At this stage we have not seen much impact from online recruiters; businesses like Linked-in certainly have their place and have created a more connected market. We differentiate ourselves by being seen as providing quality, industry expertise and being a valued partner. The local and global recruitment market is becoming more saturated with agencies, but also by internal teams taking on the recruitment responsibilities on behalf of their companies. The transactional recruitment approach of simply sending CVs to a job is no longer enough – both clients and candidates demand more and will engage with recruitment partners who can really understand their business or skill set and add value above and beyond just doing enough. We have already seen the emergence of a new Talent Manager function within businesses, which focuses on the growth, retention and development of staff. It is no longer just about increasing headcount but actually about how to build and retain the talent once appointed. The recruitment market will need to further develop in reaction to this.

Clients

Clients may choose not to continue to use Nakama's services if our service fails to meet the required standards. We are committed to ensuring the delivery of high standards and to retaining our excellent relationship with clients. We may lose a client's business if that client is acquired by a competitor. Importantly, longevity of service of many of Nakama's staff helps provide clients with continuity of service from someone who has a detailed knowledge of their needs. This is a big factor in helping retain clients.

Candidates

Given that the permanent and contract applicants have many recruitment organisations from which to choose, the risk is that they may choose not to register with Nakama. Nakama's staff work hard to be knowledgeable about their niche business and technical areas. By developing a network of clients, contractors and applicants relevant to that niche, Nakama's staff are better positioned to attract and help talented contractors and applicants than more generalist agencies might be. Nakama's database of such applicants and contractors continues to be an excellent source for the business and processes are continually updated to ensure continuity.

Risk

The Board reviews a number of risks of operating the Group such as key staff changes, financial, environmental and political changes affecting the Group on a monthly basis. We assess the likelihood of an event occurring and the impact on the business together with measures that can be taken to minimise the potential outcome.

Approval

The Strategic Report was approved by order of the Board on 29 July 2014.

Kerri Sayers
Chief Operating Officer

Report of the Directors

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 March 2014.

Review of business

The results for the year and financial position of the Group are as shown in the attached financial statements, and a detailed review is set out in the Strategic Report.

Results and Dividends

The Group recorded a loss before taxation of £121,000 (2013: loss before taxation £219,000) on a revenue of £17.5m (2013: £16.7m).

The directors do not recommend a final dividend (2013: nil). No interim dividend was paid during the year (2013: nil).

Future developments

Please refer to detailed review in strategic report.

Financial

Details of the Group's financial instruments are given in note 21 to the financial statements.

Directors

The biographies of the current directors of the Group are set out on page 4. The directors that served during the year were:

E K Ford	Non Executive Chairman
JE Higham	Non Executive Director and Deputy Chairman
KA Sayers	Chief Operating Officer
M de Lacy	Managing Director Highams
R Sheffield	Managing Director Nakama Asia and Australasia (Appointed 11 June 2013)
P Goodship	Managing Director Nakama London (Appointed 11 June 2013)
S O Ciecierski	Chief Executive Officer (Resigned 7 May 2013)

Substantial shareholders

As at 31 March 2014, the following significant shareholdings have been notified to the Company:

	Number of shares	% of issued Share Capital
EK Ford	13,999,997	11.89%
R Sheffield	13,006,137	11.04%
P Goodship	13,006,137	11.04%
S O Ciecierski	13,006,137	11.04%
D and G Hart	9,714,286	8.25%
JE Higham	9,269,078	7.60%
HSBC Global Custody Nominee (UK)	6,925,000	5.88%
M Dixon	5,700,000	4.84%
MJ Gray	5,304,286	4.50%

Share option schemes

Information regarding the Company's share option schemes is given in note 23 to the financial statements.

Indemnity insurance for Company Officers

The Company has maintained insurance cover (including and up to the date of this report) for the directors against liability arising from negligence, default, breach of duty and breach of trust in relation to the Company.

Auditors

So far as the directors who were in office at the time that this Directors' report was approved are aware, there is no relevant audit information of which the auditors are unaware. Each such director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

A resolution to reappoint BDO LLP as auditors will be proposed at the Annual General Meeting.

This report was approved by the Board of Directors on 29 July 2014.

By order of the Board

KA Sayers
Company Secretary

Statement of Directors' responsibilities

Directors' responsibilities for the financial statements

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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (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 Group and Company and of the profit or loss of the Group. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 requirements of 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.

Website publication
The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate Governance

The Board is committed to high standards of corporate governance so that the Company's management procedures are transparent and clearly understood by those who work within the Company, and by those who invest in it.

The Board
The aim of the Board is to function at the head of the Company's management structures, leading and controlling its activities and setting a strategy for enhancing shareholder value. Regular strategy meetings are held to review the Group's forward planning - vital in a rapidly changing market and technology environment.

The Board currently consists of four executive directors and two non-executive directors. The Non-executive directors whilst not independent by virtue of their length of service, do provide an independent challenge. The Company does not have a Nomination Committee as such; the Board collectively undertakes the functions of such a committee.

The Chairman and the Executive Directors
With no current CEO the functions of the CEO role are carried out by the executives that are on the Board. They each have a clear understanding as to the split of responsibilities between them, and they meet and communicate regularly so that each is aware of the ideas and actions of the others.

Internal control
The Board has overall responsibility for ensuring that the Group maintains systems and internal financial controls that provide them with reasonable assurance regarding the financial information both for use within the business and for external publication, and that the assets are safeguarded.

An ongoing process has been established for identifying, evaluating and managing the principal risks faced by the Group. The process has been in place for the full year under review and up to the date of approval of the annual report and financial statements. The Board regularly reviews the process.

Audit Committee
The Board collectively undertakes the functions of the Audit Committee which is chaired by John Higham.

The terms of reference for the Audit Committee are to assist the Board in the discharge of its responsibilities for corporate governance, financial reporting and internal control. Its duties include maintaining an appropriate relationship with the Company's auditors, keeping under review the scope and results of the audit and its effectiveness.

The Audit Committee has sole responsibility for assessing the independence of the external auditors, BDO LLP. The committee has had due regard to the document published in November 2003 by the Institute of Chartered Accountants in England and Wales (ICAEW) "Reviewing Auditors Independence: guidance for audit committee". Each year the committee undertakes to seek reassurance that the external auditors are independent.

Remuneration committee
This committee (Remcom), which meets at least twice a year, is chaired by Ken Ford; the Board collectively undertakes the function of Remcom. The Board has adopted a set of operational rules for Remcom which will be available for inspection at the AGM.

The Directors' Remuneration Report is on page 15.

Going concern
After making appropriate enquiries, as disclosed in note 2, the directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

By order of the Board

KA Sayers
Company Secretary

Directors' remuneration report

This report sets out the remuneration policies for the Group's executive directors. It should be read in conjunction with details of directors' remuneration in note 7 which forms part of the audited financial statements. The members of the remuneration committee (Remcom) are identified on page 14.

The members of Remcom are independent of conflicts of interest arising from day to day running of the business. Remcom makes recommendations to the Board.

Remuneration policies
Remcom recommends to the Board a framework for executive remuneration. Remcom determines specific packages for each executive director including pension rights and compensation payments.

The general philosophy underlying the Group's remuneration policy for executive directors is the same as that applied to all senior employees in order to encourage performance. The basic components of remuneration are: salary and benefits, cash bonuses, share schemes and pensions.

Salary and benefits
Remcom studies independent reports and market trends in considering the level of salary and benefits. It also takes into account experience, responsibility and performance.

Bonuses
Bonuses may be awarded at Remcom's discretion depending on Group performance and profits within the relevant business area.

Share schemes
Details of all Company share schemes appear in note 23 to the financial statements.

Mark de Lacy and Kerri Sayers were granted options on 2,070,530 each shares exercisable at 1.25p per share pursuant to the Highams EMI Share Option Scheme. The vesting of 50% (2,070,550) of these options was contingent on the following condition; the gross profit of the Group for the year ended 31 March 2011 exceeds the gross profit for the year ended 31 March 2009 by 10%. The balance of the options are exercisable following the approval of the audited consolidated accounts of the Company for the financial year ending 31 March 2011. 50% of these options have now lapsed as the condition of increased gross profit was not met for the year. The options were granted by Remcom on 21 November 2008; the share price was 1.25p.

Mark de Lacy and Kerri Sayers were granted options on 690,184 each shares exercisable at 2.75p per share pursuant to the Highams EMI Share Option Scheme. These options are exercisable following the approval of the audited consolidated accounts for the financial year ending 31 March 2012 and were granted by Remcom on 7 September 2010; the share price was 2.75p.

Mark de Lacy and Kerri Sayers were also granted options on 345,100 each shares exercisable at 3.00p per share pursuant to the Highams EMI Share Option Scheme. These options are exercisable following the approval of the audited consolidated accounts for the financial year ending 31 March 2013 and were granted by Remcom on 7 July 2011; the share price was 3.00p.

Mark de Lacy and Kerri Sayers were also granted options on 500,000 and 1,000,000 shares respectively at 1.12p granted by Remcom on 1st August 2013.

Pensions
The Group operates a defined contribution pension scheme, the contributions to which are set out in note 6 to the financial statements.

Service contract of the executive directors
Mark de Lacy, Kerri Sayers, Rob Sheffield and Paul Goodship have service agreements terminable by the Company or by the executives of not less than six months notice.

Non-executive directors
Non-executive directors receive an annual fee in respect of their duties. The fees are reviewed annually and are set by the Board. Their contracts are immediately terminable.

By order of the Board

KA Sayers
Company Secretary

Independent auditor's report

To the members of Nakama Group plc

We have audited the financial statements of Nakama Group Plc for the year ended 31 March 2014, which comprise the consolidated statement of financial position and parent company balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the directors' report and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Anna Draper (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor Gatwick

United Kingdom

29 July 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

For the year ended 31 March 2014

	Note	**2014** £'000	2013 £'000
Revenue	4	**17,502**	16,668
Cost of sales		**(13,149)**	(12,679)
Net fee income		**4,353**	3,989
Administrative expenses			
Administrative costs excluding exceptional items		**(4,429)**	(4,095)
Exceptional items	13	**-**	(68)
Total administrative expenses		**(4,429)**	(4,163)
Operating loss		(76)	(174)
Finance costs	5	**(45)**	(45)
Loss before tax		**(121)**	(219)
Tax expenses	9	**(81)**	(7)
Loss for the period attributable to equity shareholders		**(202)**	(226)
Loss per share			
Basic loss per share from continuing operations	10	**(0.17) p**	(0.19) p
Diluted loss per share from continuing operations	10	**(0.17) p**	(0.19) p

All of the above relate to continuing operations.

Consolidated statement of comprehensive income

For the year ended 31 March 2014

	2014 **£'000**	2013 £'000
Loss for the year	**(202)**	(226)
Items that will or may be reclassified to profit or loss		
Foreign currency translation difference	**44**	25
Total comprehensive loss for the year attributable to equity shareholders	**(158)**	(201)

Consolidated statement of financial position

At 31 March 2014

Company number 1700310

	Note	**2014 £'000**	2013 £'000
Assets			
Non-current assets			
Intangible assets	11	**1,037**	1,147
Property, plant and equipment	14	**46**	46
Deferred tax asset	19	**226**	301
Total		**1,309**	1,494
Current assets			
Trade and other receivables	15	**3,206**	2,843
Cash and cash equivalents		**114**	7
Total		**3,320**	2,850
Total assets		**4,629**	4,344
Current Liabilities			
Trade and other payables	16	**(1,678)**	(1,796)
Borrowings	17	**(1,319)**	(764)
Total		**(2,997)**	(2,560)
Net Assets		**1,632**	1,784
Equity			
Share capital	22	**1,602**	1,602
Share premium account		**2,580**	2,580
Merger reserve		**90**	90
Employee share benefit trust reserve		**(61)**	(61)
Currency reserve		**73**	29
Retained earnings		**(2,652)**	(2,456)
Total Equity Attributable to the Shareholders of the Company		**1,632**	1,784

The financial statements were approved and authorised for issue by the Board of directors on 29 July 2014.

K A Sayers, Chief Operating Officer

Mark de Lacy, Director

Consolidated statement of changes in equity

As at 31 March 2014

	Share capital £'000	Share premium £'000	Merger reserve £'000	Employee share benefit reserve £'000	Currency reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2012	1,602	2,580	90	(61)	4	(2,246)	1,969
Loss for the year and total comprehensive loss	–	–	–	–	–	(226)	(226)
Other comprehensive income	–	–	–	–	25	–	25
Total comprehensive income for 2013	–	–	–	–	**25**	**(226)**	**(201)**
Share based payment credit	–	–	–	–	–	16	16
At 1 April 2013	1,602	2,580	90	(61)	29	(2,456)	1,784
Comprehensive income for the year							
Loss for the year	–	–	–	–	–	(202)	(202)
Other comprehensive income	–	–	–	–	44	–	44
Total comprehensive loss for the year	–	–	–	–	44	(202)	(158)
Share based payment credit	–	–	–	–	–	6	6
At 31 March 2014	**1,602**	**2,580**	**90**	**(61)**	**73**	**(2,652)**	**1,632**

Consolidated statement of cash flows

For the year ended 31 March 2014

	Note	**2014** **£'000**	2013 £'000
Operating activities			
Loss for the year before tax		**(121)**	(219)
Depreciation of property, plant and equipment	14	**35**	40
Amortisation of intangible assets	11	**177**	160
Net finance costs		**45**	45
Tax paid		**(6)**	(7)
Changes in trade and other receivables		**(363)**	(303)
Changes in trade and other payables		**(117)**	(204)
Net cash generated by operating activities		**(350)**	(118)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(35)**	(48)
Purchase of intangible assets		**(66)**	(9)
Net cash generated by investing activities		**(101)**	(57)
Financing activities			
Increase /(decrease) in borrowings		**555**	(294)
Finance cost paid		**(45)**	(45)
Net cash from financing activities		**510**	(339)
Net changes in cash and cash equivalents		**59**	(279)
Cash and cash equivalents, beginning of year		**7**	279
Exchange losses, cash and cash equivalent		**48**	7
Cash and cash equivalents, end of year		**114**	7

Notes to the financial statements

For the year ended 31 March 2014

1. Nature of operations and general information

Nakama Group includes Nakama; a global recruitment consultancy for the digital technology and interactive media industry and also Highams; a technology and business information recruitment consultancy for the insurance and investment management industry.

Nakama Group plc, a public limited company, is the Group's ultimate parent company. It is registered in England and Wales. The address of Nakama Group plc's registered office, which is also its principal place of business, is Quadrant House, 33/45 Croydon Road, Caterham, Surrey CR3 6PB. The details of subsidiary undertakings are listed in note 6 to the Company Financial Statements.

Nakama Group plc's shares are listed on the London Stock Exchange's Alternative Investment Market (AIM). Nakama Group plc's consolidated full year financial statements are presented in British pounds (£), which is also the functional currency of the ultimate parent company.

2. Accounting policies

Basis of preparation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The financial statements have been prepared under the historical cost convention. The principal accounting policies of the group are set out below.

The accounting policies that have been applied in the opening balance sheet have also been applied throughout all periods presented in these financial statements.

The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Going concern
The financial statements have been prepared on a going concern basis. As at 31 March 2014 the group had net assets of £1,632,000. It incurred a loss for the year of £202,000. In considering the appropriateness of the going concern assumption the directors have taken into consideration:

1. Monthly operating and cash flow forecasts; and

2. Facilities available to the group;

The Group has funding arrangements with its principal bankers, linked to receivables, which are renewed on a revolving basis and on similar terms.

The cashflow forecasts are based on historical results, taking in to account a small level of growth for those subsidiaries that are in their early years of trading. The current economic conditions and competition in the market create uncertainty over the level of placements and the forecasts take account for possible changes in trading performance but with regular income on contractor payments, the funding arrangements in place give us the opportunity to grow the contract base within the headroom of the facility, adjusting where required.

The directors are therefore confident that the Group will be able to continue as a going concern. No adjustments have been made to the carrying values of both assets and liabilities that would be required were the going concern assumption inappropriate.

2. Accounting policies continued

Basis of consolidation
The Group financial statements consolidate those of the company and all of its subsidiary undertakings drawn up to 31 March 2014. Subsidiaries are entities over which the Group has the 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.

Unrealised gains on transactions between the group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Business combinations
Business combinations of subsidiaries are dealt with by the purchase method. The equity 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 balance sheet at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Direct costs of acquisition are recognised immediately as an expense.

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

Accordingly the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. The carrying amount of capitalised goodwill at 31 March 2006 that arose on business combinations accounted for using the acquisition method under UK GAAP was frozen at this amount.

Revenue
Revenue is measured at the fair value of consideration received or receivable for services provided during the accounting period net of trade discounts and value added tax. Revenue in respect of contract placements is recognised in the period in which the contractor undertakes the work. Revenue in respect of permanent placements is recognised in the period in which a candidate commences employment.

Goodwill
Goodwill represents any excess of the cost of a business combination over the fair value of the identifiable assets and liabilities acquired for acquisitions after 31 March 2006, together with goodwill recognised on transition to IFRS on 1 April 2006.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses.

Other intangible assets
Computer software included at cost is amortised on a straight line basis over its useful economic life of two years. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see note 3 related to critical estimates and judgements below). Identified intangible assets comprise of customer relationships and candidate database, which are amortised over a six and five-year period, respectively.

Notes to the financial statements continued

Property, plant and equipment
Property, plant and equipment are stated at cost net of accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of property, plant and equipment over their estimated useful lives at the following rates:

Leasehold improvements	- over remaining period of lease on a straight-line basis
Computer equipment	- 50% per annum on a straight-line basis
Furniture, fittings and office equipment	- 25% per annum on a straight-line basis
Motor vehicles	- 25% per annum on a reducing balance basis

Impairment testing of goodwill, other intangible assets and property, plant and equipment
Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually on 31 March. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount the asset is written down immediately to its recoverable amount.

Leased assets
Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term. All of the Group's current leases are operating leases.

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

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

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

Deferred tax assets are recognised in the balance sheet only where it is probable that suitable taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred taxation is measured at the tax rates that are expected to apply in the periods in which the asset is realised or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Foreign currencies
Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rate of exchange at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement.

On consolidation the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at rates of exchange ruling on the balance sheet date. Exchange differences arising from this policy are recognised directly in the currency reserve.

2. Accounting policies continued

The Group has taken advantage of the exemption in IFRS 1 and has deemed cumulative translation differences for all foreign operations to be nil at the date of transition to IFRS. The gain or loss on disposal of these operations excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

Pension costs
The Group operates a defined contribution pension scheme. The pension cost expensed to the income statement represents contributions payable by the Group to the pension scheme in the period.

Financial assets
All of the Group's financial assets are categorised as loans and receivables.

The Group's financial assets comprise trade receivables, other receivables, cash and cash equivalents. Trade and other receivables are measured initially at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

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. The Group's financial liabilities comprise trade payables, other payables, and an interest bearing confidential invoice discounting facility. All financial liabilities are measured initially at fair value and subsequently at amortised cost.

Exceptional Items
Exceptional items are non-recurring items which are material in their nature and are extracted to give a better view of the underlying business.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand. Bank overdrafts are included within current liabilities.

Employee share benefit trust
The cost of the company's shares held by the employee share benefit trust is deducted from equity in the consolidated balance sheet. Any gain or loss received by the employee share benefit trust on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the employee share benefit trust, (including borrowings) are recognised as assets and liabilities of the group. Any shares held by the employee share benefit trust are treated as cancelled for the purposes of calculating earnings per share.

Share-based payments
Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied.

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

Notes to the financial statements continued

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.
- “Merger reserve” represents the difference between the value of shares and the nominal value in accordance with the requirements of Merger Relief under the Companies Act.
- “Employee share benefit trust reserve” represents the cost of the company’s shares held by the employee share benefittrust.
- “Currency reserve” represents the differences arising from translation of investments in overseas subsidiaries.
- “Retained earnings” represents retained profits less accumulated losses.

New standards, interpretations and amendments effective from April 2013

The new standards, interpretations and amendments, effective from 1 April 2013 have not had a material effect to the financial statements.

Standards and interpretations to Existing Standards that are not yet effective and have not yet been adopted by the Group.

The amendments and interpretation to published standards that have been published on or after 1 April 2012 or later periods have not been adopted early by the Group as they are not expected to materially affect the Group when they do come into effect.

3. Critical accounting judgements and estimates

In preparing the financial statements it is necessary for the directors to make estimates and judgements about the future. The key assumption made by the directors in the preparation of the financial statements this year concerns the consideration of deferred tax asset. The Group has again made profits before depreciation and amortisation and is able to relieve some of its losses in determining its current tax payable for the year, which is why it is anticipated there will be no current tax liability. Furthermore, because the directors are confident of continued profitability it is still considered
appropriate to recognise a deferred tax asset for the future relief of the Group’s remaining losses, with the amount recognised based on formalised budgets. However, the actual amount of losses that will be relieved in future will be driven by the Group’s actual profitability (including periods beyond those for which formal budgets are prepared) and therefore the amount of the deferred tax asset recognised this year may be greater or smaller than the actual benefit accruing to the group. Details of the Group’s provided and un-provided deferred tax position are shown in note 9 and 19.

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment (see note 12). The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary.

4. Operating Segments

Operating segments are reported on a geographical basis.

The Group has two main reportable segments based on the location revenue is derived from:

- Asia Pacific – This segment includes Australia, Hong Kong and Singapore.
- UK – The UK segment includes candidates placed in the UK and Europe. These segments are monitored by the board of directors.

Factors that management used to identify the Group's reportable segments
The Group's reportable segments are strategic business units that although supplying the same product offerings, operate in distinct markets and are therefore managed on a day to day basis by separate teams.

Measurement of operating segment profit or loss, assets and liabilities
The accounts policies of the operating segments are the same as those described in the summary of significant accounting policies.

The group evaluates performance on the basis of profit or loss from operations before tax not including overhead costs incurred by the head office such as plc AIM related costs not recharged, exceptional items, amortisation and share based payments.

The board does not review assets and liabilities by segment.

	Asia Pacific 2014 £'000	**UK 2014 £'000**	**Total 2014 £'000**
Revenue from external customers	**5,287**	**12,215**	**17,502**
Segment profit/loss before income tax	**21**	**157**	**178**

The comparisons for 2013:

	Asia Pacific 2013 £'000	UK 2013 £'000	Total 2013 £'000
Revenue from external customers	3,794	12,866	16,660
Segment profit/loss before income tax	(262)	329	67

Reconciliation of reportable segment profit to the Group's corresponding amounts:

Profit or loss after income tax expense	**2014 £'000**	2013 £'000
Total profit or loss for reportable segments	**178**	67
Exceptional item	**-**	(68)
PLC costs not cross charged	**(116)**	(46)
Amortisation of intangibles	**(177)**	(156)
Share based payments	**(6)**	(16)
Loss before income tax expense	**(121)**	(219)
Corporation taxes	**81**	7
Loss after income tax expense	**(202)**	(226)

Notes to the financial statements continued

The Group makes sales to Europe, Asia and Australasia. An analysis of sales revenue by country is given below:

Revenue by country	2014 £'000	2013 £'000
United Kingdom	**11,489**	11,683
Europe	**726**	1,191
Hong Kong	**499**	462
Singapore	**423**	228
Australia	**4,365**	3,104
	17,502	16,668

Transactions with the Group's largest customer equates to 4 per cent of the Group's revenue and relates to the UK segment (2013: 7 per cent).

5. Finance costs

	2014 £'000	2013 £'000
Invoice discounting facility	**45**	44
Other	**-**	1
	45	45

6. Employees' remuneration

(a) Staff costs

Staff costs, including executive directors, during the year were as follows:

	2014 £'000	2013 £'000
Wages and salaries	**2,509**	2,085
Social security	**247**	182
Other pension costs	**19**	11
Share based payment expense	**6**	16
	2,781	2,294

(b) Staff numbers

The average number of persons employed during the year were as follows:

	2014 Number	2013 Number
Sales	**56**	41
Finance and administration	**6**	4
Management	**6**	7
	68	52

7. Directors' remuneration

Aggregate remuneration

The total amounts for Executive Directors' remuneration of the Group and other benefits were as follows:

	2014 £'000	2013 £'000
Emoluments	**503**	360
Money purchase pension contributions	**18**	11
	521	371

(a) Directors' Remuneration

	Fees/basic salary 2014 £'000	Taxable benefits 2014 £'000	Total emoluments 2014 £'000	Money purchase pension contributions 2014 £'000	Total 2014 £'000
M de Lacy	**105**	**8**	**113**	**9**	**122**
K Sayers	**88**	**8**	**96**	**9**	**105**
P Goodship (appointed 11 June 2013)	**81**	**3**	**84**	**-**	**84**
R Sheffield (appointed 11 June 2013)	**104**	**3**	**107**	**-**	**107**
Stefan Ciecierski (resigned 7 May 2013)	**75**	**1**	**76**	**-**	**76**
Non-executive					
J Higham	**12**	**-**	**12**	**-**	**12**
K Ford	**15**	**-**	**15**	**-**	**15**
Aggregate emoluments	**480**	**23**	**503**	**18**	**521**

	Fees/basic salary 2013 £'000	Taxable benefits 2013 £'000	Total emoluments 2013 £'000	Money purchase pension contributions 2013 £'000	Total 2013 £'000
M de Lacy	112	9	121	3	124
K Sayers	80	8	88	8	96
Stefan Ciecierski	122	2	124	-	124
Non-executive					
J Higham	12	–	12	–	12
K Ford	15	–	15	–	15
Aggregate emoluments	**341**	**19**	**360**	**11**	**371**

The highest paid director was Mark de Lacy (2013: Stefan Ciecierski).

All executive directors are employed under a service agreement which can be terminated at any time by either the director or the company giving six months' prior notice. The services of K Ford and JE Higham are secured by letters of appointment, and these appointments can be terminated by the Company in general meeting at any time.

(b) Directors' pension entitlements

During the year, two directors were members of money purchase pension schemes (2013: two). Contributions paid by the Company in respect of such directors are shown in part (a) of this note.

(c) Directors' Share options and interests

Details of directors' share options and interests are shown in the directors' report on page 15.

Notes to the financial statements continued

8. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging:

	2014 £'000	2013 £'000
The analysis of auditor's remuneration is as follows:		
Remuneration received by company's auditor or an associate of the company's auditor:		
Company annual accounts	**6**	6
Group annual accounts	**10**	9
	16	15
Other fees payable to the Company's auditors:		
Audit of subsidiary companies	**36**	30
Other audit related fees	**1**	2
Tax compliance	**15**	10
	68	57
Amortisation of intangibles	**177**	160
Depreciation of property, plant and machinery	**35**	40
Foreign exchange loss/(gain)	**94**	(25)
Operating lease rentals:		
Property	**54**	25
Plant and equipment	**15**	16
Staff costs	**2,781**	2,304

9. Income tax expense

	2014 £'000	2013 £'000
Comprising:		
Current tax charge	**–**	–
Prior year period adjustment	**6**	7
Deferred tax asset movement	**75**	–
	81	7

The relationship between the expected tax expense based on the effective tax rate of the Group at 23% (2013: 24%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	2014 £'000	2013 £'000
Result for the year before taxation	**(121)**	(226)
Expected tax expense	**(28)**	(54)
Expenses not deductible for tax purposes	**47**	49
Differences between capital allowances and depreciation Income not subject to UK tax	**2**	2
Income not subject to UK tax	**(3)**	–
Utilisation of tax losses	**(3)**	(62)
Under provision in prior year	**6**	7
Overseas tax suffered	**–**	–
Losses carried forward	**25**	65
Difference in tax rates	**34**	-
Total income tax expense	**81**	7

Please refer to note 19 for information on the entity's deferred tax assets and liabilities.

10. Loss per share

	2014			2013		
	Loss £'000	**Weighted average number of shares '000**	**per share p**	Loss £'000	Weighted average number of shares '000	per share p
Basic loss per share	**(202)**	**117,791**	**(0.17)**	(226)	117,791	(0.19)
Diluted loss per share	**(202)**	**117,791**	**(0.17)**	(226)	117,791	(0.19)

The weighted average number of shares excludes 183,953 (2013: 183,953) shares held by the Employee Share Benefit Trust.

Notes to the financial statements continued

11. Intangible assets

The amounts recognised in the balance sheet relate to the following:

	Software £'000	Goodwill £'000	Customer relationships £'000	Database £'000	Total £'000
Software					
Cost:					
At 1 April 2012	87	487	647	227	1,448
Additions	10	–	–	–	10
At 31 March 2013	97	487	647	227	1,458
Additions	66	–	–	–	66
At 31 March 2014	163	487	647	227	1,524
Amortisation/impairment:					
At 1 April 2012	81	–	50	20	151
Charge in year	4	–	111	45	160
At 31 March 2013	85	–	161	65	311
Charge for year	23	–	108	45	176
At 31 March	108	–	269	110	487
Net book amount:					
At 31 March 2014	**55**	**487**	**378**	**117**	**1,037**
At 31 March 2013	12	487	486	162	1,147

12. Goodwill

The Goodwill arose on the acquisition of Nakama in October 2011. The business formed part of the Group with effect from the date of acquisition of Nakama offices in London, Australia and Hong Kong.

The carrying amount of goodwill is summarised below:

	Goodwill on consolidation £'000
As at 31 March 2013	487
As at 31 March 2014	487

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually on 31 March. The impairment review is based on a three year conservative forecast plus terminal value with a growth rate of 19% (2013: 21%) in the next financial year and 4% (2013: 3%) thereafter. The large growth rate in the next financial year is based on; historical staff performance and potential new business from new hires. The discount rate used in the impairment review was 21% (2013: 21%). The recoverable amount calculated exceeds its carrying amount by £1,343,000 (2013: £1,273,000). If the growth rate for the first year reduced by 2% to 17% the carrying amount and recoverable amount would be equal.

13. Exceptional Items

Exceptional Items	**2014** **£'000**	2013 £'000
Misappropriation of funds in Hong Kong	–	68

The Board was alerted on 21 October 2012 that a significant misappropriation of company funds and misreporting to cover poor trading at the Hong Kong office had arisen. This resulted in an exceptional item of £68,000 for bad debt where temporary candidates were placed but the associated income was not recovered. We do not believe that any of the amounts relate to prior periods.

14. Property, plant and equipment

	Improvements to property £'000	Computer equipment £'000	Furniture fittings and office equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 April 2013	**80**	**174**	**68**	**–**	**322**
Additions	**–**	**25**	**10**	**–**	**35**
Disposals	**–**	**–**	**–**	**–**	**–**
At 31 March 2014	**80**	**199**	**78**	–	**357**
Depreciation:					
At 1 April 2013	**75**	**135**	**66**	–	**276**
Charge for the year	**1**	**33**	**1**	–	**35**
Disposals	–	–	–	–	–
At 31 March 2014	**76**	**168**	**67**	**–**	**311**
Net book value 31 March 2014	**4**	**31**	**11**	**–**	**46**

Notes to the financial statements continued

	Improvements to property £'000	Computer equipment £'000	Furniture fittings and office equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 April 2012	75	135	64	–	274
Additions	5	39	4	–	48
Disposals	–	–	–	–	–
At 31 March 2013	80	174	68	–	322
Depreciation:					
1 April 2012	75	97	64	–	236
Charge for the year	–	38	2	–	40
Disposals	–	–	–	–	–
At 31 March 2013	75	135	66	–	276
Net book value 31 March 2013	5	39	2	-	46

15. Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	**3,033**	2,624
Other receivables	**11**	11
Prepayments and accrued income	**162**	208
	3,206	2,843

All amounts are short-term. The carrying value of trade receivables is considered a reasonable approximation of fair value. All of the receivables have been reviewed for indicators of impairment and no provision (2013: £nil) has been considered necessary.

Some of the unimpaired trade receivables are past due as at the reporting date. The age of trade receivables past due but not impaired is as follows:

	2014 £'000	2013 £'000
More than one month but not more than 3 months	**726**	1,083
More than 3 months but not more than 6 months	**88**	44
More than 6 months but not more than 1 year More than one year	–	8
More than one year	–	–
	814	1,135

16. Trade and other payables

	2014	2013
	£'000	£'000
Trade payables	**712**	846
Other taxes and social security costs	**532**	558
Other payables	**146**	157
Accruals and deferred income	**288**	235
	1,678	1,796

All amounts are short-term. The carrying values are considered to be a reasonable approximation of fair value. The contractual maturity of trade payables is as follows:

	2014	2013
	£'000	£'000
0 to 30 days	**654**	738
31 to 60 days	**35**	86
61 to 120 days	**23**	22
	712	846

All other financial liabilities including borrowings are repayable on demand.

17. Borrowings

	2014	2013
	£'000	£'000
Current liabilities		
Bank overdrafts	–	–
Invoice discounting	**1,319**	764
	1,319	764

The Group has a confidential invoice discounting facilities of £2,000,000 (2013: £2,000,000). The facility is Group cross guaranteed. The carrying values are to be considered to be a reasonable approximation of fair value.

18. Leases

Operating leases
The Group leases offices and equipment under non-cancellable operating leases. The total minimum lease payments under non-cancellable operating leases are as follows:

	2014		2013	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
Within one year	**–**	**1**	–	–
After one year and less than five years	**234**	**80**	–	4
After 5 years	**–**	**–**	172	69
	234	**80**	172	**74**

Lease payments recognised as an expense during the year amount to £69,678 (2013: £59,803). No sublease income is expected as all assets held under lease agreements are used exclusively by the Group.

Notes to the financial statements continued

The rental contract for the office building rented since July 2000 at Caterham has a lease which expired in March 2011. The lease has been renewed for a further 5 years, which includes a rent free period, reduced rent and with a break clause after year three. The Group has invoked its 3 year break clause as above and negotiated a new 5 year lease, with a break clause again after 3 years.

As at January 2014 we have taken leased office space in Singapore and Sydney both on 2 years lease agreements.

Operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding further leasing.

19. Deferred tax

Deferred tax recognised in the financial statements is set out below.

	2014 £'000	2013 £'000
Movement on deferred taxation balance in the period		
As at 1 April 2013	**300**	300
(Charge)/credit to profit and loss account	**(75)**	–
Adjustment in respect of prior periods	–	–
As at 31 March 2014	**226**	301

	2014 £'000	2013 £'000
Available trading losses	**(205)**	(282)
Accelerated capital allowances	**(21)**	(19)
Deferred tax asset	**(226)**	(301)

In accordance with IAS 12 "Income Taxes", the deferred tax asset has been recognised to the extent that trade losses will be recoverable against profits in the foreseeable future. A deferred tax asset has been recognised in relation to the trading losses in Highams Recruitment Limited only and based on current utilisation of the losses and future forcasts it is expected this asset will be fully utilised in the next four years. The temporary differences for which the deferred tax asset has not been provided in the financial statements is set out below:

	2014 £	2013 £
Losses	**284,728**	138,868
Accelerated capital allowances	**19,519**	89,156
	304,247	228,024

20. Related party transactions and controlling related party

The Group's related parties include its Board of Directors. Details of the directors' remuneration are given in note 7. There were no other related party transactions.

21. Financial risk management objectives and policies

Financial instruments

The Group uses various financial instruments; these include cash and cash equivalents, and various items such as trade receivables , trade payables that arise directly from its operations and an invoice discounting arrangement. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, credit risk and currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group finances its operations through a mixture of retained profit, bank borrowings and invoice discounting. The Group borrows in pounds sterling, euros and Australian dollars through the invoice discounting facility.

Cash deposits are non-interest bearing unless placed on money markets at over night rates. The overdraft balances are offset against cash deposits in accordance with the facility and is managed such that no interest cost is incurred. The invoice discounting facilities are charged at 1.65% above the UK base rate for Sterling and Euro borrowing and 1% above base on the Australian facility. The group is therefore exposed to changes in interest rates primarily through its invoice discounting facility. If the bank base rates increased by 1% finance cost would increase by £16,820 (2013: £16,824).

Liquidity risk

The Group manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands including on a day-to-day and week-to-week basis, as well as on a monthly basis. As at 31 March 2014 all of the Group's financial liabilities are contractually due within 6 months of the balance sheet date. The majority of working capital is provided through the invoice discounting facility, additional draw down of these payments are directly related to the trade receivables. The Group's liquidity needs are assessed periodically.

Capital management policies and procedures

The Group'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 its offerings commensurately with the

level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting years under review is summarised as below.

Although Nakama Group plc is not constrained by any externally imposed capital requirements, its goal is to maximise its capital to overall financing structure ratio.

The Group sets the amount of capital in proportion to its overall financing structure and manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	2014 £'000	2013 £'000
Capital		
Total equity	**1,632**	1,784
	1,632	1,784
Overall financing		
Total equity	**1,632**	1,784
Plus net borrowings	**1,204**	764
	2,836	2,548
Capital-to-overall financing ratio	**57.6%**	70%

Notes to the financial statements continued

Credit risk

The Group's principal financial assets are cash deposits and trade receivables. Risks associated with cash deposits are low as they are held at banks with high credit ratings assigned by international credit rating agencies.

The principal credit risk lies with trade receivables. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The Group has historically not suffered from significant bad debt problems. The Group's principal bankers are Lloyds TSB Commercial, the Group's invoice discounting facility is also held with Lloyds TSB Commercial Finance.

Currency risk

The Group trades within international markets. These transactions are generally priced and invoiced in Euros, Hong Kong Dollar, Singapore Dollar and Australian Dollar.

The table below shows the Group's currency exposures. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in its functional currency of the transactions concerned. The exposures which relate only to the sales ledger balance, purchase ledger balance and cash at bank were as follows:

	2014 £'000	2013 £'000
Euro	**31**	99
Hong Kong $	**107**	82
Australia $	**470**	395
Singapore $	**135**	110
	743	686

Subsidiaries trading in their own currency are at risk from translation differences on consolidation. The balance sheets are consolidated at the exchange rate at the period end and therefore, net assets of those subsidiaries are exposed to currency risk.

Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at the balance sheet date of the years under review may also be categorised as follows:

	Cash, loans and receivables 2014 £'000	Non financial assets 2014 £'000	Financial liabilities 2014 £'000	Non financial liabilities 2014 £'000	Total for balance sheet heading 2014 £'000
Balance sheet headings					
Trade receivables	**3,033**	**–**	**–**	**–**	**3,033**
Cash at bank	**114**	**–**	**–**	**–**	**114**
Other receivables	**–**	**11**	**–**	**–**	**11**
Prepayments	**–**	**162**	**–**	**–**	**162**
Trade payables	**–**	**–**	**(712)**	**–**	**(712)**
Other taxes and social security costs	**–**	**–**	**–**	**(532)**	**(532)**
Other payables	**–**	**–**	**(146)**	**–**	**(146)**
Accruals	**–**	**–**	**(288)**	**–**	**(288)**
Borrowings	**–**	**–**	**(1,319)**	**–**	**(1,319)**
Total	**3,147**	**173**	**(2,465)**	**(532)**	**323**

21. Financial risk management objectives and policies continued

	Cash, loans and receivables 2013 £'000	Non financial assets 2013 £'000	Financial liabilities 2013 £'000	Non financial liabilities 2013 £'000	Total for balance sheet heading 2013 £'000
Balance sheet headings					
Trade receivables	2,624	–	–	–	2,624
Cash at bank	7	–	–	–	7
Other receivables	–	11	–	–	11
Prepayments	–	208	–	–	208
Trade payables	–	–	(846)	–	(846)
Other taxes and social security costs	–	–	–	(558)	(558)
Other payables	–	–	(157)	–	(157)
Accruals	–	–	(235)	–	(35)
Borrowings	–	–	(764)	–	(764)
Total	2,631	219	(2,002)	(558)	290

The fair values of the financial assets and liabilities at 31 March 2014 and 31 March 2013 are not materially different from their book values.

22. Share capital

	At 31 March 2014 £'000	At 31 March 2013 £'000
Authorised		
42,921,300 Ordinary 5p shares		
5,554, 741,568 Ordinary 5p Shares subdivided to 0.01p	**555**	555
31,875,568 Deferred shares at 4.99p	**1,591**	1,591
48,773,016 new ordinary 0.01p shares issued	**5**	5
	2,151	2,151

	At 31 March 2014 £'000	At 31 March 2013 £'000
Allotted, called up and fully paid		
Ordinary 5p shares		
69,018,425 Ordinary 5p shares sub divided to 0.01p	**7**	7
31,875,568 Deferred shares at 4.99p	**1,590**	1,590
48,773,016 New shares issued	**5**	5
	1,602	1,602
	Number	Number
Movement in ordinary shares		
Total number of shares in issue	**117,791,441**	117,791,441
Deferred Shares		
Deferred shares of 4.99p	**31,875,568**	31,875,568

The Deferred Shares do not carry any voting rights and do not entitle the holders to receive any dividend or other distribution.

Notes to the financial statements continued

23. Employee share schemes

(a) EMI option scheme

The EMI option scheme was amended with effect from 29 March 2007 in order to reflect legislative changes since the scheme's creation in 2000. Options over 4,141,060 ordinary shares were granted on 21 November 2008 at an exercise price of 1.25 pence per share. 50% of these options have since lapsed leaving 2,070,530 under option.

Options over 1,380,368 ordinary shares were granted on 7 September 2010 at an exercise price of 2.75p per share. Options over 690,200 ordinary shares were granted on 7 July 2011 at an exercise price of 3.00p per share. Options over 513,900 ordinary shares were granted on 11 December 2012 at an exercise price of 1.88p. Options over 1,500,000 ordinary shares were granted on 1 August 2013 at an exercise price of 1.12p.

The share based payment expenses for the period are shown in note 6 and is immaterial and therefore no further IFRS 2 disclosures are given.

(b) Employee Share Benefit Trust

An Employee Share Benefit Trust was established in November 1995 and its Trustees have the power to grant options to eligible employees over shares in the Company at the Trust's expense, and the Company's discretion, upon such terms as they think fit and to purchase such shares to be acquired by the eligible employees.

The Company did not make any contributions to the Trust during the year (2013: £nil). The Trust holds 183,953 shares in the Company, with a market value of £5,150 (2013: 183,953 shares at a market value of £3,458). These shares were purchased at a cost of £61,000.

No shares have been transferred to employees or were under option as at 31 March 2014. The Trust's only other asset at 31 March 2014 was cash at bank of £2,182 (2013: £2,237) which is included in the Group's balance sheet as part of cash and cash equivalents. The Trust had no liabilities.

All other options granted in prior years have lapsed and no other types of options were granted in the year.

Company balance sheet

As at 31 March 2014

10. Share capital

	Notes	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	5	**24**	7
Investments	6	**1,346**	1,346
		1,370	1,353
Current assets			
Debtors: amount due greater than one year	7	**959**	1,146
Debtors: amount due within one year	7	**68**	60
Cash at bank and in hand		**2**	3
		1,029	1,209
Creditors: amount falling due within one year	8	**(128)**	(180)
Net current assets		**901**	1,029
Total assets less current liabilities being net assets		**2,271**	2,382
Capital and reserves			
Called up share capital	9	**1,602**	1,602
Share premium account	9	**2,580**	2,580
Merger reserve	9	**297**	297
Employee share benefit trust reserve	9	**(61)**	(61)
Profit and loss account	9	**(2,147)**	(2,036)
Shareholders' funds		**2,271**	2,382

The financial statements were approved by the Board of Directors and authorised for issue on 29 July 2014.

Kerri A Sayers, Chief Operating Officer

Mark de Lacy, Director

The accompanying notes on pages 44 to 47 are an integral part of these financial statements.

Notes to the company financial statements

For the year ended 31 March 2014

1. Principal accounting policies

Basis of preparation
The parent company financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Tangible fixed assets
Tangible fixed assets are stated at cost net of depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold improvements	- over period of lease
Computer equipment	- 50% on cost per annum
Furniture, fittings and office equipment	- 25% on cost per annum

Motor vehicles - 25% on written down value per annum

Investments
Investments are stated at cost less provision for impairment.

Leased assets
Rentals payable under operating leases being leases which do not result in the transfer to the company of substantially all the risks and rewards of ownership of the assets, are charged to the profit and loss account on a straight line basis over the lease term.

Taxation
Current 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 tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except for deferred tax assets which are only recognised to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

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

Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Related parties
The exemption has been taken not to disclose related party transactions between wholly owned members of the Group.

Notes to the company financial statements

For the year ended 31 March 2014

2. Directors' remuneration

Directors' remuneration has been disclosed within the directors report and Note 7 of the Group financial statements.

3. Auditors' remuneration

Auditors' remuneration attributable to the company is as follows:

	2014 £'000	2013 £'000
Audit fees - statutory audit	**6**	6

4. Loss for the financial year

The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements and is reporting under UK GAAP. The loss for the financial year was £116,925 (2013: Loss of £68,064).

5. Tangible fixed assets

	Leasehold improvements £'000	Motor Vehicles £'000	Computer Equipment £'000	Fixtures, fittings and office equipment £'000	Total £'000
Cost:					
At 1 April 2013	80	–	72	52	204
Additions	–	–	20	–	20
Disposals	–	–	–	–	–
At 31 March 2014	**80**	**–**	**92**	**52**	**224**
Depreciation:					
At 1 April 2013	75	–	70	52	197
Provided in the year	1	–	2	–	3
Eliminated on disposals	–	–	–	–	–
At 31 March 2014	**76**	**–**	**72**	**52**	**200**
Net book amount:					
At 31 March 2014	**4**	**–**	**20**	**–**	**24**
At 31 March 2013	5	–	2	–	7

6. Investments

The amounts recognised in the Company's balance sheet relate to the following:

	£'000
Cost:	
At 1 April 2013	1,346
At 31 March 2014	1,346

The value carried relates to the acquisition of Nakama on 14th October 2011.

	Principal activity	Class of shares held
Subsidiaries		
Highams Recruitment Limited*	Recruitment	Ordinary
Highams Recruitment BV*,**	Dormant	Ordinary
RWP Recruitment Services Limited	Dormant	Ordinary
EquationHR Limited	Dormant	Ordinary
Highams Holding BV*	Holding company	Ordinary
Highams Share Scheme Trustee Limited*	Trustee of Employee Benefit Trust	Ordinary
Nakama Financial Services Limited*	Dormant	Ordinary
Nakama Limited*	Recruitment	Ordinary
Nakama Hong Kong**	Recruitment	Ordinary
Nakama Sydney pty**	Recruitment	Ordinary
Nakama Melbourne pty**	Recruitment	Ordinary
Nakama Singapore pte*,**	Recruitment	Ordinary
Highams Recruitment Services (N.E.) Limited*	Dormant	Ordinary

All subsidiaries marked with * are wholly owned by the Company
All subsidiaries marked with ** are incorporated outside the UK

7. Debtors

	2014 **£'000**	2013 £'000
Prepayments and accrued income	**57**	49
Other debtors	**11**	11
Amounts due from subsidiary undertakings	**959**	1,146
	1,027	1,206

The balance of amounts due from subsidiary undertakings as shown above is repayable in more than one year.

8. Creditors: amounts falling due within one year

	2014 **£'000**	2013 £'000
Other creditors	**–**	–
Trade creditors	**66**	72
Other taxes and social security costs	**9**	15
Accruals and deferred income	**53**	93
Bank Overdraft	**–**	–
	128	180

Notes to the company financial statements

For the year ended 31 March 2014

9. Reconciliation of movements in shareholders' funds

	Share capital £'000	Share premium £'000	Merger reserve £'000	Employee share benefit reserve £'000	Retained earnings £'000	Total Shareholder Fund £'000
At 1 April 2012	1,602	2,580	297	(61)	(1,985)	2,433
Share based payment credit	–	–	–	–	16	16
Loss for the year	–	–	–	–	(67)	(67)
At 1 April 2013	1,602	2,580	297	(61)	(2,036)	2,382
Share based payment credit	–	–	–	–	6	6
Loss for the year	–	–	–	–	(117)	(117)
At 31 March 2014	**1,602**	**2,580**	**297**	**(61)**	**(2,147)**	**2,271**

10. Financial commitments

	Land and buildings 2014 £'000	**Other 2014 £'000**	Land and buildings 2013 £'000	Other 2013 £'000
Annual Commitments under non-cancellable operating leases expiring:				
Within one year	–	**1**	–	–
Between 2 and 5 years	**34**	**28**	34	18
	34	**28**	34	19

11. Share capital

	At 31 March 2014 £'000	At 31 March 2013 £'000
Authorised		
42,921,300 Ordinary 5p shares		
5,554, 741,568 Ordinary 5p Shares subdivided to 0.01p	**555**	555
31,875,568 Deferred shares at 4.99p	**1,591**	1,591
48,773,016 new ordinary 0.01p shares issued	**5**	5
	2,151	2,151

	At 31 March 2014 £'000	At 31 March 2013 £'000
Allotted, called up and fully paid		
Ordinary 5p shares		
69,018,425 Ordinary 5p shares sub divided to 0.01p	**7**	7
31,875,568 Deferred shares at 4.99p	**1,590**	1,590
48,773,016 New shares issued	**5**	5
	1,602	1,602

	Number	Number
Movement in ordinary shares		
Total number of shares in issue	**117,791,441**	117,791,441
Deferred Shares		
Deferred shares of 4.99p	**31,875,568**	31,875,568

The Deferred Shares do not carry any voting rights and do not entitle the holders to receive any dividend or other distribution.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Nakama Group plc (the "Company") will be held at the offices of WH Ireland 24 Martin Lane, London EC4 0DR on Friday 5 September 2014 at 11.00am for the following purposes:

Ordinary Business

1. To receive and adopt the financial statements for the year ended 31 March 2014, together with the Reports of the Directors and of the Auditors thereon.

2. To re-appoint BDO LLP as auditors to the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

3. To authorise the Directors to determine the remuneration of the auditors of the Company.

4. To re-elect as a Director Eric Kenelm Ford who retires by rotation, in accordance with Article 76 of the Company's Articles of Association.

5. To re-elect as a Director Mark De Lacy who retires by rotation, in accordance with Article 76 of the Company's Articles of Association.

To transact any other ordinary business of the Company.

Special Business

As special business, to consider and if thought fit pass the following resolutions which will be proposed as to resolution 6 as an ordinary resolution and as to resolutions 7 and 8 as special resolutions:

6. THAT, subject to and in accordance with Article 6.2 of the Articles of Association of the Company, the board be and it is hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (in substitution for any existing authority to allot shares) to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £3,926 (being approximately one third of the current issued share capital) provided that such authority shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require such shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry, and the board may allot shares and grant rights to subscribe or convert securities into shares in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

7. THAT, subject to the passing of resolution 6 as set out in the notice of this meeting, and in accordance with Article 6.2 of the Articles of Association of the Company, the board be empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of the said Act) for cash pursuant to the general authority conferred by resolution 6 as set out in the notice of this meeting as if section 561(1) of the said Act did not apply to such allotment, provided that this power shall be limited to allotments of equity securities:

   (i) in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory;

   (ii) otherwise than pursuant to sub-paragraph (i) above, up to an aggregate nominal amount of £589.00 and such power shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the board may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

8. THAT, the Company be generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006, to make market purchases (as defined in section 693(4) of the Companies Act 2006) of up to 5,889,572 ordinary shares of £0.01 each in the capital of the Company (being approximately 5 per cent of the current issued ordinary share capital of the Company) on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:

   (i) the amount paid for each share (exclusive of expenses) shall not be more than the higher of (1) five per cent above the average market value for the five business days before the date on which the contract for the purchase is made, and (2) an amount equal to the higher of the price of the last independent trade and current independent bid as derived from the trading

   venue where the purchase was carried out or less than £0.01 per share; and

   (ii) the authority herein contained shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 or the date falling not more than fifteen calendar months from the date of this resolution, whichever is earlier, provided that the Company may, before such expiry, make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuance of such contract as if the authority hereby conferred hereby had not expired.

By Order of the Board
Kerri Sayers
Secretary

Dated: 29 July 2014

Registered Office:
Quadrant House
33/45 Croydon Road
Caterham
Surrey
CR3 6PB

Notes:

1. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be a member of the Company) to attend and to vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he subsequently decide to do so.

2. In order to be valid, any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach the Company's Registrars, Capita Asset Services (Proxies), PXS, 34 Beckenham Road, Beckenham, BR3 4TU, not less than 48 hours before the time of the meeting or of any adjournment of the meeting.

3. The right of members to vote at the Annual General Meeting is determined by reference to the register of members. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, shareholders (including those who hold shares in uncertificated form) must be entered on the Company's share register at 6.00 p.m. on 3 September 2014 in order to be entitled to attend and vote at the Annual General Meeting. Such shareholders may only cast votes in respect of shares held at such time. Changes to entries on the relevant register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

4. Copies of the service contracts and letters of appointment of each of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) and at the place of the Annual General Meeting from at least 15 minutes prior to an until the conclusion of the Annual General Meeting.

Financial Calendar

Last date and time for receipt of proxy for the Annual General Meeting	11.00 a.m. on 3 September 2014
Annual General Meeting	11.00 a.m. on 5 September 2014

For Your Notes

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