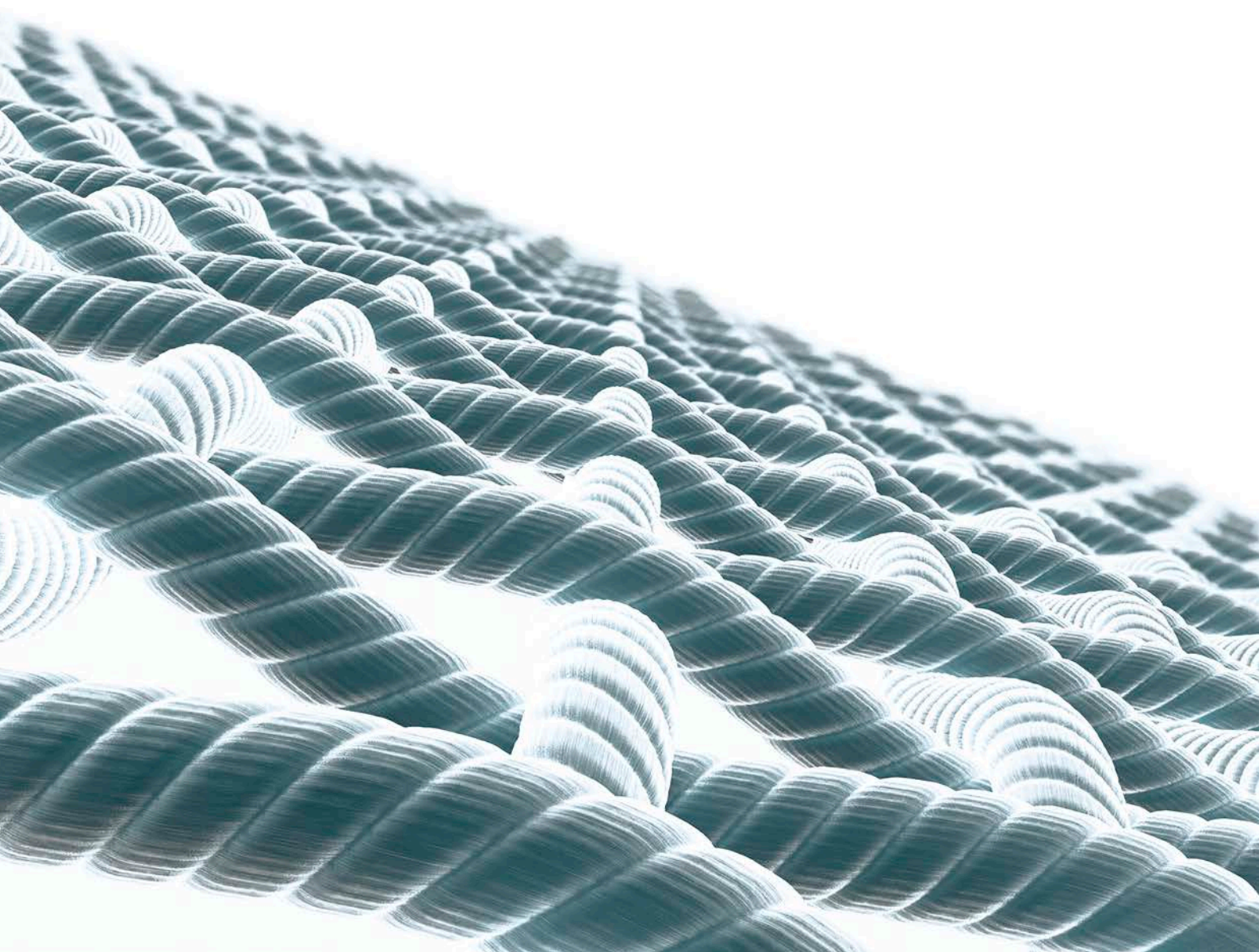


PORTA

Porta Communications PLC
Report and Accounts

For the year ended 31 December 2014



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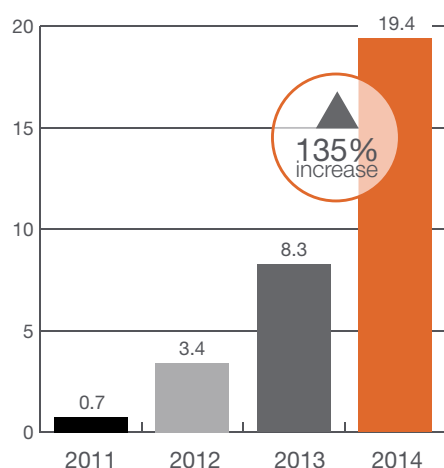
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Highlights

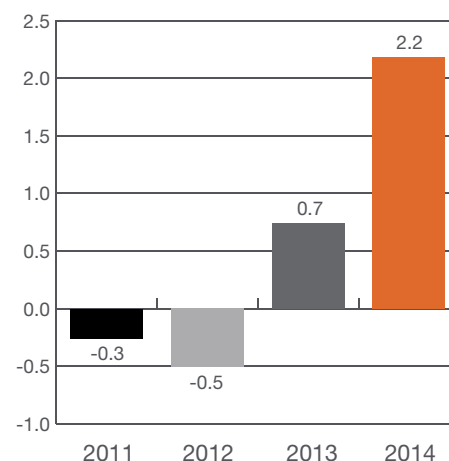
- Gross profit (fee income) up 135% to £19.4 million
- Average gross profit per employee £100,000 against £75,000 in 2013
- Organic growth in gross profit at 75%
- Substantial turnaround to positive EBITDA after all costs
- Excluding acquisitions, client base has grown by approximately 140 to over 450 in the year
- Adjusted Headline EBITDA nearly three times higher than previous year

Financial

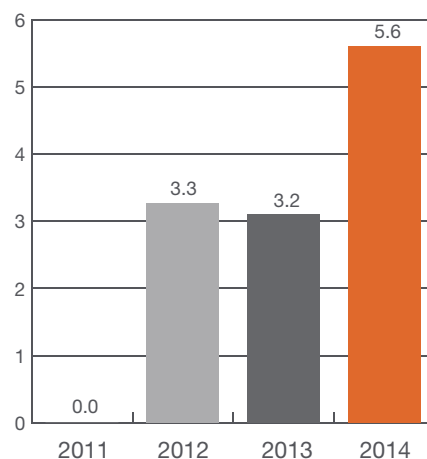
Gross Profit, £ million



Headline EBITDA, £ million



Net Debt, £ million



COMMUNICATIONS*

2014 Gross profit

£16,714,182

126%

2013 Gross profit

£7,387,819

2014 Reported EBITDA

£1,954,687

236%

2013 Reported EBITDA

£582,136

2014 GP per head

£123,200

25%

2013 GP per head

£98,504

2014 Average number of staff 136

2013 Average number of staff 75

MARKETING & ADVERTISING*

2014 Gross profit

£2,539,795

154%

2013 Gross profit

£1,000,868

2014 Reported EBITDA

£436,765

157%

2013 Reported EBITDA

(£772,933)

2014 GP per head

£52,367

36%

2013 GP per head

£38,495

2014 Average number of staff 49

2013 Average number of staff 26

*Please note that these are all continuing operations.

Our objectives

- Create a Porta brand differentiation against peer group
- Promote an “integrated” communication approach to meet client demand
- Manage an internal dialogue structure to drive revenue and reduce costs
- Bring the international Network into marketing and revenue dialogue
- Instil a culture for talent attraction and retention
- Ensure future acquisition integration

PORTA

Our
objectives

Chairman's Statement

For the year ended 31 December 2014



Bob Morton
Chairman

“It has been a year of significant accomplishment for the Group. We executed well against our strategic priorities to capture growth, both organically and through acquisitions, to build a world class platform of integrated marketing services.”

Market Capitalisation

£24.1m up 11%
[2013: £21.7m]



People

262 up 136%
[2013: 111]



Performance

I am pleased to report that 2014 was an extremely exciting year in the relatively short history of the Porta Group. The consolidation of the Corporate and Capital Markets PR businesses under the single Newgate brand, with a strong and growing international footprint, has been particularly positive as it benefits from scale and brings together some of the best people in the industry.

Our consumer PR capabilities ramped up dramatically in the year with the acquisition of Publicasity. Both Redleaf and PPS, welcomed during the year, helped significantly to strengthen the Financial PR, Public Affairs, Corporate and crisis offer in the UK.

These acquisitions, together with WSM Print & Design and Digital, mean that Porta is successfully progressing its acquisition strategy to supplement the strong organic growth in our existing dynamic businesses. It also means that our London headquarters is near capacity, delivering clear benefits to the integrated offering as well as to the profitability, discussed later in this Report.

The Board and Governance

The Board has been active and efficient during the year, assessing the opportunities presented by management and assisting in the strategic direction of the Group and by referring new businesses to Porta companies. The overall contribution continues to be invaluable.

The Board in 2014 has focused upon the Group's strategic direction and performance, particularly against challenging markets. We will continue to develop the Group's strategy and report upon progress. The Board has determined that the 2014 Annual Report as a whole is fair, balanced and

understandable. It provides the information necessary for shareholders to assess the performance and the strategy of the Group. The Governance Report on pages 50 to 53 of this Annual Report provides further details about the operation of the Board and its principal committees.

Annual General Meeting

The Company's Annual General Meeting will be held at 11.00 am on 25 June 2015 and the Notice of Meeting and explanatory notes which accompany this Annual Report can also be found on our website.

Our people

Finally, on behalf of the Board, I would like to thank all of our people for their significant contribution to our success over the past year. I would like to take this opportunity to welcome our new colleagues to Porta. Our people are our biggest asset and during the year the management team appointed a Group Head of Human Resources from within the Group to help with professional development as well as strengthening our compliance. We also promoted a Group Development Director and added capacity in the IT and accounting functions. Overall we have implemented major restructuring initiatives during 2014 and the successful and timely delivery of these as well as the financial performance of the Company has been down to the passion, hard work and effort of all our people.

Bob Morton
Chairman

27 May 2015

Group Overview

Who we are, what we do

Porta Communications PLC is the holding company for an international communications and marketing business with 18 offices in 9 countries. Through its specialist businesses we enable clients to maximise their communication competitive advantage on a global basis benefiting from our individual and integrated marketing services including public relations, advertising, digital and research. We constantly look to innovate new products and ideas to enhance and expand these services.

Despite the impact of technology in the world today, we still believe the success of communication remains about bringing people together.

With Porta there are currently two divisions which between them provide the synergy to build a successful international business. These divisions are communications (including financial PR, investor relations, consumer PR, corporate communication, public affairs and research) and marketing & advertising (including multi-media and creative communications, digital services and media planning & buying).

The success of the Company will continue to be delivered through:

- Retaining and recruiting key communications professionals, with proven track records within the industry, who are committed to the Board's and the CEO's vision
- Acquiring established businesses where there is clear synergy and energy to continue to build a fast growing international group.

Our Values

Our values are the fundamental beliefs of our international organisation which guide our actions and behaviours. They influence the way we work with each other, treat our shareholders, customers, suppliers and the way we engage with our communities. Our values give us confidence, we use the same principles in our business across all international locations to help us make right choices and fair decisions.

1

Integrity, respect and fair treatment

2

Work together as one team effectively, sharing responsibility, accountability and reward

3

Building relationships on doing the right thing first time

4

Fostering and strengthening long-term strategic alliances with key partners

Our Purpose

Bringing good people together
... to meet our clients' demands
and global ambitions
... to build a world class
international marketing
service group
... to drive innovation in a
digital world
... to deliver specialist
sector knowledge
... to deliver maximum
shareholder value

Our Vision

Attract the best talent and
develop that talent, building a
world-class marketing services
platform offering clients
integrated communications
solutions globally.

Our Offices and Network Companies



NEWGATE



2112



Redleaf
Polhill



Summit



- 1 Brisbane
- 2 Canberra
- 3 Melbourne
- 4 Sydney
- 5 Brussels
- 6 Frankfurt
- 7 Hong Kong
- 8 Singapore
- 9 Qatar
- 10 Abu Dhabi
- 11 United Kingdom
- 12 Paris
- 13 Milan
- 14 Madrid
- 15 Toronto
- 16 New York
- 17 Miami
- 18 Connecticut
- 19 Johannesburg
- 20 Shanghai
- 21 Portugal
- 22 Vietnam
- 23 Macau
- 24 Luanda (Angola)
- 25 South Korea
- 26 Taiwan





Four year track record

Public relations

NEWGATE
THREADNEEDLE



NEWGATE

2011 acquired Threadneedle PR

2011 started UK and Brussels start-up

2012 opened Frankfurt office

2013 started operations in Singapore, Hong Kong, Australia and expanded capabilities in London

2014 opened Abu Dhabi office



Redleaf
Polhill

2014 acquired Redleaf to expand financial PR and corporate communications offering

2014 started in mainland China

ppsgroup



2014 acquired PPS to bolster public affairs offering with offices in London, Cardiff, Bristol, Manchester, Edinburgh and Aberdeen



thirteen

Consumer Public Relations

2013 launched 13 our consumer PR brand



Publicasity

2014 acquired consumer PR agency Publicasity to give critical mass to the consumer PR division

Advertising

2112

2012 started 2112 Communications with a large break-away team



2012 acquired TTMV and WFCM – subsequently merged into one company



Summit

2013 acquired Summit

2014 acquired WSM and merged into 2112

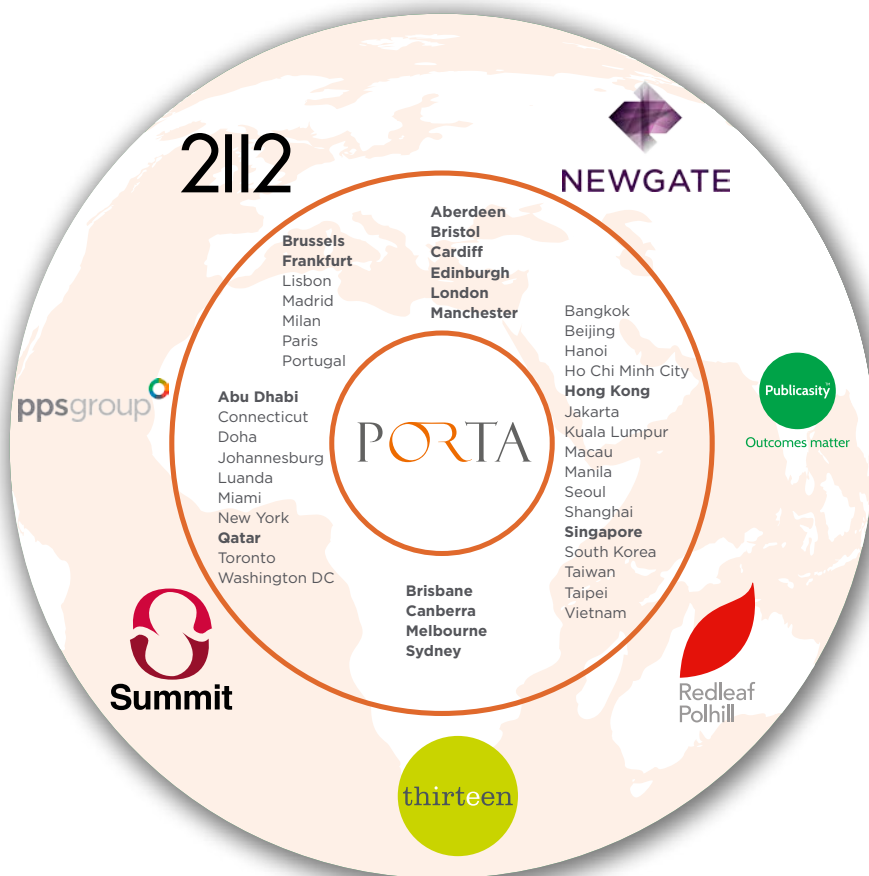
Over the period Porta has grown from:
3 employees in 2010 to **262** in 2014

1 office to 18 10 of which were start-ups

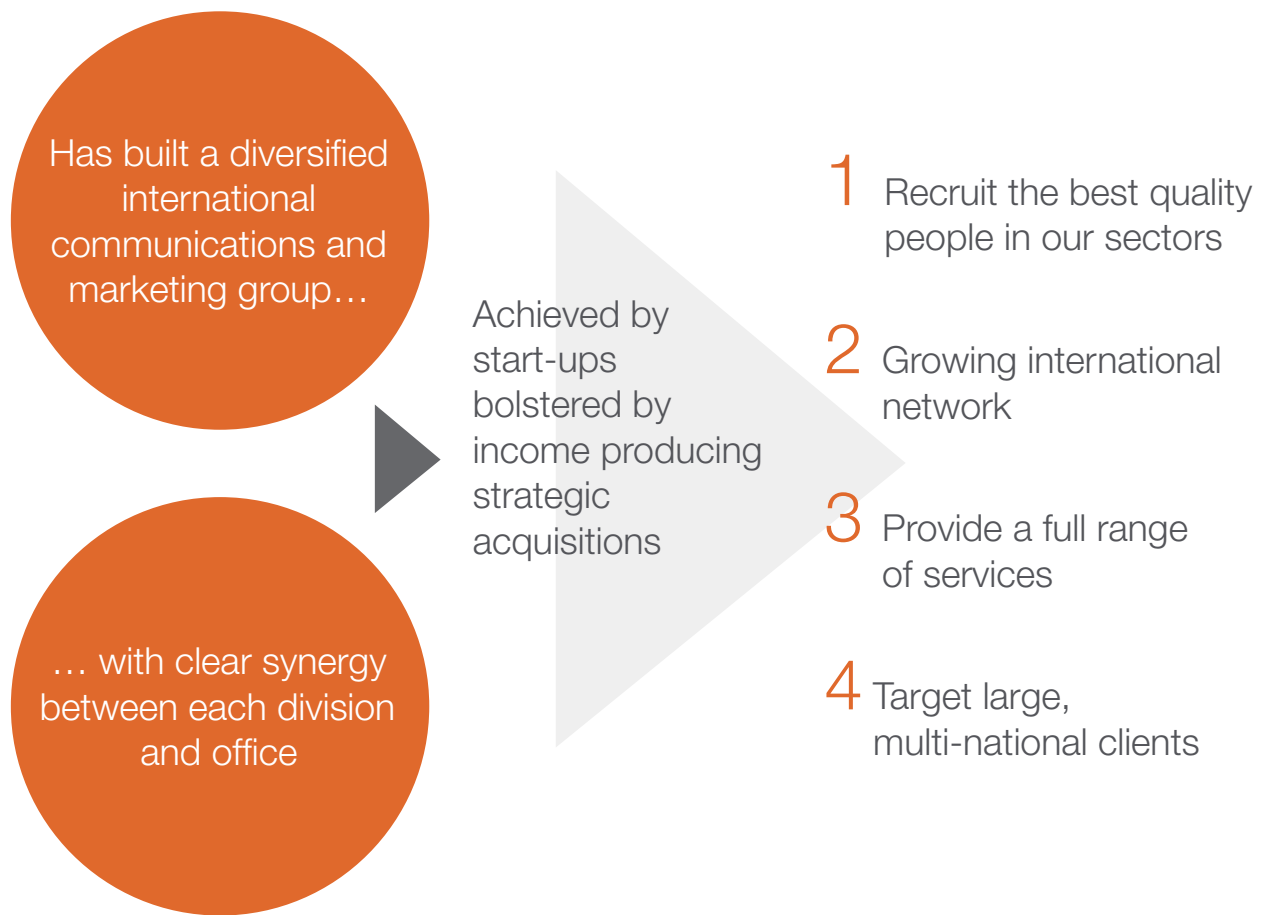
Operating in 9 countries

Made 5 acquisitions in 2014

EPS adjusted **1.0p**



Porta strategy



Helping clients to communicate more effectively as:

- Stakeholder groups are increasingly interwoven
- Communications challenges require multi-discipline, multi-territory solutions
- Social media increases the 'noise levels'
- Technology enables new opportunities but also disrupts traditional communications techniques
- Changing stockbroker/quoted company relationships are effecting how companies deliver information to investors

Chief Executive's Business Review

For the year ended 31 December 2014



David Wright
Chief Executive Officer

“The growing maturity of all our start-up companies, together with the success achieved by marketing Porta as a fully integrated group, has again produced outstanding growth, particularly in the communications division.”

Gross profit for the year ended 31 December 2014 rose from £8.3 million to £19.4 million, a gain of over 130% while organic growth (stripping out first time contributions from acquisitions) was 75% higher compared with single digit growth in the sector. This excludes TTMG which was closed.

Porta is pleased to report positive EBITDA for the first time, which has been achieved despite the Group incurring higher property costs, with the acquisitions taking longer to complete than anticipated and almost £0.4 million extra costs associated with the termination of the previous LLP structures which we had to close in line with HMRC guidance. Headline EBITDA was nearly three times higher at £2.2 million once the exceptional costs, particularly start-ups, are added back. Many of these exceptional costs will be eliminated in the current year.

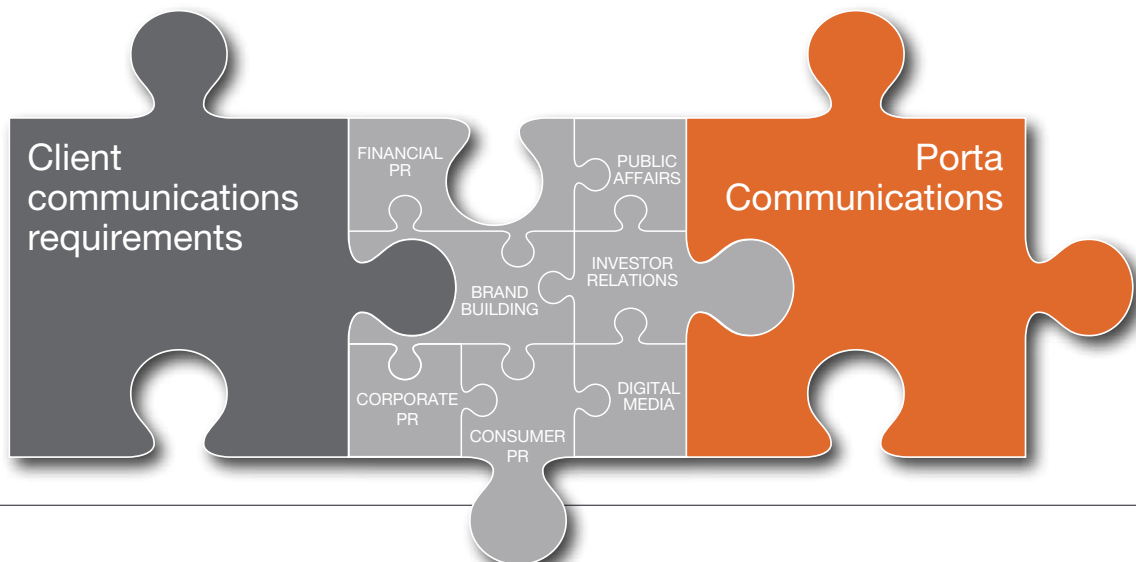
With the exception of France and China, the Group has now completed its phase of start-ups with future growth being a mixture of organic and acquisition. Given the size of Porta and restricted access to funds, this strategy was the right course for the Group in the early years. Indeed, these assets have been developed, albeit over a longer period, for a fraction of their present value if acquired today.

Through start-ups, together with strategic income producing acquisitions, Porta has now built an integrated international marketing group covering the majority of client requirements.

Communications

Trading during 2014 was particularly strong in Newgate globally, with organic growth of well over 70%. Newgate Australia, helped by the privatisation of Medibank, was the star performer. Fee income was up by nearly 200% in its first full year of operation. However, the weakness of the Australian dollar reduced Group EBITDA by £0.16 million in the year. Both Newgate Hong Kong and Newgate Singapore were profitable in very difficult markets, reflecting the quality of the teams in both areas.

In London, Newgate continued to show strong growth helped by the strength of the IPO market particularly at the beginning of the year. The former Threadneedle business has been restructured under new management and is now fully integrated into the Newgate capital markets offering. It is pleasing to see that Newgate maintains its position as the number one agency for the number of AIM clients that it is retained by. Given the success of recent pitches, Newgate



Chief Executive's Business Review *(continued)*

For the year ended 31 December 2014

should not only maintain its strong ranking but also enjoy further success this year. Pitching with other disciplines in the Group has been a contributing factor behind the strong results showing elsewhere in Newgate globally.

Redleaf Polhill, of which 51% was acquired in the first half of 2014, has benefited significantly from its strengthening reputation, evidenced by the number of awards that it has won during the year. Under its impressive management team, the agency goes from strength to strength and is expected to become increasingly important to the Group's overall performance.

On the consumer PR side, the start-up 13 Communications suffered from an initial lack of critical mass and had taken longer than anticipated to become profitable. However, with new client wins, including one large project, this business is now profitable.

The Group's consumer PR business has been bolstered by the acquisition of Publicasity at the end of 2014. Under its young and very enthusiastic management team, the company has won a number of new clients since becoming part of the Group which augurs well for 2015.

PPS, the other acquisition made by Porta towards the end of 2014, is also making a major contribution to both Newgate and the Group. Ranked number one by fee income in the PR Week Public Affairs league table, PPS has not only become a major contributor to Group profits but has also materially strengthened the Newgate management structure including its accounting and marketing functions.

Marketing and advertising

2112, the multi-media creative communications agency, has built a very impressive client base which has taken longer than expected to be reflected on the bottom line. More recently, however, the quality of the work and the

quick turnaround of each project have led to a major upswing in the volume of business being generated from its key clients. The business is now trading profitably and a much better performance is expected in the current year.

TTMV, the media buying agency based in Tunbridge Wells, struggled as a result of the loss of its two major accounts and the Group took the view towards the end of the financial year that it could no longer continue to support the company financially. A decision was therefore taken to close the company. Summit, the design studio also based in Tunbridge Wells, has always been profitable. Since the closure of TTMV, Summit has expanded its operation, picking up new clients and making five new hires. We are anticipating an even better performance from them this year.

Outlook

Looking to the immediate future, the priority is to build on a very stable platform of businesses which the Board is confident will continue to generate strong organic growth. The main emphasis will be to:

- Widen the range of services and products
- Improve geographical coverage
- Double the size of the business through organic and acquisition growth and
- Improve the market perception and rating

As for the current year, the performance in the first five months gives the Board every confidence that all the growth trends seen in 2014 will continue.

David Wright

Group Chief Executive

27 May 2015

Divisional Performance Review from the Chief Executive

For the year ended 31 December 2014

COMMUNICATIONS



NEWGATE



Redleaf
Polhill



MARKETING AND ADVERTISING

2112



Divisional Performance Review

For the year ended 31 December 2014

COMMUNICATIONS



NEWGATE

Newgate London

2014 was a successful year for Newgate Communications with strong growth in fee income and important new clients secured.

Organisations select Newgate because they respond to its ability to provide an integrated team that can effectively engage and manage relationships with businesses, investors, politicians, communities and consumers, both domestically and internationally.

For global fund manager, Orbis Investment, Newgate worked with sister agency, 13 Communications, to create a strategic launch plan to its direct-to-consumer platform in 2015 with an innovative fee model. Newgate established its credentials by commissioning research by Cass Business School that highlighted the validity of that model. With its colleagues in Singapore, Newgate helped Euroclear, the Brussels-based securities post-trade group, develop its market positioning and messaging and obtain positive media coverage for forward looking programmes.

Although Newgate works for clients from a wide range of industries, it has built a specialist expertise in the financial

services area. Remarkable was one major project during the year for Schroders, where Newgate managed a global survey in 23 countries about consumers' attitudes to investment.

The successful campaigning approach was also recognised by TISA, the financial services agency, when it commissioned Newgate to handle the public relations and public policy for The Savings & Investment Project, a grouping of over 50 major companies from across the financial services industry.

2014 saw Newgate use its media relations and public policy skills to put forward the case for exploring for natural gas onshore, given the UK's dependence on foreign oil and gas and the benefits for employment. Newgate has been actively supporting UK Onshore Oil and Gas ('UKOOG'), the representative body for the industry, particularly in its engagement over the Infrastructure Bill and its rapid rebuttal against anti-fracking groups. Third Energy, a company which has been producing gas in North Yorkshire for two decades, turned to Newgate to support its plans to expand its operations, which will involve hydraulic fracturing.



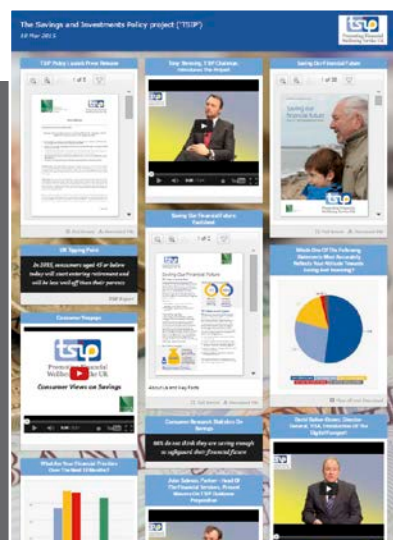
This year Newgate has confirmed its position as a major player in the Financial Communications sector and is currently advising a number of international clients who are coming to the market. Newgate has increased its dominance in the TMT, Property and Consumer areas and is actively involved in a number of IPOs in all three sectors. In addition, it is making strong inroads into other sectors, including Natural Resources, Industrial and Support Services. As an example in the period the group advised Wolf Materials on its £99 million fundraising, the first mine to be built in the UK in 45 years of tungsten mining in Devon and aiming for full production in the autumn of 2015.

The company continues its policy of recruiting top quality staff and this, coupled with the further integration of its divisions, with other parts of Newgate capital markets, is now paying dividends enabling it to further upgrade its offering.

On the larger cap side the team completed its transition from, effectively, a start up to a more established entity within the capital markets team as they continued to develop its specialist offering of blended corporate and financial communications to large international corporates and professional services companies, as well as London Stock Exchange main market listed companies. The year was also marked by further development of our service offering, with the inclusion of a pure Investor Relations service to expand the capabilities and dialogue with our target clients.

The trading environment was dominated by the outlook in the capital markets. A positive sentiment in the first and second quarter saw the team take on a number of potential IPO mandates, the highest profile being the potential listing of the premium UK department store, House of Fraser. In the end, the business was acquired by Nanjing Cenbest, a leading chain of luxury Chinese department stores owned by Sanpower Group. This outcome exemplifies the teams' expertise both in the UK market and in advising on large scale international mandates. However, a change in capital market sentiment impacted the second half of the year. Whilst we advised on a number of successful IPOs, we also saw others face this strong headwind and were postponed. Towards the end of the year, we advised on the sale of New Britain Palm Oil plc, the world's leading producer of sustainable palm oil, to the Malaysian conglomerate Sime Darby for over £1 billion, again demonstrating our strong international capabilities.

Within the UK market, we gained a number of UK client wins and also completed a number of Investor Relations mandates both on an advisory basis and as well completing investor audits. These provide valuable insight to clients on investor sentiment and potential issues for both UK and overseas listed companies. The year ended with our appointment to a global professional advisory business looking to acquire a UK based complementary business. Our successful involvement has led to Newgate being appointed to advise the firm on a global basis, which we look forward to developing in 2015.



Divisional Performance Review COMMUNICATIONS *(continued)*

For the year ended 31 December 2014

Newgate Australia

2014 was Newgate Australia's first full year of operations with year on year growth of over 200%.

After commencing its business operations in Australia in mid-2013 with a handful of consultants, Newgate Australia began calendar year 2014 with a growing team of employees working out of permanent offices in Sydney, Melbourne and Canberra. By year end, another office had been opened in Brisbane and the team had grown to 40 employees – well in excess of the original plan.

The integrated offering of financial communications, corporate communications, public affairs and research has served the business well with the operation experiencing growth in all practice areas. Externally, there was also a noticeable improvement in the activity of the financial markets with the return of IPO and M&A activity which contributed to a number of major projects for Newgate Australia. Corporate and government relations activity also grew sharply with the Group now advising as many as 90 clients at any one time on a range of communications issues.

In addition, the specialist market research offering also continued to grow in scale and reach working with many corporates as well as government departments and agencies undertaking both qualitative and quantitative research work. The Research business now contributes 18% of fee revenue across the business.

More importantly a growing number of clients are engaging us for both research and consulting demonstrating the

importance of the product mix. The milestone client in 2014 was the Commonwealth Government's Department of Finance. The Government engaged Newgate to manage the successful IPO of the formerly government-owned health insurance provider, Medibank Private.

Newgate advised the Department from its scoping study process to review potential sale options to its listing through a fully marketed Initial Public Offer to Australian and international investors. Newgate advised the Government on the retail and institutional marketing and communications program for the offer of shares. The \$5.7 billion IPO was the biggest Australian float since the \$14 billion partial listing of Telstra in 1997 and the third biggest global listing in 2014.

Elsewhere in the business, the Sydney office was retained by the NSW Government to manage communications for the long-term lease of the NSW electricity networks. This project will involve a number of major transmission and distribution assets to be leased or partially leased over the next two years.

In Canberra, Federal Government relations work mandates steadily increased and, in the newest office in Brisbane, the team has picked up a number of major corporate and public affairs clients in the resources, infrastructure and agricultural sectors.

The business continues to seek out opportunities for new product offerings and made significant progress in developing our community engagement practice which has



resulted in the placement of four people on long-term secondment briefs with the nation's largest new infrastructure project, the \$8 billion North West Rail Link project in Sydney.

The research business has also successfully developed a new consultation/research tool which is a form of a deliberative forum for engagement with large community groups on major building and infrastructure projects. This dual-purpose engagement instrument has proven very popular with a number of clients and the Group are set to codify it as a discrete research/consultation offering.



Newgate Singapore

2014 was the first full trading year for the Singapore office, which was established in May 2013. It achieved net revenue of S\$1.4 million. Over 80% of this revenue was from new business won during the year, building on the previous year's client base. Approximately 45% of this revenue came from retained income, with these retainers continuing into 2015.

It was a difficult year, marked by a high level of price competition and the need to over-service accounts in order to deliver good work or to match what our competitors were willing to do for the same clients. On a macro level, the local economy was fairly bearish, with a marked deterioration towards the end of 2014.

On the financial communications front, the year was quiet, with a much smaller number of M&A and IPO deals compared to prior years. However, the Group still managed to win mandates for four of the largest and most prominent M&A deals in the local market, including KKR's offer for Goodpack, which valued the Company at S\$1.4 billion, and Temasek's offer for Olam, which valued the Company at S\$5.3 billion and was the largest M&A deal in Singapore during the year. The Singapore team also advised on the S\$0.4 billion IPO of Frasers Hospitality Trust, which was almost 20 times oversubscribed and was one of the most successful IPOs of the year.



Divisional Performance Review COMMUNICATIONS *(continued)*

For the year ended 31 December 2014

Newgate Hong Kong

2014 was a year of strong consolidation for the Hong Kong office, which operates as a network office under the Newgate brand, in terms of market presence and reach, staff, clients and financial performance.

During the year, the Beijing office was opened and is being staffed for the growth that is foreseen in the coming years for both inbound and outbound activity.

In Hong Kong the management continued to build the team, strengthening the capabilities across both the international and mainland China markets.

Client retention has been strong and it has not only significantly grown existing client accounts, but also won new retained accounts and were called in to advise on a number of high profile contested situations.

Hong Kong undertook a number of one-off high stakes mandates during the year. These included campaigns for one of the world's largest activist hedge funds; representing

the liquidators of SunTech, at the time China's largest default; working for a number of private equity firms on transactions spanning India, South East Asia, China and Japan; as well as advising a major consumer business on the crisis fallout from widespread employee disruption, theft and blackmail in China.

Revenues continue to grow and, notwithstanding a highly competitive and cost conscious market on top of the expense of launching the Beijing operation, the Hong Kong team are well positioned for positive future growth.

In addition to building its own business, the Hong Kong team have been major exporters of business and new business opportunities to the rest of the network. Most recently the Hong Kong office successfully expanded the firm's Asia relationship with AlixPartners to include Newgate's Abu Dhabi and London offices and formed a dedicated client team in New York, replacing major global firms in all three markets.





Redleaf Polhill

Redleaf became part of the Porta Group in April 2014 following the acquisition of its 51% equity interest by the Group. Throughout the year the company traded at record levels in terms of turnover and profits and ended the year with a stronger pipeline of new businesses than in any previous year. It provided communications and investor relations consultancy services to 105 clients, of which the top 10 represented 30% of revenues; no single client represented more than 5% of Redleaf's revenues.

Redleaf took advantage of the opportunity to broaden its scope of work, in particular by adapting and increasing its offering to suit current clients' needs in digital communications. As such, the Agency launched standalone Corporate and Digital & Content teams.

Redleaf continues to enjoy exceptionally high staff retention levels and the Agency is very proud of the diversity of its team and the number of women at all levels across the Agency – in fact, the Agency has almost twice the number of female members of staff than male and its Leadership Board is evenly balanced in this respect.

Notable transactions undertaken by Redleaf's Capital Markets' team included work undertaken on the John Laing Environmental Assets Group IPO, Constellation Healthcare Technologies Inc IPO, acting for both Daisy Group PLC and the consortium acquiring it on its public to private – the fifth largest public to private in the last five years; and Entertainment One Ltd's purchase of Mark Gordon Company. The team's new clients included finnCap and Stobart Group. The Investor Access team also organised several highly successful Private Client Broker days and a very well attended Tech Day.

The Agency's Property PR team continued working with some of the biggest developments, most respected businesses and highly regarded individuals in the property industry. These included Gerald Ronson's Heron International and all of its projects, Keith Breslauer's Patron



“ We maximise our clients' impact by offering new insights into issues and audiences, and by finding fresh and exciting ways to deliver messages.”

Capital, and Merchant Square – one of London's largest regeneration projects that is redeveloping the area around Paddington Basin. The team also added to its client list with a number of high-quality new business wins including the Islington Square development, Cain Hoy Enterprises and Bouygues Development.

The Financial Services PR team works on a number of leading clients such as Western Union Business Solutions and HSBC Global Asset Management. Campaigns included preparatory work for an integrated marketing campaign – CII Made Simple – which will be launched in 2015 to provide consumers with easily accessible and straightforward information on insurance; the work included a website, a series of informative guides, an app, and a social media campaign. Premier Benefits, a leading employee benefits consultancy, and Jamieson Corporate Finance were some of the new clients won by the team in 2014.

Redleaf enjoyed a record number of award wins during the year with each of its teams winning or being shortlisted for an award: Grant Thornton Quoted Company Awards – PR Firm of the Year; UK Stock Market Awards in association with KPMG: Winner Best Adviser – Financial PR; Estates Gazette Property Marketing Awards: 2014 Winner International Property Marketing Campaign of the Year (Residential); Shortlisting in the CIPR Excellence Awards 2014: Crisis Campaign of the Year; and the Corporate Communications Young Communicator of the Year. Emma Kane has also been shortlisted in the Real Business/CBI First Women Awards in the Media category.

Divisional Performance Review COMMUNICATIONS (continued)

For the year ended 31 December 2014



PPS Group, the specialist public affairs and PR business, joined the Porta Group in November 2014. PPS helps companies secure planning permission for major projects. Working from a network of offices across the UK, PPS represents housebuilders, energy companies, supermarket operators and infrastructure providers.

The acquisition was on the back of a positive year for PPS which saw the firm handle some of the country's most high profile engagement activities. Some of the highlights from 2014 include:

- Consultation on a second runway at Gatwick Airport which saw PPS staff have face-to-face conversations with over 8,000 local people in 16 locations.
- Working for Caudrilla Resources engaging the communities around the Bowland Basin and Balcombe on fracking and gas extraction.
- Helping Severn Trent Water present its biggest ever capital project – an alternative supply of water for Birmingham following in the footsteps of the Victorian engineers who built the Elan Valley Aqueduct.
- Consulting on the London Paramount scheme – a world-class themed resort in Kent and the first commercial National Strategic Infrastructure Project.

PPS also worked on many smaller developments up and down the UK, from housing projects in the South West to wind farms in Scotland. The firm maintains a professional and innovative approach and, in 2014, launched a new product called Community Insight, which helps housebuilders map local communities around their sites and target the households most likely to be supportive of their plans.

PPS brings a strong income stream and 50 specialist staff to Newgate Communications into which it has been integrated. The two firms have a strong fit given both companies expertise in energy, property and retail clients.

PPS is ranked No 1 in the PR Week league tables for Public Affairs companies in terms of fees generated in 2014.

PR WEEK REGIONS: US : UK : ASIA

ABR 2015 NEWS POWER BOOK VIEWS INDEPTH JOBS

Overall there were five agencies in the top 20, which generated 100 per cent of their income from public affairs-related PR.

Click here to see the full UK Top 150 table 2015, a breakdown of the Consumer table 2015, Public Sector table 2015, Tech table 2015, Outside London table 2015 and Healthcare table 2015

Rank	In Top 150	Company	Public affairs fee income 2014 (£k)	Total fee income (£k)	% of total fee income	PR staff 2014	Location
1	48	PPS Group	4,836	4,836	100	47	London
2	40	Camague Group	3,074	6,027	51	71	London
3	13	Instinctif Partners*	2,948	23,360	13	256	London
4	5	Bell Pottinger Private	2,932	32,900	9	221	London
5	1	Edelman	2,901	50,890	6	390	London
6	18	MHP Communications	2,720	16,509	15	168	London
7	59	Remarkable Group	2,552	3,507	72	52	Hampshire
8	86	Curtin&Co	2,374	2,374	100	24	London
9	88	Insight Consulting Group	2,255	2,255	100	20	London





13 Communications

13 Communications completed its first full year of operation in 2014 where it joined forces with the other strong brands in the Porta Group to offer consumer and business to business agency services, doubling its size over the period.

Towards the end of the year 13 Communications ran the launch of one of London's most exciting and large-scale developments, Silvertown, while other significant projects included the new shared economy transportation service DriveNow from BMW and Sixt and assisted with the communications programme for Network Rail South.

During the year, 13 Communications won accounts such as The Silvertown Partnership, site of East London's most exciting new development, a new communications outreach programme for Network Rail, Orbis, a new financial services website, SCM Direct, a new consumer investment service, QualitySolicitors, representing over 200 regional law firms in the UK and Allen Carr Easyway Group, the smoking cessation company.

The projects for these clients involved the major first step in the East End's most exciting new development through a new piece of social video content by local students to the area, then launched a new addiction series for Allen Carr which resulted in major impact in social media and mainstream media leading to discussions in The Welsh Assembly. In addition the team created new data-led content for Network Rail that became posters and leaflets at Network Rail Southern Stations and via social media.

Apart from the Silvertown Partnership project 13 Communications also worked alongside Newgate on clients such as SCM Direct and Orbis. In return they introduced Newgate at the end of the calendar year to QualitySolicitors. Having worked successfully with Newgate and with 2112 Communications for a new campaign for The Caravan Club, 13 Communications now has sight of more exciting integrated opportunities with members of the Porta Group.



Divisional Performance Review COMMUNICATIONS (continued)

For the year ended 31 December 2014



Publicasity

Publicasity, acquired towards the end of 2014, delivered a robust performance with record project fees from its strong client base in line with the current market trend for more project based work vs retained. Fee income totalled just under £2.9 million with an overall annual staff to fee ratio of 57.8%.

During the year Publicasity introduced an additional client offer, 'Creative Services' encompassing video production and design to drive additional fee income and a more integrated offer alongside PR & digital communications.

The largest clients in 2014 reflected the key sectors it operates in, from 'Food & Drink' with Britvic, Heineken and Bacardi Brown-Forman (whose brands include Bacardi, Grey Goose, Bombay Sapphire, Martini, Southern Comfort and Jack Daniel's) to 'Travel & Leisure' with Visit Orlando, Bermuda Tourism and Kia Motors, and finally 'Lifestyle' with Vitamix, TJX Europe HomeSense, Grosvenor Casinos Rank Entertainment Group and Build-A-Bear Workshop. These top 10 clients represented two thirds of the total annual fee income, but with no one client representing more than 9%.

Notable new business wins in 2014 included Jacques Vert Group, which was a breakthrough client into the fashion industry, and Treasury Wine Estates, whose portfolio of brands includes Lindeman's, Wolf Blass and Penfolds.

Key Assignments & Creative Campaigns during the year included the Bermuda X-factor which involved the filming of the X factor judges' houses in Bermuda generating over 60 pieces of coverage and 58 minutes of primetime TV coverage. The team not only negotiated the campaign with the TV programmes, but hosted the production crew on the island and managed the press and social media campaign. As a result of this destination profile, holiday enquiries to Bermuda grew on average by 30% with its key tour operator partners.

Visit Orlando on Good Morning Britain – in association with British Airways, Walt Disney World & Universal, Publicasity created a campaign entitled 'Orlando cheers up the Nation' with ITV's breakfast TV show, Good Morning Britain. This launched in September with a nationwide search for 100 'Funseekers' to experience the very best of the destination and ran over three months. Highlights included Jack



Osborne fronting the TV editorial, record competition entry level at almost 30,000 entries and Orlando was seen by 3.5 million TV viewers every day and 1.75 million on social media channels. The total value of the exposure was slightly over £0.5 million and BA saw holiday enquiries to the destination grew by 30%.

The Desperados Experience – on the B2B communications the main challenge was to encourage retailers and publicans to stock Heineken's top performing range of Beer and Cider, and in particular their spirit beer brand, Desperados.

Publicasity launched the Desperados Ex-SPEER-ience, an integrated, multi-touchpoint campaign over an eight-week period that included trade press (PR & advertising), online & social media, direct mail, point of sale activation in cash and carries and exposure at trade events.

The campaign gave the trade over 700,000 opportunities to read about Desperados and Spirit Beers whilst the Desperados Ex-SPEER-ience cash & carry days increased sales by an average of 2,043%. Overall the eight-week campaign helped Heineken grow the brand by 32%, adding an additional £5 million in retail sales value.



Divisional Performance Review *(continued)*

For the year ended 31 December 2014

MARKETING AND ADVERTISING

2112

2112 Communications

2014 has been a year of establishment, change and growth.

At the beginning of 2014, 2112 Communications was a start-up of little more than a year. The Agency had 14 staff (including 4 from Crazy Horse, a direct marketing company acquired by Porta in 2013 and rebranded as 2112 Direct) and was in the process of establishing its credentials as a market leading multi-media creative communications agency.

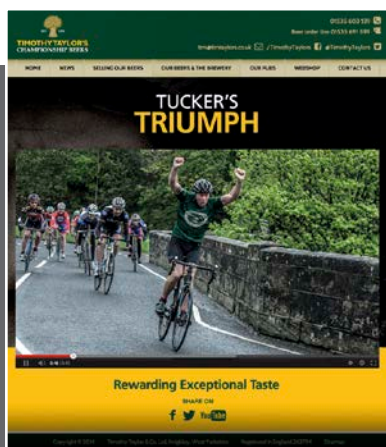
At the outset it was all about building relationships with clients who have now become significant to the Agency including: BNY Mellon Investment Management, Hermes Investment Management, Henderson Global Investors, JP Morgan Asset Management, Civilised Money, Killik & Co., Blind Veterans UK, Marie Curie Cancer Care, working for them on a project-by-project basis.

Throughout the year there was a steady build up in the Agency both in terms of capabilities and headcount which generated a substantial upturn in fees. Over this period headcount increased to 45 people while gross income rose 200%. The first half of 2014 was extremely active with client assignments and corporate development. In January, 2112 started working with the Caravan Club, the UK's longest standing membership organisation and launched a

national advertising campaign for Blind Veterans UK. Later during the year, 2112 launched the Junior and Adult ISA campaigns for The Children's Mutual and redesigned Confidant, the customer quarterly magazine of wealth manager Killik & Co. The Agency was also appointed as the creative services partner of BNY Mellon Investment Management. In addition, 2112 amalgamated into the Agency the design, print management and digital businesses of sports marketing agency, WSM which brought some excellent people and clients such as The Economist, Financial Times, CMC Markets and Zip Car.

During the second half of the year 2112 created a film for Timothy Taylor's Championship Beers, celebrating Le Grand Depart of the Tour de France in Yorkshire, rebranded Hermes Investment Management, launched a press and digital advertising campaign for JP Morgan Asset Management, designed and produced an online mash-up to promote Capital Radio's Jingle Bell Ball and created the Christmas Appeal for Breast Cancer Care.

Continued delivery of high quality design, digital and print projects has ensured that the relationships with all major clients continue to thrive in 2015.





Summit

Summit had a successful 2014, increasing the amount of business from existing clients as well as growing in new areas with some new business wins.

Summit's long-term relationship with AXA PPP healthcare continued to grow throughout 2014, with Summit taking on numerous projects to support their wider marketing communications strategy.

Summit were also involved with the steady growth of AXA PPP international into new territories, especially with the launch of their new global division, working on their communications across all areas of the business.

A key new business gain was AXA Assistance, the arm that provides worldwide assistance services including motor, home and travel assistance. The first major project was designing the website to launch the motor breakdown product for a consumer audience.

Summit also undertook a rebranding project for Beale & Co, the international law firm specialising in the construction industry, while the growth in the digital arena and continued success with other clients bodes well for 2015 and beyond.



Group Finance Director's Review

For the year ended 31 December 2014



Gene Golembiewski
Group Finance Director

“This is a year of positive results for the Porta Group. We continued our strategy of combining solid profitable acquisitions with dynamic start-up businesses, managed by key senior professionals with proven track records.”

Gross Profit (continuing)

£19.4m
up **135%**
[2013: £8.3m]



Headline adjusted EBITDA

£2.2m
up **197%**
[2013: £0.7m]



EPS adjusted

1.0p
up **100%**
[2013: 0.5p]



Results for the year

The Group's revenue for 2014 on continuing operations of £23.3 million was 151% higher than the prior year comparatives from continuing operations (2013 restated: £9.3 million). This year's revenue includes £7.3 million from acquired businesses which helped replace revenue of £10.3 million generated by discontinued operations in 2014 which have been excluded from the headline revenue figure as reported under IFRS. Although the gross profit margin of 83% of total revenue in 2014 was 6% lower than the previous year, the gross profit of £19.4 million was 135% higher compared with gross profit generated by continuing operations in 2013. Of this, 75% was attributed to organic growth.

Administrative expenses of £20.2 million (2013 restated: £10.9 million) were 85% higher mainly as a result of an increase in employment costs, predominantly coming from acquisitions made during the year, with staff numbers being 136% higher compared with the previous restated year. At 31 December 2014, the Group finished with 262 total staff, of which 129 came with acquisitions made during the year. The remainder of the increase was mainly attributed to higher amortisation charges on acquired intangibles (in particular brands and customer lists).

The operating profit before depreciation and amortisation, interest and taxation ('EBITDA') from continuing operations of £0.7 million is a significant improvement from the £2.2 million loss in 2013. This positive improvement is due to both organic growth and the contribution of new acquisitions in the year which are well established and profitable businesses.

However, the Board does not believe that the stated results truly reflect the underlying performance during the year as they include a number of exceptional and non-recurring costs. The Directors believe that it is more appropriate to analyse the results of the Group before start-up losses, acquisition costs, restructuring costs, non-recurring property costs, share based payments, bad debts, impairment, legal and other professional costs, and depreciation and amortisation in order to help understand better the Group's financial performance. Taking these adjustments into account gives a core underlying adjusted positive EBITDA of £2,189,444 (2013 restated: £738,133).

	Year ended 31 December 2014 £	Year ended 31 December 2013 Restated, £	Year ended 31 December 2013 £
EBITDA from continuing operations	671,363	(2,211,052)	(1,894,670)
Add back:			
Start-up losses*	613,327	2,160,125	2,160,125
Acquisition costs	271,947	23,891	64,069
Restructuring costs	189,500	183,881	337,441
Non-recurring property costs	323,536	—	—
Legal and other consultancy costs	276,418	480,640	485,859
Share based payment expense	185,580	99,678	99,678
Bad and doubtful debts	133,167	970	124,707
Gain on acquisition	(475,394)	—	—
Adjusted headline EBITDA	2,189,444	738,133	1,377,209
EPS based on continuing operations	(0.6p)	(2.0p)	(2.0p)
EPS based on adjusted headline EBITDA	1.0p	0.5p	1.0p

*For the purposes of the above analysis, start-up losses are defined as gross operating result in the period of entities which are organically started businesses. Such businesses so defined will cease being separately defined at the earlier of two years from the commencement of the activity or when the activities show evidence of becoming sustainably profitable.

Group Finance Director's Review *(continued)*

For the year ended 31 December 2014

Results for year:

	Year ended 31 December 2014 £	Year ended 31 December 2013 Restated, £	Year ended 31 December 2013 £
Continuing operations			
Revenue	23,273,668	9,277,758	24,441,290
Cost of sales	(3,868,339)	(1,005,314)	(13,249,742)
Total operating and administrative expenses	(20,182,469)	(10,909,978)	(13,681,541)
Operating loss	(777,140)	(2,637,534)	(2,489,993)
EBITDA	671,363	(2,211,052)	(1,894,670)
Loss before taxation on continuing operations	(1,472,454)	(3,132,252)	(3,062,027)
Loss after tax:			
Loss on continuing operations	(1,169,924)	(2,463,128)	(2,469,992)
Loss on discontinued operations	(2,480,674)	(14,069)	(7,205)
Loss for the year after tax	(3,650,598)	(2,477,197)	(2,477,197)
EPS on continuing operations	(0.6p)	(2.0p)	(2.0p)
Year-end staff numbers	262	111	146

Analysis of total operating and administrative expense

(continuing operations)	£	£	£
Acquisition costs	(271,947)	(23,891)	(64,069)
Restructuring costs	(189,500)	(183,881)	(337,441)
Amortisation of acquired intangibles	(1,093,149)	(257,113)	(399,613)
Depreciation and amortisation of other assets	(355,354)	(169,369)	(195,710)
Non-recurring property costs	(323,536)	–	–
Bad and doubtful debts	(133,167)	(970)	(124,707)
Share based payments	(185,580)	(99,678)	(99,678)
Legal and other consultancy costs	(276,418)	(480,640)	(485,859)
Other operating and administrative expenses	(17,353,818)	(9,694,436)	(11,974,464)
	(20,182,469)	(10,909,978)	(13,681,541)

After taking into account amortisation and depreciation, including a charge on intangible assets such as brands and customer lists acquired with WSM, Redleaf, PPS and Publicasity, the overall operating loss for the year was £777,140 (2013 restated: £2,637,534 loss).

Finance costs for the year, including movements on exchange rates, were £689,288 (2013 restated: £468,877) arising principally on the discounted bond from Hawk Investment Holdings Limited and a loan from Retro Grand Limited granted during the year to fund acquisitions.

In view of the Board's expectation that the Group will be profitable going forward, the Group has recognised the benefit of certain tax losses incurred during the year, combined with movements in deferred tax, resulting in an overall credit to the Statement of Comprehensive Income in the year of £302,530 (2013 restated: £669,124) and a deferred tax asset carried forward in the Statement of Financial Position of £1,449,871 (2013: £1,091,742). In addition, the Group has unrecognised tax losses carried forward amounting to £3,400,000 (2013: £2,500,000) which it may be able to utilise in relieving tax payments going forward.

The loss for the Group from continuing operations for the year after tax was £1,169,924 (2013 restated: £2,463,128). After taking into account the loss on discontinued operations for the year of £2,480,674, the loss after tax on all operations for the year was £3,650,598 (2013 restated: £2,477,197).

Several Group subsidiaries, which include Limited Liability Partnerships, have non-controlling interests, either as shareholders or as partners, designed to retain and reward the management of those entities. There are two subsidiaries that have material non-controlling interests, Newgate Australia and Redleaf Polhill (note 11). In the case of the Limited Liability Partnerships, the partnership shares due to those partners are deducted in arriving at operating profit or loss. However, in the case of incorporated subsidiary companies, the non-controlling shareholdings are shown as 'non-controlling interests' and their share of dividends and profits or losses are deducted after arriving at the profit or loss after taxation. Taking these into account, the loss attributable to the equity shareholders of the Group itself for the year was £3,767,767 (2013 restated: £2,775,144). Loss per share was 0.6p for the year (2013 restated: 2.0p loss) on continuing activities and loss of 1.7p (2013 restated: 2.0p loss) for the year on continuing and discontinued activities combined.

Group Finance Director's Review *(continued)*

For the year ended 31 December 2014

Divisional results from continued operations:

31 December 2014 £	Communications	Marketing & Advertising	Head Office	Other/ Consol. ^{1,2}	Total
Revenue	18,778,650	4,762,555	1,116,886	(1,384,423)	23,273,668
Gross profit	16,714,182	2,539,795	151,352	–	19,405,329
Operating profit/(loss)	885,053	261,375	(1,923,568)	–	(777,140)
EBITDA	1,954,687	436,765	(1,720,089)	–	671,363
Loss from discontinued operations	–	–	–	(2,480,674)	(2,480,674)
Staff & partner numbers	203	45	14	–	262

31 December 2013 – Restated £	Communications	Marketing & Advertising	Head Office	Other/ Consol. ^{1,2}	Total
Revenue	8,291,894	1,574,381	455,827	(1,044,344)	9,277,758
Gross profit	7,387,819	1,000,868	6,251	(122,494)	8,272,444
Operating profit/(loss)	272,399	(783,562)	(2,126,371)	–	(2,637,534)
EBITDA	582,136	(772,933)	(2,020,255)	–	(2,211,052)
Loss from discontinued operations	–	–	–	(14,069)	(14,069)
Staff & partner numbers	75	26	10	–	111

31 December 2013 £	Communications	Marketing & Advertising	Head Office	Other/ Consol. ^{1,2}	Total
Revenue	8,291,894	16,737,913	455,827	(1,044,344)	24,441,290
Gross profit	7,387,819	3,919,972	6,251	(122,494)	11,191,548
Operating profit/(loss)	272,399	(636,021)	(2,126,371)	–	(2,489,993)
EBITDA	582,136	(456,551)	(2,020,255)	–	(1,894,670)
Loss from discontinued operations	–	–	–	(7,205)	(7,205)
Staff & partner numbers	75	61	10	–	146

1. For the purpose of the above analysis, Other/Consol. column includes consolidation adjustments in relation to intercompany and results from discontinued operations.

2. The above divisional results exclude the operations of TTMG which were discontinued in 2014. (See note 9 to the financial statements).

Communications

The Communications division has added new businesses in 2014 with the acquisition of Redleaf Polhill, PPS Group and Publicasity in the UK and Newgate Singapore which was a start-up in 2013. They joined the existing Newgate businesses of Newgate Communications, Newgate Threadneedle, 13 Communications and Newgate Australia. Further details of the acquisitions made during the year are provided in note 10 to the financial statements. The Group announced during the year its intention to integrate the capital markets teams from Newgate and Newgate Threadneedle in the UK to trade as Newgate Communications, looking to build on the solid base of retained clients and covering the main market as well as AIM.

The Group expanded the Newgate brand internationally by creating a company in Beijing, to help bolster the Newgate business in Hong Kong which has been operating since 2013. This new company is expected to deliver further growth for the Group in Mainland China. While the newly established company is a start-up, the Group has been fortunate to sign highly-regarded, seasoned professionals from the local market to bolster and strengthen the Newgate brand.

Globally, the Communications division has increased its client list to over 600 at 31 December 2014 compared with 275 at the start of the year. In the course of 2014, Redleaf received significant industry recognition, winning a number of prestigious awards for PR and marketing such as PR Firm of the year (Grant Thornton Quoted Company Awards 2014), Best Financial

PR Advisor (UK Stock Market Awards 2014) and Best Marketing Campaign International Residential – Estates Gazette Property Market Awards 2014. Newgate was recognised as the fastest growing agency globally in 2014 and, as a result, was shortlisted for the EMEA Corporate Agency of 2014 by Holmes Report, the global authority on the PR industry. PR Week acknowledged PPS as leading the 2014 public affairs league tables in fee income generated.

Although a number of the businesses within this division are still within the start-up phase, the division overall has demonstrated an outstanding performance, finishing the year reporting revenue of £18,778,650 (2013: £8,291,894), of which 73% was organic growth; gross profit of £16,714,182 (2013: £7,387,819), of which 73% was organic growth; positive EBITDA of £1,954,687 (2013: £582,136), of which 60% was organic growth; operating profit of £885,053 (2013: £272,399), of which 93.5% was organic growth; and 203 staff employed (2013: 75), of which 44% were organic new hires.

Marketing and Advertising

The Marketing and Advertising division comprises 2112 Communications and TwentyFour Seven Studios, the businesses that were formed by two start-ups in 2012 and which were subsequently merged into one 2112 Communications business as of 1 January 2014. It also includes the direct marketing agency 2112 Direct (formerly Crazy Horse) which was acquired in 2013.

These businesses share the same office premises and operate closely together providing an integrated direct and digital marketing service including creative input, brand consultancy and advertising, strategic digital input, media planning and buying in the financial services, business services and not-for-profit sectors.

The division also includes Summit Marketing Services Limited, the design studio located in Tunbridge Wells which was acquired in 2013, and contributes to the professional expertise and quality of services offering of this division.

During 2014, the Group acquired WSM Print and WSM Digital which provide full studio design and art-working capabilities and a full digital design and production unit, servicing a range of blue chip clients. Since their acquisition, they have been successfully integrated into the 2112 Communications operation.

Prior to 31 December 2014, the Group's marketing and advertising division included Twenty20 Media Group ('TTMG') that was acquired in 2012 and in which Porta owned 90%. Historically the revenue and gross profit margins of TTMG made a profitable contribution to the financial performance of the Group. However, TTMG's business started to diminish in early 2014, deteriorating rapidly over the second half of 2014. By 31 December 2014, TTMG had lost the majority of its key clients who experienced a slowdown in advertising spending. As a consequence, TTMG was not able to settle its outstanding liabilities in order to continue to trade and would have required a continuous and substantial injection of working capital for the foreseeable future. The Group supported TTMG throughout the majority of 2014, providing financial help with a £450,000 cash injection. However, without a viable business and business plan going forward, the Group made a decision to put the main operating company within TTMG into administration and the other companies of this sub-group into voluntary liquidation. All businesses within the sub-group had ceased trading by 31 December 2014. In accordance with International Financial Reporting Standards ('IFRS'), TTMG has been treated as a discontinued operation in 2014 and the results of this sub-group for the year ended 31 December 2014 and related comparative figures have been presented accordingly. Further details are given in note 9 of these financial statements.

In total, the Marketing and advertising division (continuing businesses) overall finished the year reporting revenue of £4,762,555 (2013 restated: £1,574,381); gross profit of £2,539,795 (2013 restated: £1,000,868); EBITDA profit of £436,765 (2013 restated: £772,933 loss); operating profit of £261,375 (2013 restated: £783,562 loss); and employed a total of 45 people (2013 restated: 26).

Head office (central costs)

The central costs of the Group comprise the ongoing costs of running a growing international public company. These costs have been affected in 2014 by the expenses involved in acquiring companies, relocating to new office premises in the UK and non-recurring legal and administrative costs in establishing the Group as it evolves into a global integrated business. Total central costs before taxation have slightly reduced from £2,511,698 in 2013 to £2,425,372, with a 72% reduction (£1,546,798) in start-up costs funded by head office, and a 42% reduction (£204,222) in legal and professional consultancy costs, offset by increases of £248,056 in acquisition costs, £132,197 in bad and doubtful debts and £85,902 in share based payments, accompanied by non-recurring property costs of £323,536 related to new office premises. The increased levels of one-off and non-recurring costs were in line with management expectations for the scale and nature of the growing Group.

Group Finance Director's Review *(continued)*

For the year ended 31 December 2014

Financial position and cash flow

	31 December 2014 £	31 December 2013 £	31 December 2012 £
Non-current assets	22,517,663	10,330,087	8,886,148
Current assets, excluding cash	8,875,865	10,149,611	3,435,535
Cash	1,791,426	2,544,802	777,870
Current liabilities	(11,768,047)	(12,784,075)	(9,128,542)
Non-current liabilities	(6,123,158)	(3,916,656)	(1,445,362)
Net assets	15,293,749	6,323,769	2,525,649
Equity shareholders' funds	13,118,981	5,193,875	1,609,556

31 December 2014 £	Communications	Marketing & Advertising	Head Office	Other/ Consol	Total
Non-current assets	17,333,656	2,140,206	3,043,801	–	22,517,663
Current assets, excluding cash	6,475,968	1,337,708	9,295,393	(8,233,204)	8,875,865
Cash	1,494,177	181,796	115,453	–	1,791,426
Current liabilities	(6,940,998)	(6,866,777)	(6,193,476)	8,233,204	(11,768,047)
Non-current liabilities	(2,124,449)	(318,024)	(3,680,685)	–	(6,123,158)
Net Assets	16,238,354	(3,525,091)	2,580,486	–	15,293,749

31 December 2013 £	Communications	Marketing & Advertising	Head Office	Other/ Consol	Total
Non-current assets	5,086,575	4,135,185	1,108,327	–	10,330,087
Current assets, excluding cash	2,914,349	6,094,991	7,150,194	(6,009,923)	10,149,611
Cash	518,228	708,347	1,318,227	–	2,544,802
Current liabilities	(4,821,858)	(10,954,087)	(3,018,053)	6,009,923	(12,784,075)
Non-current liabilities	(225,674)	(1,452,963)	(2,238,019)	–	(3,916,656)
Net Assets	3,471,620	(1,468,527)	4,320,676	–	6,323,769

31 December 2012 £	Communications	Marketing & Advertising	Head Office	Other/ Consol	Total
Non-current assets	4,553,688	3,908,563	423,897	–	8,886,148
Current assets, excluding cash	740,368	1,984,242	338,424	372,501	3,435,535
Cash	306,949	167,819	118,961	184,141	777,870
Current liabilities	(1,328,440)	(2,740,633)	(4,513,844)	(545,625)	(9,128,542)
Non-current liabilities	(223,652)	(1,218,116)	(3,594)	–	(1,445,362)
Net Assets	4,048,913	2,101,875	(3,636,156)	11,017	2,525,649

	31 December 2014 £	31 December 2013 £	31 December 2012 £
Cash outflow from operating activities	(3,397,485)	(4,487,303)	(4,487,303)
Cash outflow from investing activities	(4,210,908)	(973,659)	(973,659)
Cash inflow from financing activities	6,858,614	7,236,973	7,236,973
Taxes paid	(219,353)	(6,674)	(6,674)
Cash in hand at end of period	1,791,426	2,544,802	2,544,802

The rapid growth of the Group has also had a significant impact on the cash flow position. The Group reduced its loss before tax position by almost 53% compared to the prior year. The overall working capital cycle is improved with both trade receivables and payables turnaround days being aligned at the end of 2014. The receivables turnaround remained unchanged and represented 87 days similar to 2013, while the trade payables turnaround decreased by 2 days to 87 days. Cash outflow from operating activities includes a £1.0 million rent deposit placed on the new office premises.

Net cash outflow from investing activities is almost £3.2 million higher than 2013 as a result of an increase in the number of acquisitions (net of cash acquired) made in 2014. These acquisitions were 53/47 funded with cash and loan notes/shares respectively (2013: 60/40). The significant increase in the depreciation and amortisation charge during the year of 240% compared to 2013 has been accompanied by a 230% increase in volume of fixed assets purchased.

Net cash generated from financing activities has decreased by approximately £0.4 million compared to 2013, generating net cash inflow of £6.9 million. This is mainly attributable to repayment of the loans and borrowings for a total of £2.6 million during the year (detailed below in note 23), offset by a fund raising of £7.0 million and new borrowings of £3.0 million (detailed below).

A fund raising of £7.0 million (before expenses) was completed during the first quarter of the year by the issue of 53,846,153 shares at 13p per share. This issue was fully subscribed through a placing and was approved at a General Meeting of the Company on 11 March 2014. The funds were used by the Group to implement its next phase of growth as well as to reduce debt and related interest charges which had an overall positive impact on the ability of the Group to develop its income streams.

The Group obtained £3.0 million in new loan facilities during the year from Retro Grand Limited and issued £1.6 million in loan notes. The new loan and the loan notes were utilised on the acquisitions of Publicasity and PPS. In addition, the Group entered into a finance lease agreement relating to the fit-out of the new premises for a total amount of £0.4 million. The great majority of the working capital funding for the Group has been raised in the parent company, as a central cost, and this is reflected in Group central liabilities at the year end. Although the net debt position has increased from £3.1 million at the beginning of the year to £5.6 million, the net debt to equity ratio has been slightly improved from 33% in 2013 down to 27% at the end of the current reporting year.

Post year-end

On 13 May 2015 the Company granted options over an aggregate of 8,070,000 Ordinary shares to certain employees of the Group, all with an exercise price of 10p per share under its Enterprise Management Incentive and Unapproved Share Option Plan ('EMI and Unapproved Plans'). The options vest in three equal tranches on the first, second and third anniversary of the grant of the options, and will expire on the tenth anniversary of grant.

On 28 May 2015 the Group is expected to complete the reorganisation of the Newgate companies and, as part of this reorganisation, the 49% minority interest in Newgate Communications LLP (and one other LLP) will be bought out in consideration for the issue of 9,754,000 Porta Ordinary Shares. The Porta Ordinary Shares remain subject to a minimum 12 month lock-in period with a further 12 month orderly market period.

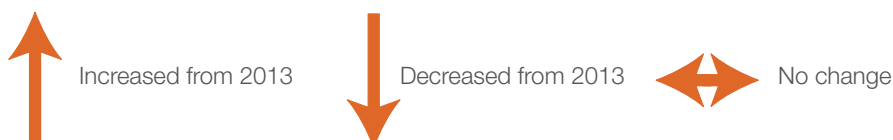
Principal Risks and Uncertainties

For the year ended 31 December 2014

The Group is exposed to a range of various risks which may affect its performance. The management team of the Group performs regular exercises to identify, evaluate and report new risks facing the business as well as reviews the appropriateness and relativity of earlier identified risks by the Board. The process is designed to manage these risks and to ensure all necessary mitigating actions are considered and undertaken in a timely manner. However no system of control or mitigation can completely eliminate the risks inherent in achieving the Group's business objectives. The existing risk management process adopted by the Board of Directors can therefore provide only reasonable and not absolute assurance against material misstatement or potential loss.




The Directors identified a number of risks and uncertainties which they believe may affect the Group's ability to deliver its strategic goals as at 31 December 2014. A list of these risks is summarised below. This list does not purport to be an exhaustive summary of the risks affecting the Group, is given in no particular order of priority and contains risks considered to be outside the control of the Directors.

Risk trend key:



Specific Risks	Mitigation
Acquisitions and disposals (strategic risk)	
<p>The pursuit of our Group business strategy the Board of Directors views through economically sound development activities such as strategic acquisitions and disposals.</p> <p>Whilst good terms have been agreed on acquisitions in the past, there can be no guarantee that the Directors will continue to be able to agree the acquisitions of further suitable companies and/or businesses on acceptable terms or any guarantee that the Group will be able to raise sufficient future finance at such time. There is also a risk that any acquisition is based on inaccurate information or assumptions, or the new business is not integrated effectively which overall may result in less financially beneficial than anticipated post-acquisition performance.</p> <p>During the year, we acquired five new businesses and made a decision to discontinue media and creative agencies in Tunbridge Wells. Notes 9 and 10 to the financial statements provide further details.</p>	<p>We mitigate these risks by having rigorous external and internal due diligence procedures to identify and evaluate potential risks prior to agreeing the acquisition terms; applying robust valuation models; and agreeing suitable warranties and indemnities from the vendors. In addition, the total consideration paid for the business typically includes an element of deferred consideration contingent upon future performance which mitigates the risk of overpaying for a business.</p> <p>There is a clear focus on integrating acquired businesses over the deferred consideration period and close monitoring of the post-acquisition performances.</p>





Specific Risks	Mitigation	
Management of growth (strategic risk) The ability of the Group to implement its strategy requires effective planning and management control systems. The speed at which the business develops may place a significant strain on the Group's management, operational, financial and personnel resources. Failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a detrimental impact on the trading performance of the Group.	The Group has an experienced management team and a number of highly experienced external advisers. The Board of Directors continuously reviews and enhances the existing strategy for the integration and management of the expected business growth.	
New markets and channels of service offering (strategic risk) As we enter new markets through acquisition of local businesses or starting up new offices overseas we may achieve lower than anticipated trading volumes or higher costs and resources requirements. This may impact the level of overall group profitability and negatively reflect on cash flows.	We have a thorough process for assessing and planning the entry into new markets and related opportunities with the help of qualified and experienced local advisers. We continuously assess our performance in those new markets and the related opportunities and risks.	
Global economic trends and client dependency (economic risk) Our Group provides an integrated service offering to our clients across the globe. Poor economic conditions in home countries of our clients can increase the average debtor days' period and thus put pressure on the Group's working capital. There is also an increased risk of bad debts occurring as a result of clients' financial situation. During the year Group had a higher bad debt expenditure compared to the previous reporting period as a result of financial difficulties experienced by some of our clients.	Due to a wide spread of clients across the world and various industry sectors, the Group reduces its reliance on any particular economic environment or particular client. The Group performs weekly reviews of cash flows from all operations as well as regularly reviews new business wins/losses across all Group companies. The Group closely reports and monitors aged debts and ensures that local management has an action plan in place to minimise the risks of any resulting loss. The Group also closely monitors the level of fees generated from each client and is continuously seeking opportunities to expand existing client portfolios. In 2014 our largest individual client represented 5% and our top 10 clients accounted for 19% of the total revenue.	

Principal Risks and Uncertainties *(continued)*



For the year ended 31 December 2014

Specific Risks	Mitigation
<p>Future funding (strategic risk)</p> <p>Although there are no immediate plans, the Company may need to raise extra capital in the future to develop fully the Group's business and to take advantage of future acquisition opportunities. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Company or the shareholders.</p> <p>If further financing is obtained by issuing equity securities or convertible debt securities, the shareholders' holdings of Ordinary shares may be diluted and the new securities may carry rights, privileges and preferences superior to the Ordinary shares. The Directors may seek debt finance to fund all or part of any future acquisition. There can be no assurance that the Company will be able to raise such funds, either on acceptable terms or at all. If debt financing is obtained, the Company's ability to raise funds and its ability to operate its business may be subject to restrictions.</p> <p>A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond the Company's control) may make it difficult for the Company to obtain new financing on attractive terms or even at all. If the Company's borrowings become more expensive, then the Company's profits will be adversely affected.</p>	<p>The Group has a number of short- and long-term borrowings to fund the working capital needs of the business and/or future acquisitions. The Board of Directors and executive management team closely monitor the level of debt and ensure all borrowings are utilised appropriately in accordance with terms and conditions of issue. Rigorous cash reviews of expenditures and collections are performed on a weekly basis across all Group companies to ensure the targeted cash levels are maintained at each reporting date.</p> 
<p>Restructuring activities (strategic risk)</p> <p>Continuously increasing acquisitions and necessary integration of new businesses within the Group inevitably requires restructuring of our existing activities to streamline our business and reduce the cost base. This includes downsizing of under-performing divisions and business units as part of an effective cost management programme. Historically and to date these activities have progressed well and have had an immediate positive impact on the Group going forward.</p>	<p>The Group continues to closely manage these activities by assigning specific internal teams responsible for regular and timely reporting of the progress and results against set targets and by using other internal and external expertise. The Group seeks to remain fair towards all members of staff affected by the changes through transparent and regular consultation with those members of staff during such periods. We are separately tracking the costs and benefits of these projects to ensure that we can compare their actual performance against our expectations while monitoring the underlying results of the business.</p> 

Specific Risks	Mitigation	
<p>Attraction and retention of key employees (operational risk)</p> <p>The Group depends on the continued service and performance of the senior management team and whilst it has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of their services cannot be guaranteed. The loss of the services of the Group Chief Executive, the Finance Director or other key employees could damage the Group's business. Equally, the ability to attract new employees and senior executives with the appropriate expertise and skills cannot be guaranteed. The Group may experience difficulties in hiring appropriate employees and the failure to do so may have a detrimental effect upon the trading performance of the Group.</p>	<p>We recognise that it is important to motivate and retain talented people across our businesses to ensure that we are not exposed to the risk of unplanned staff turnover. The Group's policy is to recruit both senior management and staff of the highest quality and to remunerate them accordingly. The Group carries out succession planning and provides promotion opportunities as well as operating both short-term and long-term incentive plans to motivate and retain key personnel. The Group takes employees' health and safety very seriously and has appropriate processes in place to monitor and address any issues accordingly.</p>	
<p>Working capital (operational risk)</p> <p>Lack of timely cash collections from our clients result in increased working capital requirements at an increased cash costs to the Group.</p>	<p>Working capital implications are an integral component of contract negotiations. The Group seeks to agree advance billing terms whenever possible.</p>	
<p>Information systems (IT) and data security (operational and business risks)</p> <p>Any information system failure could negatively impact on the Group business operations, including delays to client work.</p> <p>Unauthorised access to confidential information due to inadequate security of the data could compromise our client relationships and have a detrimental effect on our reputation.</p> <p>Failure to maintain robust disaster recovery plans may result in significant loss of resources and cause a major disruption to overall business operations.</p>	<p>The Group maintains fit for purpose IT systems managed and reviewed by both in-house and third party IT specialists in a timely manner. All significant IT related investments are subject to business case assessments performed by the Group management and, where appropriate, by the Board.</p> <p>Extensive business and IT disaster recovery plans have been implemented by each company and are tested to minimise any disruption in the event of an IT failure. It is local management responsibility to perform regular reviews of those plans to ensure they remain dynamic and robust.</p> <p>External access to data is protected by the Group's IT security, which is frequently tested for malicious attacks and/or more general virus infections to ensure that the Group's network is as secure as possible. Internal access to data is restricted.</p>	

Principal Risks and Uncertainties *(continued)*

For the year ended 31 December 2014

Specific Risks	Mitigation	
<p><i>Failure to maintain an acceptable standard of business ethics (business risk)</i></p> <p>Both reputational and operational damage may arise if the Group engaged in actual or perceived unethical client work. Ethical matters that are not identified or managed appropriately could cause reputational damage to the Group.</p>	<p>The Board has implemented a robust governance framework including a Code of Business Conduct and Ethics that is incorporated into our Staff Hand Book and is communicated to all employees. The Code provides clear guidance on how the members of staff are expected to behave towards other colleagues, suppliers, customers, shareholders and on our wider responsibility to the communities within which we operate. All employees are expected to comply with the Code and any violations of it are reported to local management or the Group HR for review.</p>	
<p><i>Legal and regulatory compliance (compliance risk)</i></p> <p>Any failure to adhere to legislative requirements could affect both the reputation and performance as well as causing financial damage to the Group.</p>	<p>The Group is advised by external legal counsel throughout the world on local legal and regulatory requirements and minimises the risk of loss.</p> <p>Policies on gifts, entertainment, share trading and confidentiality are communicated to all employees through the Staff Hand Book.</p>	

Financial risk management

Details of the Group's approach to financial risk management are disclosed in detail in note 7 to the financial statements.

Our Place in the Community

For the year ended 31 December 2014

Corporate Social Responsibility

The Board believes that acting responsibly should be a main consideration in everything that we do. The Group is therefore committed to demonstrating the importance of this, not only in our work for clients, but in our own working practices and the communities in which we live. We are involved in the business of managing brands and corporate reputations on behalf of clients and the Board acknowledges that being socially responsible while taking steps to minimise our impact on the environment through our actions and those of our many clients and suppliers is an important factor in the management of our own business.

Porta Communications PLC focuses on the key areas of the Community, Environment, our Marketplace and the Workplace we create for our teams.

Our Community

Porta's approach is centred on working hard to maximise the positive in all that we do.

The growing team of talented individuals within the business are encouraged to support our community in London and globally in the pro-bono work that we do supporting projects where we feel we can make a difference.

Porta has identified two charities where it believes it can make a difference:



Centrepoint's vision is to end youth homelessness and to give homeless young people a future. The organisation is the UK's leading charity for youth homelessness and provides housing and support for 1,000 homeless young people aged 16-25 each year. Porta is working to build a comprehensive partnership centred on sharing our key skills with the charity and our energy in fund raising and participating in major events.

HEART UK helps anyone affected by raised cholesterol by bringing people together providing information, support, education and campaigning for improved identification and standards of care. Their vision is that by 2016, the majority of UK adults will know their cholesterol levels, understand the impact and be taking any necessary action.

We believe that by working with these charities we can help make a difference and have an ongoing objective to support more industry initiatives and projects alongside our clients.

Environment

We work hard to understand our impact on the environment and take steps to reduce our impact through our actions, while promoting positive action on behalf of our clients.

We recycle, we reuse and we reduce our emissions where we can. The paper we use is recycled and FSC graded, our coffee Fairtrade, our water filtered and many of our team can be found walking, running and cycling into the office daily.

- The head office at 50 Basinghall Street has a responsive lighting system and is powered down at evenings and weekends to reduce any unnecessary power consumption and rainwater is used in the buildings waste disposal system.
- Recycling facilities including paper, glass and dry waste are provided through the offices.
- Participation in events such as Earth Hour are all part of our wider responsibility to reduce consumption and minimise waste.
- Office supplies – including paper – are provided by Bates Office which has ISO14001 BSI accreditation.
- As a major buyer of print, we work with our supply chain to supply from environmentally sound sources including the use of FSC 55% recycled paper with many clients.

Our marketplace

Alongside our own activities, Porta Communications is a member of numerous industry bodies and participates in activities to improve our marketplace.

Business Community Market Principles

- Respect customers and support vulnerable customers
- Seek potential customers within excluded groups
- Manage the impact of product or service
- Actively discourage product misuse
- Actively manage responsibility in our supply chain
- Treat suppliers as partners
- Work with the rule makers
- Have consistent standards

Our Place in the Community *(continued)*

For the year ended 31 December 2014

Our workplace

As a thriving young global business, we are consistently innovative and creative, while maintaining a healthy and lively place to work.

- Volunteering – we actively support our people to give their skills and time to support the communities in which we live and work. The business is a member of Heart of the City and is actively developing a programme of support for some of the brilliant charities that serve the hugely disadvantaged communities on the doorstep of the City of London.
- Diversity – we have an active policy to be an equal opportunity employer and contractor and do not discriminate by gender, race, age, disability or faith.
- Wellness – our health cover for staff is provided by Pru Health which offers all staff a 50% discount on gym membership along with our association with Heart UK – we understand the value of supporting our people to prioritise their health and take a positive stance to promote wellbeing. More information is provided in page 47 of the Directors' Report.

Gene Golembiewski

Group Finance Director

27 May 2015

Chairman's Introduction to Corporate Governance

For the year ended 31 December 2014



Bob Morton
Non-Executive
Chairman

“Operating with integrity in all we do is vital to maintain the trust of investors, customers, our employees and other stakeholders. This requires leadership, ethical behaviour and collaboration.”

Dear shareholder

Welcome to the Governance Section of Porta's 2014 Annual Report and Accounts. The purpose of this report is to explain the Board's commitment to good corporate governance, corporate responsibility and ethical standards. We believe that effective governance is an essential contributor in the pursuit of the objectives that are in the interests of the Company and its shareholders and to our sustained improvement in business performance.

Accountability, integrity and transparency are key operating pillars for any business and here at Porta we have established practices to ensure that the Group is run in such a way. The Board's aim is to nurture a working environment in which the highest standards of behaviour are established, demonstrated and maintained in all our activities. This helps us to run the Group effectively whilst pursuing our long-term success, identifying and assessing risks, ensuring the health and safety of our people and the environment in which we operate. The Board actively considers long-term strategy, monitors, and challenges and supports the work of the executive team and is responsible for the Board's and the executive management's succession.

There are well-defined differences in roles between the Executive and Non-Executive Directors and their combined contribution as an experienced team add value to the debate, decision making and development of strategy that are so crucial to the Group's success. My role as Chairman is to provide the leadership to ensure high quality decision making in all areas of strategy, performance, responsibility and accountability.

As a Board, we have ultimate responsibility for the Group's performance and for overseeing the management of risk. We seek to do this through a strong and effective governance system and by setting the standards that we expect from all our employees.

Diversity

The Board comprises of two Executive Directors and three Non-Executive Directors, including the Chairman. The Group acknowledges that the diversity should be considered broadly. It is important to achieve the right balance of skills, knowledge and experience on the Board. The Group will continue seeking opportunities to expand the range and capabilities of the existing Board.

Development of strategy

The Board's work on defining our short- and long-term strategic priorities at this important stage in the Group's development is receiving increased focus. During the monthly board meetings we perform brief strategy reviews considering progress to date and future plans to take advantage of the significant opportunities that have been identified. More details are included in the Corporate Governance Report on pages 50 to 53.

Remuneration

The Group's remuneration policy seeks to align the interests of Executive Directors, senior management and shareholders, and is structured to enable the Group to attract, motivate and retain the talent required to deliver the business strategy. The Board is cognisant of the general sensitivity relating to executive director remuneration. We are committed to the principle that there should be no reward for failure and believe that the increased emphasis on long-term performance-related pay, longer lock-in periods on shares and share options and increased shareholding requirements are appropriate to ensure that Porta's remuneration policy does not encourage inappropriate risk taking. Further details can be found on pages 54 to 59.

Ethics and values

All Directors and employees are required to act fairly, honestly and with integrity, and to demonstrate that they

Chairman's Introduction to Corporate Governance *(continued)*

For the year ended 31 December 2014

have read and understand the Group's Code of Business Conduct and Ethics. We provide our employees with necessary training programmes to ensure an understanding of the requirements of relevant legislation and importance of compliance with it. Employee performance is measured each year against a set of four shared values: (1) operational excellence and performance results; (2) teamwork and pro-activity; (3) client and partner focus; and (4) personal skills.

Corporate responsibility

Full details of our corporate responsibility strategy and achievements can be found on pages 41 and 42.

I hope the following reports demonstrate that setting the corporate governance framework continues to be a key focus for the Board. We must always be conscious of the fact that the Board's primary responsibility is to promote the long-term success of the Group for the benefit of shareholders, clients, and all stakeholders, including employees. I am confident that we are well positioned to continue providing value to all of our stakeholders.

Bob Morton

Chairman of the Board

27 May 2015

Board of Directors

For the year ended 31 December 2014

The following Directors have held office during the year:

Bob Morton; David Wright; Gene Golembiewski; Brian Blasdale; Raymond McKeeve

The Directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2014.



Bob Morton, Non-Executive Chairman, 73 years

Bob is a chartered accountant, successful entrepreneur and has substantial public company experience. He has served as Chairman to various companies including Systems Union, Maclellan and Vislink plc and is currently also Chairman of a number of other public and listed companies including Armour Group plc, Servoca plc and St Peter Port Capital Limited. In addition, he holds directorships in a wide range of private companies.



David Wright, Chief Executive, 70 years

David began his career as a journalist and left the Financial Times in 1978 to start a new career in Financial Public Relations. He became Chief Executive of Streets Financial Strategy from 1986 to 1988 before establishing Citigate in late 1988. In 1997 he reversed Citigate into Incepta plc. David became Chief Executive of the enlarged Group later becoming Chairman. Between 1997 and 2003 when David left Incepta plc he built the largest international financial communications company in the world through a series of key acquisitions and an active recruitment programme.



Gene Golembiewski, Finance Director and Company Secretary, 57 years

Gene started his career as a Certified Public Accountant in the U.S. at Touche Ross & Co. He switched to marketing services when he joined Omnicom-owned Ketchum, becoming International Finance Director responsible for growing its international network through acquisitions. Ten years on saw Gene become worldwide CFO and COO of Gavin Anderson & Company to help drive the firm's global development, culminating in the international merger of Gavin Anderson & Company with another firm in 2009. Gene left Gavin Anderson & Company three years later, becoming Porta Group Finance Director in July 2013.



Brian Blasdale, Non-Executive Director, 64 years

Following an early career with P&O Shipping Company, Brian held a number of senior sales & marketing roles with blue chip companies including Kodak Limited. Thereafter he formed his own IT outsourcing company, achieving success in attracting a number of major blue chip companies as clients. Subsequently he co-founded I-B Net Limited in March 2000 which was listed on AIM. Since this time Brian has actively been involved with a number of companies as Chairman and non-executive director for and on behalf of Lloyds Development Capital Private Equity.



Raymond McKeeve, Non-Executive Director, 43 years

Raymond is a partner at Jones Day. He is widely regarded as a leading private equity specialist. He advises many of the leading private equity houses, SWFs and their investee companies as well as some of the leading lenders into the leverage market across all areas of corporate practice, including acquisitions, disposals, restructurings and ECM work. His practice covers both the domestic UK market as well as a broad international offering including MENA and sub Saharan Africa. Raymond also sits in a personal capacity on the MOD Defence Reform Unit chaired by Lord Levene.

Directors' Report

For the year ended 31 December 2014

Business review and future outlook

The review of the business for the year and the future outlook is given in the Chairman's Statement on page 5 and the Strategic Review on pages 13 to 42.

Going concern

The Group's forecast and projections show that the Group should be able to operate within the level of its current financial means, for at least twelve months from the signing of these financial statements.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence

for the foreseeable future. Therefore, the Company and the Group continue to adopt the going concern basis in preparing the financial statements.

Dividends

The Company is unable to pay a dividend for the year ended 31 December 2014 (2013: £nil; 2012: £nil).

Directors' interests

The Directors who served the Company during the year, together with their interests (including family interests) in the shares of the Company, were as follows:

	31 December 2014 See note ¹	31 December 2013 See note ¹	31 December 2012 See note ¹
Ordinary shares of 10p each			
Bob Morton	32,942,552	29,215,629	11,457,937
David Wright	2,743,727	2,471,000	2,471,000
Keith Springall (resigned 21 July 2013)	–	170,000	170,000
Gene Golembiewski	769,230	–	–
Brian Blasdale	1,817,322	1,627,332	1,627,332
Raymond McKeeve	3,250,000	3,250,000	3,250,000

1. Or date of appointment if later.

The details of Directors' share options are given in the Report of the Remuneration Committee on pages 54 to 59.

Since 31 December 2014 a number of Directors have increased their interests in the Company by the purchase of Ordinary shares in the market. Changes in Directors' interests since 31 December 2014 and Directors' interests at the date of this report are presented in the table below:

	No shares purchased since 31 December 2014	Total interest as of 27 May 2015
Bob Morton ¹	1,343,766	34,286,318
David Wright	471,000	3,214,727
Brian Blasdale	1,300,000	3,117,322

1. Bob Morton has increased his interests in the shares of the Company through Hawk Investment Holdings Limited, a company beneficially owned by him and his wife.

Substantial shareholdings

As at 27 May 2015, notification has been received of the following interests in 3% or more of the issued share capital of the Company:

	Number of Ordinary shares held	Percentage
Hawk Investment Holdings Limited ¹	33,786,318	12.63
Hargreave Hale	26,577,514	9.93
Fidelity	16,071,539	6.01
Ruffer LLP	15,114,921	5.65
Stephen Byfield	14,871,230	5.56
Gary Watt	9,000,000	3.36

1. Hawk Investment Holdings Limited is a company beneficially owned by Bob Morton and his wife.

Employment

The Directors view employees as the key asset of the Group. In 2014, the Group's management continued to focus time and resource on the Group's employees, including initiatives on subjects such as wellbeing, engagement and training.

As at 31 December 2014, the Group employed 262 people (2013 restated: 111) globally in its continuing operations. The Group takes its responsibilities to its employees seriously and is committed to high standards of employment practice. The Group's aim is to develop successful employees who will grow with the Group as it expands and who see exciting future employment prospects with the Group.

Employee involvement

The Directors are committed to employee involvement throughout the business. Employees are kept well informed of the performance and strategy of the Group through divisional and personal briefings, regular meetings, electronic correspondence, broadcasts and in-house presentations by the Chief Executive, members of the Board and other members of the executive management team(s) organised at key points in the year.

Managing executives from each operating unit across the Group are committed to encourage staff to engage proactively in gathering ideas and initiatives on a number of areas including how we can better serve our clients and operate more efficiently.

Share options are an important part of our reward package, encouraging and supporting employees share ownership. Full details of the current schemes are given in note 22.

The Group committed to all employees related areas of wellbeing from healthy eating to exercise to help overcoming issues such as stress, financial challenges, achieving a positive work-life balance and problems with sleeping. Wellbeing information is provided by the administration team of every Group's office in specific staff-dedicated 'break out' areas or kitchens. The Group also welcomes staff wellbeing initiatives and encourages a number of sport activities to take place during the lunch hours in the office premises such as yoga and Pilates classes and intercompany five-a-side football and cricket as outdoor activities.

The Group believes that regular 'team building' events are important activities for employee's overall satisfaction and wellbeing as well as for overall corporate development. Team building events create a friendly working atmosphere as well as empower individuals to contribute to common goals, improve 'working in the team' skills and communication. Each business unit is responsible for organising 'team building events' whereby employees are able to interact with one another outside the office environment.

Directors' Report *(continued)*

For the year ended 31 December 2014

Equal opportunities

The Group is committed to an equal opportunities policy from recruitment and selection, through training and development, performance reviews and promotion to retirement. It is the Group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merits. The Group is responsive to the needs of its employees, customers and the community at large. We are an organisation that uses everyone's talents and abilities and where diversity is valued.

Employees with disabilities

It is our policy that people with disabilities should have full and fair consideration for all vacancies. During the year we continued to demonstrate our commitment to interviewing those people with disabilities who fulfil the minimum criteria, and we endeavour to retain employees in the workforce if they become disabled during their employment. We will actively retrain and adjust their environment where possible to allow them to maximise their potential.

Auditors

Nexia Smith & Williamson have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act 2006 a resolution that they be re-appointed as auditors of the Company for the ensuing year will be proposed at the forthcoming Annual General Meeting.

Directors Indemnity Insurance

As permitted by Section 233 of the Companies Act 2006, the Company has purchased insurance cover on behalf of the Directors indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Disclosure of information to the auditors

The Directors who hold office at the date of approval of this report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make him aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Corporate governance

The Company's statement of corporate governance can be found in the Corporate Governance Report on pages 50 to 53 of this Report and Financial Statements. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

Directors' remuneration

The Report of the Remuneration Committee is on pages 54 to 59 of this Report and Financial Statements. The Report of the Remuneration Committee forms part of this Directors' Report and is incorporated into it by cross-reference.

Annual General Meeting

A notice convening the Annual General Meeting to be held on 25 June 2015 at 11.00 a.m. is included with this report. The Report of the Directors was approved by the Board on 27 May 2015 and signed by order of the Board by:

Gene Golembiewski
Company Secretary

27 May 2015

Statement of Directors' Responsibilities

For the year ended 31 December 2014

The Directors are responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations and International Financial Reporting Standards as adopted by the European Union.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 of the Company and profit or loss of the Group for that period. 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 applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume the Group and Company will continue in business.

The Directors confirm that they have complied with the above requirements.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate Governance Report

For the year ended 31 December 2014

Compliance

The Directors recognise the value of the Principles of the UK Corporate Governance Code (previously the Combined Code on Corporate Governance). Although, as an AIM company, compliance with the Code is not required, the Group has regard to these principles when practicable and appropriate for a Group of its size.

The following statement describes how the Group as at 31 December 2014 sought to address the principles underlying the UK Corporate Governance Code.

Board composition and responsibility

The Board consists of two Executive Directors and three Non-Executive Directors. All Directors are equally accountable for the proper stewardship of the Group's affairs.

The Board's primary objective is to focus on adding value to the assets of the Group by assessing business opportunities and ensuring that potential risks are identified, monitored and controlled. Matters reserved for Board decisions include strategic long-term objectives and capital structure of major transactions. The implementation of Board decisions and day-to-day operations of the Group are delegated to management. In making commercial assessments the Directors review detailed plans including financial viability reports that, among other things, detail the impact of proposals in respect of return on capital, return on cash and the likely impact on the statement of comprehensive income, cash flows and gearing. Strategy is determined after having taken due regard of forecast domestic and international developments.

The Board is responsible to the shareholders of the Company for the strategy and future development of the Group and the management of its resources. It has a formal schedule of matters specifically reserved to it for decision; other decisions are dealt with as day-to-day matters by management. In broad terms, the ongoing remit of the Board is as follows:

- Approval of the Group's annual budgets and forecasts and ongoing review of Group strategy and performance;
- Approval of the Annual Report and any statements made therein;
- Approval of any significant changes in accounting policies and practices;
- Appointment or removal of Directors or the Company Secretary;
- Approval of appointment of senior staff and setting of their remuneration;
- Approval of any material expenditure or capital commitments;
- Ensure maintenance of robust systems of internal control – including all operating and financial systems through annual review and assessment;
- Review of the Board's own effectiveness; and
- Ensure continued compliance with any regulatory requirements.

The Non-Executive Directors have particular responsibility to scrutinise and assess the strategy proposed by the executive management, to evaluate performance, business risk and the integrity of financial information and controls, and to ensure appropriate remuneration and succession arrangements are put in place for the Executive Directors. Brian Blasdale and Raymond McReeve are considered to be independent Non-Executive Directors for the purpose of the Code.

Policy on election

All Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and are subject to re-election at least every three years thereafter. Non-Executive Directors are appointed for a specific term of office which provides for their removal in certain circumstances, including under Section 168 of the Companies Act 2006.

The Board does not automatically re-nominate Non-Executive Directors for election by shareholders. The terms of appointment of the Non-Executive Directors can be obtained by request to the Company Secretary.

Board meetings

The Board meets at the end of every month. Group and divisional budgets and quarterly financial forecasts including net assets and cash flow projections are formally reviewed by the Board on a quarterly basis. In addition, the Executive Directors monitor cash flows on a weekly basis. The Board meets normally at least twelve times during the year and holds other ad hoc meetings as required. The usual monthly agenda for the Board meeting typically contains (but is not limited to) the below items:

- Review of the minutes to the previous meeting;
- Review actions from the previous meetings;
- Review progress against agreed Board objectives;

- Review the monthly performance reports from the heads of each division;
- Review reports from senior executives and the Group General Counsel on key aspects of the business
- including current trading, strategy, acquisitions and disposals, financial results, health and safety, governance and HR; and
- Review monthly actual performance against target KPIs.

Twelve Board meetings were held in 2014. The Directors' attendance record during the year is:

	Year ended 31 December 2014		Year ended 31 December 2013	
	Maximum number of meetings available to be attended	Number of meetings attended	Maximum number of meetings available to be attended	Number of meetings attended
Bob Morton	12	12	16	12
David Wright	12	12	16	16
Gene Golembiewski	12	12	6	6
Brian Blasdale	12	12	16	12
Raymond McKeeve	12	8	16	8

Board effectiveness

There were no changes to the Board during 2014. As it stands, the Board and its Committees have an appropriate balance of skills, experience, independence and knowledge of the Company which enable them to discharge their respective duties and responsibilities effectively. Each Director brings a complementary set of skills and diversity to the Board, having served in companies of varying size, complexity and market sector. Each of the Non-Executive Directors brings independent character and judgement to bear on strategic matters, the performance of the Group, the adequacy of the resources and standards of conduct. When combined, these skills give the Board the comprehensive skill set required to deliver strategic objectives of the Group and to ensure its continued success.

All Directors are able to take independent professional advice at the Company's expense in furtherance of their duties. During 2014, no Director felt the need to take such advice.

On a monthly basis and in advance of the Board Meeting, each Director receives the Board report and other relevant papers for consideration and their review giving all Board members time to read, prepare and, where appropriate, ask questions prior to the meeting about the information supplied. The information includes detailed budgets and reports of the performance on a divisional level, a review of the Group financial position including an updated cash forecast and operating performance and monthly reports from the heads of operational divisions.

All meetings of the Board and its Committees are documented by the Group General Counsel or the Company Secretary. The minutes are then circulated to all Directors for approval at the next meeting.

Corporate Governance Report *(continued)*

For the year ended 31 December 2014

The Board has the power at any time and from time to time to invite external advisers to the Board meetings where such invitation is deemed appropriate and necessary. During 2014, an experienced external financial adviser, Richard Feigen, was invited by the Board to attend 11 out of 12 Board meetings held. He was also invited and attended 2 out of 2 of the general meetings held during the year.

For the time being, the Board itself considers its effectiveness, and that of its committees and Directors, on an ongoing basis. It considers this appropriate to a company of this size.

Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee comprises two Non-Executive Directors, Brian Blasdale (Chairman) and Raymond McKeeve. The external auditors as well as the Chairman of the main Board, Group Chief Executive, Group Financial Director and Financial Controller could also be invited to attend these meetings as and when required.

The principal duties of the Committee are to review the half-yearly and annual financial statements before their submission to the Board and to consider any matters raised by the auditors. The Committee also reviews the independence and objectivity of the auditors. The Committee also reviews compliance with best practices for corporate governance. The terms of reference of the Committee reflect current best practice, including authority to:

- recommend the appointment, re-appointment and removal of the external auditor;
- ensure the objectivity and independence of the auditors including occasions when non-audit services are provided; and
- ensure appropriate 'whistle-blowing' arrangements are in place.

During 2014, two Audit Committee meetings were held with the following attendances:

- Brian Blasdale 2/2
- Bob Morton 2/2
- Gene Golembiewski 2/2
- Raymond McKeeve 0/2
- Group Financial Controller 2/2

The Audit and Corporate Governance Committee may seek information from any employee of the Group and obtain external professional advice at the expense of the Company if considered necessary. Due to the relatively low number of personnel employed within the Group, the nature of the

business and the current control and review systems in place, the Board has decided not to establish a separate internal audit department.

Remuneration and Nomination Committee

The Company has established a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No Director is involved in deciding his own remuneration. The Remuneration and Nomination Committee comprises Brian Blasdale (Chairman) and Raymond McKeeve. The Committee considers the employment and performance of individual Executive Directors and determines their terms of service and remuneration. The Committee meets at least once a year. The Committee also evaluates the balance of skills, knowledge and experience on the Board and considers all new Board appointments and re-appointments against this evaluation.

During 2014, one Remuneration Committee was held with the following attendance:

- Brian Blasdale 1/1
- Bob Morton 1/1
- Raymond McKeeve 0/1

Principal risks and uncertainties including financial risk management

The principal risks identified by the Directors that may affect the Group as well as financial risk management is disclosed on pages 36 to 40 of the Strategic Review.

Internal control and risk

The Directors are responsible for establishing and maintaining the Group's system of internal control and reviewing its effectiveness. By its nature, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group continually reviews its internal controls and procedures and corrective actions taken to mitigate risks are identified and implemented where deemed necessary.

Shareholder communication

The Board encourages regular dialogue with the Group's shareholders and has a policy of making itself available to shareholders at the Annual General Meeting to which all shareholders are invited to attend. During 2014, this has

involved face-to-face meetings between the Group Chief Executive, Group Finance Director and each of our major shareholders tied into the publication of our full-year and half-year results.

Further information is supplied during the year through announcements to the London Stock Exchange.

The Group Chief Executive, Group Finance Director and, from time to time, the Chairman or other Directors, meet individual and institutional shareholders and provide such information as is permissible in order to facilitate a better understanding of the Group's business and operations.

Additionally, the Board usually receives shareholder feedback reports prepared by the Nominated Adviser following pre-arranged meetings with institutional fund managers and analysts.

Corporate social responsibility

The Board recognises that it has a duty to be a good corporate citizen and is conscious that its business processes minimise harm to the environment and contributes as far as is practicable to the local community and the Board takes a responsible and positive approach to employment practices.

Bob Morton

Chairman of the Board

27 May 2015

Report of the Remuneration Committee

For the year ended 31 December 2014



Brian Blasdale
Chairman of the
Remuneration
Committee

“The Committee's overall objective in line with the Group's long-standing commitments to ethical values and culture is to set a remuneration policy that is clearly understood by our shareholders and employees, and that drives the right behaviours in terms of incentivising Executive Directors to deliver growth in long-term shareholder value.”

The role and composition of the Remuneration Committee is set out on page 52.

Dear shareholder

2014 was a busy year for the Committee with the approval of new salary and benefits arrangements for Executive Directors effective from 1 January 2014 and with the design and introduction of the new Annual Bonus Scheme effective from 1 January 2015.

'Pay for performance' and 'no reward for failure' continue to be key principles. At the same time, pay and benefits must be at a level that will attract, retain and motivate high-calibre people with the skills necessary to achieve our goal of sustained growth and financial performance.

We operate in a global market, with a substantial part of our fees being generated from companies located outside the UK employing 20% of our staff. The Group's continuing strong performance is due principally to the proven abilities of our executive teams.

This Remuneration Report is presented across the following sections:

- Summary of the Remuneration Committee work during 2014;
- Remuneration Policy Report; and
- Annual Remuneration Report sets out remuneration paid to Directors in 2014 including annual bonuses as well as details of how we intend to implement our new Remuneration Policy for 2015.

Committee activities

During 2014, the Committee considered a range of issues including:

- Executive Directors' salary increases with effect from 1 January 2014, reflecting the pay increases within the Group's workforce and current market conditions;
- New Bonus scheme for Executive Directors has been approved with effect from 1 January 2015. No bonus payments to Executive Directors were made in 2014; and
- The structure of the 2015 Annual Bonus Plan has been designed to incentivise Executive Directors to deliver against challenging targets in 2015. This structure is a combination of both financial targets: Group's profit before tax and reported EBITDA.

Remuneration policy for Executive Directors

Remuneration packages are developed to attract, retain and motivate Executive Directors without being excessive, and to be aligned with both the interests of shareholders and the business strategy of the Company. They take into account the current life cycle stage of the Company, the level of responsibilities and risks involved and the remuneration packages of comparable companies that have similar international scale. Consideration of remuneration and benefits across the Group's employee population is also taken into account.

The current remuneration of the Executives consists of several elements including base salary, pension contribution, share options, and other taxable benefits. The remuneration policy table below summarises each element of the current remuneration for Executive Directors including an explanation of the link to strategy, its operation, maximum opportunity and performance measures.

Remuneration policy table for Executive Directors

Type	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	Base salary is set at the level to secure the services of talented Executive Directors with the ability to develop and deliver a growth strategy.	<p>Fixed contractual cash amount usually paid monthly in arrears.</p> <p>Normally reviewed annually, with any increases taking effect from 1 January each year, although the Committee may award increases at other times of the year if it considers appropriate.</p> <p>This review is dependent on continued satisfactory performance in the role of an Executive Director. It also includes a number of other factors, including experience, development and delivery of Group strategy and Group profitability, as well as external market conditions and pay awards across the Group.</p>	<p>Whilst there is no set maximum level of salary, the Committee will usually award salary increases in line with average increases awarded across the Group. Larger increases may, in certain circumstances, be awarded where the Committee considers that there is a genuine commercial reason to do so, for example:</p> <ul style="list-style-type: none"> – Due to a significant increase in the Executive Director's role and duties; or – As a result of a significant change in profitability of the Company. 	Not applicable
Benefits	To provide Executive Directors with benefits to assist them in carrying out their duties effectively.	Executive Directors are entitled to a range of benefits including car and accommodation allowances, private health insurance and life assurance.	The maximum level of such benefits is not defined by the Committee as the cost may significantly vary depending on individual factors and circumstances relevant to each Director. The types and level of benefits granted are therefore thoroughly considered based on individual circumstances.	Not applicable

Report of the Remuneration Committee *(continued)*

For the year ended 31 December 2014

Type	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Enterprise Management Incentives ('EMI') and unapproved share options plan	To provide a long-term performance and retention incentive for the Executive Directors and senior management team involving the Company's equity.	Under the current rules, options are awarded on a discretionary basis over a fixed number of years for a fixed number of shares at a specified strike price in accordance with the relevant legislation. Awards can only be settled in equity.	The maximum value of option awards in each given year is determined by the Committee on an individual basis.	Typically vest subject to satisfaction of both financial and share price based performance conditions as determined from time to time by the Committee.
Pension	To provide the benefit comparable with market rates, helping with the recruitment and retention of talented Executive Directors able to deliver a long-term growth strategy.	Usually paid monthly in arrears. Executive Directors may receive contribution into the Company's defined Contribution Plan, a personal pension arrangement and/or payment as a cash allowance.	The level of the pension contribution is determined by the Committee based on individual Executive Directors' circumstances but does not usually exceed 10% of the base salary. Salary is the only pensionable element of an Executive Director's remuneration.	None

Type	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Proposed New Annual Bonus Plan – brief summary (effective from 1 January 2015)	To provide material incentive to drive Executive Directors to deliver stretching strategic and financial performance and to grow long-term sustainable shareholder value.	<p>To be paid annually based on performance in relevant financial year. The amount will be determined based on published full year results after the year end.</p> <p>Award levels and performance measured will be reviewed annually. The Committee's responsibility will be to ensure that the performance measures remain aligned to the Group's business objectives and strategic priorities for the year.</p> <p>Bonuses may be paid in cash or in the equivalent value of shares or be a mixture of both subject to the Committee's decision.</p> <p>The Committee retains full discretion to amend the bonus payout (upward or downward), if in its opinion any calculation of payout does not produce a fair result for either the individual or the Group, taking into account the overall business performance of the Group. Any such use of discretion will be clearly reported in the next published Remuneration Report.</p>	<p>An absolute maximum of 125% base salary can be paid each year in cash and/or up to 150% base salary value in shares.</p>	<p>Measures and targets are set annually by the Committee.</p> <p>Annual bonus is based on achieving a certain percentage of increase from the previous period/budget of the Group's reported EBITDA and profit after tax.</p> <p>The Committee reserves the right to annually vary these proportions and also the measures to ensure the annual bonus remains appropriate and challenging.</p>

Report of the Remuneration Committee *(continued)*

For the year ended 31 December 2014

Directors' remuneration

31 December 2014	Notes	Fees and salaries £	Bonuses £	Pension contributions £	Other benefits (note 3) £	Total £
Executive						
David Wright		250,000	–	15,406	6,227	271,633
Gene Golembiewski		250,000	–	–	5,084	255,084
Non-executive						
Bob Morton	1	30,000	–	–	–	30,000
Brian Blasdale	1	29,100	–	–	2,768	31,868
Raymond McKeeve	2	1	–	–	–	1
		559,101	–	15,406	14,079	588,586

1. The majority of this remuneration was paid through Directors' service companies as detailed in note 26 to the financial statements.

2. Mr McKeeve's contract entitles him to a fee of £1 per annum.

3. Other benefits comprise payment in respect of healthcare and life insurance and similar benefits.

The remuneration of the Directors for the year amounted to £588,586 (2013: £422,962). The remuneration of the highest paid Director was £271,633 (2013: £138,831). In addition to the amounts disclosed above, £174,932 was charged to the Statement of Comprehensive Income as share based payments expense in relation the share options granted to Directors during the period (2013: £76,503). A further charge of £32,559 relating to the year ended 31 December 2014 was not recognised in the current period, but will be charged to the Statement of Comprehensive Income in 2015. All of the above remuneration is accounted for within continuing operations. Further information in relation to share based payments is disclosed in note 22 to the financial statements.

31 December 2013	Notes	Fees and salaries £	Bonuses £	Pension contributions £	Other benefits (note 3) £	Total £
Executive						
David Wright		120,000	–	12,000	6,331	138,331
Gene Golembiewski (from 21 July 2013)		125,000	–	–	–	125,000
Keith Springall (resigned 21 July 2013)		70,000	–	7,000	16,084	93,084
Non-executive						
Bob Morton	1	30,000	–	–	–	30,000
Brian Blasdale	1	31,200	–	–	5,346	36,546
Raymond McKeeve	2	1	–	–	–	1
		376,201	–	19,000	27,761	422,962

1. The majority of this remuneration was paid through Directors' service companies as detailed in note 26 to the financial statements.

2. Mr McKeeve's contract entitles him to a fee of £1 per annum.

3. Other benefits comprise payment in respect of healthcare and life insurance and similar benefits.

Payments to past directors

Keith Springall, former Group Finance Director who left on 21 July 2013, was paid in accordance with the terms of his service agreement a number of monthly payments ending on 30 June 2014. The total amount paid of £68,895 included £7,000 of pension contribution and £2,365 of healthcare and life insurance.

Service agreements

The Executive Directors have service agreements which require not more than 12 months' notice of termination. Non-Executive Directors are not entitled to service contracts but are appointed under letters of appointment which provide for three months' notice of termination.

Shareholdings and share options

The Directors' interests in the shares of the Company are set out in the Directors' Report on page 46.

On 18 March 2014 the Board of the Company granted options under the EMI and unapproved plan over a total of 2,500,000 Ordinary shares of 10p each in the Company to Gene Golembiewski, the Group Finance Director. The exercise price is 20p per share and, subject to the achievement of certain performance conditions, 50% of the options will vest on the first anniversary of the date of grant and the remaining 50% will vest on the second anniversary of the date of grant.

Further information in relation to the grant of the options is provided in note 22 to the financial statements.

On behalf of the Board

Brian Blasdale

Director, Chairman of the Remuneration Committee

27 May 2015

Independent Auditor's Report

To the Members of Porta Communications PLC for the year ended 31 December 2014

We have audited the financial statements of Porta Communications PLC for the year ended 31 December 2014, which comprise the Consolidated Statement of Comprehensive Income and Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 49, 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 Financial Reporting Council's (FRC'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 FRC'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 of the parent Company's affairs as at 31 December 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 IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Andrew Bond

Senior Statutory Auditor, for and behalf of
Nexia Smith & Williamson
Statutory Auditor Chartered Accountants

25 Moorgate
London
EC2R 6AY
27 May 2015

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Notes	Year ended 31 December 2014 £	Year ended 31 December 2013 Restated, £	Year ended 31 December 2013 £
Continuing operations				
Revenue	2	23,273,668	9,277,758	24,441,290
Cost of Sales		(3,868,339)	(1,005,314)	(13,249,742)
Gross profit		19,405,329	8,272,444	11,191,548
Operating and administrative expenses	3	(20,182,469)	(10,909,978)	(13,681,541)
Operating loss		(777,140)	(2,637,534)	(2,489,993)
Finance expense	5	(689,288)	(468,877)	(546,193)
Finance income	5	1,261	1,057	1,057
Share of loss in associate	12	(7,287)	(26,898)	(26,898)
Loss before taxation on continuing operations		(1,472,454)	(3,132,252)	(3,062,027)
Tax credit	6	302,530	669,124	592,035
Loss for the period on continuing operations		(1,169,924)	(2,463,128)	(2,469,992)
Discontinued operations				
Loss for the period from discontinued operations (all attributable to the owners of the Company)	9	(2,480,674)	(14,069)	(7,205)
Loss for the period		(3,650,598)	(2,477,197)	(2,477,197)
Profit/(loss) for the period attributable to:				
Owners of the Company		(3,737,939)	(2,726,206)	(2,726,206)
Non-controlling interests		87,341	249,009	249,009
		(3,650,598)	(2,477,197)	(2,477,197)
Other comprehensive income from continuing operations				
Exchange differences arising on items that may be subsequently reclassified to profit or loss		(45,581)	(104,338)	(104,338)
Total other comprehensive income, net of tax		(45,581)	(104,338)	(104,338)
Other comprehensive income from discontinued operations		–	–	–
Total comprehensive income for the period		(3,696,179)	(2,581,535)	(2,581,535)
Total comprehensive income for the period attributable to:				
Owners of the Company		(3,767,767)	(2,775,144)	(2,775,144)
Non-controlling interests		71,588	193,609	193,609
		(3,696,179)	(2,581,535)	(2,581,535)
Loss per share – basic and diluted	13			
On continuing operations		(0.6p)	(2.0p)	(2.0p)
On discontinued operations		(1.1p)	0.0p	0.0p
On continuing and discontinued operations		(1.7p)	(2.0p)	(2.0p)

Comparative amounts, including loss per share, have been restated to reflect classification of activities between continuing and discontinued operations.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December

	Notes	2014 £	2013 £
Non-current assets			
Intangible assets	15	18,582,868	8,787,466
Fixed assets	16	1,440,714	323,157
Deferred tax asset	6	1,449,871	1,091,742
Other non-current assets	18	923,775	–
Other investments	7	1,000	1,000
Investment in associates	12	119,435	126,722
Total non-current assets		22,517,663	10,330,087
Current assets			
Current assets in relation to discontinued activities	9	3,433,528	–
Work in progress		1,115,206	2,320,205
Trade and other receivables	18	7,760,659	7,829,406
Cash and cash equivalents		1,791,426	2,544,802
Total current assets		14,100,819	12,694,413
Current liabilities			
Current liabilities in relation to discontinued activities	9	(3,433,528)	–
Trade and other payables	19	(6,527,716)	(9,819,605)
Current tax liabilities	6	(665,338)	(149,310)
Loans and borrowings	23	(4,574,993)	(2,815,160)
Total current liabilities		(15,201,575)	(12,784,075)
Net current liabilities		(1,100,756)	(89,662)
Non-current liabilities			
Deferred tax liabilities	6	(2,318,616)	(391,384)
Fair value of contingent consideration	20	(981,379)	(636,029)
Loans and borrowings	23	(2,823,163)	(2,889,243)
Total non-current liabilities		(6,123,158)	(3,916,656)
Net assets		15,293,749	6,323,769
Equity			
Share capital	21	27,405,391	16,860,101
Share premium		4,788,547	3,117,545
Retained losses		(18,018,687)	(13,883,454)
Translation reserve		(78,195)	(48,367)
Other reserves		(978,075)	(851,950)
Total equity shareholders' funds		13,118,981	5,193,875
Equity non-controlling interests	11	2,174,768	1,129,894
Total equity		15,293,749	6,323,769

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2015.

Bob Morton

Gene Golembiewski

Directors

Porta Communications PLC (company registration number: 05353387)

The accompanying notes are an integral part of these consolidated financial statements.

Company Statement of Financial Position

As at 31 December

	Notes	2014 £	2013 £
Non-current assets			
Intangible assets	15	47,944	40,588
Fixed assets	16	768,414	119,201
Deferred tax assets	6	1,303,668	889,207
Investment in subsidiaries	17	16,235,664	4,332,177
Other non-current assets	18	923,775	–
Trade and other receivables due from related parties	26	6,674,537	6,284,795
Total non-current assets		25,954,002	11,665,968
Current assets			
Trade and other receivables	18	1,397,189	1,199,604
Cash and cash equivalents		115,453	1,318,226
Total current assets		1,512,642	2,517,830
Current liabilities			
Trade and other payables	19	(1,643,723)	(677,936)
Loans and borrowings	23	(4,567,534)	(2,365,161)
Total current liabilities		(6,211,257)	(3,043,096)
Net current liabilities		(4,698,615)	(525,267)
Non-current liabilities			
Deferred tax liabilities	6	(29,204)	(7,337)
Fair value of contingent consideration	20	(856,334)	–
Loans and borrowings	23	(2,795,147)	(2,239,243)
Trade and other payable due to related parties	26	(1,260,679)	(228,247)
Total non-current liabilities		(4,941,364)	(2,274,827)
Net assets		16,314,023	8,665,874
Equity			
Share capital	21	27,405,391	16,860,101
Share premium		4,788,547	3,117,545
Retained losses		(15,040,140)	(10,598,122)
Other reserves		(839,775)	(713,650)
Total equity shareholders' funds		16,314,023	8,665,874

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2015.

Bob Morton

Gene Golembiewski

Directors

Porta Communications PLC (company registration number: 05353387)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 £	2013 Restated, £	2013 £
Cash flow from operating activities				
Loss before taxation on continuing activities		(1,472,454)	(3,132,252)	(3,062,027)
Adjusted for:				
Loss before taxation from discontinued operations		(2,529,706)	63,020	(7,205)
Depreciation and amortisation	3	1,619,846	595,323	595,323
Gain on acquisition of subsidiary	10.1	(475,394)	–	–
Share of losses of associate	12	7,287	26,898	26,898
Gift of capital to Limited Liability Partnership		–	24,000	24,000
Tax paid		(219,353)	(6,674)	(6,674)
Finance income		(1,261)	(1,057)	(1,057)
Finance costs		712,897	546,193	546,193
Loss on disposal of property, plant and equipment	16	10,252	–	–
Increase in work in progress		(699,368)	(403,423)	(2,180,596)
Increase in trade and other receivables		(1,139,675)	(2,998,386)	(4,483,712)
Decrease/(increase) in trade and other payables		(767,154)	368,123	4,002,834
Changes in working capital relating to discontinued operations		(235,414)	372,211	–
Impairment of assets of the discontinued operations	9	1,629,862	–	–
Equity settled share-based payments		185,580	99,678	99,678
Unrealised foreign exchange gain		(23,430)	(40,956)	(40,958)
Net cash outflow from operating activities		(3,397,485)	(4,487,303)	(4,487,303)
Cash flows from investing activities				
Acquisition of intangible assets		(16,672)	(77,627)	(77,627)
Acquisition of property, plant and equipment		(627,165)	(181,965)	(195,965)
Dividends paid to non-controlling interests		(340,833)	(62,500)	(62,500)
Acquisition of subsidiaries, net of cash acquired	10	(3,117,205)	(411,661)	(411,661)
Acquisition of other investments		–	(74,102)	(74,102)
Interest received		1,261	846	846
Interest paid		(49,912)	(80,171)	(152,650)
Net investing cash flow from discontinued operations		(60,381)	(86,479)	–
Net cash outflow from investing activities		(4,210,907)	(973,659)	(973,659)
Cash flows from financing activities				
Proceeds from the issue of Ordinary shares (net of issue costs)		6,595,350	5,433,640	5,433,640
Proceeds from loans and borrowings		3,000,000	2,800,000	2,800,000
Repayment of the loans and borrowings	23	(2,577,292)	(1,000,000)	(1,000,000)
Repayment of leases		(96,944)	–	–
Proceeds from exercise of share options		–	3,333	3,333
Net financing cash flow from discontinued operations		(62,500)	–	–
Net cash generated from financing activities		6,858,614	7,236,973	7,236,973
Net increase/(decrease) in cash and cash equivalents		(749,778)	1,776,011	1,776,011
Cash and cash equivalents at 1 January		2,544,802	777,870	777,870
Effect of exchange rate changes		(3,598)	(9,079)	(9,079)
Cash and cash equivalents at 31 December		1,791,426	2,544,802	2,544,802

The accompanying notes are an integral part of these consolidated financial statements.

Company Statement of Cash Flows

For the year ended 31 December 2014

	Note	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Cash flow from operating activities			
Loss before taxation on continuing activities		(2,382,095)	(2,609,016)
Adjusted for:			
Loss before taxation from discontinued operations		(2,452,517)	–
Impairment of investments		111,685	–
Depreciation and amortisation	3	203,479	106,116
Gift of capital to Limited Liability Partnerships		–	4,000
Finance costs		658,080	458,474
Interest received		–	(784)
Dividend from subsidiary company		(248,494)	–
Intercompany interest charge		(152,972)	(128,059)
Increase in work in progress		–	2,428
Increase in trade and other receivables		(1,111,896)	(859,228)
Increase in amounts receivable from subsidiary companies		(1,098,134)	(2,078,979)
Increase/(decrease) in trade and other payables		990,340	(834,865)
Equity settled share-based payments		175,270	99,678
Unrealised foreign exchange loss		47,938	98,570
Impairment of assets relating to discontinued operations		2,452,517	–
Net cash outflow from operating activities		(2,806,799)	(5,741,665)
Cash flows from investing activities			
Acquisition of subsidiary company, net of cash acquired	10	(5,217,687)	(149,088)
Acquisition of intangible assets		(880)	(29,157)
Acquisition of property, plant and equipment		(442,524)	(38,412)
Interest received		–	784
Interest paid		(46,356)	(80,171)
Dividend received from subsidiary company		248,494	–
Net cash outflow from investing activities		(5,458,953)	(296,044)
Cash flows from financing activities			
Proceeds from the issue of Ordinary shares (net of issue costs)		6,595,350	5,433,640
Proceeds from loans and borrowings	22	3,000,000	2,800,000
Repayment of loans and borrowings		(2,532,371)	(1,000,000)
Proceeds from exercise of share options		–	3,333
Net cash generated from financing activities		7,062,979	7,236,973
Net increase/(decrease) in cash and cash equivalents		(1,202,773)	1,199,265
Cash and cash equivalents at 1 January		1,318,226	118,961
Cash and cash equivalents at 31 December		115,453	1,318,226

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital £	Share premium £	Retained losses £	Translation reserve £	Other Reserves £	Written put/call options over NCI £	Total equity share-holders' funds £	Non-controlling interests £	Total equity £
Balance at 1 January 2014	16,860,101	3,117,545	(13,883,454)	(48,367)	(851,950)	–	5,193,875	1,129,894	6,323,769
Total comprehensive income									
Loss for the period	–	–	(3,737,939)	–	–	–	(3,737,939)	87,341	(3,650,598)
Other comprehensive income	–	–	–	(29,828)	–	–	(29,828)	(15,753)	(45,581)
Total comprehensive income	–	–	(3,737,939)	(29,828)	–	–	(3,767,767)	71,588	(3,696,179)
Transactions with owners of the Company, recognised directly in equity									
Contributions by owners:									
Issue of Ordinary shares	5,384,615	1,615,385	–	–	–	–	7,000,000	–	7,000,000
Issue of Ordinary shares in relation to business combinations	5,160,675	460,267	–	–	–	–	5,620,942	–	5,620,942
Issue costs	–	(404,650)	–	–	–	–	(404,650)	–	(404,650)
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	(340,833)	(340,833)
Share based payments	–	–	–	–	185,580	–	185,580	–	185,580
Written put/call forward options over non-controlling interest	–	–	–	–	–	(1,791,746)	(1,791,746)	–	(1,791,746)
Equity component of the deferred consideration in business combinations	–	–	–	–	1,246,689	–	1,246,689	–	1,246,689
Equity component of the convertible loan issued	–	–	–	–	233,352	–	233,352	–	233,352
	10,545,290	1,671,002	–	–	1,665,621	(1,791,746)	12,090,167	(340,833)	11,749,334
Changes in ownership interests of subsidiaries:									
Acquisition of subsidiary with non-controlling interest	–	–	–	–	–	–	–	1,772,825	1,772,825
Acquisition of non-controlling interest without a change in control	–	–	(100,000)	–	–	–	(100,000)	(756,000)	(856,000)
Disposal of subsidiary with non-controlling interest	–	–	(297,294)	–	–	–	(297,294)	297,294	–
Total transactions recognised directly in equity	10,545,290	1,671,002	(397,294)	–	1,665,621	(1,791,746)	11,692,873	973,286	12,666,159
Balance at 31 December 2014	27,405,391	4,788,547	(18,018,687)	(78,195)	813,671	(1,791,746)	13,118,981	2,174,768	15,293,749

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity *(continued)*

For the year ended 31 December 2013

	Share capital £	Share premium £	Retained losses £	Translation reserve £	Other Reserves £	Total equity share- holders' funds £	Non- controlling interests £	Total equity £
Balance at								
1 January 2013	10,891,396	2,742,120	(11,081,486)	7,501	(949,975)	1,609,556	916,093	2,525,649
Total comprehensive income								
Loss for the year	–	–	(2,726,206)	–	–	(2,726,206)	249,009	(2,477,197)
Other comprehensive income	–	–	–	(48,938)	–	(48,938)	(55,400)	(104,338)
Total comprehensive income	–	–	(2,726,206)	(48,938)	–	(2,775,144)	193,609	(2,581,535)
Transactions with owners of the Company, recognised directly in equity								
Contributions by owners:								
Issue of Ordinary shares	5,696,142	358,841	–	–	–	6,054,983	–	6,054,983
Issue of Ordinary shares in relation to business combinations	269,230	80,770	–	–	–	350,000	–	350,000
Issue costs	–	(66,360)	–	–	–	(66,360)	–	(66,360)
Dividend paid to non-controlling interest	–	–	–	–	–	–	(62,500)	(62,500)
Share based payments	–	–	–	–	99,678	99,678	–	99,678
Share options exercised	3,333	2,174	–	–	(1,653)	3,854	–	3,854
	5,968,705	375,425	–	–	98,025	6,442,155	(62,500)	6,379,655
Changes in ownership interests of subsidiaries:								
Disposal of subsidiary with non-controlling interest	–	–	(75,762)	(6,930)	–	(82,692)	82,692	–
Total transactions recognised directly in equity	5,968,705	375,425	(75,762)	(6,930)	98,025	6,359,463	20,192	6,379,655
Balance at								
31 December 2013	16,860,101	3,117,545	(13,883,454)	(48,367)	(851,950)	5,193,875	1,129,894	6,323,769

The accompanying notes are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital £	Share premium £	Retained losses £	Other reserves £	Written put/call options over NCI £	Total equity shareholders' funds £
Balance at 1 January 2013	10,891,396	2,742,120	(8,649,009)	(811,675)	–	4,172,832
Loss for the year	–	–	(1,949,113)	–	–	(1,949,113)
Issue of Ordinary shares	5,696,142	358,841	–	–	–	6,054,983
Issue of Ordinary shares related to business combinations	269,230	80,770	–	–	–	350,000
Issue costs	–	(66,360)	–	–	–	(66,360)
Share based payments	–	–	–	99,678	–	99,678
Share options exercised	3,333	2,174	–	(1,653)	–	3,854
Balance at 1 January 2014	16,860,101	3,117,545	(10,598,122)	(713,650)	–	8,665,874
Total comprehensive income						
Loss for the year	–	–	(4,442,018)	–	–	(4,442,018)
Total comprehensive income	–	–	(4,442,018)	–	–	(4,442,018)
Transactions with owners of the Company, recognised directly in equity						
Contributions by owners:						
Issue of other Ordinary shares	5,384,615	1,615,385	–	–	–	7,000,000
Issue of Ordinary shares relating to business combinations	5,160,675	460,267	–	–	–	5,620,942
Issue costs	–	(404,650)	–	–	–	(404,650)
Share-based payments	–	–	–	185,580	–	185,580
Written put/call forward options over NCI	–	–	–	–	(1,791,746)	(1,791,746)
Equity component of the deferred consideration in business combinations	–	–	–	1,246,689	–	1,246,689
Equity component of convertible loan issued	–	–	–	233,352	–	233,352
Total transactions recognised directly in equity	10,545,290	1,671,002	–	1,665,621	(1,791,746)	12,090,167
Balance at 31 December 2014	27,405,391	4,788,547	(15,040,140)	951,971	(1,791,746)	16,314,023

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated. The Group's accounting policies have been extended in order to reflect the new businesses commenced or acquired during the year. The adoption of the additional policies has no impact on the results, assets or liabilities of the Group for the prior year.

The financial statements are presented in Pounds Sterling which is the Company's functional currency.

(a) Basis of preparation of the financial statements

The Consolidated and Company financial statements of Porta Communications PLC have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the parts of the Companies Act 2006 applicable to Companies reporting under IFRS.

The Consolidated and Company financial statements have been prepared under the historical cost convention, except for financial instruments, contingent consideration that have been measured at fair value.

The financial statements have been prepared on a going concern basis in accordance with IFRS and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated and parent company financial statements are disclosed under accounting policy (z).

New standards, interpretations and amendments became effective as of 1 January 2014 adopted by the Group:

- IFRS 10 *Consolidated Financial Statements* builds on existing principals by identifying concept of control as the determining factor in whether an entity should be included within the consolidation financial statement of the parent company.
- IAS 27 *Separate Financial Statements* (2011) the amendments to this standard are consequential on the issue of IFRS 10 which replaces IAS 27 in part.
- IFRS 12 *Disclosure of Interests in Other Entities* brings together a single standard for the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

None of the above listed standards that have been adopted during this year affected the amounts reported in the financial statements. Other standards, amendments and interpretation which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

Standards, interpretations and amendments to published standards that are not yet effective and have not been adopted early by the Group

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those which are/may be relevant to the Group and expected to have significant effect on the consolidated financial statements of the Group are set out below.

- IFRS 9 *Financial Instruments* addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Group is yet to assess IFRS 9's full impact.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

- IFRS 15 *Revenue from contracts with customers* deals with revenue recognition and establishes principles for reporting useful information to users of financial statements. The standard replaces IAS 18 *Revenue* and IAS 11 *Construction contracts* and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The Group is assessing the impact of IFRS 15.
- IFRS 11 *Accounting for Acquisition of interests in Joint Operations* – Amendments to IFRS 11 deals with the acquisition of an interest in a joint operation that constitutes a ‘business’ and requires to apply principles of accounting in IFRS 3 *Business Combinations* and other relevant standards that do not conflict with IFRS 11. The amendment must be applied prospectively and is effective for accounting periods beginning on or after 1 January 2016. Early adoption is permitted subject to EU endorsement.
- IAS 27 *Equity Method in Separate Financial Statements* – Amendments to IAS 27 removes the equity method as an option to account for investments in subsidiaries and associates in an entity’s separate financial statements. The amendment must be applied retrospectively and is effective for accounting periods beginning on or after 1 January 2016. Early adoption is permitted subject to EU endorsement.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(b) Basis of consolidation

The Consolidated Statement of Comprehensive Income and Statement of Financial Position include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2014 and present comparative information for the year ended 31 December 2013. One subsidiary, as shown in note 17, has a year-end which is not coterminous with that of the Company as a result of acquisition during the year. In this case, the results, assets and liabilities for those companies have been included up to 31 December 2014.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group’s subsidiaries include Limited Liability Partnerships where the Group does not hold 100% of the partnership interests. In such instances, the classification of non-group interests between non-controlling interests and liabilities is determined based on an assessment of the member’s rights and obligations under the relevant partnership agreement.

Profit or loss and each component of other comprehensive income (‘OCI’) are attributed to the equity holders of the parent of the Group and to non-controlling interests, even if this results in non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in the Statement of Comprehensive Income
- reclassifies the parent’s share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may require that the amounts previously recognised in other comprehensive income be reclassified to profit or loss.

(c) Going concern

The current economic conditions continue to create uncertainty particularly for (a) the level of demand for the Group's services; and (b) the availability of bank finance for the foreseeable future. The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current finance facilities. However, the Directors have sought and received assurance from the Group's major lenders that they will continue to provide financial support beyond the expiry of the existing loan facilities sufficient to enable the Board to conclude that the Group and the Company are going concerns.

Therefore, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for foreseeable future. Therefore the Company and the Group continue to adopt the going concern basis in preparing the consolidated financial statements.

(d) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the date of acquisition and the amount of any non-controlling interest in the acquired entity. Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Acquisition costs incurred are expensed and included in administrative expenses except where they relate to the issue of debt or equity instruments in connection with the acquisition.

When the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. When contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

When the Group enters into options and forward contracts over shares relating to non-controlling interests ('NCI') at the same time as the business combination, the NCI is recognised to the extent the risk and rewards of ownership of those shares remain with them. Irrespective of whether the NCI is recognised, a financial liability (redemption liability) is recorded to reflect the forward or put option. All subsequent changes to the liability are recognised in profit or loss. Where the risks and rewards of ownership remain with the NCIs, the recognised financial liability is a reduction in the controlling interest equity. The non-controlling interest is then recognised and is allocated its share of profits and losses accordingly. Where significant risks and rewards of ownership reside with the NCIs, the difference between the financial liability and the NCI balance is debited to controlling interest equity if the liability is greater than the carrying value of the NCI, otherwise the difference is attributed to NCI. Dividends paid to the NCIs that do not reduce the contracted purchase price are deducted from the non-controlling interest carrying value. Profits and losses are allocated to NCI to the extent it is necessary to cover the dividend payment so that NCI does not become negative. In those situations when forward or put options state that dividend payments reduce the contracted future purchase price, then the dividend amount is deducted from the redemption liability.

Transactions with NCIs that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains and losses on disposal to non-controlling interests are also recorded in equity.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

(f) Foreign currency translation

Amounts included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The Consolidated financial statements are presented in pounds sterling, the Company's functional and presentation currency. Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income except when deferred in equity as qualifying cash flow and net investment hedges.

The results and financial position of all Group companies that have a functional currency other than sterling are translated as follows:

- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction date, in which case income and expenses are translated at the date of the transaction);
- assets and liabilities are translated at the closing exchange rate at Statement of Financial Position date; and
- all resulting exchange differences are recognised as other comprehensive income which is a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and from borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold such exchange differences are recognised in the Statement of Comprehensive Income as part of the gain or loss on sale. Goodwill and fair value adjustments on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate. Exchange differences arising are recognised as recognised in other comprehensive income.

(g) Revenue and revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue represents the fees and commissions, net of discounts, derived from services provided to and invoiced to clients.

Revenue is recognised in the period in which the service is performed, in accordance with contractual arrangements. Income billed in advance of the performance of service is deferred and income in respect of work carried out but not billed at period end is accrued. In these cases, revenue is recognised by reference to the stage of completion which is measured by reference to labour hours incurred to the period end as a percentage of the total estimated labour hours for the contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and provision for any impairment. Depreciation is calculated to write down the cost of all tangible fixed assets to estimated residual value over their expected useful lives as follows:

Office improvements	5 years, straight line (or length of lease, if shorter)
Office equipment	5 years, straight line
Furniture, fixtures and fittings	5 years, straight line
IT equipment	3 years, straight line

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Statement of Comprehensive Income.

(i) Intangible assets

Intangible assets comprise goodwill, certain acquired separable corporate brand names, acquired customer relationships and website development costs, software and other licences.

Goodwill represents the excess of fair value attributed to investments in businesses or subsidiary undertakings over the fair value of the underlying net assets, including intangible assets, at the date of their acquisition. Goodwill on acquisition of an entity is included in intangible assets. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill has indefinite useful life and therefore not amortised. Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the net present value of future cash flows derived from the underlying assets using a projection period of up to five years for each cash-generating unit. After the projection period a steady growth rate representing an appropriate long-term growth rate for the industry is applied. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Corporate brand names and customer relationships acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

Expenditure on website development, software and licences is initially stated at cost.

Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset, other than goodwill, on a straight-line basis over the estimated life of the asset. Estimated life and estimated residual value is calculated on an asset by asset basis having regard to the nature of the asset, and the cash flows generated, or to be generated, by the asset historically and projected.

Amortisation is calculated to write down the cost of these assets to their estimated residual value over their expected useful lives as follows:

Brands	10 years, straight line
Customer relationships	5 years, straight line
Websites, software and licences	3 years, straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Statement of Comprehensive Income.

(j) Impairment of assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the present value of the future cash flows relating to the asset, and is determined over periods which are deemed to appropriately reflect the minimum expected period that the cash generating unit will operate for. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

flows (cash generating units). Any impairment loss is immediately recognised as an expense in the Statement of Comprehensive Income.

(k) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operation may include abandoned or closed operations which will not meet the held for sale criteria as they are not recovered principally through sale and therefore balance sheet presentation requirements will not be applicable to them.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Comprehensive Income.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

(l) Investments

Fixed asset investments in subsidiaries are shown at cost less any provision for impairment.

Investments in associate entities over which Group has significant influence are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control and/or joint control over those policies.

Under the equity method, the investment, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of Comprehensive Income reflects the Group's share of the results of operations of the associate. Any change in the OCI of those investments is presented as part of the Group's OCI. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Statement of Comprehensive Income outside operating profit and represents profit or loss after tax and non-controlling interest in the subsidiaries of the associates.

At each reporting date, the Group determines whether it is necessary to recognise an impairment loss of its investment in its associates through examination of any objective evidence. The Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'share of profit of an associate' in the Statement of Comprehensive Income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investments at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(m) Available for sale investments ('AFS')

AFS financial investments include equity instruments and debt securities. Equity instruments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial instruments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain and loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the Statement of Comprehensive Income in finance costs.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the partnership is unable to trade these financial assets due to inactive markets, the partnership may elect to reclassify these financial assets if member have the ability and intention to hold the assets for foreseeable future or until maturity.

For the financial assets reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate ('EIR'). Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the Statement of Comprehensive Income.

(n) Work in progress

Work in progress is valued at cost, which includes outlays incurred on behalf of clients and an appropriate proportion of directly attributable costs and overheads on incomplete assignments. Provision is made for irrecoverable costs where it is probable that such costs will not be recovered from future billing.

(o) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the Statement of Comprehensive Income.

(p) Cash and cash equivalents

In consolidated statement of cash flow, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Consolidated Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

(q) Share capital and share premium

Ordinary shares are classified as equity. Share premium represents the amounts received in excess of the nominal value of the Ordinary shares less costs of the shares issued and is classified as equity.

(r) Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Borrowings and compound instruments

Borrowings are recognised initially at fair value, net of transactions costs incurred. Borrowings are subsequently carried at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs. In cases where these costs are settled at the time of the borrowing maturity and was added to the principal subject to an additional interest charge, this fee is capitalised as prepayment for liquidity services and amortised over the period of the facility to which it relates.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Borrowings issued to the Group that can be converted into share capital at the option of the issuer, and where the number of shares to be issued does not vary with changes in their fair value, are classified by the Group as compound financial instruments. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to liability and equity component in proportion to the initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

(t) Taxation including deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement except where it relates to items taken directly to the Consolidated Statement of Comprehensive Income or Equity. Tax on Company profits is provided for at the current rate applicable in each of the relevant territories. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax assets are recognised to the extent that the Group believes it is probable that future taxable profit will be available against which temporary timing differences and losses from previous periods can be utilised. The Group's assessment of the recoverability of deferred tax assets is based on a two year forecast of the future profitability of the Group.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised.

(u) Share based payments

The Group makes equity-settled payments to its employees. Equity-settled share based awards are measured at fair value at the date of grant using an options pricing methodology and expensed over the vesting period of the award. At each Statement of Financial Position date the Group reviews its estimate of the number of options that are expected to vest.

Shares issued to vendors in respect of the acquisition of interests in subsidiary undertakings are accounted for in accordance with accounting policy (d) above.

Equity-settled share based payments may also be made in settlement of professional costs in relation to costs incurred in the issue of new shares and in acquisition of subsidiary companies. In these cases, the payments are measured at fair value of services provided which will normally equate to the invoiced fees where those services are provided at arms' length in the normal course of trade. In the case of payments made for the issue of new shares, the fair value is charged against the share premium account or other reserves; charges in respect of other professional fees are expensed within the Statement of Comprehensive Income for the year.

(v) Leasing commitments

Group as a lessee

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases (net of any incentives received) are charged as finance costs to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Leases where significant risks and benefits incidental to ownership of the leased item have been transferred to the Group are classified as finance lease. Finance leases are capitalised at the commencement of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Comprehensive Income.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of estimated useful life of the asset and the lease term.

(w) Provisions

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(x) Finance costs

Finance costs, include interest, bank charges and the unwinding of the discount on deferred consideration, are recognised in the Statement of Comprehensive Income in the year in which they are incurred using the effective interest rate method.

(y) Pensions and similar obligations

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis in respect of defined contribution plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Payments to defined contribution pension plan were charged as an expense to the Statement of Comprehensive Income, as incurred, when the related employee service is rendered. The Group has no further legal or constructive payment obligations once the contributions have been made.

(z) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

● Business Combinations

The Group has recognised customer relationships and brands relating to acquisitions it has made (see note 10). The determination of estimated fair values of acquired intangible assets, as well as the expected useful life ascribed, requires the use of significant judgment. The Group has used the discounted cash flows and relief-from-royalty models in order to determine the fair value of acquired intangible assets.

Contingent consideration relating to acquisitions is recognised at fair value. This is determined based on management estimates of the most likely outcome, discounted to present value using an appropriate discount rate based on market inputs and management judgment.

● Discontinued operations

The Group has concluded that the closure of the media and creative agencies in Tunbridge Wells, the Twenty20 Media group constitutes a disposal group and discontinued operations under IFRS 5 and has accounted for it accordingly. The Group eliminates intercompany transactions at the discontinued operational level.

● Impairment of goodwill and intangible assets

The carrying value of goodwill and brands are subject to an impairment review both annually and when there are indications that the carrying value may not be recoverable, in accordance with policies (i) and (j) stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of estimates.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

● Recoverability of investments and debts due from subsidiaries and related parties

Whether the carrying value of the Company's investment in subsidiaries, balances due from those subsidiaries and balances due from related parties is recoverable or impaired requires judgments and estimates relating to the prospects of those subsidiaries. The Directors assess the recoverability of these balances at each year end. Particularly in the case of start-up businesses, such judgments and estimates are subject to the uncertainty inherent in projections of expected future growth in revenue.

● Control in another entity with less than half of the voting rights

The Directors concluded that the Group's 45% interest ownership of Newgate Communications Singapore Pte. Ltd (note 10.2) is a controlling interest and therefore the results of the acquired businesses since acquisition has been included in the Group's consolidated financial statements. In making this judgement the Directors assessed the Group's power over the investee; its exposure and rights to variable returns from its involvement with the investee; and its ability to use the power over the investee to affect the amount of investor's return.

2. Segmental reporting

Business segments

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services and are managed separately because they require different resources and strategies. For each of the strategic divisions, the Group's CEO (the chief operating decision maker) reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments.

- Corporate Communications includes public relations, public affairs and other corporate communication services.
- Marketing & Advertising includes media buying, creative advertising, marketing and corporate branding services.
- Head office includes services provided by the Group's corporate function, including group treasury and finance and management services.

The Board considers the Group to have three reportable segments. Information regarding the results of each reportable segment is included below. The accounting policies of the reportable segments are the same as the Group's accounting policies, which are described in note 1.

Inter-segment pricing is determined on an arm's length basis. Segment result represents operating profit, which is the measure reported to the chief operating decision maker. All assets and liabilities are allocated to reportable segments with the exception of tax and other centrally managed balances. Goodwill is allocated to segments as described in note 15.

31 December 2014					
£	Communications	Marketing & Advertising	Head Office	Other/ Consol. ¹	Total
External revenue	18,625,818	4,647,850	–	–	23,273,668
Inter-segment revenue	152,832	114,705	1,116,886	(1,384,423)	–
Reportable segment revenue	18,778,650	4,762,555	1,116,886	(1,384,423)	23,273,668
Gross profit	16,714,182	2,539,795	151,352	–	19,405,329
Depreciation and amortisation	(1,069,634)	(175,390)	(203,479)	–	(1,448,503)
Reportable segment result	885,053	261,375	(1,923,568)	–	(777,140)
Finance income	6,056	259	154,809	(159,863)	1,261
Finance expense	(136,066)	(56,472)	(656,613)	159,863	(689,288)
Taxation (expense)/credit	(207,593)	117,529	392,594	–	302,530
Reportable segment assets	25,303,801	3,659,710	12,454,647	(8,233,204)	33,184,954
Capital expenditure	171,238	20,064	826,019	–	1,017,321
Reportable segment liabilities	(9,065,447)	(7,184,801)	(9,874,161)	8,233,204	(17,891,205)

1. No discontinued operations are presented within Other/Consol. in the table above.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

31 December 2013 Restated, £	Communications	Marketing & Advertising ²	Head Office	Other/ Consol. ¹	Total
External revenue	7,817,772	1,452,458	7,528	–	9,277,758
Inter-segment revenue	474,122	121,923	448,299	(1,044,344)	–
Reportable segment revenue	8,291,894	1,574,381	455,827	(1,044,344)	9,277,758
Gross profit	7,387,819	1,000,868	6,251	(122,494)	8,272,444
Depreciation and amortisation	(309,737)	(10,629)	(106,116)	–	(426,482)
Reportable segment result	272,399	(783,562)	(2,126,371)	–	(2,637,534)
Finance income	4,501	–	87,687	(91,131)	1,057
Finance expense	(66,734)	(20,260)	(473,014)	91,131	(468,877)
Taxation credit	70,553	2,174	596,397	–	669,124
Reportable segment assets	8,519,152	10,938,523	9,576,748	(6,009,923)	23,024,500
Capital expenditure	(138,240)	(19,313)	(38,020)	–	(195,573)
Reportable segment liabilities	(5,047,532)	(12,407,050)	(5,256,072)	6,009,923	(16,700,731)

2. The Marketing & Advertising segment for the year ended 31 December 2013 includes the results of Twenty20 Media group which have been treated as discontinued operations for the year ended 31 December 2014.

31 December 2013 £	Communications	Marketing & Advertising ²	Head Office	Other/ Consol. ¹	Total
External revenue	7,817,772	16,615,990	7,528	–	24,441,290
Inter-segment revenue	474,122	121,923	448,299	(1,044,344)	–
Reportable segment revenue	8,291,894	16,737,913	455,827	(1,044,344)	24,441,290
Gross profit	7,387,819	3,919,972	6,251	(122,494)	11,191,548
Depreciation and amortisation	(309,737)	(179,470)	(106,116)	–	(595,323)
Reportable segment result	272,399	(636,021)	(2,126,371)	–	(2,489,993)
Interest revenue	4,501	–	87,687	(91,131)	1,057
Interest expense	(66,734)	(97,576)	(473,014)	91,131	(546,193)
Taxation (expense)/credit	70,553	(74,915)	596,397	–	592,035
Reportable segment assets	8,519,152	10,938,523	9,576,748	(6,009,923)	23,024,500
Capital expenditure	(138,240)	(19,313)	(38,020)	–	(195,573)
Reportable segment liabilities	(5,047,532)	(12,407,050)	(5,256,073)	6,009,923	(16,700,731)

Geographical segments

The analysis of results and assets by geographic region, based on the location of operating company, is as follows:

31 December 2014	UK £	Europe £	Asia- Pacific £	Total £
Revenue	15,160,367	509,122	7,604,179	23,273,668
Gross profit	11,867,995	467,872	7,069,462	19,405,329
Profit/(loss) on continuing operations before tax	(2,547,818)	(176,536)	1,251,900	(1,472,454)
Loss on discontinued operations before tax	(2,529,706)	–	–	(2,529,706)

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

	UK ¹ £	Europe £	Asia- Pacific £	Total £
31 December 2013 – Restated				
Revenue	6,105,811	671,553	2,500,394	9,277,758
Gross profit	5,332,702	643,518	2,296,225	8,272,444
Profit/(loss) on continuing operations before tax	(3,135,870)	(124,096)	127,714	(3,132,252)
Loss on discontinued operations before tax	(6,864)	(7,205)	–	(14,069)
31 December 2013				
Revenue	21,269,343	671,553	2,500,394	24,441,290
Gross profit	8,251,805	643,518	2,296,225	11,191,548
Profit/(loss) on continuing operations before tax	(3,065,644)	(124,096)	127,714	(3,062,026)
Loss on discontinued operations before tax	–	(7,205)	–	(7,205)

1. The UK geographical segment for the year ended 31 December 2013 includes the results of Twenty20 Media group which have been treated as discontinued operations for the year ended 31 December 2014.

Sales to customers based in the UK amounted to 64% (2013 restated: 57%) of Group revenue. Australian and USA based customers combined accounted for more than 10% of Group revenue however, no individual customer sales were greater than 5% of Group revenue. Geographical split of the customer based revenue is presented below:

Customer based revenue	2014	2013 Restated	2013
United Kingdom	64%	57%	71%
Australia	31%	28%	11%
USA	0%	1%	12%
Europe	2%	8%	4%
Hong Kong and Singapore	1%	0%	0%
Other	2%	6%	2%

	UK £	Rest of Europe £	Asia-Pacific £	Intercompany ¹ £	Total £
Year ended 31 December 2014					
Non-current assets	22,889,023	(362,997)	(4,739)	(3,624)	22,517,663
Current assets	9,770,147	388,944	2,860,247	(2,352,047)	10,667,291
Current liabilities	(12,260,633)	(386,106)	(1,476,979)	2,355,671	(11,768,047)
Long term liabilities	(6,056,338)	–	(66,820)	–	(6,123,158)
	14,342,199	(360,159)	1,311,709	–	15,293,749

	UK £	Rest of Europe £	Asia-Pacific £	Intercompany ¹ £	Total £
Year ended 31 December 2013					
Non-current assets	10,242,433	2,368	85,286	–	10,330,087
Current assets	18,051,048	51,954	1,254,153	(6,662,742)	12,694,413
Current liabilities	(18,941,772)	(49,164)	(455,881)	6,662,742	(12,784,075)
Long term liabilities	(3,003,739)	(221,356)	(691,561)	–	(3,916,656)
	6,347,970	(216,198)	191,997	–	6,323,769

1. Assets and liabilities for the year ended on 31 December 2013 have been restated to disclose the gross amounts payable and receivable. In the previous years' financial statements these figures were shown net.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

3. Expenses – analysis by nature

The operating loss on continuing activities is stated after charging:

	Year ended 31 December 2014 £	Year ended 31 December 2013 Restated, £	Year ended 31 December 2013 £
Employment costs (see note 4)	13,464,465	7,406,219	9,221,085
Auditor's remuneration			
Fees payable to the Company's auditors for the audit of the Group's consolidated financial statements			
Financial statements	64,250	60,210	64,210
Fees payable to the Company's auditors and their associates for other services to the Group			
– The audit of the Company's subsidiaries pursuant to legislation	37,750	21,500	35,500
– Tax services	–	–	–
– Other services	2,000	1,050	1,050
Legal and other professional consultancy costs	276,418	480,640	485,859
Depreciation and amortisation – of acquired intangible assets	1,042,160	257,113	399,613
Depreciation and amortisation – of other fixed and intangible assets	406,343	169,369	195,710
Acquisition costs paid (see note 10)	271,947	23,891	64,069

The amount shown for fees payable to the Company's auditors for the audit of the Group's consolidated financial statements includes £19,000 (2013: £17,500) in respect of the Company's own audit.

4. Employment benefit expense

Employment costs and staff numbers

Employment and guaranteed partner drawings costs relating to continuing activities during the year were as follows:

	Year ended 31 December 2014 £	Year ended 31 December 2013 Restated, £	Year ended 31 December 2013 £
Continuing operations:			
Wages, salaries, guaranteed drawings and non-executive fees	11,420,492	6,512,354	8,091,766
Pension costs	472,915	319,978	340,282
Share based payments	185,580	99,678	99,678
Social security costs	1,101,584	322,771	516,829
Other employment related welfare costs	283,894	141,438	172,530
Charged to comprehensive income for continuing operations	13,464,465	7,406,219	9,221,085

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

	Year ended 31 December 2014 £	Year ended 31 December 2013 Restated, £	Year ended 31 December 2013 £
Discontinued operations:			
Wages and salaries	1,398,451	1,579,412	–
Pension costs	–	20,304	–
Social security costs	136,573	184,057	–
Other employment related welfare costs	21,076	31,092	–
Charged to comprehensive income for discontinued operations	1,556,100	1,814,865	–

Partners' drawings have been included in the above analysis whereby partners in Limited Liability Partnerships of the Group are entitled to receive guaranteed drawings in consideration for providing their services to the Group.

Employment costs include amounts paid to Directors' service companies as detailed in note 26.

The average monthly number of employees and partners during the year, including Executive Directors, was as follows:

	Year ended 31 December 2014 number	Year ended 31 December 2013 Restated number	Year ended 31 December 2013 number
Continuing operations:			
Sales	127	66	80
Management	37	27	23
Administration	35	18	18
	199	111	121
Discontinuing operations:			
Sales	18	30	–
Management	3	1	–
Administration	5	4	–
	26	35	–

Directors' remuneration

The remuneration of the Directors for the year amounted to £588,586 (2013: £422,962). The remuneration of the highest paid Director was £271,633 (2013: £138,831). In addition to these sums, £174,932 (2013: £76,503) was charged to the Statement of Comprehensive Income in relation to share options granted to Executive Directors during the period. A further charge of £32,559 relating to the year ended 31 December 2014 was not recognised in the current period, but will be charged to the Statement of Comprehensive Income in 2015. All of the above remuneration is accounted for within continuing operations. Further details of share based payments are given in note 22.

Further details of Directors' remuneration are set out in the Report of the Remuneration Committee on pages 54 to 59 which is incorporated into these notes by way of reference.

Retirement benefits

The Company provides for retirement benefits for Executive Directors and certain employees through contributions to a defined contribution plan.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

5. Finance expense and finance income

	Year ended 31 December 2014 £	Year ended 31 December 2013 Restated, £	Year ended 31 December 2013 £
Continuing operations:			
Interest on financial liabilities measured at amortised cost	659,176	458,474	530,953
Net foreign exchange loss	30,112	10,405	15,240
Finance costs	689,288	468,878	546,193
Interest income on bank deposits	1,261	1,057	1,057
Finance income	1,261	1,057	1,057

6. Income tax

Group

	Year ended 31 December 2014 £	Year ended 31 December 2013 Restated, £	Year ended 31 December 2013 £
Continuing activities:			
UK: Current tax charge	(110,544)	(72,183)	(69,567)
Deferred tax credit	789,242	764,495	684,790
Total UK tax credit	678,698	692,312	615,223
Overseas: Current tax charge	(326,084)	(23,188)	(23,188)
Deferred tax charge	(50,084)	–	–
Total overseas tax charge	(376,168)	(23,188)	(23,188)
Total income tax credit for the year	302,530	669,124	592,035

The total tax credit for the year on all activities is as follows:

	Year ended 31 December 2014 £	Year ended 31 December 2013 Restated, £	Year ended 31 December 2013 £
Tax credit on continuing activities (as above)	302,530	669,124	592,035
Tax credit/(charge) of discontinued activities	49,032	(77,089)	–

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 21.5% (2013: 23.25%) for the reasons set out in the following table:

	Year ended 31 December 2014 £	Year ended 31 December 2013 Restated, £	Year ended 31 December 2013 £
Loss before taxation on continuing activities	(1,472,454)	(3,132,252)	(3,062,027)
Income tax credit computed at the statutory tax rate on loss before taxation on all activities	316,578	728,249	711,921
Adjustments in respect of current income tax of prior periods	(57,332)	–	–
Expenses not deductible for tax purposes	(220,557)	(830,751)	(898,857)
Income not chargeable to taxation	193,024	–	–
Overseas profits taxed at differing rates	(96,963)	(8,624)	(8,624)
UK profits taxed at different rate	2,614	–	–
Unrecognised tax losses brought forward now utilised	–	755,985	795,780
Tax losses not relieved not recognised	(59,041)	(28,852)	(28,852)
Change in recognised temporary differences	32,684	21,403	22,085
Change in tax rate in respect deferred taxation	13,768	–	(1,418)
Group relief received in respect of discontinued operations	177,755	31,713	–
Total tax credit for the year	302,530	669,124	592,035

Unrecognised deferred tax assets

The Group has tax losses of approximately £3,400,000 (2013: £2,500,000) available to be utilised against future taxable profits in the relevant companies in their countries of operation.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets £	Liabilities £	Net £
31 December 2014			
Intangible assets	–	(2,184,076)	(2,184,076)
Fixed assets	–	(134,540)	(134,540)
Trade and other payables	119,038	–	119,038
Tax loss carry-forward	1,330,833	–	1,330,833
Net tax liabilities	1,449,871	(2,318,616)	(868,745)

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Movements in the deferred tax balances during the year were as follows:

	Balance at 1 January 2014 £	Recognised in profit or loss* £	Exchange differences and transfers £	Acquired in business combinations £	Taken to disposal group £	Balance at 31 December 2014 £
31 December 2014						
Intangible assets	(361,871)	(45,386)	–	(2,334,150)	557,331	(2,184,076)
Fixed assets	(58,417)	(127,303)	2,514	–	48,666	(134,540)
Trade and other payables	52,206	129,759	–	–	(62,927)	119,038
Tax loss carry-forward	1,068,440	831,121	–	–	(568,728)	1,330,833
	700,358	788,191	2,514	(2,334,150)	(25,658)	(868,745)

*£739,158 of deferred tax credit recognised in the profit and loss relates to continuing operations and £49,032 to discontinued activities.

	Assets £	Liabilities £	Net £
31 December 2013			
Intangible assets	–	(361,871)	(361,871)
Fixed assets	(48,804)	(9,613)	(58,417)
Trade and other payables	72,106	(19,900)	52,206
Tax loss carry-forward	1,068,440	–	1,068,440
Net tax assets	1,091,742	(391,384)	700,358

	Balance at 1 January 2013 £	Recognised in profit or loss* £	Exchange differences and transfers £	Acquired in business combinations £	Taken to disposal group £	Balance at 31 December 2013 £
31 December 2013						
Intangible assets	(406,425)	88,721	–	(44,167)	–	(361,871)
Fixed assets	(20,292)	(38,125)	–	–	–	(58,417)
Trade and other payables	41,930	7,471	2,805	–	–	52,206
Tax loss carry-forward	441,717	626,723	–	–	–	1,068,440
	56,930	684,790	2,805	(44,167)	–	700,358

Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets £	Liabilities £	Net £
31 December 2014			
Tangible assets	–	(29,204)	(29,204)
Trade and other payables	118,325	–	118,325
Tax loss carry-forwards	1,185,343	–	1,185,343
Net tax assets	1,303,668	(29,204)	1,274,464

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

	Assets £	Liabilities £	Net £
31 December 2013			
Tangible assets	–	(7,337)	(7,337)
Trade and other payables	7,223	–	7,223
Tax loss carry-forwards	881,984	–	881,984
Net tax assets	889,207	(7,337)	881,870

7. Financial Risk Management

The Group's financial assets and financial liabilities, as defined by IAS 32 are categorised as follows:

	Notes	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Available for sale investments – at fair value through OCI			
Quoted equity shares		1,000	1,000
Financial assets at fair value through profit or loss:			
Work in progress		1,115,206	2,320,205
Trade receivables	18	5,532,508	5,803,297
Other debtors	18	2,228,151	2,026,109
Cash and cash equivalents		1,791,426	2,544,802
		10,668,291	12,695,413
Financial liabilities – held at amortised cost			
Trade payables	19	(1,970,894)	(4,077,707)
Bank overdraft	19	–	(1,211,051)
Other liabilities	19	(4,556,822)	(4,530,845)
Loans and borrowings	23	(7,012,762)	(5,685,166)
Finance lease	24	(385,394)	(19,237)
Financial liabilities – held at fair value through profit or loss			
Contingent consideration	20	(981,379)	(636,029)
		(14,907,251)	(16,160,035)

The management have assessed that the fair value of cash and short term deposits, trade receivable, trade payable and bank overdrafts and other current liabilities approximate to their carrying amounts as those items have short term maturities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Long-term fixed rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors and the individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2014, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- Fair value of the quoted instruments is based on price quotation at the reporting date. During 2013, as a settlement of the trade receivable balance, the Group received 2,500,000 Ordinary shares of 0.01p quoted on London Stock Exchange with the fair value of £1,000. The value of quoted shares at 31 December 2014 is not materially different from original cost and hence no OCI movement arises.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Board of Directors. The Board is responsible for the identification of the major business risks faced by the Company and for determining the appropriate courses of action to manage those risks. The most important types of risk are credit risk, liquidity risk, and market risk. Market risk includes currency risk, interest rate and other price risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers. Customers who wish to trade on credit terms are generally subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At 31 December 2014, no individual customer accounted for more than 3% of the total outstanding trade receivable balance. At 31 December 2013, there were two most significant debtors, a UK technology firm and UK retailer, account for £1,207,759 (21%) and £651,707 (11%) respectively, of the trade and other receivables balance at that date.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed collectively. The calculation is based on actual incurred historical data. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The Group financed its operations during the year from reserves (see Statement of Changes in Shareholder Equity), from additional equity raised (see note 21), and from new loan and convertible loan facilities (see note 23). Operating companies' cash requirements are monitored on a rolling working capital forecast basis and funded, where necessary, from Group funds.

Market risk

(a) Currency exchange risk

The Group's subsidiaries operate in Belgium, Germany, Australia and Singapore and revenues and expenses are denominated in Euro (EUR), Australian Dollar (AUD) and Singapore Dollar (SGD). The Group's Sterling (GBP) Statement of Financial Position is not protected from movements in the exchange rate between these currencies and Sterling. The overall exposure to foreign currency risk is considered by management to be low.

The following table demonstrates the sensitivity to reasonably possible change in EUR, AUD and SGD to GBP exchange rates, with all other variables held constant. The impact on the Group profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group exposure to possible changes in all other foreign exchange currencies is not deemed material.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

	2014		2013	
	+5%	–5%	+5%	–5%
<i>Effect on profit before tax</i>	£	£	£	£
Euro	(8,111)	8,111	(6,205)	6,205
Australian Dollar	58,757	(58,757)	4,124	(4,124)
Singapore Dollar	3,250	(3,250)	–	–
	+5%	–5%	+5%	–5%
<i>Effect on equity</i>	£	£	£	£
Euro	(16,877)	16,877	(10,810)	10,810
Australian Dollar	77,575	(77,575)	(9,600)	9,600
Singapore Dollar	33,351	(33,351)	–	–

(b) Interest rate risk

The interest rate risk profile of the Group's financial assets, excluding in work in progress, trade and other receivables, was as follows:

	Year ended 31 December 2014	Year ended 31 December 2013
<i>Cash and cash equivalents: interest rate exposure</i>	£	£
Floating rate	–	(23,711)
Fixed rate	84,148	–
Non-interest bearing	1,707,278	2,568,513
	1,791,426	2,544,802

The fixed rate cash deposit mature on various dates to 26 July 2015 and bear interest at rates between 1.8% and 2.5% per annum.

The interest rate risk profile of the Group's financial liabilities was as follows:

	Year ended 31 December 2014	Year ended 31 December 2013
<i>Loans and borrowings</i>	£	£
Fixed rate convertible loans	(2,936,680)	–
Fixed rate loans and borrowings	(4,461,476)	(5,054,403)
Variable rate loans	–	(650,000)
	(7,398,156)	(5,704,403)

Fixed rate interest bearing loans and borrowings excluding finance leases are subject to interest at between 6% and 12% per annum (2013: 12% per annum). Further details of loans are given in note 23 and further details of finance lease arrangements in note 24.

Sensitivity Analysis

At 31 December 2014, the continuing businesses of the Group were not exposed to any variable rate borrowings. In 2013 the loss for the year would have increased or decreased by up to £6,500 if the Bank of England Official Bank Rate had moved by 100 basis points during the period. The Group does not account for any fixed rate financial liabilities at fair value through profit or loss, therefore a change in interest rates at the end of the period would not affect profit or loss or equity.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Maturity profile of financial liabilities

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Due in six months or less	5,407,926	10,181,127
Due between six months and 1 year	5,819,828	3,614,620
Due between 1 year and 2 years	2,610,711	129,606
Due between 2 and 5 years	1,068,786	2,234,682
	14,907,251	16,160,035

8. Capital risk management

The capital structure of the Group comprises the equity attributable to equity holders of the parent company, comprising issued share capital, reserves and retained earnings. Quantitative data on these are set out in the Consolidated and Company Statement of Changes in Equity.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors its capital structure on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Total borrowings (note 23)	7,398,156	5,704,403
Less: cash and cash equivalents	(1,791,426)	(2,544,802)
Net debt	5,606,730	3,159,601
Total equity	15,293,749	6,623,769
Total capital	20,900,479	9,483,370
Gearing ratio	27%	33%

The decrease in the gearing ratio during 2014 resulted primarily from the issue of share capital and from consideration for the acquisitions as detailed in note 10.

9. Discontinued operations

On 1 December 2014 the Board committed to a plan to discontinue the trading of Twenty20 Media group ('TTMG'), which was 90% owned by the Group. At 31 December 2014, TTMG, historically representing the major part of the media and advertising operating segment within the Porta Group, was classified as a disposal group and discontinued operations and therefore is excluded from the analysis of continuing operations in the Statement of Comprehensive Income and related notes.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The results of the discontinued operation for the year are as follows:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Revenue	10,270,926	15,163,532
Expenses*	(11,170,770)	(15,100,512)
Loss before tax on discontinued operations	(899,844)	63,020
Impairment of assets of the discontinued operations	(1,629,862)	—
	(2,529,706)	
Taxation	49,032	(77,089)
Loss from discontinued operations after taxation	(2,480,674)	(14,069)

*Expenses include the cost of sale which for 2014 amounted to £8,426,177 or 17.96% of total revenue (2013: £12,244,428 or 19.25%).

The assets and liabilities of Twenty 20 Media group classified as discontinued operations as at 31 December 2014 were as follows:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
<i>Assets</i>		
Intangible assets	3,266,518	—
Fixed assets	54,672	—
Deferred tax asset	25,658	—
Current assets	1,695,509	—
Cash	21,033	—
Impairment of assets of the discontinued operations	(1,629,862)	—
Assets relating to discontinued operations	3,433,528	—
<i>Liabilities</i>		
Current liabilities	(2,214,830)	—
Loans and borrowings	(1,037,500)	—
Provisions	(181,198)	—
Liabilities relating to discontinued operations	(3,433,528)	—
Net assets directly associated with discontinued operations	—	—

Net cash flow incurred by TTMG is as follows:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Operating	(444,049)	341,729
Investing	(60,382)	(86,478)
Financing	(62,500)	—
Net cash (outflow)/inflow	(566,931)	255,251

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Earnings per share (EPS):

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Loss of discontinued operations	(2,480,674)	(14,683)
Basic EPS	(1.1p)	(0.00p)
Diluted EPS	(1.1p)	(0.00p)

Whilst the activities of TTMG were discontinued by 31 December 2014, final insolvency procedures relating to the remaining liabilities of the business were not entered into until shortly after the year end. In view of the timing of the formal procedures relating to extinguishing the debt and in order to comply with the derecognition criteria of IAS 39 'Financial Instruments: Recognition and Measurement' the Group has written down the net assets of TTMG to zero but continued to reflect the gross assets and liabilities in the Consolidated Statement of Financial Position.

Since the year end and until the date of this report no additional losses or gains have occurred.

10. Acquisition of subsidiaries and non-controlling interests

10.1 Acquisition of WSM Digital Communications Limited and WSM Print Management and Creative Services Limited

On 28 March 2014, the Group announced the acquisition of the entire issue share capital of two businesses from WSM Communications Group Limited – WSM Digital Communications Limited ('WSM Digital') and WSM Print Management and Creative Services Limited ('WSM Print'). The deal was financed by the issue of 7,500,000 Ordinary shares of 10p each in Porta at a price of 14.075p per share (the 'Consideration Shares'), with 5,723,802 of the Consideration Shares subject to a 12 month lock-in agreement and a further 12 month orderly market agreement. The remainder of the Consideration Shares were subject to a three month orderly market agreement.

The two businesses acquired incorporated a digital team of 12 specialists and seven print management and design specialists, providing between them full studio design and art-working capabilities and a full digital design and production unit, servicing a range of blue-chip clients. The business units generated approximately £1.3 million of fee income and a small profit in aggregate in the 11 month period to February 2014.

The former shareholders of these acquired businesses were not the same individuals. The two businesses were acquired for individually defined purchase consideration in accordance with the Share Purchase Agreement ('SPA') and both businesses had a clearly distinguished set of integrated activities and assets that were/are capable of being conducted and managed individually and separately from each other for the purpose of providing economic benefits to the owners. Initially the Group had intended to purchase only the profit making WSM Print business however given an exceptionally favourable asking price for the WSM Digital business, the Board decided to proceed with the purchase of both businesses. On this basis for the acquisition accounting purposes as well as for monthly internal reporting purposes the management team of Porta Group views both acquired businesses as two separate business acquisitions in the Group's marketing and advertising segment.

Transaction costs of £73,732 relating to acquisition of these businesses were expensed and are included within administrative expenses.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	WSM Digital	WSM Print
Consideration Shares allocated:	£	£
5,723,802 shares at 14.075p subject to a 12 month lock-in and further 12 month orderly market agreements	55,625	750,000
1,776,198 shares at 14.075p subject to a three month orderly market agreement	–	250,000
Total consideration	55,625	1,000,000

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The following table shows the result of the acquired businesses since acquisition:

10 Months period ended 31 December 2014	WSM Digital £	WSM Print £
Revenue	347,622	1,822,722
Cost of sales	(48,104)	(1,103,955)
Gross Profit	299,518	718,767
Operating and administrative expenses	(103,642)	(524,161)
Operating profit	195,876	194,606
Finance income	(510)	(220)
Profit before taxation	195,366	194,386
Taxation	97,736	21,014
Profit for the period	293,102	215,400
Total comprehensive income for the period	293,102	215,400

100% of total comprehensive income for the period generated by each of these acquired businesses is attributed to the equity shareholder.

If the acquisition of WSM Digital had occurred on 1 January 2014, management estimates that the Group's consolidated revenue would have been approximately £78,500 higher and the loss on continuing activities before taxation would increase by £131,900. If the acquisition of WSM Print had occurred on 1 January 2014, management estimates that the Group's consolidated revenue would have been approximately £186,400 higher and the loss on continuing activities before taxation would decrease by approximately £14,300.

In determining these amounts, it has been assumed that the fair value adjustments that arose on the date of acquisition would have been the same had the acquisition occurred on 1 January 2014.

The cash flows of the acquired business since acquisition were as follows:

10 Months period ended 31 December 2014	WSM Digital £	WSM Print £
Net cash from operating activities	1,865	23,841
Net cash from investing activities	(669)	(6,230)
Net cash from financing activities	–	–
Net increase in cash and cash equivalents	1,196	17,611
Cash and cash equivalents on acquisition	2,897	68,129
Effect of exchange rate changes	(1)	1
Cash and cash equivalents at the end of the year	4,092	85,741

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The values of goodwill and other assets and liabilities relating to the acquisition of WSM Digital incorporated into these financial statements, using the acquisition method of accounting, are as follows:

WSM Digital – Identifiable assets acquired and liabilities assumed

	Book value on acquisition £	Fair value adjustments £	Fair value £
Goodwill	–	–	–
Brand and customer relationships	–	510,000	510,000
Fixed assets	12,932	–	12,932
Trade and other receivables	217,562	–	217,562
Cash and cash equivalents	2,897	–	2,897
Total assets	233,391	510,000	743,391
Trade and other payables	(105,274)	–	(105,274)
Deferred tax liability	–	(107,100)	(107,100)
Total liabilities	(105,272)	(107,100)	(212,372)
Net assets acquired	128,121	402,900	531,019
Bargain purchase on acquisition			(475,394)
Net value attributable to Group equity shareholders			55,625

The management has estimated that the skills and knowledge of the staff acquired in this deal and the synergies expected to be achieved incorporating the customer list and staff into the existing business resulted in a bargain purchase and therefore the gain on this acquisition in the amount of £475,394 has been recognised in the Statement of Comprehensive Income.

WSM Print – Identifiable assets acquired and liabilities assumed:

	Book value on acquisition £	Fair value adjustments £	Fair value £
Goodwill	–	594,295	594,295
Brand and customer relationships	–	590,000	590,000
Fixed assets	3,915	–	3,915
Trade and other receivables	429,921	–	429,921
Cash and cash equivalents	68,129	–	68,129
Total assets	501,965	1,184,295	1,686,260
Trade and other payables	(562,360)	–	(562,360)
Deferred tax liability	–	(123,900)	(123,900)
Total liabilities	(562,360)	(123,900)	(686,260)
Net assets acquired	(60,395)	1,060,395	1,000,000
Net value attributable to Group equity shareholders			1,000,000

The goodwill is attributable mainly to the skills and knowledge of the staff acquired and the synergies expected to be achieved incorporating the customer list and staff into the existing business.

10.2 Acquisition of Newgate Communications (Singapore) Pte. Ltd

Newgate Communications (Singapore) Pte. Ltd ('Newgate Singapore') is a start-up PR consultancy firm specialising in corporate communications, financial communications and public affairs which has been operating under the 'Newgate' brand from the commencement of its trading activity in June 2013.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

During 2013, the Group provided Newgate Singapore with a convertible loan facility of £531,066 for general working capital purposes. The loan facility is convertible into a maximum of 51% of the issued share capital of Newgate Singapore at the provider's discretion or repayable on demand.

On 1 March 2014, the Group acquired 45% ownership in Newgate Singapore through conversion of 88% of the outstanding loan. In view of the likelihood the Group will exercise its conversion rights over the remaining 12% of the loan, the Directors are of the opinion that the Group now exercises effective control over Newgate Singapore and accordingly its results have been consolidated within the Porta Communications group since the date of acquisition on 1 March 2014.

Fair value of net assets acquired was deemed to be equal to their book value. The following table summarises the recognised amounts of assets and liabilities assumed at the acquisition date.

The following table shows the result of the acquired businesses since acquisition:

	10 months period ended 31 December 2014 £
Revenue	632,525
Cost of sales	(33,282)
Gross Profit	599,243
Operating and administrative expenses	(524,890)
Operating profit	74,353
Finance income	(9,364)
Profit before taxation	64,989
Taxation	(48)
Profit for the period	64,941
Total comprehensive income for the period	64,941
<i>Attributed to:</i>	
Equity Shareholders (45%)	29,223
Non-controlling interests (55%)	35,718

If the acquisition of Newgate Singapore had occurred on 1 January 2014, management estimates that the Group's consolidated revenue would have been approximately £66,800 higher and the loss on continuing activities before taxation would have increased by £42,600.

In determining these amounts, it has been assumed that the fair value adjustments that arose on the date of acquisition would have been the same had the acquisition occurred on 1 January 2014.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The cash flows of the acquired business since acquisition were as follows:

	10 months period ended 31 December 2014 £
Net cash from operating activities	84,014
Net cash from investing activities	(1,208)
Net cash from financing activities	–
Net increase in cash and cash equivalents	82,806
Cash and cash equivalents on acquisition	44,002
Effect of exchange rate changes	2,567
Cash and cash equivalents at the end of the year	129,375

The values of goodwill and other assets and liabilities relating to the acquisition of Newgate Singapore incorporated into these financial statements, using the acquisition method of accounting, are as follows:

Newgate Singapore – Identifiable assets acquired and liabilities assumed

	Book value on acquisition £	Fair value adjustments £	Fair value £
Goodwill	–	429,138	429,138
Intangible assets	1,223	–	1,223
Fixed assets	52,662	–	52,662
Trade and other receivables	88,895	–	88,895
Cash and cash equivalents	44,002	–	44,002
Total assets	186,782	429,138	615,920
Trade and other payables	(99,115)	–	(99,115)
Total liabilities	(99,115)	–	(99,115)
Net assets acquired	87,667	429,138	516,805
Less: attributable to NCI*			(48,217)
Net value attributable to Group equity shareholders			468,588

*The NCI was measured at a proportionate share of the net identifiable assets.

The goodwill is attributable mainly to the skills and knowledge of the staff acquired and the synergies expected to be achieved incorporating the customer list and staff into the existing business.

10.3 Acquisition of Redleaf Polhill Limited

On 23 April 2014, the Group announced the acquisition of 51% of the issued share capital of Redleaf Polhill Limited ('Redleaf'), a leading full service communications agency, from its shareholders, with an option to acquire the remaining 49% over the following three financial years.

Under the terms of the agreement, the total purchase consideration of £1,795,000 was satisfied by £897,500 in cash and the remaining balance through the issue of 6,998,050 Ordinary shares of 10p each in Porta (the 'Consideration Shares'), of which 1,760,010 will be issued following certain conditions under the acquisition agreement being satisfied. The Consideration Shares are subject to a lock-in agreement which provides for a 24 month lock-in period and a further 12 month orderly market period.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

In accordance with the Share Purchase Agreement, non-controlling shareholders of Redleaf were granted put options over the remaining 49% of the issued share capital in Redleaf. These options are exercisable in three tranches following the end of each of the next three full financial years of Redleaf on similar terms to the initial acquisition. The put options were accompanied by a grant of call options to Porta, on the same terms, over the remaining 49% non-controlling interest in Redleaf. A purchase call option allows Porta to purchase the remaining 49% in accordance with the terms and conditions of the call. Any additional consideration payable under the put and call options is to be satisfied 50% in cash and 50% in Ordinary shares.

Transaction costs of £82,108 relating to acquisition of this business were expensed and are included within administrative costs.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	£
Cash	897,500
5,238,040 ordinary of 10p each at a price of 12.825p per share subject to a 24 month lock-in period and a further 12 month orderly market agreement	671,779
1,760,010 deferred shares of 10p each at a price of 12.825p per share following satisfaction of specific terms of the acquisition agreement	225,721
Total consideration	1,795,000

The following table shows the result of the acquired businesses since acquisition:

	9 months period ended 31 December 2014 £
Revenue	2,359,365
Cost of sales	(102,871)
Gross Profit	2,256,494
Operating and administrative expenses	(2,083,199)
Operating profit	173,295
Finance income	(242)
Profit before taxation	173,053
Taxation	(31,934)
Profit for the period	141,119
Total comprehensive income for the period	141,119
<i>Attributed to:</i>	
Equity Shareholders (51%)	71,971
Non-controlling interests (49%)	69,148

If the acquisition had occurred on 1 January 2014, management estimates that the Group's consolidated revenue would have been approximately £821,300 higher and the loss on continuing activities before taxation would have decreased by £305,000.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The cash flows of the acquired business since acquisition were as follows:

	9 months period ended 31 December 2014 £
Net cash from operating activities	684,340
Net cash from investing activities	(300,317)
Net cash from financing activities	–
Net increase in cash and cash equivalents	384,023
Cash and cash equivalents on acquisition	–
Cash and cash equivalents at the end of the year	384,023

The values of goodwill and other assets and liabilities relating to the acquisition of Redleaf incorporated into these financial statements, using the acquisition method of accounting, are as follows:

Redleaf – Identifiable assets acquired and liabilities assumed

	Book value on acquisition £	Fair value adjustments £	Fair value £
Goodwill	–	1,406,358	1,406,358
Customer relationships	–	1,990,000	1,990,000
Brand	–	685,000	685,000
Tangible fixed assets	190,855	–	190,855
Trade and other receivables	589,301	–	589,301
Total assets	780,156	4,081,358	4,861,514
Trade and other payables	(696,579)	(79,575)	(776,154)
Bank overdraft	(4,002)	–	(4,002)
Deferred tax liability	–	(561,750)	(561,750)
Total liabilities	(700,581)	(641,325)	(1,341,906)
Net assets acquired	79,575	3,440,033	3,519,608
Less: attributable to NCI*			(1,724,608)
Net value attributable to Group equity shareholders			1,795,000

*Non-controlling interest was measured at fair value on the acquisition date in accordance with IFRS 3 'Business Combinations' and recognised to the extent that the risks and rewards of ownership remain with the non-controlling shareholders. The fair value represents deemed NCI's proportion of the total consideration paid for controlling interest.

The goodwill is attributable mainly to the skills and knowledge of the staff acquired and the synergies expected to be achieved incorporating the customer list and staff into the existing business.

10.4 Acquisition of PPS Group Limited

On 1 October 2014, the Group acquired 100% of the share capital, including key staff and contracts, of PPS Group ('PPS') and its wholly owned subsidiaries, which together form a leading independent consultancy specialising in reputation management, community engagement and political consensus building, advertising on projects such as complex property, infrastructure and energy developments. The business is expected to operate as Newgate PPS and should become Porta's public affairs arm. The Group's existing, smaller public affairs division within Newgate Communications will be integrated into Newgate PPS.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

PPS employs 45 staff from offices in London, Manchester, Bristol, Edinburgh, Aberdeen and Cardiff. In the year ended 30 April 2014, PPS's fee income was £3,647,299 with profits before taxation of £706,277; the balance sheet showed current assets of £2.67 million and net current assets of £1.6 million.

The total consideration of £6,161,270 was satisfied by:

- cash of £2,930,635 paid on completion of the deal;
- issuance of unsecured loan notes with a face value of £850,000 which carry a coupon of 6% redeemable 12 months from date of issue for cash; and
- issuance of 23,806,350 of Ordinary shares at par value of 10p per share for a total value of £2,380,653 which are subject to a lock-in agreement comprised of 24 months lock-in period and a further 12 months orderly market period.

Transaction costs of £71,817 relating to acquisition of this group were expensed and are included within administrative costs.

The following table shows the result of the acquired business since acquisition:

	3 months period ended 31 December 2014 £
Revenue	1,368,647
Cost of sales	(214,961)
Gross profit	1,153,686
Operating and administrative expenses	(1,830,296)
Operating loss	(676,610)
Finance income	269
Finance expense	(810)
Loss before taxation	(677,151)
Tax credit	78,007
Profit for the period	(599,144)
Total comprehensive income for the period	(599,144)

100% of total comprehensive income for the period generated by each of these acquired businesses is attributed to the equity shareholder.

If the acquisition had occurred on 1 January 2014, management estimates that the Group's consolidated revenue would have been approximately £3,666,850 higher and the loss on continuing activities before taxation would have reduced by £497,797.

In determining these amounts, it has been assumed that the fair value adjustments that arose on the date of acquisition would have been the same had the acquisition occurred on 1 January 2014.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The cash flows of the acquired business since acquisition were as follows:

	3 months period ended 31 December 2014 £
Net cash from operating activities	(1,163,990)
Net cash from investing activities	(5,131)
Net cash from financing activities	(1,865)
Decrease in cash and cash equivalents	(1,170,986)
Cash and cash equivalents on acquisition	1,383,388
Cash and cash equivalents at the end of the year	212,402

The fair value of net assets acquired, goodwill and other assets and liabilities relating to the acquisition of PPS Group incorporated into these financial statements, using the acquisition method of accounting, are as follows:

	Book value on acquisition £	Fair value adjustments £	Fair value £
Goodwill	–	588,701	588,701
Brands and customer relationships	–	4,340,000	4,340,000
Tangible fixed assets	215,736	–	215,736
Trade and other receivables	1,133,527	–	1,133,527
Cash and cash equivalents	1,383,388	–	1,383,388
Total assets	2,732,651	4,928,701	7,661,352
Trade and other payables	(708,359)	–	(708,359)
Deferred tax liabilities	–	(911,400)	(911,400)
Total liabilities	(708,358)	(911,400)	(1,619,759)
Net value	2,024,292	4,017,301	6,041,593
Net value attributable to Group equity shareholders			6,041,593

The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the acquired businesses and the synergies expected to be achieved from the integration of the acquired businesses into the Group's existing and projected business. The fair value adjustments are provisional and may be subject to adjustment in the following financial year.

10.5 Acquisition of Publicasity

On 1 November 2014, Porta acquired ICAS Holding Limited and its 100% owned subsidiaries which trade as Publicasity, a consumer public relations group specialising in the food and drink, travel and tourism, retail, home and fashion sectors and employing 28 members of staff. It was purchased by the Group with the purpose to extend the existing consumer PR service offering with new area of expertise.

In 2013, Publicasity generated profit before tax of £527,567 on a gross profit of £3,073,712. Total assets less current liabilities were £2,165,714, including cash of £382,986.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The consideration of £2,808,000 was satisfied as £702,000 in cash, £702,000 in loan notes, with the balance of £1,404,000 provided in the form of 14,040,000 Porta Ordinary shares at 10p each. The loan notes carry a coupon of 6% and are redeemable for cash 12 months from the date of issue. The share consideration is subject to a 24 month lock-in period with a further 12 months orderly market period. A further 2,457,000 Ordinary Shares may be issued as additional consideration subject to satisfaction of certain conditions in accordance with the Share Purchase Agreement ('SPA'). However, both parties do not expect additional shares to be issued.

Transaction costs of £40,014 relating to acquisition of this business were expensed and are included within administrative costs.

The following table shows the result of the acquired business since acquisition:

	2 months period ended 31 December 2014 £
Revenue	742,571
Cost of sales	(303,885)
Gross Profit	438,686
Operating and administrative expenses	(734,039)
Operating profit	(295,353)
Finance income	82
Finance expense	(14)
Profit before taxation	(295,285)
Taxation	46,431
Profit for the period	(248,854)
Total comprehensive income for the period	(248,854)

100% of total comprehensive income for the period generated by each of these acquired businesses is attributed to the equity shareholder.

If the acquisition had occurred on 1 January 2014, management estimates that the Group's consolidated revenue would have been approximately £4,104,689 higher and the loss on continuing activities before taxation would have reduced by £317,091.

In determining these amounts, it has been assumed that the fair value adjustments that arose on the date of acquisition would have been the same had the acquisition occurred on 1 January 2014.

The cash flows of the acquired business since acquisition were as follows:

	2 months period ended 31 December 2014 £
Net cash from operating activities	(228,562)
Net cash from investing activities	68
Net cash from financing activities	(140,000)
Increase in cash and cash equivalents	(368,494)
Cash and cash equivalents on acquisition	606,067
Cash and cash equivalents at the end of the year	237,573

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The fair value of net assets acquired, goodwill and other assets and liabilities relating to the acquisition of Publicasity incorporated into these financial statements, using the acquisition method of accounting, are as follows:

	Book value on acquisition £	Fair value adjustments £	Fair value £
Goodwill	–	100,105	100,105
Brands and customer relationships	–	3,000,000	3,000,000
Tangible fixed assets	76,672	–	76,672
Trade and other receivables	975,474	–	975,474
Cash and cash equivalents	606,067	–	606,067
Total assets	1,658,213	3,100,105	4,758,318
Trade and other payables	(1,371,522)	–	(1,371,522)
Deferred tax liabilities	–	(630,000)	(630,000)
Total liabilities	(1,351,522)	(630,000)	(2,001,522)
Net value	286,691	2,470,105	2,756,796
Net value attributable to Group equity shareholders			2,756,796

The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the acquired businesses and the synergies expected to be achieved from the integration of the acquired businesses into the Group's existing and projected business. The fair value adjustments are provisional and may be subject to adjustment in the following financial year.

10.6 Acquisition of additional interest in Newgate Threadneedle Limited

With effect from 1 March 2014, the Group acquired the remaining 20% interest in Newgate Threadneedle Limited ('Threadneedle'), increasing its ownership interest to 100%. Cash consideration of £856,000 was paid to the non-controlling shareholders. The carrying value of the net assets of Threadneedle was £756,000. Below is the schedule of additional interest acquired in Threadneedle:

	£
Cash consideration paid to non-controlling shareholders	856,000
Carrying value of the additional interest in Threadneedle	(756,000)
Difference recognised in retained earnings within equity	100,000

The Group incurred £4,825 transaction costs relating to this acquisition which were expensed and are included within administrative costs.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

11. Non-controlling interest

During the year ended 31 December 2014 the Group had two subsidiaries with material non-controlling interests: Redleaf Polhill Limited (see also note 10) and Newgate Communications Australia Pty Limited in both of which the Group has 51% ownership. Summarised financial information before intragroup eliminations in respect of these subsidiaries is presented in table below.

	Newgate Australia Pty Limited		Redleaf Polhill Limited	
	Year ended	Year ended	Year ended	Year ended
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	£	£	£	£
Current assets	1,975,307	1,254,153	719,531	–
Current liabilities	(785,107)	(458,700)	(671,531)	–
Net current assets	1,190,201	795,452	48,000	–
Non-current assets	143,675	85,286	3,919,526	–
Non-current liabilities	(620,422)	(688,743)	(483,958)	–
Net non-current assets/(liabilities)	(476,748)	(603,457)	3,435,568	–
Net assets	713,453	191,996	3,483,568	–
Non-controlling interests	349,592	94,078	1,706,949	–
Revenue	6,984,444	2,500,394	2,359,365	–
Profit for the year	799,018	82,473	141,119	–
Other comprehensive income	(24,821)	(10,492)	–	–
Total comprehensive income	774,197	71,980	141,119	–
Attributable to non-controlling interests	379,357	36,710	69,148	–
Dividends paid to non-controlling interests	115,034	–	125,779	–

	Newgate Australia Pty Limited		Redleaf Polhill Limited	
	Year ended	Year ended	Year ended	Year ended
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	£	£	£	£
Cash flows from operating activities	1,975,307	1,254,153	719,531	–
Cash flows from investing activities	(785,107)	(458,700)	(671,531)	–
Cash flows from financing activities	(620,422)	(688,743)	(483,958)	–
Net increase/(decrease) of cash and cash equivalents	(476,748)	(603,457)	3,435,568	–

Further information about non-controlling interests is given in note 17.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

12. Investment in associate

The Group has a 25.1% interest in Team Darwin Limited, a community powered creative business, with a 'call option' to purchase up to 40% of the share capital after 1 May 2015. In accordance with IAS 28 'Investment in associate and joint ventures' the Group's 25.1% interest in Team Darwin is accounted for using the equity method in the consolidated financial statements.

The following table summarises the financial information of the Group's investment in Team Darwin as at year end:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Revenue	134,383	59,756
Cost of sales	(79,470)	(59,359)
Administration expenses	(83,943)	(107,561)
Loss for the period	(29,030)	(107,164)
Proportion of the Group ownership (25.1%)	(7,287)	(26,898)
Carrying value of the investment at 1 January 2014	126,722	153,620
Share of losses in associate during the year	(7,287)	(26,898)
Carrying value of the investment at 31 December 2014	119,435	126,722

13. Loss per share

The loss per share has been calculated using the weighted average number of shares in issue during the relevant financial year. The weighted number of equity shares in issue and the loss, being the loss after tax, used in these calculations are as follows:

	Year ended 31 December 2014 number	Year ended 31 December 2013 number	Year ended 31 December 2013 number
Weighted average number of shares (ordinary and dilutive)	219,820,830	139,196,362	139,196,362
	£	Restated, £	£
Loss on continuing activities after tax	(1,257,265)	(2,712,137)	(2,719,001)
Loss on discontinued activities after tax	(2,480,674)	(14,069)	(7,205)
Loss on continuing and discontinued activities after tax	(3,737,939)	(2,726,206)	(2,726,206)

No share options or warrants outstanding at 31 December 2014 or 31 December 2013 were dilutive and all such potential Ordinary shares are therefore excluded from the weighted average number of Ordinary shares for the purposes of calculating diluted earnings per share.

14. Profit accounted for in the parent company

As permitted under Section 408 of the Companies Act 2006, the Statement of Comprehensive Income for the Company is not presented as part of these financial statements. The Company's loss for the year, after tax, was £4,442,018 (2013: £1,949,113). The loss after tax in 2014 includes the impairment of investments related to discontinued operations.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

15. Intangible assets

Group

Cost	Goodwill £	Customer relationships £	Brands £	Websites, software and licences £	Total £
At 1 January 2013	6,274,969	1,440,000	712,000	63,391	8,490,360
Additions in the year – acquired with subsidiaries	835,085	150,000	35,000	–	1,020,085
Other additions in the year	–	–	–	77,627	77,627
Translation differences	–	–	–	4	4
At 31 December 2013	7,110,054	1,590,000	747,000	141,022	9,588,076
Additions in the year – acquired with subsidiaries	3,118,597	8,330,000	2,785,000	1,223	14,234,820
Other additions in the year	–	–	–	49,822	49,822
Discontinued operations written off	(2,724,601)	(540,000)	(345,000)	(8,017)	(3,617,618)
Translation differences	12,900	–	–	37	12,937
At 31 December 2014	7,516,950	9,380,000	3,187,000	184,087	20,268,037
Amortisation	£	£	£	£	£
At 1 January 2013	–	276,662	66,183	19,221	362,066
Charge for the year	–	325,496	74,117	38,931	438,544
At 31 December 2013	–	602,158	140,300	58,152	800,610
Charge for the year	–	987,996	196,664	50,989	1,235,649
Discontinued operations written off	–	(256,833)	(86,250)	(8,017)	(351,100)
Translation differences	–	–	–	10	10
At 31 December 2014	–	1,333,321	250,714	101,134	1,685,169
Net book value	£	£	£	£	£
At 1 January 2013	6,274,969	1,163,338	645,817	44,170	8,128,294
At 31 December 2013	7,110,054	987,842	606,700	82,870	8,787,466
At 31 December 2014	7,516,950	8,046,679	2,936,286	82,953	18,582,868

The average remaining amortisation period for indefinite life intangible assets recognised at 31 December 2014 is approximately 9 years for brands (2013: 8 years) and 4 years for customer relationships (2013: 3 years).

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, the aggregate carrying amount of goodwill is allocated to each cash-generating unit (CGU) as follows.

Reporting Segment	Cost	31 December 2014 £	31 December 2013 £
Communications	ICAS Holding Limited (trading as Publicasity)	100,105	–
Communications	Newgate Communications (Singapore) Pte. Ltd	442,038	–
Communications	Newgate Threadneedle	3,545,117	3,545,117
Communications	PPS Group Limited	588,701	–
Communications	Redleaf Polhill Limited	1,406,358	–
Communications	Other units without significant goodwill	493,477	493,477
Marketing	2112 Print Management and Creative Services Limited	594,295	–
Marketing	Summit Marketing Services Limited	346,859	346,859
Marketing	Twenty20 Media Group	–	2,724,601
		7,516,950	7,110,054

*Other comprise of Cauldron Consulting Limited, 13 Communications Limited (both belong to the communication division) and 2112 Direct LLP (formerly Crazy Horse Integrated LLP) which belongs to the marketing division. Details relating to the acquisitions of these units were disclosed in 2013 Annual Report in note 10.

The recoverable amount of the cash generating units has been determined on a value-in-use basis, determined by discounting future cash flows to be generated from the continuing use of the cash-generating unit.

Key assumptions used in the calculation of recoverable amounts are discount rates, terminal value growth rates, and forecast EBITDA. The EBITDA forecasts are based on three year forecasts approved by the Board and based on management's estimate of the business within the cash-generating unit, for two years thereafter based on an average growth projection, and a long-term growth rate into perpetuity. For all cash-generating units the resulting cash flows have been discounted using a pre-tax weighted average cost of capital of 14.0% (2013: 14.8%) and a terminal growth rate of 2.5% has been applied in perpetuity. The discount rate was based on the risk-free rate obtained from UK Government Gilts, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk specific to the Group.

The results of the impairment testing indicated that there is no impairment for any of the continuing Group's cash-generating units. The impairment in relation to the discontinued operations is disclosed in note 9.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Company

	Websites, software and licences £	Total £
Cost		
At 1 January 2013	41,524	41,524
Additions in the year	29,157	29,157
At 31 December 2013	70,681	70,681
Additions in the year	34,030	34,030
At 31 December 2014	104,711	104,711
Amortisation	£	£
At 1 January 2013	7,038	7,038
Charge for the year	23,055	23,055
At 31 December 2013	30,093	30,093
Charge for the year	26,674	26,674
At 31 December 2014	56,767	56,767
Net book value	£	£
At 1 January 2013	34,486	34,486
At 31 December 2013	40,588	40,588
At 31 December 2014	47,944	47,944

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

16. Fixed assets

Group

Cost	Office improvements £	Fittings and equipment £	Computer equipment £	Motor vehicles £	Total £
At 1 January 2013	142,056	82,017	133,885	–	357,958
Additions in the year – acquired with subsidiaries	–	–	9,921	–	9,921
Other additions in the year	65,250	30,656	75,667	24,000	195,573
Translation differences	(7,859)	(3,045)	(3,845)	–	(14,749)
At 31 December 2013	199,447	109,628	215,628	24,000	548,703
Additions in the year – acquired with subsidiaries	184,398	274,807	58,838	34,728	552,771
Other additions in the year	760,563	151,107	105,651	–	1,017,321
Transfers between categories	(4,370)	(6,551)	10,921	–	–
Disposals in the year	–	(19,843)	–	–	(19,843)
Discontinued operations written off	(44,405)	(26,864)	(24,062)	–	(95,331)
Translation differences	(2,228)	(1,981)	(1,620)	–	(5,829)
At 31 December 2014	1,093,405	480,303	365,356	58,728	1,997,792
Depreciation	£	£	£	£	£
At 1 January 2013	15,380	12,127	43,691	–	71,198
Charge for the year	66,003	28,810	61,168	800	156,781
Translation differences	(1,355)	(525)	(553)	–	(2,433)
At 31 December 2013	80,028	40,412	104,306	800	225,546
Charge for the year	188,189	85,820	102,978	7,210	384,197
Transfers between categories	(1,035)	(1,521)	2,556	–	–
Disposals in the year	–	(9,591)	–	–	(9,591)
Discontinued operations written off	(14,805)	(22,829)	(3,025)	–	(40,659)
Translation differences	(1,155)	(484)	(776)	–	(2,415)
At 31 December 2014	251,222	91,807	206,039	8,010	557,078
Net book value	£	£	£	£	£
At 1 January 2013	126,676	69,890	90,194	–	286,760
At 31 December 2013	119,419	69,216	111,322	23,200	323,157
At 31 December 2014	842,183	388,496	159,317	50,718	1,440,714

Further details relating to additions in the year which were acquired with subsidiaries are given in note 10.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Company

Cost	Office improvements £	Fittings and equipment £	Computer equipment £	Motor vehicles £	Total £
At 1 January 2013	93,046	50,172	62,591	–	205,809
Additions in the year	–	4,167	10,245	24,000	38,412
At 31 December 2013	93,046	54,339	72,836	24,000	244,221
Additions in the year	718,018	91,639	16,363	–	826,020
At 31 December 2014	811,064	145,978	89,199	24,000	1,070,241
Depreciation	£	£	£	£	£
At 1 January 2013	12,891	6,453	22,614	–	41,958
Charge for the year	46,523	12,892	22,847	800	83,062
At 31 December 2013	59,414	19,345	45,461	800	125,020
Charge for the year	112,703	24,726	34,578	4,800	176,807
At 31 December 2014	172,117	44,071	80,039	5,600	301,827
Net book value	£	£	£	£	£
At 1 January 2013	80,155	43,719	39,977	–	163,851
At 31 December 2013	33,632	34,994	27,375	23,200	119,201
At 31 December 2014	638,947	101,907	9,160	18,400	768,414

17. Investment in subsidiaries – Company

	31 December 2014 £
Cost and net book value	
At 1 January 2013	3,833,090
Acquired during the year	492,554
Share based payments to subsidiary company employees	22,304
Exchange differences	(15,771)
At 31 December 2013	4,332,177
Acquired during the year	11,917,977
Share based payments to subsidiary employees (note 22)	10,311
Exchange differences	(24,801)
At 31 December 2014	16,235,664

Additions during the period were as follows:

Name	£	Note
Newgate Communications (Singapore) Pte. Ltd	468,588	10.2
Redleaf Polhill Limited	1,795,000	10.3
PPS Group Limited	6,041,593	10.4
ICAS Holdings Limited (trading as Publicasity)	2,756,796	10.5
Newgate Threadneedle Limited (purchase of the remaining 20% NCI)	856,000	10.6
	11,917,977	

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Exchange differences incurred during the year relate to the investment in Newgate Australia Pty Limited which was made in Australian Dollars, the local currency of subsidiary.

At 31 December 2014, the Company held the following interests in subsidiaries, all of which are incorporated in England and Wales, unless otherwise stated:

Name	Year end	Share capital held	Percentage held	Principal activity during year
ICAS Limited	31-Dec	Ordinary	100%	Public Relations & Public Affairs consultancy
Newgate Communications LLP	31-Dec	Corporate Partner	51%	Public Relations & Public Affairs consultancy
Newgate Threadneedle Limited	31-Dec	Ordinary	100%	Public Relations consultancy
PPS (Local and Regional) Limited	31-Dec	Ordinary*	100%	Public Relations & Public Affairs consultancy
Redleaf Polhill Limited†	30-Nov	Ordinary	51%	Public Relations consultancy
Newgate Australia Pty Limited (incorporated in Australia)	31-Dec	Ordinary*	51%	Public Relations consultancy
Newgate Communications (Singapore) Pte. Limited (incorporated in Singapore)	31-Dec	Ordinary*	45%	Public Relations consultancy
Newgate Brussels SPRL (incorporated in Belgium)	31-Dec	Ordinary*	100%	Public Relations consultancy
Newgate Communications Germany GmbH (incorporated in Germany)	31-Dec	Ordinary*	100%	Public Relations consultancy
13 Communications Limited	31-Dec	Ordinary	51%	Public Relations consultancy
Clare Consultancy Limited	31-Dec	Ordinary	100%	Public Relations & Public Affairs consultancy
Newgate Public Affairs Limited	31-Dec	Ordinary*	100%	Public Affairs consultancy (non-trading)
Newgate Public Relations Limited	31-Dec	Ordinary*	100%	Public Relations consultancy (non-trading)
Threadneedle Communications Limited (previously Cauldron Consulting Limited)	31-Dec	Ordinary*	100%	Public Relations consultancy (non-trading) – to be dissolved in 2015
ICAS Holdings Limited	31-Dec	Ordinary	100%	Intermediate holding company
Newgate Media Holdings Limited	31-Dec	Ordinary	100%	Intermediate holding company
Newgate PR Holdings Limited	31-Dec	Ordinary	100%	Intermediate holding company
PPS Group Limited	31-Dec	Ordinary	100%	Intermediate holding company
Summit Marketing Services Limited	31-Dec	Ordinary*	90%	Media buying
TwentyOne Twelve Communications LLP	31-Dec	Corporate Partner	60%	Marketing and Advertising consultancy
TwentyFour Seven Studios LLP	31-Dec	Corporate Partner	60%	Marketing and Advertising consultancy (dormant) – filed for dissolution in 2015
21:12 Direct LLP (previously Crazy Horse Integrated LLP)	31-Dec	Corporate Partner	70%	Direct Response Marketing
21:12 Communications Limited (previously 21:12 Digital Communications Limited, previously WSM Digital Communications Limited)	31-Dec	Ordinary*	100%	Marketing and Advertising consultancy

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

21:12 Print Management and Creative Services Limited (previously WSM Print Management and Creative Services Limited)	31-Dec	Ordinary*	100%	Marketing and Advertising consultancy
Integrate PR Limited	31-Dec	Ordinary*	100%	Dormant – filed for dissolution in 2015
PPS Group Holdings Limited	31-Dec	Ordinary*	100%	Dormant – Intermediate holding company
Newgate Comms LLP	31-Dec	Corporate Partner	51%	Dormant – filed for dissolution in 2015
Newgate Integrated Limited	31-Dec	Ordinary*	100%	Dormant
Springall Gbr (incorporated in Germany)	31-Dec	Ordinary*	100%	Dormant
Velvet Consultancy Limited (previously Wilton International Consulting Limited)	31-Dec	Ordinary	100%	Dormant
Twenty20 Media Group Limited	31-Dec	Ordinary*	90%	Media buying (discontinued; non-trading)
Twenty20 Media Vision Limited	31-Dec	Ordinary*	90%	Media buying (in administration)
WFCA Integrated Limited	31-Dec	Ordinary*	90%	Media buying (discontinued; non-trading)
Williams Blake Reay Limited	31-Dec	Ordinary*	90%	Media buying (discontinued; non-trading, in liquidation)
TTMV Limited	31-Dec	Ordinary*	90%	Dormant – dissolved in 2015
21:12 Dormant Limited (previously 21:12 Communications Limited)	31-Dec	Ordinary*	100%	Dormant – dissolved in 2015
Crazy Horse Integrated Limited	31-Dec	Ordinary*	100%	Dormant
Kodu Digital Marketing Limited	31-Dec	Ordinary*	100%	Dormant

*Indirectly held through another group company

†Redleaf Polhill Limited has changed its accounting reference date consistent with the Group effective for the next reporting period ending 31 December 2015.

Audit exemptions:

The following Group entities are exempt from audit by virtue of Section 479A of the Companies Act 2006:

13 Communications Limited	21:12 Communications Limited (previously 21:12 Digital Communications Limited)
Threadneedle Communications Limited	
Newgate PR Holdings Limited	21:12 Print Management and Creative Services Limited
Newgate Public Affairs Limited	21:12 Direct LLP
Newgate Public Relations Limited	TwentyOne Twelve Communications LLP
Newgate Media Holdings Limited	Summit Marketing Services Limited
Clare Consultancy Limited	Twenty20 Media Group Limited
ICAS Holdings Limited	
PPS Group Limited	

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Preparation & filing exemptions:	The following Group entities are exempt from preparing/filing individual accounts by virtue of Sections 394A or 448A of the Companies Act 2006:	
	Crazy Horse Integrated Limited	Newgate Integrated Limited
	Velvet Consultancy Limited	TwentyFour Seven Studios LLP
	Newgate Comms LLP	21:12 Dormant Limited
	Integrate PR Limited	Kodu Digital Marketing Limited
	PPS Group Holdings Limited	TTMV Limited
Statutory guarantees:	Porta Communications PLC has provided statutory guarantees to the following entities in accordance with Section 479C of the Companies Act 2006:	
	13 Communications Limited	21:12 Communications Limited (previously
	Threadneedle Communications Limited	21:12 Digital Communications)
	Newgate PR Holdings Limited	21:12 Print Management and Creative
	Newgate Public Affairs Limited	Services Limited
	Newgate Public Relations Limited	21:12 Direct LLP
	Newgate Media Holdings Limited	TwentyOne Twelve Communications LLP
	Clare Consultancy Limited	Summit Marketing Services Limited
	ICAS Holdings Limited	Twenty20 Media Group Limited
	PPS Group Limited	
	Porta Communications PLC has provided statutory guarantees to the following entities in accordance with Section 394C of the Companies Act 2006:	
	Crazy Horse Integrated Limited	Newgate Integrated Limited
	Velvet Consultancy Limited	TwentyFour Seven Studios LLP
	Newgate Comms LLP	21:12 Dormant Limited
	Integrate PR Limited	Kodu Digital Marketing Limited
	PPS Group Holdings Limited	TTMV Limited

18. Trade and other receivables

Group

	31 December 2014 £	31 December 2013 £
Trade receivables	5,743,807	5,916,044
Less provision for impairment	(211,299)	(112,746)
	5,532,508	5,803,298
Loans	793,633	955,645
Other debtors	669,730	768,254
Prepayments	764,788	302,209
	7,760,659	7,829,406

The average credit period on sales of services is 87 days (2013: 87 days). No interest has been charged on trade receivables during the year.

The Group provides for the impairment of trade receivables on a customer-by-customer basis having regarded past payment experience and the probability of future payment.

During the year a charge for bad and doubtful debts of £133,167 (2013 restated: £971; 2013: £124,708) was made to the Statement of Comprehensive Income. Identified individual bad or doubtful debtors are provided for in full to the extent that

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

they are deemed irrecoverable. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for impairment relating to doubtful debts. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

At 31 December 2014, there were no customers who individually represented more than 5% of the trade and other receivables balance. In 2013, the Group's two most significant debtors, a UK technology firm and UK retailer, accounted for £1,207,759 (21%) and £651,707 (11%), respectively, of the trade and other receivables balance at 31 December 2013.

A summary of trade receivables, excluding impaired balances, categorised by due date for payment is as follows:

	31 December 2014 £	31 December 2013 £
Neither past due nor impaired	2,070,468	2,309,735
Past due but not impaired:		
Past due up to 3 months	3,023,834	3,082,896
Past due more than 3 months not more than 6 months	255,370	138,714
Past due more than 6 months not more than 1 year	141,471	258,713
Past due more than 1 year	41,365	13,240
	5,532,508	5,803,298

The movement on impairment for the year in respect of trade receivables was as follows:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Balance at 1 January	112,746	111,218
Acquired with subsidiaries	31,458	–
Amounts written off during the year	(65,400)	(123,180)
Provision made during period	133,167	124,708
Translation differences	(672)	
Balance at 31 December	211,299	112,746

Company

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Trade receivables	7,680	9,887
Less provision for impairment	–	–
	7,680	9,887
Loans	792,113	955,645
Other debtors	169,981	75,877
Prepayments	426,658	148,664
Receivable owed by related party (note 26)	757	9,531
	1,397,189	1,199,604

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Non-current other receivables

On 7 January 2014, the Company entered into a tenancy agreement relating to the new office premises located at 50 Basinghall Street, London. The initial deposit of £923,775 and related interest is retained by the Landlord in a separate bank account until the termination of the lease.

19. Trade and other payables

Group

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Trade payables	1,970,894	4,077,707
Bank overdrafts	–	1,211,051
Taxes and social security costs	1,511,988	943,691
Income received in advance	795,813	423,816
Other payables	223,014	1,513,295
Accrued expenses	2,026,007	1,650,045
	6,527,716	9,819,605

There were no non-current trade and other payables in 2014 (2013: £nil).

Company

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Trade payables owing to third parties	674,428	305,389
Trade payables owing to related parties (note 26)	896	501
	675,324	305,890
Taxes and social security costs	34,950	268,974
Other payables	1,237	–
Accrued expenses	932,212	103,072
	1,643,723	677,936

The average credit period taken by the Company on trade purchases was 80 days (2013: 89 days). Interest may be charged on overdue trade payables at varying rates up to 9% per annum depending on the contractual terms and the legal requirements of the country of operation. The Company manages trade payables in accordance with customer terms and the cash flow requirements of the business. No interest was charged by suppliers during the year (2013: none).

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

20. Provisions and Contingent Liabilities

On 6 July 2012, the Group acquired a 90% interest in the share capital of Twenty20 Media Group Limited (previously called Twenty20 Media Vision Limited and renamed Twenty20 Media Group Limited on 30 October 2012), a full service media planning and buying agency based in Tunbridge Wells. In accordance with the terms of the acquisition, the Group was required to pay an amount of the deferred consideration up to £1,530,000 which was heavily reliant on two year earn-out level of profits and which was to be satisfied based on the same proportion of cash and shares as the initial consideration.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

For both previous reporting years ending on 31 December 2012 and 31 December 2013, management estimated and recognised a provision of £381,198 as the most likely level of exposure. In the current reporting year, Twenty20 Media Vision Limited's business significantly declined and was eventually discontinued during the year as disclosed in note 9. Prior to the discontinuation of the business a sum of £200,000 was paid in cash as a final settlement re-negotiated between the parties. The remainder has been written off to the results from discontinued operations.

Following the acquisition of Summit Marketing Services Limited ('Summit') on 7 June 2013, the Group recognised provision for a total amount of £254,831 related to deferred consideration capped up to a maximum of £446,868 dependent on two year performance results. On 31 July 2014, the Group announced that it had issued a total of 1,022,352 Ordinary Shares in satisfaction of the first tranche of deferred consideration payable to the vendors of Summit based on the financial performance of Summit for the year ended 30 April 2014. The remainder of the deferred consideration payable in relation to the second tranche amounts to £125,045 and is subject to Summit's performance for the year ended 30 April 2015. Further details are given in note 27.

On 23 April 2014, the Group has announced its acquisition of Redleaf (see note 10.3). The acquisition involves the grant of put and call options relating to the purchase by the Company of the remaining 49% of the issued share capital of Redleaf which are exercisable in three tranches following the end of each of the next three full financial years of Redleaf on similar terms to the initial acquisition. Any additional consideration payable under the put and call options will be satisfied 50% in cash and 50% in Ordinary Shares.

Management has evaluated Redleaf's three year forecasts for profit after tax in order to determine the liability component of deferred consideration and has discounted this using the Group's pre-tax weighted average cost of capital at the time of the acquisition of 14.8%. At 31 December 2014, the present value of the liability component of deferred consideration is £856,334.

21. Share capital and reserves

Share capital

Allotted, called up and fully paid

31 December 2014	Number	£
Ordinary shares of 10p each	267,573,895	26,757,390
Deferred shares of 0.9p each	72,000,000	648,000
		27,405,390
<i>31 December 2013</i>	<i>Number</i>	<i>£</i>
Ordinary shares of 10p each	162,121,001	16,212,101
Deferred shares of 0.9p each	72,000,000	648,000
		16,860,101

Ordinary shares

The movement in Ordinary shares for the year reconciles as follows:

	Number	£ nominal value
At 1 January 2014	162,121,001	16,212,101
New issues during the year	105,452,894	10,545,289
At 31 December 2014	267,573,895	26,757,390

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

In February 2014, the Group announced that it had raised £7.0 million (before expenses) on AIM by way of an oversubscribed placing of 53,846,153 new Ordinary shares at a price of 13p. The purpose of the fund raising was to implement the next phase of the Group's growth by acquiring a number of public relations and advertising businesses in the UK. Funds were also used to acquire the remaining 20% of Newgate Threadneedle, and to repay £2.4 million of loans (including interest) from Retro Grand Limited.

Deferred shares

There has been no change in the number of, or rights relating to, the Deferred shares during the year. The special rights, privileges, restrictions and limitations attached to the Deferred shares are set out below.

- a) A holder of Deferred shares shall have no right to receive notice of or to attend or vote at any General meeting of the Company.
- b) A holder of Deferred shares shall have no right to receive any dividend or distribution.
- c) A holder of Deferred shares shall, on a return of capital in a liquidation but not otherwise, be entitled to receive a sum equal to the amount paid up or credited on each share but only after the sum of £1,000,000 per Ordinary share has been distributed amongst the holders of the Ordinary shares.
- d) The Company may redeem the Deferred shares at any time for the sum of £1 payable in aggregate to all Deferred shareholders as a class.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Other reserves

During the period, a net amount of £1,665,621 (2013: £98,025) was credited to other reserves related to share based payments transactions (note 22), the equity component of the deferred consideration in relation to the Redleaf acquisition (note 10.3) and the equity component of the convertible loan issued in the period (note 23).

22. Share based payments

Enterprise Management Incentive (EMI) & Unapproved Share Option Plan

On 18 March 2014, the Board of the Company granted options over a total of 2,500,000 Ordinary Shares of 10p each in the Company to Gene Golembiewski, the Group Finance Director. The exercise price of the options is 20p per share and, subject to the achievement of certain performance conditions, 50% of the options will vest on the first anniversary of the date of grant and the remaining 50% will vest on the second anniversary of the date of grant.

Following the acquisition of PPS Group Limited (note 10.4), the Company granted options over a total of 3,600,000 Ordinary Shares of 10p each in the Company to two key members of the PPS staff. The exercise price of the options is 10p per share and, subject to the achievement of certain performance conditions, 50% of the options will vest on the first anniversary of the date of grant and the remaining 50% will vest on the second anniversary of the date of grant.

On 13 May 2015 the Company granted options over an aggregate of 8,070,000 ordinary shares to certain employees of the Group, all with an exercise price of 10p per share under its Enterprise Management Incentive and Unapproved Share Option Plan ("EMI and Unapproved Plans"). The options vest in three equal tranches on the first, second and third anniversary of the grant of the options, and will expire on the tenth anniversary of grant.

The fair value of services received in return for the share options granted is based on the fair value of the share options granted measured using the Black-Scholes and Binomial models. Expected volatility is estimated by considering historical volatility over the period commensurate with the expected term. The following inputs were used in the measurement of the fair values at grant date of the share based payment plans.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Option Grant Year	2012		2013	2014	
	Employees	Directors	Directors	Employees	Directors
Option recipient					
Fair value at grant date	4.96p	4.22p	3.36p	4.93p	8.68p
Share price at grant date	8.00p	8.00p	7.25p	8.25p	14.62p
Exercise price	10.00p	10.00p	20.00p	10.0p	20.0p
Expected volatility	76%	76%	76%	70%	72%
Option life (expected weighted average life)	6 years	6 years	6 years	6 years	6 years
Expected dividends	0%	0%	0%	0%	0%
Risk-free interest rate	1.1%	1.1%	2.55%	2.25%	2.81%

	Number	Weighted average exercise price pence
Balance at 1 January 2014	6,626,846	14.48p
Issued during the year	6,100,000	14.10p
Forfeited during the year	(1,585,750)	10.09p
Balance at 31 December 2014	11,141,096	14.90p

£185,580 relating to share based payments has been recognised as an expense in the Statement of Comprehensive Income for the year ended 31 December 2014 (2013: £99,678). 1,585,750 share options were forfeited (2013: 280,000). No options were exercised during the year (2013: 33,333).

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

23. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For information about the Group's exposure to interest rate, foreign currency and liquidity risk arising from these loans and borrowings, see note 7.

Group

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Non-current liabilities		
Loans – related party	2,518,550	2,224,163
Secured bank loan	–	650,000
	2,518,550	2,874,163
Obligations under finance leases (note 24)	304,613	15,080
	2,823,163	2,889,243
Current liabilities		
Loan notes issued in relation to business combinations (note 10)	1,557,532	–
Convertible loans	2,936,680	–
Loans – related party (see note 26)	–	450,000
Other loans	–	2,361,003
	4,494,212	2,811,003
Obligations under finance leases (note 24)	80,781	4,157
	4,574,993	2,815,160

During March 2014, the Company repaid £2.4 million of loans (including interest) issued by Retro Grand Limited during 2013 and entered into a new loan agreement with Retro Grand Limited under which £3.0 million has been borrowed. The new loan is to be repaid or converted into 10p Ordinary Shares at the lender's choice by the end of 2015. Legal expenses in relation to this facility have been added to the £3.0 million principal on the same repayment terms as the main loan.

Retro Grand Limited is a Jersey registered company which is wholly owned by the Edward Trust. The Edward Trust is a trust whose sole beneficiary is one of Bob Morton's sons, who is over the age of eighteen years, and is managed and administered by independent trustees. Bob Morton is neither a beneficiary nor a trustee of the Edward Trust, nor is he a director of Retro Grand Limited.

The secured bank loan issued by Lloyds TSB to Twenty20 Media Vision Limited and two of its subsidiaries was fully repaid during 2014. The Hawk Investment loan of £450,000, acquired with the Twenty20 Media group acquisition, will be handled by the administration process. This loan is an arrangement between Twenty20 Media Vision Limited and Hawk Investment in which the Group is not a party and therefore the Group does not expect to inherit any obligation with regard to this loan.

As a purchase consideration for acquisition of PPS Group Limited and ICAS Holdings Limited (trading as Publicasity) the Company issued loan notes bearing 6% coupon and redeemable in 12 months from the issue date (refer to note 10 for further details).

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	2014		2013	
				Face Value	Carrying Amount	Face value	Carrying Amount
Deep discounted bond – related party	GBP	12%	2016	2,862,000	2,518,550	2,862,000	2,224,163
Convertible loan	GBP	12%	2015	3,007,450	2,936,680	–	–
Loan notes	GBP	6%	2015	1,552,000	1,557,532	–	–
Loan	GBP	12%	2014	–	–	600,000	616,105
Loan	GBP	12%	2014	–	–	1,200,000	1,233,885
Loan	GBP	12%	2014	–	–	500,000	511,013
Loan – related party	GBP	12%	2015	–	–	300,000	300,000
Loan – related party	GBP	12%	2015	–	–	150,000	150,000
Secured bank loan	GBP	Base+2.75%	2014	–	–	650,000	650,000
				7,421,450	7,012,762	6,262,000	5,685,166

Company

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Non-current liabilities		
Loans – related party	2,518,550	2,224,163
	2,518,550	2,874,163
Obligations under finance leases (note 24)	276,597	15,080
	2,795,147	2,239,243
Current liabilities		
Convertible loan	2,936,680	–
Loans notes	1,557,532	–
Other loans	–	2,361,003
	4,494,212	2,361,003
Obligations under finance leases (note 24)	73,322	4,157
	4,567,534	2,365,160

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	2014		2013	
				Face Value	Carrying Amount	Face value	Carrying Amount
Deep discounted bond – related party	GBP	12%	2016	2,862,000	2,518,550	2,862,000	2,224,163
Convertible loan	GBP	12%	2015	3,007,450	2,936,680	–	–
Loan notes	GBP	6%	2015	1,552,000	1,557,532	–	–
Loan	GBP	12%	2014	–	–	600,000	616,105
Loan	GBP	12%	2014	–	–	1,200,000	1,233,885
Loan	GBP	12%	2014	–	–	500,000	511,013
				7,421,450	7,012,762	5,162,000	4,585,166

The related party loans and convertible loan are secured over all current and future assets of both the Company and all companies within the Group.

24. Finance Leases

Finance lease commitments – as lessee

During the year, the Group has entered into finance lease agreements in respect of the fit-out of new premises and acquired a lease of a motor vehicle as the result of the acquisition of a subsidiary. The term of the fit-out and vehicle agreements are 5 and 4 years respectively.

Group

	2014		2013	
	Minimum payments £	Present value of payments £	Minimum payments £	Present value of payments £
Within one year	128,260	80,781	7,349	4,157
Between one and five years	372,780	304,613	19,519	15,080
More than five years	–	–	–	–
Total minimum lease payments	501,040	385,394	26,868	19,237
Less amounts representing finance charges	(115,646)	–	(7,631)	–
Present value of minimum lease payments	385,394	385,394	19,237	19,237
Analysed as:			£	£
Current liability			80,781	4,157
Non-current liability			304,613	15,080
Present value of minimum lease payments			385,394	19,237

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Company

	2014		2013	
	Minimum payments £	Present value of payments £	Minimum payments £	Present value of payments £
Within one year	118,164	73,322	7,349	4,157
Between one and five years	341,299	276,597	19,519	15,080
More than five years	–	–	–	–
Total minimum lease payments	459,463	349,919	26,868	19,237
Less amounts representing finance charges	(109,544)	–	(7,631)	–
Present value of minimum lease payments	349,919	349,919	19,237	19,237
Analysed as:			£	£
Current liability			73,322	4,157
Non-current liability			276,597	15,080
Present value of minimum lease payments			349,919	19,237

25. Operating leases

The Group operating leases mainly relate to office premises. The leases of office premises typically run for periods up to 10 years. Leases for other fixed assets typically run for a period of 3 to 5 years. One of the leased properties, accounted for within discontinued activities, was sublet by the Group. The sublease expired in 2014.

During the year an amount of £1,455,907 (2013 restated: £339,449; 2013: £480,689) was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases. An amount of £21,600 (2013: £20,133) was recognised as income in the Statement of Comprehensive Income in respect of subleases.

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Less than one year	984,495	229,081
Between one and five years	4,424,534	385,482
More than five years	4,108,265	–
	9,517,294	614,563

The Company received a two year rent free period as a lease incentive. The total minimum lease payments are allocated over the lease term evenly and therefore rent charge recognised in the Statement of Comprehensive Income is different to the contractually committed cash outflow.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The anticipated future charge to the Statement of Comprehensive Income in respect of operating leases is as follows:

	Year ended 31 December 2014 £
Less than one year	804,443
Between one and five years	3,217,774
More than five years	3,284,811
	7,307,028

26. Related party transactions

Key management personnel – Group and Company

In the opinion of the Board, only the Executive Directors of the Company are regarded as key management personnel. The Executive Directors have service agreements which require 12 months' notice of termination from either party. Key management personnel compensation, including state taxes, comprised the following:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Short term employee benefits	649,456	445,749
Share based payments	174,932	76,503
Post-employment benefits	22,406	24,000
	846,794	546,252

Other related party transactions

During the year, the Company was invoiced £29,100 (2013: £31,200) by CICS Limited, a company of which Brian Blasdale is a director, for non-executive director's fees. At the year-end, £861 was owed by Company in respect of his expenses (2013: £nil).

£30,000 was paid to Hawk Consulting Limited, a company of which Bob Morton is a Director, for non-executive director fees (2013: £30,000).

Prior to May 2013, Hawk Investment Holdings Limited ('Hawk Investment'), a company beneficially owned by Bob Morton and his wife, provided the Group with a number of short term loan facilities, the outstanding balance of which was restructured into one loan, the deep discounted bond, with a face value of £2,862,000 and 12% fixed interest payable, together with the principal of the loan, on its maturity on 28 February 2016. The Group has charged a total of £294,387 of finance costs to the Statement of Comprehensive Income in relation to this loan (2013: £337,806).

During the year, the Group paid £93,000 (2013: £113,000) to members of Directors' families employed by the Group.

The Group is in the process of migrating to a new accounting software package provided by Aqilla Limited of which the Group's Chairman, Bob Morton, is a controlling shareholder. The total amount charged by Aqilla Limited to the Group in 2014 was £31,902 including VAT (2013: £nil).

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The following amounts were owed to or by Directors to the Company at the year-end in respect of expenses incurred or advances for expenses made in relation to expenses incurred on behalf of the Group's business:

Director	Max amount outstanding by Director during the year £	2014	Owed by Directors/ (Owed to Directors)
		£	2013 £
David Wright	10,417	757	(314)
Gene Golembiewski	–	(35)	(187)
Brian Blasdale (CICS Limited)	–	(861)	–
Keith Springall (former Group FD)	–	–	9,531

All related party transactions were on normal commercial terms.

Transactions with subsidiary undertakings – Company

The parent Company incurs various expenses during the year which it recharges to subsidiary companies and certain subsidiary companies have incurred expenses or provided services during the year which have been recharged to the parent Company. A summary of these transactions during the year are as follows:

Subsidiary	Nature of transaction	2014		2013	
		Charged by parent £	Charged to parent £	Charged by parent £	Charged to parent £
2112 Communications Limited (previously 2112 Digital Communications Limited, previously WSM Digital Communications Limited)	Expense recharges, consultancy fees and group marketing and advertising services	64,374	–	–	–
	Rent	54,600	–	–	–
	Interest	33	–	–	–
2112 Print Management and Creative Services Limited (previously WSM Print Management and Creative Services Limited)	Expense recharges, consultancy fees and group marketing and advertising services	59,944	–	–	–
	Rent	39,900	–	–	–
	Interest	–	259	1,276	–
2112 Direct LLP (previously Crazy Horse Integrated LLP)	Expense recharge and consultancy fees	53,100	–	9,655	–
	Rent	30,320	–	–	–
	Interest	–	259	1,276	–
ICAS Limited (t/a Publicasity)	Consultancy fees	286,610	–	–	–
Threadneedle Communications Limited (formerly Cauldron Consulting Limited)	Expense recharge and consultancy fees	–	–	114	–
	Interest	–	–	–	987
Newgate Investor Relations Limited	Expense recharge and consultancy fees	–	–	190	–
Newgate Australia Pty Limited	Interest	58,861	–	28,907	–
	Consultancy fees	213,068	–	–	–
	Group dividend	117,560	–	–	–
Newgate Brussels Sprl	Expense recharge and consultancy fees	15,524	–	33,592	–
	Interest	6,571	–	3,745	–

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

Subsidiary	Nature of transactions	2014		2013	
		Charged by parent £	Charged to parent £	Charged by parent £	Charged to parent £
Newgate Comms LLP	Expense recharge and consultancy fees	63	–	2,910	–
	Interest	4,626	–	2,915	–
Newgate Communications LLP	Expense recharge and consultancy fees	683,846	2,097	235,287	–
	Rent	226,942	–	–	–
	Interest	15,681	111	23,874	–
Newgate Communications (Singapore) Pte. Ltd	Interest	6,114	–	–	–
Newgate Public Affairs Limited	Interest	–	1,022	–	–
PPS (Local and Regional) Limited	Consultancy fees	633,001	–	–	–
Newgate Threadneedle Limited	Expense recharge, consultancy fees and group corporate PR services	139,978	37,959	29,901	38,905
	Rent	64,841	–	–	435,217
13 Communications Limited	Expense recharge and consultancy fees	38,859	–	3,073	–
	Interest	6,736	–	334	–
	Rent	25,900	–	–	–
Redleaf Polhill Limited	Expense recharge and consultancy fees	56,637	6,000	–	–
	Group dividend	130,934	–	–	–
Twenty20 Media Group Limited	Expense recharges	–	–	2,040	–
TwentyOne Twelve Communications LLP	Expense recharges and group marketing and advertising services	77,138	8,656	99,054	29,431
	Interest	97,141	–	13,435	–
	Rent	369,087	–	–	–
TwentyFour Seven Studios LLP	Expense recharges and group marketing and advertising services	–	–	32,111	9,531
	Interest	–	–	5,459	–
		3,577,989	56,104	527,872	514,071

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The Company also undertakes various group treasury functions receiving payments from group companies, funding group companies and making payments on their behalf and the net amount outstanding to or from the parent company at the year end is as follows:

	Amount outstanding at year end owed to parent/(owed by parent)	
	2014	2013
Subsidiary	£	£
2112 Communications Limited	34,183	–
2112 Direct LLP	(5,770)	50,589
2112 Print Management and Creative Services Limited	26,136	–
ICAS Limited	288,796	–
Newgate Australia Pty Limited	568,135	612,118
Newgate Brussels SPRL	280,635	221,356
Newgate Comms LLP	224,217	207,920
Newgate Communications LLP	894,267	1,006,647
Newgate Media Holdings Limited	503,999	304,000
Newgate PR Holdings Limited	345,421	345,421
Newgate Public Affairs Limited	(32,076)	(32,076)
Newgate Public Relations Limited	212,574	213,874
Newgate Communications (Singapore) Pte. Ltd	69,500	–
Newgate Threadneedle Limited	(455,111)	(105,231)
PPS (Local and Regional) Limited	(642,782)	–
Redleaf Polhill Limited	7,030	–
13 Communications Limited	441,537	117,608
Threadneedle Communications Limited	(124,940)	(90,940)
TwentyOne Twelve Communications LLP	2,778,107	823,906
TwentyFour Seven Studios LLP	–	340,926
Twenty20 Media Group Limited	–	1,565,430
Velvet Consultancy Limited	218,490	218,490
WFCALimited	–	475,000
Net amount owed to parent Company	5,632,348	6,275,038
Less provided as bad debt	(218,490)	(218,490)
Total	5,413,858	6,056,548
Analysed as:		
Non-current assets	6,674,537	6,284,795
Non-current liabilities	(1,260,679)	(228,247)
Total	5,413,858	6,056,548

The Company has given undertakings to certain subsidiary companies to provide financial support for a period of at least 12 months from the date of approval of these financial statements subject to group funding requirements.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2014

The Board considers that the amounts disclosed in the table above, net of bad debt provisions, will prove recoverable. However the timing of and ultimate repayment of these sums will depend on the performance and financing arrangements of the relevant subsidiary undertakings. Currently, the Company expects the amounts to be repaid over a number of years.

27. Subsequent events

During February 2015, the second tranche of the deferred consideration payable to the vendors of Summit Marketing Services Limited was settled by payment of £82,000 in cash in aggregate. No further deferred consideration is due and owing in respect of this acquisition.

On 13 May 2015 the Company granted options over an aggregate of 8,070,000 ordinary shares to certain employees of the Group, all with an exercise price of 10p per share under its Enterprise Management Incentive and Unapproved Share Option Plan ("EMI and Unapproved Plans"). The options vest in three equal tranches on the first, second and third anniversary of the grant of the options, and will expire on the tenth anniversary of grant.

On 28 May 2015 the Group is expected to complete the reorganisation of the Newgate companies and, as part of this reorganisation, the 49% minority interest in Newgate Communications LLP (and one other LLP) will be bought out in consideration for the issue of 9,754,000 Porta Ordinary Shares. The Porta Ordinary Shares remain subject to a minimum 12 month lock-in period with a further 12 month orderly market period.

Notice of Annual General Meeting

Porta Communications PLC

(incorporated and registered in England and Wales with registered number 05353387)

Registered office: Sky Light City Tower, 50 Basinghall Street, London EC2V 5DE

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (the “AGM”) of Porta Communications PLC (the “Company”) will be held at the offices of Porta Communications PLC, Sky Light City Tower, 50 Basinghall Street London, EC2V 5DE, on 25 June 2014 at 11.00 a.m. for the following purposes:

Ordinary Business

To consider, and if thought fit, to pass the following resolutions, which will be proposed as ordinary resolutions:

1. Report and Accounts

To receive the audited annual accounts for the year ended 31 December 2014, together with the reports of the Directors and Auditor therein.

2. Re-election of director

To re-elect Raymond McKeeve a Director, who retires by rotation in accordance with the Company’s articles of association and who, being eligible, offers himself for re-election as a Director of the Company.

3. Re-appointment of auditors

To re-appoint Nexia Smith & Williamson as auditors to the Company to hold office from the conclusion of this AGM until the conclusion of the next general meeting at which accounts are laid before the Company.

4. Auditor’s remuneration

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

Special Business

To consider, and if thought fit, to pass the following resolutions, of which resolutions 5, and 8 will be proposed as ordinary resolutions and resolutions 6 and 7 will be proposed as special resolutions.

5. Directors’ authority to allot shares

That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the “Act”) to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being ‘relevant securities’) up to an aggregate nominal amount of £9,243,338.70 provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 18 months after the date of the passing of this resolution, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

Notice of Annual General Meeting *(continued)*

6. Directors' power to issue shares for cash

That, in substitution for equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are empowered to allot equity securities (as defined in Section 560 of the Act) of the Company for cash pursuant to the authority of the Directors under Section 551 of the Act conferred by resolution 5 above (in accordance with Section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with Section 573 of the Act), in each case, as if Section 561(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to:

- (a) the allotment of equity securities in connection with an offer, or invitation to apply for, equity securities:
 - (i) in favour of, holders of Ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of Ordinary shares in the capital of the Company held by them; and
 - (ii) to holders of any other equity securities as required by the rights of those securities or as the Directors consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange in any other matter whatsoever; and

- (b) the allotment of 1,760,010 equity securities in connection with deferred consideration due to be paid to the vendors of Redleaf Polhill Limited; and
- (c) the allotment, otherwise than pursuant to sub-paragraph (a) or (b) above, of equity securities up to an aggregate nominal value equal to £2,773,278.90; and

unless previously renewed, revoked, varied or extended, this power shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 18 months after the date of the passing of this resolution, except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

7. Authority to purchase shares (market purchases)

That the Company be and is hereby unconditionally and generally authorised for the purposes of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of its Ordinary shares of 10p each ('Ordinary Shares') provided that:

- (a) the maximum number of Ordinary Shares authorised to be purchased is 27,732,789;
- (b) the minimum price which may be paid for any such Ordinary Share is 10p;
- (c) the maximum price which may be paid for an Ordinary Share shall be an amount equal to 105% of the average middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and

this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

Notice of Annual General Meeting *(continued)*

8. *Political Donations*

To authorise, the Company and all companies that are its subsidiaries at any time during the period for which this resolution has effect for the purposes of Section 366, Companies Act 2006:

- (a) to make political donations to political parties or independent election candidates (as such terms are defined in Section 363 and 364, Companies Act), not exceeding £50,000 in aggregate;
- (b) to make political donations to political organisations other than political parties (as such terms are defined in Section 363 and 364, Companies Act), not exceeding £50,000 in aggregate;
- (c) to incur political expenditure (as such terms are defined in Section 363 and 364, Companies Act), not exceeding £50,000 in aggregate

provided that this authority shall expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company and further provided that the maximum amounts referred to in sub-paragraph (a), (b) and (c) may comprise sums in different currencies that shall be converted at such rate as the Directors may in their absolute discretion determine to be appropriate.

BY ORDER OF THE BOARD

Gene Golembiewski

Company Secretary

29 May 2015

Notes:

1. As a member of the Company, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the AGM and you should have received a Form of Proxy with this notice of AGM. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.
2. A proxy does not need to be a member of the Company but must attend the AGM to represent you. If you wish your proxy to speak on your behalf at the AGM you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. To appoint a proxy using the Form of Proxy, the form must be: (i) completed and signed; (ii) sent or delivered to the Company's Registrars, SLC Registrars, 42-50 Hersham Road, Walton-on-Thames, Surrey, KT12 1RZ marked 'Proxy Return'; and (iii) received by the Company's Registrars no later than 11.00 a.m. on 23 June 2015.
4. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the form of proxy.
5. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in the notes above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.
6. As at 28 May 2015 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 277,327,895 Ordinary shares of 10p, carrying one vote each and 72,000,000 deferred shares of 0.9p which carry no right to vote. Therefore the total number of voting rights in the Company as on the date immediately prior to the publication of this Notice was 277,327,895.

Notice of Annual General Meeting *(continued)*

7. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755) the Company has specified that only those members registered on the Register of Members of the Company at 6.00 p.m. on 23 June 2015 shall be entitled to attend and vote at the AGM in respect of the number of Ordinary shares registered in their name at that time. Changes to the Register of Members after 6.00 p.m. on 23 June 2015 shall be disregarded in determining the rights of any person to attend and vote at the AGM.
8. There will be available for inspection at the Company's registered office during normal business hours from the date of this notice to the date of the AGM and for 15 minutes prior to and during the AGM the following:
 - (a) the Memorandum and Articles of Association and
 - (b) copies of the Directors' Service Contracts with the Company or its subsidiaries and the terms and conditions of appointment of Non-Executive Directors.

Explanatory notes to the Resolutions:

Resolution 1 – Report and Accounts

All companies are required by law to lay their annual accounts and reports before a general meeting of the Company, together with the Directors' Report and Auditor's report on the accounts. At the AGM, the Directors will present these documents to the shareholders for the financial year ended 31 December 2014.

Resolution 2 – Re-election of director

This resolution concerns the re-appointment of Raymond McKeeve who is retiring at the meeting by rotation in accordance the Company's articles of association.

A biography of Raymond McKeeve is set out on page 45.

Resolution 3 – Re-appointment of auditors

This resolution concerns the re-appointment of Nexia Smith & Williamson as auditors until the conclusion of the next general meeting at which accounts are laid that is, the next Annual General Meeting.

Resolution 4 – Auditor's remuneration

This resolution authorises the Directors to fix the auditor's remuneration.

Resolution 5 – Directors' authority to allot shares

This resolution grants the Directors authority to allot shares in the capital of the Company and other relevant securities up to an aggregate nominal value of £9,243,338.70, representing approximately 33.33% of the nominal value of the issued Ordinary share capital of the Company as at 28 May 2015, being the latest practicable date before publication of this notice. The Directors do not have any present intention of exercising the authorities conferred by this resolution but they consider it desirable that the specified amount of authorised but unissued share capital is available for issue so that they can more readily take advantage of possible opportunities. Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or the date falling 18 months from the passing of the resolution, whichever is the earlier.

Resolution 6 – Directors' power to issue shares for cash

This resolution authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either: i) where the allotment takes place in connection with a rights issue; ii) the allotment of 1,760,010 to vendors of Redleaf Polhill Limited in connection with deferred consideration to be paid to them; and iii) the allotment is limited to a maximum nominal amount of £2,773,278.90, representing approximately 10% of the nominal value of the issued Ordinary share capital of the Company as at 28 May 2015 being the latest practicable date before publication of this notice. Unless revoked, varied or extended, this authority will expire at the

Notice of Annual General Meeting *(continued)*

conclusion of the next Annual General Meeting of the Company or 18 months after the passing of the resolution, whichever is the earlier. The Directors consider that the power proposed to be granted by resolution 6 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power.

Resolution 7 – Authority to purchase shares (market purchases)

This resolution authorises the Board to make market purchases of up to 27,732,789 Ordinary shares (representing approximately 10% of the Company's issued Ordinary shares as at 28 May 2015, being the latest practicable date before publication of this notice). Shares so purchased may be cancelled or held as treasury shares. The authority will expire at the end of the next Annual General Meeting of the Company or 18 months from the passing of the resolution, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent Annual General Meetings.

The minimum price that can be paid for an Ordinary share is 10p being the nominal value of an Ordinary share. The maximum price that can be paid is 5% over the average of the middle market prices for an Ordinary share, derived from the Daily Official List of the London Stock Exchange, for the five business days immediately before the day on which the share is contracted to be purchased.

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per share), they believe that such purchases are in the best interests of the Company and shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the Directors on the same basis at the time of the purchase.

Resolution 8 – Political Donations

This resolution seeks approval from shareholders to enable the Company to make donations to incur expenditure which it would otherwise be prohibited from making or incurring under the relevant provision of the Companies Act 2006 (the '2006 Act'). The Company's policy is not to make donations to political parties and there is no intention to change that policy. However the 2006 Act defines political expenditure, political donations and political organisations very broadly such that normal business activities which might not be thought to be political expenditure or a political donation to a political organisation in the usual sense may be included. For example, sponsorship of industry forums, funding of seminars and other functions to which politicians are invited, matching employee's donations to certain charities, expenditure on organisations concerned with matters of public policy, law reform and representation of the business community and communicating with the Government and political parties at local, national and European level may fall under the terms of the 2006 Act.

Accordingly, the Company, in common with many other companies proposes to seek authority to incur a level of political donations to political parties, independent election candidates and political organisations as well as political expenditure, to cover these kinds of activities on a precautionary basis, in order to avoid possible inadvertent contravention of the 2006 Act. The authority does not purport to authorise any particular donation or expenditure but is expressed in general terms, as required by the 2006 Act. Furthermore, as permitted under the 2006 Act, the authority has been extended to cover any political donations made or political expenditure incurred by any subsidiaries of the Company. Therefore, as a precautionary measure, you will be asked to give the Company and each of its subsidiaries authority to make political donations to political parties or independent election candidates, to make political donations to political organisations (other than political parties) and to incur political expenditure. These authorities are limited to a maximum aggregate amount of £150,000.

If given, this authority will expire at the conclusion of the Company's next annual general meeting or 18 months after the date of passing of this resolution (whichever is earlier). It is the Directors' intention to renew this authority each year.

Any political donation made or political expenditure incurred which is in excess of £200 will be disclosed in the Company's Annual Report for the next financial year, as required by the Companies Act 2006. The authority will not be used to make political donations within the normal meaning of that expression.

Form of Proxy

For use at the annual general meeting of Porta Communications PLC (the 'Company') to be held at
Sky Light City Tower, 50 Basinghall Street, London EC2V 5DE on 25 June 2015 at 11.00 a.m. (the 'AGM')

Resolutions	FOR	AGAINST	VOTE WITHHELD
ORDINARY BUSINESS:			
1. To receive the Report and Accounts for the year ended 31 December 2014 (ordinary resolution)			
2. To re-elect Raymond McKeeve as a Director (ordinary resolution)			
3. To re-appoint Nexia Smith & Williamson as auditors (ordinary resolution)			
4. To authorise the Directors to fix the remuneration of the auditors (ordinary resolution)			
SPECIAL BUSINESS:			
5. To authorise the Directors to allot relevant securities (ordinary resolution)			
6. To empower the Directors to allot equity securities for cash on a non pre-emptive basis in certain circumstances (special resolution)			
7. To authorise the Directors to make market purchases of its Ordinary shares (special resolution)			
8. To authorise the Directors to make political donations (ordinary resolutions)			

I/We

of.....

being a member of the Company:

- (1) hereby appoint
or, failing him/her, the Chairman of the AGM to act as my/our proxy to vote for me/us and on my/our behalf at the AGM of the Company to be held on 25 June 2015 and at any adjournment thereof in relation to the resolutions specified in the notice of the AGM dated 29 May 2015 (the 'Resolutions') and any other business (including adjournments and amendments to the Resolutions) which may properly come before the AGM or any adjournment thereof;
- (2) direct my/our proxy to vote as set out above in respect of the Resolutions: (PLEASE INDICATE WITH AN 'X' IN THE BOXES ABOVE)

Signature..... Date..... 2015



Notes

1. Please indicate how you wish your votes to be cast on a poll in respect of the Resolutions to be proposed at the AGM. If you do not indicate how you wish your proxy to use your votes, the proxy will exercise his/her discretion both as to how he/she votes and as to whether or not he/she abstains from voting. Your proxy will have the authority to vote at his/her discretion on any amendment or other motion proposed at the AGM, including any motion to adjourn the AGM.
2. To appoint as a proxy a person other than the Chairman of the AGM insert the full name in the space provided. A proxy need not be a member of the Company. You can also appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. The following options are available:
 - a. To appoint the Chairman as your sole proxy in respect of all your shares, simply fill in any voting instructions in the appropriate box and sign and date the Form of Proxy.
 - b. To appoint a person other than the Chairman as your sole proxy in respect of all your shares, delete the words 'or, failing him/her, the Chairman of the AGM' and insert the name and address of your proxy in the space provided. Then fill in any voting instructions in the appropriate box and sign and date the Form of Proxy.
 - c. To appoint more than one proxy, you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please indicate if the proxy instruction is one of multiple instructions being given. If you wish to appoint the Chairman as one of your multiple proxies, simply write 'the Chairman of the AGM'. All forms must be signed and should be returned together in the same envelope.
3. Unless otherwise indicated the proxy will vote as he/she thinks fit or, at his/her discretion, abstain from voting.
4. The Form of Proxy must arrive at SLC Registrars during usual business hours accompanied by any power of attorney under which it is executed (if applicable) no later than 11.00 a.m. on 23 June 2015.
5. A corporation must execute the Form of Proxy under either its common seal or the hand of a duly authorised officer or attorney.
6. The 'Vote Withheld' option is to enable you to abstain on any particular Resolution. Such a vote is not a vote in law and will not be counted in the votes 'For' and 'Against' a Resolution.
7. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, only those persons whose names are entered on the Register of Members of the Company at 6.00 p.m. on 23 June 2015 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the AGM.
8. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

Company Information

Directors:	Bob Morton David Wright Gene Golembiewski Brian Blasdale Raymond McKeeve
Secretary:	Gene Golembiewski
Registered Office:	Sky Light City Tower 50 Basinghall Street London EC2V 5DE
Registered Number:	05353387 (Registered in England & Wales)
Auditors:	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY
Registrars:	SLC Registrars Limited 42-50 Hersham Road Walton-on-Thames Surrey KT12 1RZ
Nominated Adviser and Broker:	Sanlam Securities UK Limited 10 King William Street London EC4N 7TW
Solicitors:	Osborne Clark One London Wall London EC2Y 5EB
Bankers:	HSBC Bank Plc 9 The Boulevard Crawley West Sussex RH10 1UT
Company website:	www.portacommunications.plc.uk

Porta Communications PLC
Sky Light City Tower
50 Basinghall Street
London EC2V 5DE

E: info@portacomms.com

T: +44 (0)20 7680 6500

F: +44 (0)20 7680 6510

W: portacomms.com

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