



Annual Report
2019



Transformational Talent Experiences.





We will be the world's best at transforming our clients through total talent solutions and experiences.

The Year in Review

Key Performance Indicators

Gross margin

17.0%

2018: 15.9% | ▲ 1.1%

Flexible Talent gross margin

12.8%

2018: 11.5% | ▲ 1.3%

Operating margin

4.4%

2018: 3.4% | ▲ 1.0%

Adjusted operating margin

4.6%

2018: 3.8% | ▲ 0.8%

Conversion ratio Operating profit

25.8%

2018: 21.5% | ▲ 4.3%

Conversion ratio Adjusted operating profit

26.7%

2018: 23.7% | ▲ 3.0%

Conversion ratio Profit before tax

25.5%

2018: 22.3% | ▲ 3.2%

Conversion ratio Adjusted profit before tax

26.5%

2018: 24.5% | ▲ 2.0%

As the future of work continues to evolve, so too does Cpl. We continue to embrace a global demand for more solutions-oriented workforce models and our business offering has broadened in response. Launching *Covalen*, our branded managed solutions division, enables us to more clearly define our value proposition, positioning ourselves for future growth both domestically and internationally.

At the heart of everything we do, is a deep belief in the transformational impact of matching the right candidate to the right organisation. Together with our people, we will pioneer and embrace new ways of working and ensure we are supporting our clients at the forefront of the future of work.

Flexible Talent fees As % of the total gross profit

71.2%

2018: 68.4% | ▲ 2.8%

Permanent fees As % of the total gross profit

28.8%

2018: 31.6% | ▼ 2.8%

Flexible Talent staff headcount at the year-end

12,493

2018: 12,296 | ▲ 1.6%

Average number of recruiters during the year

567

2018: 590 | ▼ 3.9%

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For more information visit www.cpl.com

Chairman's Statement

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The Group has delivered exceptional earnings growth in the year to 30 June 2019, reflecting strong growth across all our business sectors and markets.

The Year in Review

Key Performance Indicators



Revenue

€564.9m

2018: €522.7m | ▲ 8%



Gross profit

€96.3m

2018: €83.2m | ▲ 16%



Profit before tax

€24.6m

2018: €18.5m | ▲ 33%



This performance reflects the clear focus by our team on continuing to grow our business, expanding our product offering to meet shifting market demands and concentrating on managing our cost base and improving margins.

Full Year Highlights

€'000s except where indicated	Year ended 2019	Year ended 2018	% change
Revenue	564,858	522,691	8%
Gross profit	96,258	83,150	16%
Adjusted operating profit*	25,726	19,737	30%
Adjusted profit before tax*	25,492	20,402	25%
Operating profit	24,818	17,881	39%
Profit before tax	24,584	18,546	33%
Earnings per share	77.3 cent	56.6 cent	37%
Dividend per share	19.0 cent	13.5 cent	41%
Conversion ratio **			
Adjusted operating profit	26.7%	23.7%	
Adjusted profit before tax	26.5%	24.5%	
Operating profit	25.8%	21.5%	
Profit before tax	25.5%	22.3%	

* Adjusted operating profit and adjusted profit before tax exclude non-cash charges relating to the Group's Long-Term Incentive Plan (LTIP) and currency translation

** As a % of gross profit

Revenue grew by €42.2 million to €564.9m, up 8% on the prior year. Group gross profit grew by 16% and profit before tax grew by 33% in the year. The global demand for flexible workforce solutions continues and our Flexible Talent fee income grew by 21% during the year.

Operating profit margin was 4.4% (2018: 3.4%) which, given the shifting mix of business from permanent recruitment to flexible talent, is testament to our commitment to improving margins. Adjusted for non-cash charges relating to the Group's Long-Term Incentive Plan (LTIP) and currency translation, the operating margin increased by 80 basis points to 4.6% in the financial year.

At year end, the Group had a strong balance sheet, with net assets of €110.4 million, up from €92.5 million in the prior year. We ended the year with net cash of €40.1 million, up €15.9 million from the prior year, after funding the working capital demands of our growing Flexible Talent division. Cpl is a profitable, cash generative business and the continued strength of the Group's balance sheet, its access to external financing and its capabilities in working capital management positions the Company well for future growth.

Culture and Values

Cpl's culture is one of openness, respect and clear communication. We encourage innovation and remain focused at all times on our customers, responding quickly to their changing needs. We believe that this culture enables us to deliver consistently outstanding service to our clients and candidates, and that it has contributed significantly to an excellent performance across the business in the past year.

CHAIRMAN'S STATEMENT (CONTINUED)

People

At its heart Cpl is a people business. We provide workforce solutions by matching people with opportunities and by connecting people to other people. We can do this to a consistent standard of excellence because of the quality of our own people and their commitment to our culture and values.

On behalf of the Board, I would like to thank all of our people for their dedication and hard work during the year. I would also like to thank our clients and candidates for their continuing support and loyalty to Cpl.

Board Developments

In October 2018, Elaine Coughlan was appointed to the Board as an independent Non-Executive Director. Elaine is a highly regarded technology investor and has extensive experience in scaling technology companies worldwide. She has contributed very positively to the Board since her arrival and we look forward to continuing to work with her in the future.

In January 2019, Oliver Tattan retired from the Board having been a Non-Executive Director of the Group since 2007. On behalf of my fellow Directors and all of our people, I would like to thank Oliver for the outstanding contribution he made to Cpl's success during his tenure.

As part of the ongoing process of refreshing the Board and as previously indicated, Breffni Byrne will retire from the Board during the current financial year ending 30 June 2020. We look forward to Breffni's continuing valuable contribution, as a Board member and as Chairman of the Audit Committee, until then.

The Company intends to appoint an additional, independent Non-Executive Director and will begin a process to identify suitable candidates. A further update will be provided in due course.

Mark Buckley will leave the Group and will step down from the Board on 30 September 2019. Mark joined Cpl in 2013 as Chief Financial Officer and since then has been appointed to the Board and to the executive positions of Chief Operations Officer and Deputy Chief Executive. Since Mark joined us Cpl has enjoyed substantial profitable growth and he has contributed significantly to that success. We are grateful to Mark for his commitment and contribution and wish him well for the future.

Cash

The Group had a net cash balance of €40.1 million as at 30 June 2019 (2018: €24.2 million). In the twelve months to 30 June 2019, €27.1 million was generated in cash flow from operating activities before tax and changes in working capital (2018: €20.6 million). Although the growth in our Flexible Talent business requires significant investment in working capital, we recorded a strong net cash inflow of €15.9 million in the year (2018: €15.7 million (excluding impact of tender offer)), demonstrating the profitable, cash generative nature of our business and the effectiveness of our working capital management.

Allocation of our cash surplus is closely monitored by the Board. We prioritise organic expansion and are selective in our acquisition activity, making acquisitions only where we perceive a strong fit with our existing business or to drive innovation in our organisation. We continue to adopt a progressive dividend policy and are pleased to have delivered a 41% increase in the dividend per share for the year, further details of which are outlined below.

Earnings per Share & Proposed Dividend

Cpl has delivered earnings per share in the twelve months to 30 June 2019 of 77.3 cent, a 37% increase on the prior year, reflecting the growth in profitability in the year. The Board is recommending a final dividend of 11.0 cent per share. This will bring the total dividend for the year to 19.0 cent per share.

The dividend, if approved by the shareholders, will be payable on 4 November 2019 to shareholders on the Company's register at the close of business on the record date of 11 October 2019.

Outlook

We operate in a cyclical industry which is sensitive to changes in economic activity within our core markets. While our business model has evolved over the years to include more secure revenue streams, the visibility of a material proportion of our net fee income remains short term.

As long as the terms of the UK's planned departure from the EU remain unclear Brexit will continue to give rise to uncertainty for businesses in all sectors, including our own. We will continue to monitor developments closely and assess and respond to their implications for our business.

Aside from the risks posed by Brexit uncertainty, economic indicators in our most important markets are broadly positive, and we expect to achieve further profitable growth in the months ahead.

John Hennessy

Chairman

10 September 2019

Chief Executive's Review

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In the financial year to 30 June 2019, Cpl delivered exceptional earnings growth and strong cash conversion.

The Year in Review

Key Performance Indicators

Net cash balance



€40.1m

2018: €24.2m | ▲ 66%

Earnings per share of



77.3 cent

2018: €56.6 cent | ▲ 37%

Total dividend per share of



19.0 cent

2018: 13.5 cent | ▲ 41%



We continue to embrace a global demand for workforce solutions and our business model has evolved and adapted in response. Our managed solutions division is experiencing strong, consistent growth and we have recently branded this division *Covalen*, clearly defining our value proposition and positioning ourselves for future growth both domestically and internationally.

Financial Highlights

Group revenue increased by €42.2 million to €564.9 million in the year to 30 June 2019 (2018: €522.7 million). Gross profit grew by 16% to €96.3 million (2018: €83.2 million) and gross margin was 17.0% (2018: 15.9%). We delivered a 33% increase in profit before tax to €24.6 million (2018: €18.5 million) and our earnings per share is up 37% to 77.3 cent (2018: 56.6 cent).

Group operating expenses (excluding non-cash charges) were €70.5 million, an 11% increase on last year, in line with the increase in gross profit and reflecting the fact that the majority of our cost base comprises staff related costs. Our conversion of gross profit to adjusted profit before tax was 26.5% (2018: 24.5%).

Our balance sheet is strong with net assets of €110.4 million at 30 June 2019 (2018: €92.5 million). Cash flow in the year was excellent with a closing net cash balance of €40.1 million, up from €24.2 million in the prior year. This was achieved despite the 21% growth in our Flexible Talent division, demonstrating the profitable, cash generative nature of our business and the effectiveness of our working capital management.

We paid an interim dividend of 8.0 cent per share during the year. The Board is recommending a final dividend of 11.0 cent per share for the year to 30 June 2019, resulting in a total dividend per share for the year of 19.0 cent, a 41% increase from the prior year.

Operations Review

Cpl's capability spans the full talent spectrum and we deliver a range of services through two operating segments – flexible workforce solutions ('Flexible Talent') and permanent recruitment ('Permanent'). Flexible Talent includes managed solutions, temporary and contract recruitment, training and strategic talent advisory services. We operate through distinct specialist brands in a wide range of sectors including technology, finance and legal, healthcare, pharmaceutical, life sciences, sales, engineering, HR, light industrial and office administration. We have a diverse range of clients from market leading multinationals to small and medium sized enterprises. Our clients operate in a challenging labour market, characterised by labour and skill-set shortages, and where the competition for talent has never been more pronounced.

Our managed solutions business (*Covalen*) is experiencing strong growth, delivering projects to multiple clients including leading organisations in the financial services, technology, healthcare and pharmaceutical sectors. Cpl assumes accountability for selected business processes on behalf of clients, creating measurable improvements and cost savings for our clients. Cpl is typically engaged on multi-year contracts, becoming trusted strategic partners to our clients and adding significant value to their businesses.

Our temporary and contract recruitment service offers clients flexible recruitment solutions, including high-volume contingency recruitment and seasonal ramp-ups. Cpl's dedicated recruiters work with clients to identify the optimum short and long-term solutions, each with the flexibility to increase or decrease headcount around changing business needs.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

Strategic talent advisory services cater for the broader supports required by our clients to further evolve and transform their businesses. These cover a wide range of services that include talent strategy development, employee value proposition, employee wellness and employer branding. The complexity of the world's workforce preferences continues to evolve and given the highly competitive environment for talent, a people centric approach to talent management is a must.

Key Performance Indicators

	2019	2018
Gross margin	17.0%	15.9%
Adjusted operating margin*	4.6%	3.8%
Operating margin	4.4%	3.4%
Conversion Ratio**		
Adjusted operating profit	26.7%	23.7%
Adjusted profit before tax	26.5%	24.5%
Operating profit	25.8%	21.5%
Profit before tax	25.5%	22.3%
Permanent fees as % of the total gross profit	28.8%	31.6%
Flexible Talent fees as % of the total gross profit	71.2%	68.4%
Flexible Talent staff headcount at the year-end	12,493	12,296
Average number of recruiters during the year	567	590

* Adjusted operating margin excludes non-cash charges relating to the Group's Long-Term Incentive Plan (LTIP) and currency translation

** As a % of gross profit

Gross margin in the year to 30 June 2019 was 17.0%, an increase of 110 basis points from the prior year. An increase in our Permanent net fee income contributed in part to this growth but it was primarily driven by our Flexible Talent division through a combination of volume and pricing improvements.

Our permanent placement business, which generates almost 100% gross margin, represented 29% of total gross profit compared to 32% in the prior year. Despite the developments in our business mix, our operating margin was 4.4%, up 100 basis points on last year and 80 basis points when adjusted for non-cash charges. The full yearly cost of recent key hires and the investment in our technology team will not be accounted for until next year but, nonetheless, it underlines our commitment to improve the Group's operating margin.

Flexible Talent

As the world of work evolves and both employee and employer expectations change, the demand for flexible workforce solutions continues to strengthen. As a result, we grew our Flexible Talent net fee income by 21% to €68.5 million during the year (2018: €56.9 million). Gross margin in the year to 30 June 2019 was 12.8% (2018: 11.5%) and we finished the year with 12,493 skilled people working on client engagements on behalf of Cpl.

Flexible workforce solutions add a variable cost component to a company's otherwise fixed labour costs. These solutions offer a more dynamic workforce and address a growing desire for greater flexibility among candidates. Highly skilled professionals, particularly in ICT, finance and engineering, are increasingly choosing to work on a project or contract basis.

This global shift in working preferences presents a huge opportunity for Cpl, with potential for significant growth within Covalen.

Permanent

Most of our permanent placement work is undertaken on a contingent basis, which means we only generate revenue when the candidate successfully starts in a role. We operate in a competitive environment where the speed and quality of delivery is a differentiator. We will continue to invest in Artificial Intelligence (AI) now and into the future to optimise the placement cycle. However, technology alone is not enough to ensure that an individual is the right fit for a business. Cpl combines the power of AI and analytics to support our skilled recruitment professionals who bring the personal touch to the process, focussing on the qualities of the candidate and culture fit in recommending the right recruitment decision for our clients.

International nurse recruitment in the UK remains challenging due to changes in regulation and continuing Brexit uncertainty. Nonetheless, there continues to be high demand for nurses and healthcare professionals, and we feel there is great opportunity in the UK healthcare market in the longer-term.

Permanent net fee income increased by 6% to €27.8 million (2018: €26.3 million). Divisions such as technology, pharma and financial services performed particularly well during the year, where demand for skilled talent is at a premium. In today's digitally driven marketplace companies are becoming increasingly dependent on technology to deliver for their customers and drive efficiency. This combined with increased regulation, compliance and the growing risks of cyber security indicates that the demand for technology and finance professionals will continue to grow.

Technology

Technology is cited as the biggest driver of change in the world today. It is revolutionising our industry and changing the way in which we traditionally recruit. As a market leader we are committed to staying at the forefront of technological shifts and we have taken many initiatives this year to drive our technology capabilities forward. Our objective is two-fold – to drive differentiation in our value proposition and achieve further operational excellence in our service delivery.

We continue to partner with innovative technology companies and have custom built and deployed three scalable AI applications based on the latest machine learning and deep learning toolsets. These applications are transforming the way in which we source and match candidates, improving some of the most important hiring metrics for our clients such as quality of hire, time to hire and cost to hire. Our web and mobile based rostering app ('MyCpl') has been successfully deployed to over 50% of our flexible healthcare workers in Ireland and the feedback has been very positive. Clients and candidates alike have embraced this new way of working, recognising the efficiency and service excellence it provides.

We recently appointed a Technology Advisory Board to advise and guide us on our technology and digital strategy. This has proven to be a great outlet to channel our technological curiosity and to validate our thinking when it comes to investment in technology. Technology is a key enabler of our business strategy and we have strengthened our IT team during the year with the creation of new roles including the appointment of a Chief Information Officer, James Louttit.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

Strategy

We believe deeply in the transformational effect of matching the right candidate to the right organisation. Our vision as we grow is to be world-class at supporting transformation in our clients through total talent solutions and experiences. The Group's strong performance in the year to June 2019 is a testament to the success of our strategy for growth. Our strategy is founded on three strategic pillars to deliver growth - 'Future Ready', 'Client First' and 'Total Solutions'.

Future Ready

We continue to be at the leading edge of the future of work and have recently strengthened the capabilities within our *Future of Work Institute*, where we focus on co-creating new solutions with our clients. We continue to adopt a people centred, strategic approach to how we deal with our clients ('the Cpl Way') and to design and deploy integrated solutions that will create transformational value, appropriate to the needs of our clients and our candidates. This combined with our investment in technology and the support of our partners provides us with a strong platform for future growth.

Client First

Our strategy is based upon building broader and deeper relationships with clients. During the year we implemented a new strategic account management structure. This structure enables us to provide clients with the full suite of our talent solutions and it enables us to generate new business.

Total Solutions

Given the new opportunities arising from an increasingly solutions-oriented market, during the year Cpl embarked on the development of a defined managed solutions proposition to best position this division for further growth. The new brand *Covalen* is already operating in Ireland and will be launched in target European countries later in the financial year. *Covalen* will provide a range of people-centric managed

& design solutions which will include Managed Services Provision, Business Process Outsourcing and Consulting & Solution Design. These solutions will be fully customised based on clients' requirements and engagements will be supported by world-class experts, curated technology platforms and a set of unique processes developed through real-world experiences. This signals an exciting chapter for Cpl as we drive further momentum in our managed solutions offering.

People and Culture

Our talented and experienced people are central to Cpl's success. They are committed to our core values of accountability, respect, customer focus, effective communication and empowerment. These values underpin our culture and ensure the excellence of our services and solutions. In addition to our shared commitment to deliver for our clients and candidates, there is a strong, collective passion for helping others to reach their full potential through the support of local communities and charitable organisations.

In 2019, Cpl was recognised in the Great Place to Work programme's large workplace category for the fifth consecutive year. This recognition is of great value to Cpl as it demonstrates the positive employee experience that our people are having. It also supports us in attracting and retaining the best talent which is key to our continued success. I would like to thank our colleagues for their commitment to putting our clients and candidates first and for making Cpl a truly great place to work.

Management Team

Mark Buckley has resigned as Chief Operations Officer and Deputy Chief Executive of the Group with effect from 30 September 2019 to pursue other opportunities. Mark has made a great contribution to the success of Cpl's business since he joined the Group in July 2013, first as Chief Financial Officer and latterly as COO/Deputy CEO. On behalf of the Group as a whole, I would like to thank Mark for his commitment to Cpl and wish him every success in his future career.

I am delighted to welcome James Louttit to the newly created role of Chief Information Officer. This is an important leadership appointment for Cpl as we move forward with our growth strategy and further investment in technology.

I am also delighted to welcome all our new colleagues who joined Cpl during the year and I want to thank our loyal clients for their partnership and support during the year.

Outlook

Our record results and progress achieved in the year to June 2019, has positioned us well for the year ahead. We have strengthened our managed solutions offering with the launch of *Covalen*, where we have already had some strong business wins. We are also seeing strong demand for skilled talent particularly in the technology, finance and pharma sectors.

Trading in the current year has started well and we are positive about the sectors in which we operate. We are mindful of the potential macro-economic challenges driven by Brexit and the potential for changes to levels of investment and employment within our client base. Should conditions change, we are prepared, we have flexibility in our cost base and we can moderate our growth plans.

Our goal for 2020 is to produce another year of growth in revenue and profitability, we are encouraged by our pipeline and the opportunities for growth that we have identified. We will continue to invest in technology which we believe will improve our productivity and enable us to better support our clients by delivering innovative and impactful talent solutions that can grow and transform their businesses.

Cpl has a strong balance sheet with net assets in excess of €110 million, generated over 30 years of continuous profitability. We believe our balance sheet and strong cash flow generation gives us the resources to withstand potential macro-economic challenges, and also to invest in the growth and expansion of our business and provide an attractive return to shareholders.

Anne Heraty

Chief Executive Officer

10 September 2019



Cpl will be at the leading edge of the future of work, in order to enable our clients, candidates and consultants to be future ready. Cpl will achieve this through collaborative networks of think & do leadership, co-creation and the continued development of the Future of Work hub - a hub where our stakeholders can help invent the future with us.

Future Ready.

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Having dealt with numerous agencies in the past and not had great experiences, Nicole restored my faith, making me feel like an individual rather than just another number looking for a job. She is an expert in her field and a credit to Cpl.

JEAN CAMARGO

IT Support Technician placed by Cpl

Strategy Report

Cpl's 'Transformational Talent Experiences' strategy continues to be rolled out across the Group with key initiatives supporting the three pillars of 'Future Ready', 'Client First' and 'Total Solutions'.

Below is a summary of some key achievements since we began the implementation of our strategic plan in 2019. Other key initiatives that will be launched in the current financial year include a brand strategy review and refresh and a further evolution of the organisational structure, to better enable focus and further development of key service offerings in selected markets within Ireland and internationally.





Future Ready.

Strategic Statement

Cpl will be at the leading edge of the future of work, in order to enable our clients, candidates and consultants to be future ready. Cpl will achieve this through collaborative networks of think & do leadership, co-creation and the continued development of the Future of Work hub - a hub where our stakeholders can help invent the future with us.

Key Achievements to Date

- Roll out of new Future of Work Institute brand
- Establishment of new Future of Work Institute office
- Roll out of a number of advisory and workshop engagements with key clients and integration of brand into large pitch and tenders to increase value-add to new and existing clients
- Development of key collaborations in identified areas of importance - for example CeADAR - Ireland's Centre for Applied AI - to increase capability in future work areas
- Continued roll out of a number of key pilots exploring new proposition areas to exploit - i.e. consulting services, organisational health, new assessment methodologies and new technology pilots in areas such as video interviewing



Client First.

Strategic Statement

Cpl is all about the client and our people supporting our clients. It means adopting a more strategic approach to how we deal with our clients and creating new experiences to fully understand how we can transform our clients' businesses through a broad range of services and supports.

This means simplifying the back stage processes where we can empower our people to become totally focused on addressing the needs of our clients. We will engage our clients by being the best we can be at engaging and supporting our people.

Key Achievements to Date

- Establishment of the Chief Customer Officer role and function
- Development of a Cpl Strategic Account Management approach to better serve key clients and create new opportunities
- Roll out of a Consultative Mindset Upskilling programme to over 120 employees in order to create new conversations with our clients
- Roll out of new customer feedback mechanisms including Client NPS, initially with a cohort of 40 clients rising to over 100 across 2019/2020



Total Solutions.

Strategic Statement

Cpl will design and deploy real world-ready integrated solutions that will create transformational value appropriate to the needs of our clients and our candidates. These solutions will empower a total solutions, end to end set of offerings, that will utilise the best of Cpl's expertise, in conjunction with appropriate business and technology partners.

Spotlight on Covalen - Performance Magic, Cpl's Managed Solutions brand

Due to ongoing digital disruption, the continued rise of outsourcing as a key business support, and the growing requirements across all sectors for new workforce models over the past 6 months, Cpl has embarked on the purposeful development of a very defined managed solutions pillar and proposition to best position the Group for growth from 2019 onwards. This new managed solutions brand has been enabled by a set of capabilities developed organically over the past 10 years through Cpl IS, Interaction and other key client engagements across the Cpl Group.

The new brand, **Covalen - Performance Magic**, is already operating in Ireland and will be launched in core target countries in Europe later in the financial year. This represents an important step in our 'focused internationalisation' strategy and highlights our commitment to delivering transformational talent experiences for our clients.

More About the New Brand

'Covalen' is a play on Covalent - a chemical bond - it represents the bond between Covalen as a team and the bond between Covalen and its clients. It plays to the obsessiveness we have for client service excellence and a deep focus on delivering for the client no matter what.

'Performance Magic' highlights both Covalen's own desire to create world-class performance for clients and is based on the aspirations of the team and actual feedback that was received from some of the organisation's most trusted clients. It is purposely focused on performance given the transformational nature of Covalen and the solutions it provides.

Focused Rollout

As part of this significant step we are deploying a three year plan with a focus on building new sales opportunities, supported by a strong team and best in class brand activation in core European geographies and a focus on appropriate sectors in those areas. We want to be a leading provider of good value, high quality managed solutions and advisory services to businesses in Financial Services, Technology & Social, Utilities and other sectors across core managed service line areas that play to our core competencies of 'people craft' - the ability to attract, recruit and manage talent to deliver key managed and outsource services for European and global clients.

These sectors are going through their own version of profound change and disruption:

- In Financial Services and Retail Banking - the continued rise of the digital first banks and service offerings, the quest for new efficiencies and new entrants will require new forms of customised support and outsourced solutions
- In Technology & Social - the rise of connected gaming, content as king and beyond is leading to the need for specialist supports that are tightly managed and deployed
- In Utilities - the rise of sustainability and the connected utility will mean new challenges for these providers as they strive for greater customer engagement and value-add

Covalen will provide a range of people-centric managed & design solutions appropriate to these sectors. These solutions are: **Managed Services Provision, Business Process Outsourcing** and **Consulting & Solution Design**. These solutions will be fully customised based on clients' requirements and realities and engagements will be supported by world-class experts, curated technology platforms and a set of unique processes developed through real-world experiences.

Examples of service engagements already underway include:

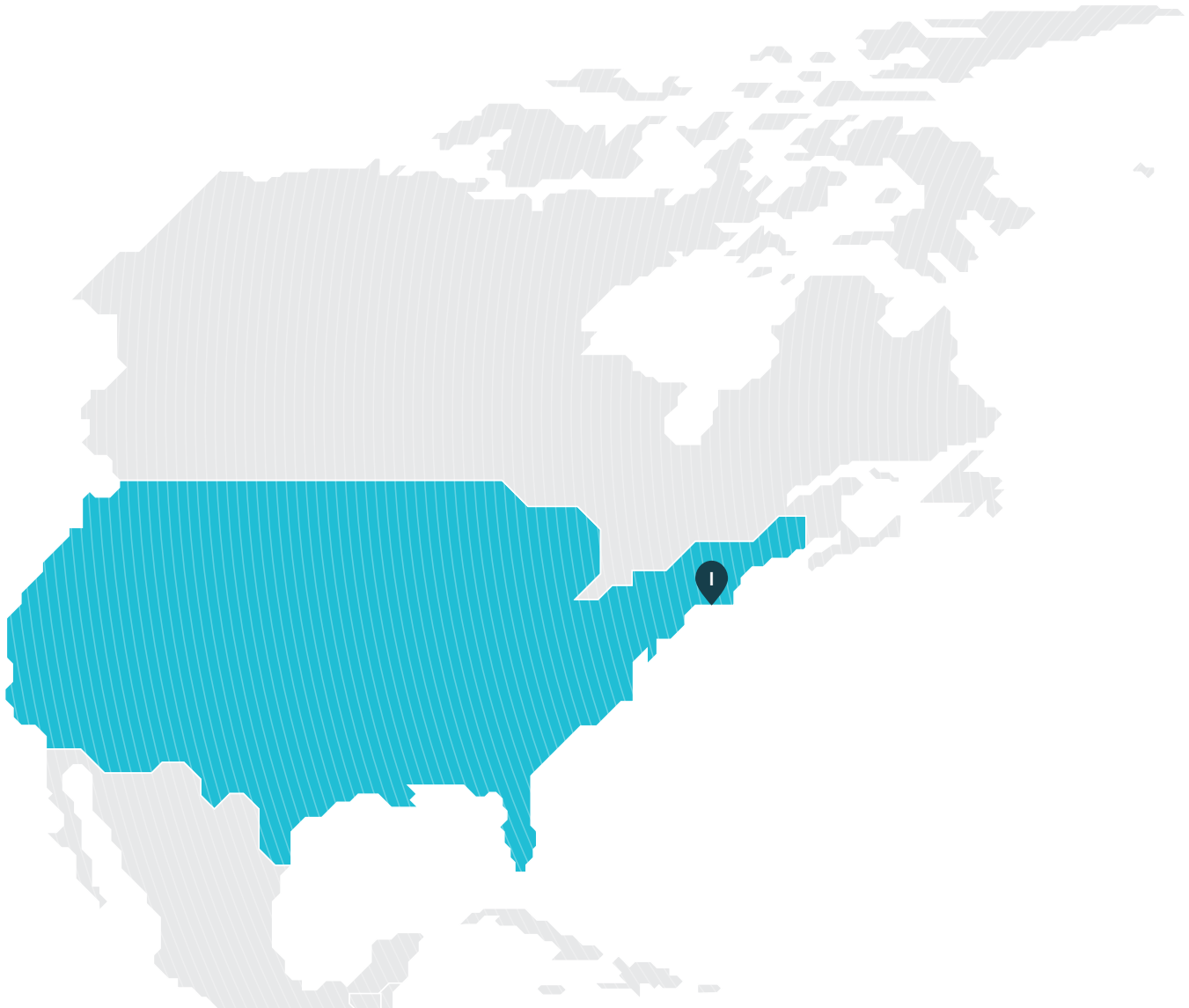
- Onsite delivery for one large blue-chip technology company - Covalen provide service desk technical support to our customer's clients across the EMEA region.
- For a global bank, Covalen developed a delivery model to be delivered out of a Covalen contact centre. This model was for a customer service programme to roll out a government sponsored initiative, which the bank had just signed a contract to deliver.
- With a large insurance company our consultancy team were brought in by senior leadership in the business to do a top down assessment in all areas of the business and provide recommendations on the best way forward. At the end of the consultation period, the client had a clear picture of all the strengths and challenges they faced in all areas of their organisation, as well as a roadmap forward to get to where they wanted to be.

These are just some examples of where Covalen are already excelling in meeting the ever evolving and changing needs of our clients.

Cpl Around the World

A global reach and network of talent that extends to more than 9 countries and territories.

Cpl employs in excess of 13,000 staff who serve the needs of our candidates and clients across a broad international footprint. We have 47 office locations across Ireland, the United Kingdom and Central Eastern Europe, together with offices in Boston and Munich. Matching the right talent to the right organisation is the core guiding principle in everything we do.



CPL FOOTPRINT

A Ireland
 Managed Services, RPO, Recruitment from Entry Level to Executive Search in all sectors

B UK
 RPO, Recruitment from Entry Level to Executive Search in Healthcare, Pharma and Life Sciences

C Germany
 RPO, Recruitment from Entry Level to Executive Search

D Poland
 Recruitment from Entry Level to Executive Search, RPO, Temporary Recruitment

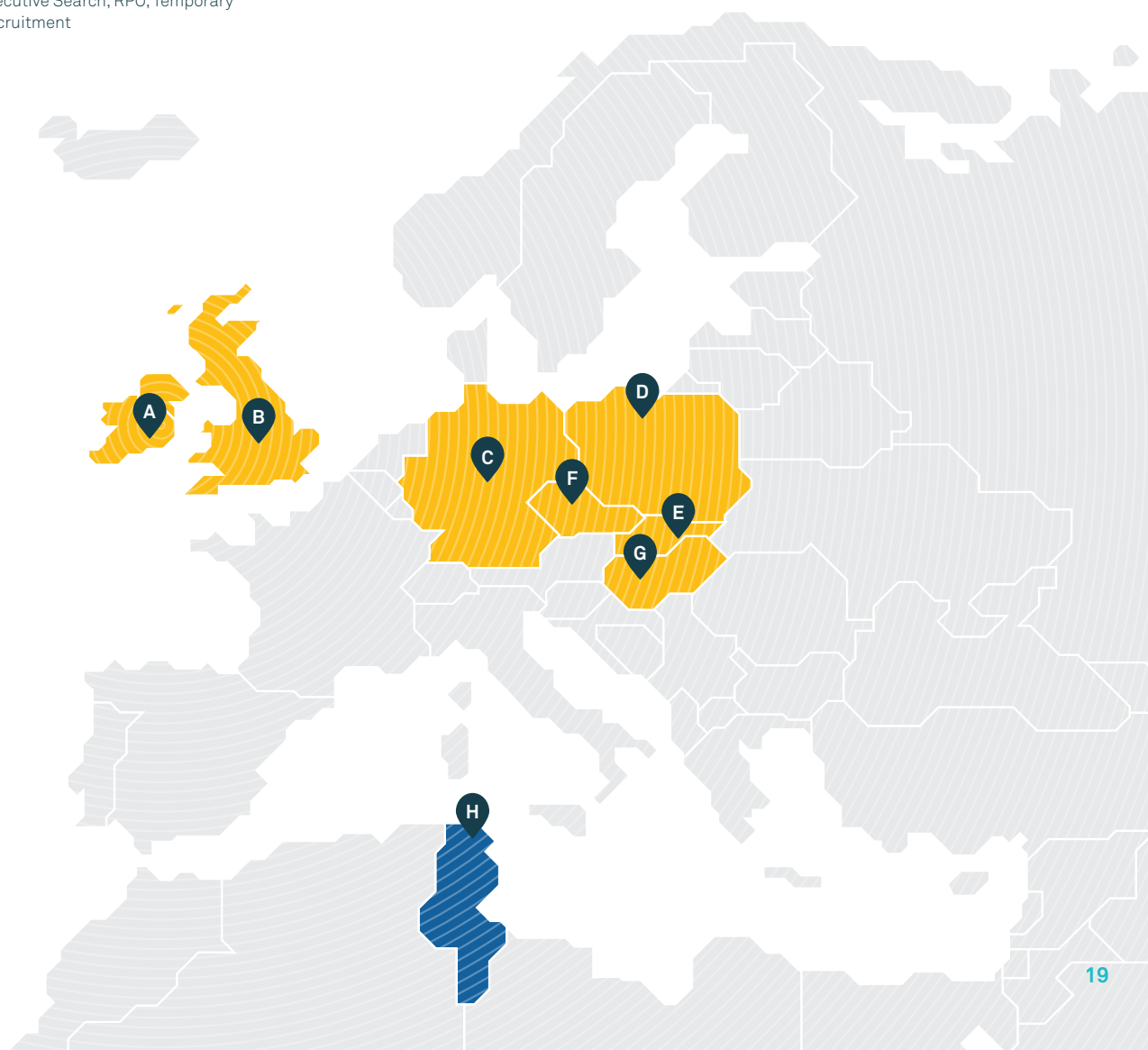
E Slovakia
 Recruitment from Entry Level to Executive Search, RPO, Temporary Recruitment

F Czech Republic
 Recruitment from Entry Level to Executive Search, RPO, Temporary Recruitment

G Hungary
 Managed Services and Recruitment from Entry Level to Executive Search, RPO, Temporary Recruitment

H Tunisia
 Managed Services and Recruitment from Entry Level to Executive Search

I USA
 Executive Search, Recruitment and Sales





Cpl is all about the client and our people supporting our clients. It means adopting a more strategic approach to how we deal with our clients and creating new experiences to fully understand how we can transform our clients' businesses through a broad range of services and supports.

Client First.

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What's made Cpl a big success is their understanding of people and their understanding of the type of person we need here in RCSI. They know who's a fit for RCSI and they can have someone in place as quickly as 24 hours.

MAGGIE WALSH

Recruitment Specialist at RCSI

Corporate Social Responsibility

At Cpl we aim to better people's lives and the communities we operate in through volunteering of staff time, community involvement & skill sharing, using digital for good and charitable donations. This year we have raised in excess of €40,000 for charities across Ireland.

Regular volunteering in the communities we're based in

"This year, Cpl Cork began a partnership with St. Luke's Home. St Luke's were gifted a specialised bike and need regular volunteers to take their residents out in the fresh air. Our Cpl Cork team now volunteer in pairs once a month to help them. Cpl Cork have also donated €1,000 to build a sensory garden. The team helped to weed and set flowers to complete the garden for adults with Down Syndrome."

CLARE BUCKLEY
Cpl Cork



Helping causes that directly impact our employees

"For the last 10 years my colleagues in Cpl have helped me to raise funds and awareness for the incurable degenerative disease - Hunter Syndrome/MPSII. My young son has the condition and Cpl have been behind my family's fight from the outset. We have made huge strides fundraising towards our \$2.5 million goal for a gene therapy trial (we are at \$2.35 million now) not to mention working towards greater awareness of the disease. With only 2000 sufferers worldwide, awareness is crucial to generating more funds which in turn will hopefully bring a cure for our boys."

LIBBY KELLY
Cpl Technology

Enabling our people to give back - blood donor drives

"I was delighted when I saw that Cpl were doing a blood donor drive. They arranged for us to be collected from the office and dropped back so I figured there was no excuse to not volunteer. I'm terrified of needles and giving blood, so I also thought there would be safety in numbers. Without Cpl I know for sure I wouldn't have been brave enough to go by myself. It's such an important thing to do and can make such a difference to people that need it."

AISLINN BRENNAN
Cpl Solutions





Reducing our environmental impact #CplGreenWorks

“Led by a demand from our people, this year we founded Cpl’s first sustainability group - #CplGreenWorks. The group was launched with an in-house training session for all employees. Current initiatives in place include paperless onboarding, a commitment to waste reduction and recycling in all offices and the removal of single use plastic cups and coffee cups from our Dublin offices.”

LOUISE MEEHAN
CplGreenWorks Chair

Encouraging children to embrace education opportunities

“A total of 1,652 students from 36 different schools have had the opportunity to have had a programme delivered by a member of Cpl over the past few years. To show the positive effect these courses have, especially at second level, the first round of students we dealt with 5 years ago are now leaving school - and in their feedback forms, 28 of them have directly linked their decision to proceed onto third level with the Junior Achievement course they completed with a member of Cpl.”

KEITH O’CONNOR
IT Director & JAI lead at Cpl

Skills sharing to assist talent, no matter what their background

Palwasha is originally from Pakistan and came to Ireland in 2008 on a spouse visa to join her husband. She found the EPIC Programme online and immediately got enrolled. Palwasha then attended a mock interview with Cpl which helped her to further her interview skills. The training and individual support boosted her confidence by learning the skills needed to create a successful CV and cover letter and to present herself in a professional manner. She also was able to get references and guidance on taxation issues and rights and entitlements regarding working in Ireland. She is now in full-time employment with a leading financial company.



Diversity and Inclusion at Cpl

Diversity and Inclusion is at the centre of our culture in Cpl and we have developed our D&I programmes around our 6 key pillars: Multicultural, Disability, BeProud, Our Generations, Working Parents & Carers and Gender Balance. We focus on running a series of events and educating our people on key topics within these pillars. We are pleased to highlight some of our programmes over the past 12 months.

Open Doors at Cpl

Cpl is a founding member of Open Doors and has committed to providing opportunities for marginalised members of society. Our colleague Mei Lin Yap spoke at the launch and is employed full time along with another member of the Trinity Centre for People with Intellectual Disabilities, Marian O' Rourke. In addition to our recruits, our consultants, directors and managers offer mentoring, CV and interview preparation, mock interviews and an introduction to the world of work to TCPID students.

Inclusive TY Programmes

Our annual TY programme offers places to students from schools across Dublin, including a number of deis schools. For our 2019 programme, 26 TY students attended our programme, giving them an insight into the world of work and providing them with valuable skills in the areas of networking, interview skills, career research and mindfulness.

"It was a great opportunity to make new friends. It has definitely changed my perspective on my future career. I discovered so many new jobs through Cpl."

HANNAH DORMER
TY Student



Flexible Working for Parents & Carers

Rachel Walsh, Manager of the Industry and Commerce Finance team with Cpl, is just one of our employees who works from home. In Rachel's case she works remotely in order to look after her son who has special needs.

"Since I moved to working from home, I am now consulting on a full-time basis. I basically drop my son to his adult services and sit at my desk (which Cpl provided), source and BD and try to close as many deals as possible. I am busier now than I have ever been, I am getting so much more time to source and talk to candidates and clients."

RACHEL WALSH

Cpl Finance



Pushing for Gender Balance

Over the past 12 months Cpl have invested in a number of events to highlight Ireland's Gender Pay Gap, including an event with Minister David Stanton and Cpl CEO Anne Heraty. Our leadership team is now 46.2% female while our Board of Directors is 37.5% female. Cpl is part of the 30% Club Ireland and is committed to achieving gender balance across all levels of the Cpl organisation. We actively participate in the Cross Company Mentoring Scheme and each year a number of our people are assigned to leaders in other industry sectors to gain career support and mentoring. In turn, we provide a cross balance of leaders to support others in their organisations.

National Disability Day

Cpl recognised **International Day of Persons with Disabilities** in November 2018 with the aim of creating awareness, promoting empowerment, and helping to create real opportunities for people with disabilities. We had a number of internal and external speakers at the event who covered the topic of disabilities from a personal, parental and psychological perspective.

BeProud at Cpl

"I have worked with the BeProud team over the last 2 years and it's been great to see the impact we've made in Dublin, and it was even better this year to expand our reach. We wanted to see what could be done for the LGBTQ+ community regionally, and how we could make the best impact. So as someone from Carlow who lives in Dublin I was delighted when Cpl agreed to sponsor the main stage of the first Carlow Pridefest. Cpl played a central part in the success of the event with over 2,000 people in attendance."

THOMAS BRANAGAN

BeProud Chair





Cpl will design and deploy real world-ready integrated solutions that will create transformational value appropriate to the needs of our clients and our candidates. These solutions will empower a total solutions, end to end set of offerings, that will utilise the best of Cpl's expertise, in conjunction with appropriate business and technology partners.

Total Solutions.

“ \ ”

The values echoed company-wide by each member of Cpl, the endless charity work, the stance on discrimination and minorities (not just in the workplace) and the activism for human rights, is something I have not encountered on such a level before and something I am very proud to be a part of.

STEPHEN MOLLOY

Recruitment Consultant for Cpl Language Jobs

Our Board of Directors



John Hennessy | NON-EXECUTIVE CHAIRMAN

John Hennessy, Chairman, has been a member of the Board of Cpl Resources plc since 1999, and is a member of the Audit Committee and of the Nomination and Remuneration Committee. He is a practising Barrister, a Chartered Accountant and a qualified Chartered Director. He is also Non-Executive Chairman of Dalata Hotel Group plc. John Hennessy entered into service agreements dated 22 June 1999 with the Company in respect of his appointment as Non-Executive Director.



Breffni Byrne | NON-EXECUTIVE DIRECTOR

Breffni Byrne joined the Board of Cpl Resources plc in December 2007. He is Chair of the Audit Committee and a member of the Nomination and Remuneration Committee. He is a Non-Executive Director of Citibank Europe plc and Zurich Insurance plc. He is a former Chairman of Aviva Ireland, Tedcastles Holdings and NCB Stockbrokers and a former Director of Hikma Pharmaceuticals plc, Irish Life & Permanent plc and Coillte Teoranta. Breffni Byrne entered into service agreements dated 7 December 2007 with the Company in respect of his appointment as Non-Executive Director.



Anne Heraty | GROUP CHIEF EXECUTIVE





Anne Heraty is Chief Executive of Cpl Resources plc. Anne established Cpl in 1989 and has played a key role in developing it to become Ireland's leading employment services company. Anne holds a BA degree in Mathematics and Economics from University College Dublin. Anne Heraty entered into service agreements dated 22 June 1999 with the Company in respect of her appointment as Executive Director.



Lorna Conn | CHIEF FINANCIAL OFFICER

Lorna Conn joined Cpl plc in October 2017 as Chief Financial Officer. Lorna has previously held senior roles in a number of public companies, residing in both Ireland and America during this time. Lorna is a qualified Chartered Accountant and trained with Deloitte. Lorna graduated with a commerce degree from University College Dublin and holds a Masters in Accounting from the Michael Smurfit Business School. She is also a Fellow of Chartered Accountants Ireland. Lorna Conn entered into service agreements dated 2 October 2017 with the Company in respect of her appointment as Executive Director.

KEY TO BOARD MEMBERSHIP

-  Chairman of the Audit Committee and Designated Senior Independent Director.
-  Chairman of the Nomination and Remuneration Committee.
-  Elaine Coughlan was appointed to the Board on 23 October 2018.
-  Mark Buckley resigned from the Board with effect from 30 September 2019.



Colm Long | NON-EXECUTIVE DIRECTOR

Colm joined Cpl Resources plc in March 2017. He is Chairman of the Nomination and Remuneration Committee and is also a member of the Audit Committee. He is the Managing Director of Clairmar Consulting Ltd and previously held the roles of VP, Global Operations at Facebook and Director, Online Sales and Operations at Google. He also holds a Non-Executive Director role on Facebook Payments International Ltd where he is Chairman of the Board. Colm Long entered into service agreements dated 13 March 2017 with the Company in respect of his appointment as Non-Executive Director.



Elaine Coughlan | NON-EXECUTIVE DIRECTOR

Elaine joined the Board of Cpl Resources plc in October 2018 and is a member of the Audit Committee. Elaine is a co-founder and Managing Partner of Atlantic Bridge Capital, a Global Growth Equity Technology Fund, as well as a co-founder of Summit Bridge Capital, a \$100m China Ireland Tech Growth Fund. She is a Fellow of Chartered Accountants Ireland, a qualified Chartered Director and was named in the top 100 women in technology in Europe. Elaine currently serves on the Board of Enterprise Ireland and is a Non-Executive Director of several Irish software companies. Elaine Coughlan entered into service agreements on 22 October 2018 with the Company in respect of her appointment as Non-Executive Director on 23 October 2018.



Paul Carroll | BUSINESS DEVELOPMENT DIRECTOR

Paul Carroll is Business Development Director of Cpl Resources plc. His expertise combines 10 years in HR practice, working for companies such as KPMG, Intel, Gateway and ARI with an additional 23 years in recruitment with Cpl. A graduate from Maynooth NUI in Physics and Maths in 1985, he holds a Higher Diploma in Education. Paul worked as a HR management consultant in KPMG for 5 years before joining the senior management team in Gateway 2000 to establish their HR function. Paul Carroll entered into service agreements dated 22 June 1999 with the Company in respect of his appointment as Executive Director.



Mark Buckley | CHIEF OPERATING OFFICER/DEPUTY CHIEF EXECUTIVE

Mark Buckley is Chief Operating Officer and Deputy Chief Executive of Cpl Resources plc since April 2017, prior to this he was Chief Financial Officer of the Group since July 2013. Mark is a senior executive, with global commercial, operational and financial experience of both public and private companies, with over 15 years' experience at senior executive and Board level. Mark is a Fellow of Chartered Accountants Ireland. Mark Buckley entered into service agreements dated 15 July 2013 with the Company in respect of his appointment as Executive Director.

Secretary

Wilton Secretarial Limited
Sixth Floor, 2 Grand Canal Square
Dublin 2, D02 A342

Registered office

83 Merrion Square
Dublin 2, D02 R299

Auditor

KPMG, Chartered Accountants
1 Stokes Place, St. Stephen's Green
Dublin 2, D02 DE03

Principal bankers

AIB plc, 62, St. Brigid's Road
Artane, Dublin 5, D05 CP23

Solicitors

William Fry, Sixth Floor
2 Grand Canal Square
Dublin 2, D02 A342

Registrars and paying agents

Computershare Investor Services
(Ireland) Limited, 3100 Lake Drive,
Citywest Business Campus, Dublin 24,
D24 AK82

UK Paying agents

Computershare Investor Services plc,
The Pavilions, Bridgewater Road, Bristol,
BS99 6ZZ, England

Directors' Report

The Directors present their Annual Report and audited consolidated and Company financial statements for the year ended 30 June 2019.

Principal activities, business review (including principal risks and uncertainties) and future developments

Cpl Resources plc is the leading Irish employment services organisation, specialising in the placement of candidates in permanent and flexible talent positions and the provision of talent advisory services. The Group's principal activities cover the areas of:

technology, accounting and finance, sales, engineering, light industrial, healthcare, pharmaceutical and office administration. Cpl Resources plc is the holding company for the Group's forty one subsidiaries which are detailed in Note 13.

The Directors are satisfied with the performance of the Group and are committed to improving the performance of the Group by growing revenue and profitability.

The Directors consider the principal risks and uncertainties the Group faces and methods to mitigate each risk to be as follows:

Risk	Response to Risk
<p>1. The performance of the Group has a very close relationship with and dependence on the underlying growth of the economies of the countries in which it operates. It is also conscious of the impact global, political, regulatory and economic events may have on its business.</p>	<p>Management monitor economic developments to ensure that they can react quickly to any changes that may have an impact on the business. Management are also aware of the need to ensure that the business can be scaled in line with economic developments. Management prepare rolling forecasts to ensure that they have as much visibility as possible on the impact economic events may have on the performance of the business.</p>
<p>2. The Group continues to face competitor risk in the markets where the provision of permanent and flexible talent recruitment is most competitive and fragmented. There is strong competition for clients and candidates and the Group faces pricing and margin pressures in its flexible talent business across its major specialist activities. The Group faces a number of industry risk factors in a competitive environment, notably the increasing use of social media.</p>	<p>Management actively monitor competitor activity in the market, and the services, pricing and margins being offered by existing and new competitors. The Group monitors changes in the market in terms of industry trends, including social media and continues to invest in its online presence to provide a high quality customer experience.</p>
<p>3. The Group is not overly reliant on any single key client. However, if the Group were to lose a number of large accounts simultaneously, there would be a temporary negative profit impact.</p>	<p>Management continue to work closely with the Group's clients to ensure a quality of service that will differentiate the Group from its competitors and thus minimise the risk of losing business to a competitor.</p>
<p>4. The Group is always subject to the risk that a large customer might default on its payments.</p>	<p>Management actively manage cash collection, working capital days and customer payment terms of all debtor accounts.</p>

Risk	Response to Risk
<p>5. The Group relies heavily on its information systems to store, process, manage and protect large amounts of financial, candidate and client information. If it fails to properly develop and implement technology the business could be harmed. The EU General Data Protection Regulation (GDPR) was enacted in May 2018 and imposes increased obligations on companies regarding data protection. Non-compliance may result in severe penalties for the Group.</p>	<p>Management continually monitors the performance and robustness of its IT suppliers and systems to ensure business-critical processes are safeguarded as far as it is practicably possible. The Group has put in place clear governance structures to review project status when replacing certain key operational and financial systems, ensuring that the necessary specialist resources are available and that a clear project management process is followed. A number of additional measures were introduced to ensure compliance with the new GDPR legislation.</p>
<p>6. As employment laws are changed they bring with them new risks and opportunities. The flexible workforce market is more heavily regulated and changes in legislation (e.g. changes to flexible workforce worker rights) may impact the Group's operations.</p>	<p>The Group's management are actively monitoring proposed and suggested changes to labour laws and the impacts they may have on our service offering. The Group's cost base is highly variable and is carefully managed to align with business activity or major change that may occur.</p>
<p>7. As the Group increases its international activities, it will be exposed to a number of risks that it would not face if it conducted its business solely in Ireland. Any of these risks could cause a material negative effect on the Group's profitability. Such risks include difference and changes in labour laws and regulations, foreign exchange fluctuations, and difficulties staffing and managing foreign offices as a result of distance, language and cultural differences.</p>	<p>Prior to entering new markets a full review of the risks in the specific market is completed. The Group on entry has a mix of local, international and head office staff to assist to manage the relevant new market risk. Foreign exchange risk in our markets are monitored by Group management.</p>
<p>8. The Group has acquired several companies and it may continue to acquire companies in the future. Entering into an acquisition entails many risks, any of which could harm the Group's business, including diverting management's attention away from the core business and failing to successfully integrate the acquisitions.</p>	<p>The Group continues to build a strong multi-disciplined management team. The Group adds resources to ensure that we have the organisational capacity to identify and integrate acquisitions and optimise organic growth opportunities.</p>
<p>9. Cpl's success depends on its ability to attract and retain key management and recruitment consultants. Loss of a team or key members of a team could disrupt the business.</p>	<p>The Group continues to invest in our people and have put in place incentives and a Long Term Incentive Plan for staff. We continue to invest in our brand to ensure we become the number one provider of talent delivery solutions in the markets in which we operate.</p>

Directors' Report (continued)

Risk	Response to Risk
<p>10. The Group holds confidential information for clients, candidates, suppliers and staff. Today's online environment presents a very real threat of cyber-attacks. Such an event would prove not only financially costly but simultaneously detrimental to the reputation of the Group.</p>	<p>Within the Cpl Group the issue of data protection is paramount and the Group has appointed Mazars Ireland as Data Protection Officer. Access to Cpl databases is strictly controlled and only granted based on business need and privacy policy. Data protection training is provided to all employees and mandatory compliance testing is now in place.</p> <p>In 2016 the Office of the Data Protection Commissioner published a very positive report on how data protection is managed and designed into the Group's business flows.</p>
<p>11. The Group is a cash generative business with significant cash on hand and on deposit in bank accounts.</p>	<p>The Group has qualified and experienced staff, with segregation of duties and multiple approval levels for receipts and payments of cash. The Group spreads cash deposits across a variety of institutions and locations in order to minimise credit risk.</p>

Key performance indicators that are focused on by management include:

- Management review team productivity including monitoring average fees per consultant and activity levels. Management also monitor average margins achieved per team and sector. The objective to increase the Group's average margins continues to be a KPI for the senior team this year.
- Management review the number of flexible talent employees placed with the Group's clients. The number of new starters and leavers are reviewed on a regular basis. Management also review all margins to try to limit margin erosion.
- Management prepare rolling forecasts to evaluate performance against budget and to evaluate any impact external economic factors may be having on the profitability of the business.
- Management monitor debtor days to ensure the Group remains cash generative and maximises its cash balances.

- The quality and range of services delivered to clients is critical to Cpl's success. As part of the Group's performance improvement plan, service quality targets are implemented focusing on both client and candidate needs. The Group continues to increase client satisfaction levels, which are independently measured, and to experience a high level of repeat business.

Financial risk management

Details of the Group's financial risk management are outlined in Note 24 of the financial statements.

Results and dividends

The Chief Executive's review on pages 6 to 11 contains a comprehensive review of the operations of the Group for the year. The audited financial statements for the year are set out on pages 46 to 95.

Operating profit for the year ended 30 June 2019 amounted to €24.8 million (2018: €17.9 million). The profit after tax for the financial year ended 30 June 2019 amounted to €21.3 million (2018: €16.1 million). Basic and diluted earnings per share for the year amounted to 77.3 cent (2018: 56.6 cent) and 77.2 cent (2018: 56.5 cent) respectively.

An interim dividend of 8.0 cent per share (2018: 6.35 cent) was paid during the year. A final dividend of 11.0 cent per share (2018: 7.15 cent) is proposed by the Directors. No further dividends or transfers to reserves are recommended by the Directors.

Shareholders' equity at 30 June 2019 amounted to €110.4 million (2018: €92.5 million).

Directors and Secretary and their interests (and those of their spouses and minor children)

On 12 July 2018, Lorna Conn (Chief Financial Officer), was appointed to the Board. On 23 October 2018 Elaine Coughlan was appointed to the Board as an independent Non-Executive Director. On 24 January 2019, Oliver Tattan, retired from the Board.

The Directors and Secretary who held office at 30 June 2019 had no interests other than those shown below in the shares in the Company or Group companies.

	No. of shares 30 June 2019	No. of shares 1 July 2018
Shares in Cpl Resources plc Ordinary shares of €0.10 each		
Anne Heraty *	8,092,264	8,092,264
Paul Carroll *	1,613,844	1,613,844
John Hennessy	90,298	90,298
Breffni Byrne	7,225	7,225
Mark Buckley	126,793	46,514
Oliver Tattan	-	-
Colm Long	-	-
Lorna Conn	-	-
Elaine Coughlan	-	-
Wilton Secretarial Limited	-	-

* Anne Heraty and Paul Carroll are husband and wife.

Mark Buckley was awarded 55,000 Long Term Incentive Plan III awards during the year ended 30 June 2018, with a vesting date of 18 September 2020. He had 80,279 Long Term Incentive Plan II awards which vested on 17 September 2018. Lorna Conn was awarded 50,000 Long Term Incentive Plan III awards during the year ended 30 June 2018, with a vesting date of 18 September 2020. No other awards to Directors were awarded, exercised, forfeited or vested in the year. Other than as disclosed above, as described in Note 27 and under the Directors' service agreements referred to on pages 28 and 29, none of the Directors had a beneficial interest in any material contract with the Company or any of its subsidiaries during the year ended 30 June 2019.

Significant shareholdings and share price

At 30 June 2019, A. Heraty and P. Carroll together held 35.4% (2018: 35.7%) of the share capital of the Company.

During the year, the highest and lowest share prices were €7.20 and €5.44 respectively. At year end, the share price was €6.60.

Post balance sheet events

There were no material events subsequent to the year end which require disclosure in the financial statements.

Political donations

The Group made no political donations during the year (2018: €Nil).

Accounting records

The Directors believe that they have complied with the requirements of Section 281 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at the Company's premises at 8 - 34 Percy Place, Dublin 4.

Directors' Report (continued)

Corporate governance

Principles

The Board of Cpl Resources plc is firmly committed to business integrity, high ethical values and professionalism in all of its activities and operations. It is therefore committed to maintaining the highest standards of corporate governance. As an AIM listed company, the Group is required to apply the principles of a recognised corporate governance code, or explain any departures from the guidance of that code. The Board confirms that the Group complies with the principles and provisions of the QCA Corporate Governance Code, as issued by the Quoted Companies Alliance in April 2018. This report describes the corporate governance arrangements in place.

The Board and its role

The Group is controlled by its Board of Directors. The Board's primary roles are to create value for shareholders, to provide leadership to the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives. The Board is also responsible for developing and promoting the Group's purpose together with the values, culture and behaviours needed to conduct business and to achieve its strategic objectives.

Specific responsibilities reserved to the Board include: setting Group strategy and approving an annual budget and medium-term projections; reviewing operational and financial performance; approving major acquisitions, divestments and capital expenditure; reviewing the Group's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; approving appointments of Directors and Company Secretary; approving policies relating to Directors' remuneration and the severance of Directors' contracts; and ensuring that a satisfactory dialogue takes place with shareholders.

The Board has delegated the following responsibilities to the executive management team: the development and recommendation of operational plans for consideration by the Board that reflect the longer-term objectives and priorities established by the Board;

implementation of the strategies and policies of the Group as determined by the Board; monitoring the operating and financial results against plans and budgets; monitoring the quality of the investment process against objectives; prioritising the allocation of capital, technical and human resources; monitoring the composition and terms of reference of divisional management teams; and developing and implementing risk management systems.

Each Director retires by rotation every 3 years and no specific term of appointment is prescribed. The Board meets at least eight times each year and has a fixed schedule for reviewing the Group's operating performance. Additional meetings are arranged as required to deal with specific issues or transactions. There is a schedule of formal matters specifically reserved for Board approval. Outside of this, the Chairman and Non-Executive Directors make themselves available for consultation with the executive team as often as necessary. All Directors have access to advice from the Company Secretary and from independent professional advisors at the Group's expense.

Board Independence

The Board currently comprises the Non-Executive Chairman, four Executive Directors and three other Non-Executive Directors, which includes the Senior Independent Director, Breffni Byrne. The Board considers all of its Non-Executive Directors to be independent in character and judgement and each has wide ranging business skills and commercial acumen. The Board has determined that there are no relationships or circumstances that are likely to affect, or could appear to affect, the independent judgement of any of the Non-Executive Directors.

Board Changes

Mark Buckley will leave the Group and will step down from the Board on 30 September 2019. Mark joined Cpl in 2013 as Chief Financial Officer and since then has been appointed to the Board and to the executive positions of Chief Operations Officer and Deputy Chief Executive.

The Board are very aware of the benefits of periodic refreshment of its membership, which fosters the

sharing of diverse perspectives in the boardroom and the generation of new ideas and business strategies. As part of our commitment to Board refreshment, the Board appointed Elaine Coughlan as an independent Non-Executive during the year. This appointment followed the recent appointments to the Board of Colm Long, in March 2017, and Lorna Conn, Chief Financial Officer, in July 2018. Oliver Tattan retired from the Board during the financial year and was succeeded by Colm Long as Chairman of the Nomination and Remuneration Committee. As indicated last year, Breffni Byrne will retire in the 2020 financial year, and the Chair of the Audit Committee will rotate accordingly. The Company intends to appoint an additional, independent Non-Executive Director during the year and will begin a process to identify suitable candidates.

Performance evaluation

Boards should continuously challenge themselves and regularly consider whether they are effective. In order to ensure the Board continues to operate effectively, it recognises the importance of continuing evaluation of its performance and the performance of its Committees. Such a review of the operation and performance of the Board and its Committees is undertaken annually. During the past financial year, this review was conducted internally by the Chairman in the form of one-to-one meetings where the Chairman assessed any training and development needs in respect of individual Directors and any skillset gaps at Board unit level. The Chairman also considers feedback from Directors and, where appropriate, acts upon that feedback. The evaluation of the Chairman's performance is led by the Senior Independent Director. In line with best practice corporate governance principles, it is the Board's intention to facilitate an external evaluation at least every three years.

Professional development

On appointment, the Directors receive relevant information about the Group, the role of the Board and the matters reserved for its decision-making, the terms of reference and membership of the principal Board Committees and the powers delegated to those Committees, the Group's corporate governance policies and procedures and the latest financial information about the Group. Throughout their period in office, the

Directors are regularly updated on the Group's business and the environment in which it operates, by written briefings and by meetings with senior management, who are invited to attend and present at Board meetings from time to time. They are also updated on any changes to the legal and governance requirements of the Group and those which affect them as Directors and are able to obtain training, at the Group's expense, to ensure they are kept up to date on relevant new legislation and changing commercial risks.

Board Committees

The Board has established an Audit Committee and a Nomination and Remuneration Committee. These committees have written terms of reference.

Audit Committee

The Audit Committee is comprised of Breffni Byrne, John Hennessy, Colm Long and Elaine Coughlan. Breffni Byrne is the Committee Chairman. The Board is satisfied that Breffni Byrne has recent and relevant financial experience.

The Audit Committee meets at least three times each year. The Audit Committee reviews the accounting principles, policies and practices adopted in the preparation of the interim and annual financial statements, as well as reviewing the scope and performance of the Group's internal finance function and reviewing the Group's systems of financial control and risk management. It also discusses the scope and results of the audit with the external auditor and reviews the effectiveness and independence of the auditor. The external auditor attends the Audit Committee meetings by invitation. The Chief Executive, Chief Operating Officer/Deputy Chief Executive and the Chief Financial Officer also attend parts of the meeting by invitation. The external auditor has the opportunity to meet with the members of the Audit Committee in the absence of executives of the Group at least once a year.

During the year ended 30 June 2019, the Audit Committee, operating under its terms of reference, discharged its responsibilities by:

- reviewing risks associated with the business.

Directors' Report (continued)

- reviewing the appropriateness of the Group's accounting policies.
- reviewing the external auditor's plan for the audit of the Group's 2019 financial statements, which included an assessment of the audit scope, key risk areas, confirmation of auditor independence and the proposed audit fee, and approving the terms of engagement for the audit.
- reviewing and approving the 2019 audit fee and reviewing non-audit fees payable to the Group's external auditor in 2019.
- reviewing the external auditor's reports to the Audit Committee in relation to year end audits and reviewing the financial statements prior to issue.
- reviewing the effectiveness of the external audit process.
- reviewing performance improvement observation reports on internal controls in the Group's businesses prepared by the external auditor as part of the Group's audit process.
- reviewing the Group's interim results prior to Board approval.
- reviewing the effectiveness of the Group's internal control system and overseeing the internal audit function.

Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Group's statutory auditors are unaware.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is comprised of Breffni Byrne, John Hennessy and Colm Long. Colm Long is the Committee Chairman.

The Nomination and Remuneration Committee meets as required and at least once a year. It comprises three Non-Executive Directors and the Chief Executive

attends part of the meeting by invitation but is not present for the determination of her own remuneration. Emoluments of Executive Directors are determined by the Committee. In the course of each financial year, the Committee determines basic salaries as well as the parameters for any possible bonus payments. The Committee applies the same philosophy in determining Executive Directors' remuneration as is applied in respect of all employees. The underlying objective is to ensure that individuals are appropriately rewarded relative to their responsibilities, experience and value to the Group.

The Committee is mindful of the need to ensure that in a competitive environment the Group can attract, retain and motivate executives who can perform to the highest levels of expectation. Annual bonuses and LTIP awards, if any, are determined by the Committee on the basis of objective assessments based on the Group's performance during the year measured by reference to key financial indicators, as well as by a qualitative assessment of the individual's performance. The overarching principle of the Group's remuneration arrangements is to promote the long-term success of the business by supporting the implementation of strategy while encouraging and rewarding the right behaviours, value and culture.

In respect of potential nominations to the Board, the Committee meets at least once a year. Annually, the Committee considers the mix of skills and experience that the Board requires and seeks to propose the appointment of Directors to meet its assessment of what is required to ensure that the Board continues to operate effectively in discharging its responsibilities.

The Committee considers succession plans for the Group Board and other senior managers over the short and longer-term, keeping in mind the balance of skills and experience required to ensure that the Group's commitment to deliver sustainable shareholder value is met. A clear career progression for employees and a talent pipeline is key to the Group's growth and helps to attract and retain talented individuals. The Group is committed to maximising career opportunities through significant investment in training and professional development at all levels. The Committee supports internal development programmes to build the

skills required of future leaders amongst relevant employees.

Attendance at Board and Committee meetings

Attendance at scheduled Board meetings and Committee meetings during the year ended 30 June 2019:

	Full Board	Audit Committee	Nomination & Remuneration Committee
Number of meetings held in year ended 30 June 2019	11	3	2
Directors and position held:			
John Hennessy - Non-Executive Chairman	10	3	2
Breffni Byrne* - Non-Executive	11	3	2
Oliver Tattan - Non-Executive**	5	2	2
Colm Long - Non-Executive	10	3	2
Elaine Coughlan - Non-Executive***	4	2	2
Anne Heraty - Chief Executive Officer	11	N/A	N/A
Mark Buckley - Executive	11	N/A	N/A
Lorna Conn - Chief Financial Officer	10	N/A	N/A
Paul Carroll - Executive	9	N/A	N/A

* Designated Senior Independent Director

** Oliver Tattan resigned from the Board and the Nomination and Remuneration Committee on 24 January 2019

*** Elaine Coughlan was appointed to the Board and the Audit Committee on 23 October 2018

Relations with shareholders

There are regular meetings between the representatives of the Group and representatives of its principal investors. Announcements of interim and annual results are communicated promptly to all shareholders and presentations by the executive team are made to discuss the Group's results and any key developments. All shareholders are welcome at the Annual General Meeting where they have the opportunity to ask questions of the Board. All Directors normally attend the Annual General Meeting. The Non-Executive Chairman also gives a statement on the current trading conditions at the Annual General Meeting. The Chairman and the Executive Directors are ultimately responsible for shareholder liaison and make themselves available to shareholders as required. The views of shareholders and market perceptions are regularly communicated to the Board.

Stakeholder engagement

The Company has a range of stakeholder groups both internal (our employees) and external (suppliers, customers, regulators and others) whose good relations its long term success relies upon. The Board is firmly aware that stakeholder views can be hugely informative in terms of operational effectiveness and strategy development. The Company's strategy takes into account the needs of each stakeholder group and where applicable seeks feedback from these stakeholders directly.

Internal control & Risk management

The Directors have considered the importance of internal control on the Group's operations and on its ability to execute and deliver its strategy. Having reviewed the effectiveness of its current controls, procedures and practice, the Directors believe that the Group, throughout the year and up to the date of approval of the financial statements, has an effective internal control environment appropriate for the Group's size.

The Directors are responsible for ensuring that the Group maintains a system of internal control and risk management. This system is designed to provide reasonable but not absolute assurance against material misstatement or loss.

Directors' Report (continued)

Key elements of this control system, including internal financial control, are:

- an organisation structure with defined lines of responsibility and delegation of authority.
- a budgeting system with actual performance being measured against budget on a regular basis.
- regular reviews of the key business risks relevant to the Group's operations. These risks are reviewed annually for the purpose of ensuring that they remain appropriate to the business and the current trading environment.
- control procedures to address the key business risks, including policies and procedures appropriate to the operations of the business. The Board considers the adequacy of the control procedures at the same time as it reviews the key business risks. In addition, certain prescribed matters are reserved for Board approval.

The Audit Committee has reviewed the effectiveness of the Group's internal control system up to and including the date of approval of the financial statements. This review includes a consideration of issues raised in performance improvement observation reports received from the internal and external auditors.

The Board will actively monitor the continued adequacy of the Group's risk management and control system to ensure that as the Group develops and delivers on its strategic objectives, appropriate resources are available for this purpose.

Internal audit

An Internal Audit function was established during the year ended 30 June 2018. The Audit Committee oversees and monitors the work of the Internal Audit function, including the resources, scope and effectiveness of the function. A third party service provider, BDO, have been engaged to conduct a range of financial, operational and strategically-focused internal audits in order to provide the Board and management with assurance on the adequacy of internal control arrangements, including risk management and governance.

BDO have direct access to the Board and Audit Committee. A three-year internal audit plan, approved by the Audit Committee for the 30 June 2019 financial year, is underway. This audit plan has been developed to assist Cpl in the effective mitigation of risk and to provide assurance to the Audit Committee and management in carrying out their responsibilities.

The three-year internal audit plan is aimed at evaluating:

- The reliability and integrity of the financial and operating information systems and the information itself;
- The systems established to ensure compliance with objectives, policies, plans, procedures, laws, regulations and contracts;
- The controls to ensure that risks are effectively identified and managed and that assets are accounted for properly and safeguarded, and
- The effectiveness of governance processes.

The plan will be continually developed during the three year period to reflect emerging risks and any change in priorities.

Non-audit services

The Audit Committee monitors the non-audit services being provided to the Group by its external auditor. A formal Auditor Independence Policy has been developed to check that the non-audit services do not impair the independence or objectivity of the external auditor. The policy sets out four key principles which underpin the provision of non-audit services by the external auditor. These are that the auditor should not: audit its own firm's work; make management decisions for the Group; have a mutuality of financial interest with the Group; or be put in the role of advocate for the Group.

Going concern

The Group has considerable financial resources. As a consequence, the Directors believe that Cpl is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Directors' Compliance Statement

The Directors, in accordance with Section 225(2)(a) of the Companies Act 2014 (the "Act"), acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations". "Relevant obligations", in the context of the Company, are the Company's obligations under:

- (a) the Act, where a breach of the obligations would be a category 1 or category 2 offence;
- (b) the Act, where a breach of the obligation would be a serious Market Abuse or Prospectus offence; and
- (c) tax law.

Pursuant to Section 225(2)(b) of the Act, the Directors confirm that:

- (i) a compliance policy statement has been drawn up by the Company in accordance with Section 225(3) (a) of the Act setting out the Company's policies (that, in the Directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations;
- (ii) appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company's relevant obligations, have been put in place; and
- (iii) a review has been conducted, during the financial year, of the arrangements and structures referred to in paragraph (ii).

Auditor

In accordance with Section 383 (2) of the Companies Act, 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board

John Hennessy
Director

Anne Heraty
Director

10 September 2019

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. As required by the AIM/ESM Rules, they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU. The Directors have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014.

Under company law the Directors must not approve the Group and Parent Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company and of the Group's profit or loss for that year.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position of the Group and Parent Company and the profit and loss of the Group and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility 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 also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

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

On behalf of the Board

John Hennessy
Director

Anne Heraty
Director

10 September 2019

Independent Auditor's Report

to the Members of Cpl Resources plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cpl Resources plc ('the Company') for the year ended 30 June 2019 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statement of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in Note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) 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 2014.

In our opinion

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company as at 30 June 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Parent Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to listed entities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Cpl Resources plc (continued)

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (changed from 2018):

Revenue recognition and accrued income. 2019 Revenue €564.9m, Accrued Income €29.2m (2018: Revenue €522.7m, Accrued Income €24.5m)

There are significant accounting judgements made by management in applying the Group's revenue recognition policies. Judgement is required in the determination of the appropriate amount of revenue to recognise in the accounting period and the calculation of accrued income at year end, with temporary placement revenue recognised over the period that temporary workers are provided and permanent placements on their start date. The nature of these judgements results in them being susceptible to error and management override and accordingly there is a significant inherent risk of misstatement in revenue at period-end.

Our response

Our audit procedures in this area included the following:

- Evaluated the design and implementation of the internal controls in place and the testing of the operating effectiveness of relevant key controls relating to revenue recognition. This included testing, assisted by our internal specialist of General IT controls.
- Considered the appropriateness and accuracy of year end revenue by considering the start date of permanent placements and the services provided by temporary placements with reference to year end date, evidenced by customer acknowledgement for permanent placements or customer approved timesheets for temporary placements. These cut-off procedures are performed to ensure revenue is recognised in the appropriate accounting period.
- Examined any significant management judgements made in respect of revenue recognised during the year.

- Assessed the accuracy of the accrued income balance based on the conversion of accrued income to invoiced revenue subsequent to year end.
- Challenged management regarding the level and ageing of accrued income provisioning by assessing recoverability with reference to post year end conversion to invoices in respect of accrued income.
- Considered the consistency of judgements regarding the recoverability of accrued income for evidence of management bias by reference to customer approved timesheets and the sales invoice was raised post year end in relation to accrued income.
- Tested any manual journals posted to revenue and accrued income by management to ensure they are reasonable.

We found that the revenue recognised in the year ended 30 June 2019 was appropriate. We noted no material errors and no instances of inappropriate revenue recognition arising in our testing. We found that the carrying value of accrued income and the required related disclosures were appropriate at 30 June 2019. We noted no material errors arising from our testing.

In a change from the prior year we no longer deem the recoverability of trade receivables to be a key audit matter. We continue to perform procedures over the recoverability of trade receivables. However, based on our knowledge of the business and the historic experience of successful recoverability of substantially all trade receivables at each year end, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

Company audit matter

Due to the nature of the Company's activities, there are no key audit matters that we are required to communicate in accordance with ISAs (Ireland).

Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at €1,175k (2018: €925k).

This has been calculated as 5% of the benchmark of expected group profit before taxation (2018: 5%), which we have determined, in our professional judgment, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance of the Group. Materiality for the Parent Company financial statements was set at €1,175k (2018: €925k), determined with reference to a benchmark of net assets €104.4m, of which it represents 1.13% (2018: 0.89%).

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of €59k (2018: €45k), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The structure of the Group's finance function is such that certain transactions and balances are accounted for by the central Group finance team, with the remainder accounted for in the Group's reporting components. We performed comprehensive audit procedures, including those in relation to the significant risks set out above, on those transactions and balances accounted for at Group and component level. At a component level, audits for Group reporting purposes were performed for identified key reporting components. Our audits covered 96% of total Group revenue, 100% of total Group profit before tax and 96% of Group's net assets. The entities not covered by audit have been subject to specific audit procedures. The work on 4 of the 8 components (2018: 4 of the 9 components) was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group team.

The audits undertaken for Group reporting purposes at the key reporting components were all performed to component materiality levels. These component materiality levels were set individually for each component and ranged from €10k to €940k. Detailed audit instructions were sent to the auditors in all of these identified locations. These instructions covered the significant audit areas to be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported to the Group audit team.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team visited all significant components in order to assess the audit risk and strategy and work undertaken. Telephone conference meeting were also held with these component auditors. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor. The results of the component audits were discussed with Group management by members of the Group audit team.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Independent Auditor's Report to the Members of Cpl Resources plc (continued)

Other information

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' Report, Chairman's Statement, the Chief Executive's Review, the Strategy Report, the Corporate Responsibility Statement, the Business Model and the Diversity and Inclusion Report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information, we report that:

- we have not identified material misstatements in the Directors' Report;
- in our opinion, the information given in the Directors' Report is consistent with the financial statements;
- in our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company's financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out in the Annual Report, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

Cliona Mullen

for and on behalf of



Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephens Green
Dublin 2
Ireland

10 September 2019

Group Statement of Comprehensive Income

for the year ended 30 June 2019

	Note	2019 €'000	2018 €'000
Revenue	2	564,858	522,691
Cost of sales		(468,600)	(439,541)
Gross profit		96,258	83,150
Distribution expenses		(4,837)	(4,144)
Administrative expenses*		(66,541)	(61,140)
Expected credit loss (charged)/utilized	24	(62)	15
Operating profit	2	24,818	17,881
Financial income	3	93	862
Financial expenses	3	(327)	(197)
Profit before tax	2	24,584	18,546
Income tax expense	7	(3,256)	(2,410)
Profit for the financial year - all attributable to equity shareholders		21,328	16,136
Profit attributable to:			
Owners of the Parent		21,186	16,089
Non-controlling interests	20	142	47
		21,328	16,136
Other comprehensive income - items that are or may be reclassified to profit or loss			
Foreign currency translation differences - foreign operations		(221)	(335)
Total comprehensive income for the financial year - all attributable to equity shareholders and non-controlling interests		21,107	15,801
Basic earnings per share (cent)	9	77.3	56.6
Diluted earnings per share (cent)	9	77.2	56.5

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

* Includes €895,000 of non-cash LTIP charge (2018: €1,693,000)

Group Statement of Changes in Equity

for the year ended 30 June 2019

	Share capital €'000	Share premium €'000	Other undenominated capital fund €'000	Merger reserve €'000	Currency translation reserve €'000	Put option reserve €'000	Share based payment reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total Shareholders' equity €'000
Balance at 1 July 2017	3,086	1,705	724	(3,357)	(1,053)	(1,140)	2,552	101,061	103,578	117	103,695
Total comprehensive income for the year											
Profit for the financial year	-	-	-	-	-	-	-	16,089	16,089	47	16,136
Foreign currency translation effects	-	-	-	-	(332)	-	-	-	(332)	(3)	(335)
Transactions with shareholders											
Share based payment charge (Note 27)	-	-	-	-	-	-	1,693	-	1,693	-	1,693
Dividends paid	-	-	-	-	-	-	-	(3,501)	(3,501)	(30)	(3,531)
Capital redemption	(370)	-	370	-	-	-	-	(25,161)	(25,161)	-	(25,161)
Balance at 30 June 2018	2,716	1,705	1,094	(3,357)	(1,385)	(1,140)	4,245	88,488	92,366	131	92,497
Balance at 1 July 2018	2,716	1,705	1,094	(3,357)	(1,385)	(1,140)	4,245	88,488	92,366	131	92,497
Total comprehensive income for the year											
Profit for the financial year	-	-	-	-	-	-	-	21,186	21,186	142	21,328
Foreign currency translation effects	-	-	-	-	(291)	-	-	-	(291)	70	(221)
Transactions with shareholders											
Share based payment charge (Note 27)	-	-	-	-	-	-	895	-	895	-	895
Dividends paid	-	-	-	-	-	-	-	(4,158)	(4,158)	-	(4,158)
Unvested share options	-	-	-	-	-	-	(67)	67	-	-	-
Share options exercised	27	1,911	-	-	-	-	(1,911)	-	27	-	27
Balance at 30 June 2019	2,743	3,616	1,094	(3,357)	(1,676)	(1,140)	3,162	105,583	110,025	343	110,368

Company Statement of Changes in Equity

for the year ended 30 June 2019

	Share Capital €'000	Share Premium €'000	Other undennominated capital fund €'000	Put option reserve €'000	Share based payment reserve €'000	Retained earnings €'000	Shareholders equity €'000
Balance at 30 June 2017	3,086	1,705	724	(1,140)	2,552	26,708	33,635
Total comprehensive income for the year							
Profit for the financial year	-	-	-	-	-	9,791	9,791
Transactions with shareholders							
Share based payment charge	-	-	-	-	1,693	-	1,693
Dividends paid	-	-	-	-	-	(3,501)	(3,501)
Capital redemption	(370)	-	370	-	-	(25,161)	(25,161)
Balance at 30 June 2018	2,716	1,705	1,094	(1,140)	4,245	7,837	16,457
Balance at 1 July 2018	2,716	1,705	1,094	(1,140)	4,245	7,837	16,457
Total comprehensive income for the year							
Profit for the financial year	-	-	-	-	-	5,272	5,272
Transactions with shareholders							
Share based payment charge	-	-	-	-	895	-	895
Dividends paid	-	-	-	-	-	(4,158)	(4,158)
Unvested share options	-	-	-	-	(67)	67	-
Share options exercised	27	1,911	-	-	(1,911)	-	27
Balance at 30 June 2019	2,743	3,616	1,094	(1,140)	3,162	9,018	18,493

Group and Company Balance Sheets

as at 30 June 2019

	Note	Group		Company	
		2019 €'000	2018 €'000	2019 €'000	2018 €'000
Assets					
Non current assets					
Property, plant and equipment	11	2,320	2,239	1,903	1,793
Goodwill and intangible assets	12	25,658	25,887	972	1,201
Investments in subsidiaries	13	-	-	33,118	34,135
Deferred tax asset	14	851	952	113	154
Total non current assets		28,829	29,078	36,106	37,283
Current assets					
Trade and other receivables	15	116,611	104,070	63,789	58,412
Cash and cash equivalents	16	45,755	29,823	15,912	15,691
Total current assets		162,366	133,893	79,701	74,103
Total assets		191,195	162,971	115,807	111,386
Equity					
Capital and reserves attributable to the owners of the Parent					
Issued share capital	17	2,743	2,716	2,743	2,716
Share premium	17	3,616	1,705	3,616	1,705
Other reserves	17	(1,917)	(543)	3,116	4,199
Retained earnings		105,583	88,488	9,018	7,837
		110,025	92,366	18,493	16,457
Non-controlling interests	20	343	131	-	-
Total equity		110,368	92,497	18,493	16,457

Group and Company Balance Sheets

as at 30 June 2019 (continued)

		Group		Company	
	Note	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Current liabilities					
Trade and other payables	19	79,687	69,334	96,174	93,789
Put option liability	18	1,140	-	1,140	-
Total current liabilities		80,827	69,334	97,314	93,789
Non current liabilities					
Put option liability	18	-	1,140	-	1,140
Total non current liabilities		-	1,140	-	1,140
Total liabilities		80,827	70,474	97,314	94,929
Total equity and liabilities		191,195	162,971	115,807	111,386

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

On behalf of the Board

John Hennessy
Director

Anne Heraty
Director

Group and Company Cash Flow Statements

for the year ended 30 June 2019

	Note	Group		Company	
		2019 €'000	2018 €'000	2019 €'000	2018 €'000
Cash flows from operating activities					
Profit for the financial year		21,328	16,136	5,272	9,791
<i>Adjustments for:</i>					
Depreciation on property, plant and equipment	11	845	524	656	605
Share based payment charge	27	895	1,693	-	-
Amortisation of intangible assets	12	511	465	511	465
Financial income	3	(93)	(862)	-	-
Financial expense	3	327	197	-	-
Income tax expense/(credit)	7	3,256	2,410	38	(31)
Operating cash flows before changes in working capital					
		27,069	20,563	6,477	10,830
(Increase)/decrease in trade and other receivables		(13,745)	(3,780)	(3,465)	59,497
Increase/(decrease) in trade and other payables		10,352	5,936	2,442	(34,481)
Cash generated from operations					
		23,676	22,719	5,454	35,846
Interest (paid)		(327)	(197)	-	-
Income tax (paid)		(2,221)	(2,090)	(60)	(7)
Interest received		93	47	-	-
Net cash from operating activities					
		21,221	20,479	5,394	35,839
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(927)	(894)	(766)	(795)
Purchase of intangible assets	12	(282)	(350)	(282)	(350)
Net cash (outflow) from investing activities					
		(1,209)	(1,244)	(1,048)	(1,145)

Group and Company Cash Flow Statements

for the year ended 30 June 2019 (continued)

		Group		Company	
	Note	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Cash flows from financing activities					
Shares options exercised		27	-	27	-
Dividends paid to parent	8	(4,158)	(3,501)	(4,158)	(3,501)
Dividends paid to non-controlling interests	8	-	(30)	-	-
Repurchase of own shares	17	-	(25,161)	-	(25,161)
Net cash (used in) financing activities		(4,131)	(28,692)	(4,131)	(28,662)
Net increase/(decrease) in cash and cash equivalents					
		15,881	(9,457)	215	6,032
Cash and cash equivalents at beginning of year		24,177	33,634	15,691	9,659
Cash and cash equivalents at end of year	16	40,058	24,177	15,906	15,691

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

Notes

forming part of the financial statements

1. Statement of accounting policies

Cpl Resources plc (the “Company”) is a company incorporated in Ireland. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the ‘Group’). The Group and Company financial statements were authorised for issue by the Directors on 10 September 2019.

Statement of compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU. The individual financial statements of the Company (‘Company financial statements’) have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Act 2014 which permits a company, that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 304(2) of the Companies Act 2014, from presenting to its members its Company income statement and related notes that form part of the approved Company financial statements.

New and amended standards and interpretations effective during 2019

The group has applied the following standards, interpretations and amendments with effect from 1 July 2018:

- IFRS 9: Financial Instruments
- IFRS 15: Revenue from Contracts with Customers
- Amendments to IFRS2: Classification and Measurement of Share-based Payment Transactions
- Annual Improvements 2014-2016 cycle
- Amendments to IAS 40: Transfers to Investments Property
- IFRIS 22: Foreign Currency Transactions and Advance Consideration

The effect of applying IFRS 9 and IFRS15 is described in further detail below. The other changes listed above did not result in material changes to the Group’s consolidated financial statements.

Financial Instruments

IFRS 9, Financial Instruments, is the standard which replaces IAS 39, Financial Instruments: Recognition and Measurement. The standard addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has adopted IFRS 9 from 1 July 2018 as permitted under the standard. Comparatives for 2018 have not been restated.

Classification and measurement

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, on initial recognition, a financial asset classified as measured at amortised cost or fair value through other comprehensive income (‘FVOCI’), or fair value through profit or loss (‘FVPL’). The classification is based on the business model for managing the financial assets of the contractual terms of the cash flows.

Notes (continued)

1. Statement of accounting policies (continued)

The table below details the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities at 1 July 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 €'000	New carrying amount under IFRS 9 €'000
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	104,070	104,070
Cash and cash equivalents	Loans and receivables	Amortised cost	29,823	29,823
Financial liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	69,334	69,334
Put option	Other financial liabilities	Other financial liabilities	1,140	1,140

IFRS 9 Financial Instruments

IFRS 9 introduces a new classification approach for financial assets and financial liabilities and becomes effective for accounting periods beginning on or after 1 January 2018. The categories of financial assets will be reduced from four to three and financial liabilities will be measured at amortised cost or fair value through profit and loss. The standard also prescribes an 'expected credit loss' model for determining the basis of providing for bad debts. Following a review of the Group's financial instruments, the Directors concluded that the Group does not hold any complex financial instruments. A comprehensive review was also completed on the Group's bad debt provision and no material impact was noted on the financial statements. Bad debt provision under IFRS 9 is consistent with the Group's bad debt policy under IAS 32.

Revenue recognition

IFRS 15, Revenue from Contracts with Customers, replaces IAS 18, Revenue and IAS 11, Construction Contracts and related interpretations. IFRS 15 establishes a five-step model for reporting the nature, amount, timing and uncertainty of revenue recognition and cash flows arising from contracts with customers. IFRS 15 specifies how and when revenue should be recognised as well as requiring enhanced disclosures. The core principle of the standard requires an entity to recognise revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for transferring those goods or services to the customer. Revenue is recognised when an identified performance obligation has been met and the customer can direct the use of and obtain substantially all the remaining benefits from a good or service as a result of obtaining control of that good or service. The Group has adopted IFRS 15 from 1 July 2018 using the modified retrospective approach and has not restated comparatives for 2018.

1. Statement of accounting policies (continued)

The Group used the five-step model to develop an impact assessment framework to assess the impact of IFRS 15 on the Group's revenue transactions. The results of our IFRS 15 assessment framework and contract reviews indicated that the impact of applying IFRS 15 on our Consolidated Financial Statements was not material for the Group and there was no adjustment to retained earnings on application of the new standard at 1 July 2018.

The adoption of IFRS 15 has had no material impact on the principles applied by the Group for reporting the nature, amount and timing of revenue recognition. Contracts with customers can be readily identified throughout the Group in relation to the service of the placement of candidates in permanent and flexible talent positions and the provision of talent advisory services. Revenue represents the fair value of amounts receivable for services provided in the normal course of business, net of trade discounts and Value Added Tax. Revenue in respect of permanent placements is recognised when the candidate commences employment. Revenue in respect of the Group's Flexible Talent division is recognised when the related hours have been worked. Revenue recognised but not yet billed is included as accrued income within receivables.

New standards and amendments issued by the IASB but not yet EU endorsed

The following are amendments to existing standards and interpretations that are effective for the Group's financial year from 1 July 2018:

- IFRS 17: Insurance Contracts
- Definition of a business (amendments to IFRS 3)
- Definition of material (amendments to IAS 1 and IAS 8)
- Amendments to references to conceptual framework in IFRS standards
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The above standards and amendments have not yet been EU endorsed. These standards and amendments will be applied for the purposes of the Group and Company financial statements with effect from their respective effective dates.

These standards are not expected to have a significant impact on the Group's financial statements. A project is ongoing to assess the impact to the Group.

Notes (continued)

1. Statement of accounting policies (continued)

New standards and amendments issued by the IASB but not yet effective

- IFRS 16: Leases
- IFRIC 23: Uncertainty under Income tax treatments

The above standards and amendments are not yet effective. These standards and amendments will be applied for the purposes of the Group and Company financial statements with effect from their respective effective dates.

The Directors have carried out an assessment of the adoption and potential impact of the standards listed below:

IFRS 16 Leases

General impact of application of IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group will be 1 July 2019.

The Group has chosen the modified retrospective application of IFRS 16 in accordance with IFRS 16:C5(b). Consequently, the Group will recognise the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of transition.

Impact of the new definition of a lease

The Group will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 will continue to apply to those leases entered into before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into on or after 1 July 2019. In preparation for the first time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on lessee accounting

Operating leases

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. On initial application of IFRS 16, for all leases (except as noted below), the Group will:

- Recognise right of use assets and lease liabilities in the Consolidated Balance Sheet, initially measured at the present value of the future lease payments;

1. Statement of accounting policies (continued)

- Recognise depreciation of right of use assets and interest on lease liabilities in the Consolidated Income Statement; and
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the Consolidated Cash Flow Statement.

Lease incentives (e.g. rent free period) will be recognised as part of the measurement of the right of use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right of use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low value assets (less than €5,000), the Group will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of €2,296k.

A preliminary assessment indicates that €2,214k of these arrangements relate to leases other than short-term leases and leases of low value assets. Taking into consideration the exercise of options to extend where it is reasonably certain these options will be exercised, the Group will recognise a right of use asset and a corresponding lease liability in the range of €9m to €13m in respect of all these leases. Lease liability incentives of €107k previously recognised in respect of the operating leases will be derecognised and the amount factored into the measurement of the right to use assets.

IFRIC 23: Uncertainty under Income Tax treatments

IFRIC 23 is effective for accounting periods beginning on or after 1 January 2019, and the group will adopt IFRIC 23 with effect from 1 July 2019. IFRIC 23 sets out how to determine taxable profits and losses, tax bases, unused tax losses, unused tax credits and tax rates where there is uncertainty over income tax treatments under IAS12 - Income taxes.

Where the Group considers it is probable that an uncertain tax treatment will not be accepted by a tax authority, the tax risk is measured using either the most likely amount method, or the expected value method as appropriate. The adoption and application of IFRIC23 will not have a material impact on the Group.

Basis of preparation

The Group and individual financial statements of the Company which are presented in euro rounded to the nearest thousand, have been prepared under the historical cost convention. The accounting policies applied in the preparation of these consolidated financial statements have been applied consistently during the year and the prior year. The accounting policies have been applied consistently by all Group entities.

Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Notes (continued)

1. Statement of accounting policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Particular areas which are subject to accounting estimates and judgements in these financial statements are the recoverability of trade receivables and accrued income, the recognition of revenue arising from temporary and permanent placements, judgemental provisions and accruals, share based payments, and impairment testing of goodwill.

Accounting for subsidiaries

Group financial statements

Subsidiaries are those entities controlled by the Group. The Group controls an entity when it 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 consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The amounts included in these financial statements in respect of subsidiaries are taken from their latest financial statements prepared up to their respective year ends, together with management accounts for the intervening periods to the year end where necessary. All significant subsidiaries have coterminous financial year ends with the Company.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the Group financial statements, except to the extent that they provide evidence of impairment.

Company financial statements

Investments in subsidiaries are carried at cost less impairment, if any. Dividend income is recognised when the right to receive payment is established.

Revenue recognition

A comprehensive review of the contracts that exist across the Group's revenue streams has been completed in order to understand the impact of IFRS 15 on our revenue recognition policies. Our Flexible Talent division revenue is recognised when the related hours have been worked. This policy is in line with the policy under IFRS15 whereby the contract obligations are settled over time and revenue is recognised in tandem with this. Revenue in respect of permanent placements is recognised when the candidate commences employment. This revenue is also un-effected by IFRS 15 as we have always recognised revenue once a performance obligation has been delivered i.e at a point in time.

Revenue recognition applied before 1 July 2018

Revenue represents the fair value of amounts receivable for services provided in the normal course of business, net of trade discounts and Value Added Tax. Revenue in respect of permanent placements is recognised when the candidate commences employment. Revenue in respect of the Group's Flexible Talent division is recognised when the related hours have been worked. Revenue recognised but not yet billed is included as accrued income within receivables.

Operating segment reporting

Operating segments are distinguishable components of the Group that have been established based on the internal reports regularly reviewed by the Board in order to assess each segment's performance and to allocate resources to them. The Group has determined that its operating segments of recruitment of flexible talent, and permanent placement of candidates are its reportable operating segments.

1. Statement of accounting policies (continued)

Financial income and expenses

Financial expenses comprise interest payable on borrowings calculated using the effective interest rate method. Financial income comprises interest receivable on cash deposits. All financial expenses are recognised in profit or loss, except to the extent that they arise on the acquisition or construction of a qualifying asset.

Taxation

Income tax for the year comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. 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 does not affect accounting or taxable profit or loss, it is not recognised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recovered. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Retirement Benefits and other post-employment benefits

Retirement benefit contributions to defined contribution pension schemes are charged to the income statement in the period to which they relate. Any amounts of contributions due or paid in advance at the reporting date are included in accruals or prepayments as appropriate.

Dividends

Dividends are recognised in the period in which they are approved by the Company's shareholders, or in the case of an interim dividend, when it has been approved by the Board of Directors and paid.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in euro which is the Company's functional currency. Items 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, which is primarily euro.

Notes (continued)

1. Statement of accounting policies (continued)

Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. The resulting monetary assets and liabilities are translated at the reporting rate and the exchange differences are dealt with in the income statement.

Group companies

Results and cash flows of subsidiaries which do not have euro as their functional currency are translated into euro at actual rates of exchange or average exchange rates for the year where this is a reasonable approximation and the related balance sheets are translated at the rates of exchange ruling at the reporting date. Any material adjustments arising on translation of the results of such subsidiaries at average rates and on the re-translation of the opening net assets are dealt with in other comprehensive income and presented within a separate translation reserve in the balance sheet.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment. Land is not depreciated. Depreciation is provided on a straight line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

	Years
Buildings	50
Equipment	5
Fixtures & fittings	5
Motor vehicles	3

The residual value of assets, if not insignificant, and the useful life of assets is reassessed annually.

Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are included in operating profit.

Business combinations

The fair value of the consideration paid in a business combination is measured as the aggregate of the fair value of assets transferred, liabilities incurred or assumed and equity instruments issued in exchange for control. Deferred consideration arising on business combinations is determined through discounting the amounts payable to their present value. The discount element is reflected as an interest charge in the income statement over the life of the deferred payment. Contingent consideration is measured at fair value, with subsequent changes therein recognised in profit or loss. In the case of a business combination, the assets and liabilities are measured at their provisional fair values at the date of acquisition. Adjustments to provisional values allocated to assets and liabilities are made within 12 months of the acquisition date and reflected as a restatement of the acquisition balance sheet, where material.

Goodwill

Goodwill on acquisitions is initially measured as the excess of the fair value of the consideration for the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. When the excess is negative, a bargain purchase gain is recognised immediately in the profit or loss.

1. Statement of accounting policies (continued)

Intangible assets other than goodwill

Intangible assets acquired separately are capitalised at cost and intangible assets acquired in the course of a business combination are capitalised at fair value being their deemed cost as at the date of acquisition. Subsequent to initial recognition, intangible assets which have a finite life are carried at cost less any applicable accumulated amortisation and any accumulated impairment losses. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement. The amortisation of intangible assets is calculated to write-off the book value of intangible assets over their useful lives on a straight-line basis as follows:

	Years
Software assets	5
Brands	1 - 5
Customer contracts & databases	1 - 5

Impairment reviews

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Leases

Where the Group has entered into lease arrangements on land and buildings, the lease payments are allocated between land and buildings and each is assessed separately to determine whether it is a finance or operating lease.

Notes (continued)

1. Statement of accounting policies (continued)

Finance leases, which transfer to the Group substantially all the risks and benefits of ownership of the leased asset, are capitalised at the inception of the lease at the fair value of the leased asset or if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between the finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement as part of financial expenses. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Guarantees

The Company guarantees certain liabilities of subsidiary companies. These are considered to be insurance arrangements and are accounted for as such i.e. treated as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Financial instruments

Short term bank deposits

Short term bank deposits of greater than three months maturity which do not meet the definition of cash and cash equivalents are classified within current assets and stated at fair value in the balance sheet.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Trade and other payables

Trade and other payables are initially recorded at fair value and subsequently at the higher of cost or payment or settlement amounts. Where the time value of money is material, payables are carried at amortised cost.

Trade and contract assets

Under IFRS 9 the categories of financial assets are reduced from four to three and financial liabilities will be measured at amortised cost or fair value through profit and loss. The standard also prescribes an 'expected credit loss' (ECL) model for determining the basis of providing for bad debts.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

1. Statement of accounting policies (continued)

In the current year, the Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permit the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors if there is evidence to suggest that these factors affect the ability of the customer to settle the receivables.

An ECL model has been prepared for 30 June 2019 and there was no material impact on the Group's financial statements when compared to the incurred loss model under IAS 39.

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 obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Trade Receivables and Contract Assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

Movements in the allowance for impairment in respect of trade receivables and contract assets

The movement in allowance for impairment in respect of trade receivables and contract assets during the year is detailed in Note 24(a). Comparative Amounts for 2018 represent the allowance account for impairment losses under IAS 39.

Trade and other receivables applied before 1 July 2018

Trade receivables are initially recognised at fair value and subsequently carried at amortised cost less an allowance for any incurred losses. An estimate of incurred losses is made when collection of the full amount is no longer probable.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Notes (continued)

1. Statement of accounting policies (continued)

Put/call options

The fair value of all put/call options are based on market price calculations using financial models. If a put option is held by a non-controlling interest (“NCI”) in a subsidiary undertaking, whereby the holder of the put option can require the Group to acquire the NCI’s shareholding in the subsidiary at a future date, the Group carefully examines the nature of such a put option. The Group assesses whether or not the NCI continues to have a present ownership interest in the shares subject to the put option whilst also being exposed to reductions in the entities fair value. Present ownership interest can be evidenced by NCI continuing to have a right to the receipt of dividends, or benefitting from increases in net assets while holding a voting entitlement to the shares subject to the put option. If it is deemed that the put option holders continue to have a present ownership interest, the Group applies the present access method as follows:

- the Group continues to recognise the amount that would have been recognised for the NCI, including an update to reflect its share of profit and losses, dividends and other changes;
- the Group recognises a financial liability in accordance with IAS 32 being the estimate of the fair value of the consideration to acquire the NCI shares that are subject to the put option and records this in a separate reserve in equity; and
- changes in the fair value of the financial liability are reflected as a movement in the put option reserve.

If the NCI put option is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the put option exercise. If the put option expires unexercised, the position is unwound so that the NCI is recognised as the amount it would have been as if the put option had never been granted and the financial liability is derecognised with a corresponding credit to equity.

If the NCI does not have present ownership rights from the put option, then the transaction is accounted for as if the Group had acquired the NCI at the date of entering into the put option.

If the Group has a call option over the shares held by a NCI in a subsidiary undertaking, where the Group can require the NCI to sell its shareholding in the subsidiary at a future date, the option is classified as a derivative and is recognised as a financial instrument on inception with fair value movements recognised in the income statement.

Provisions

A provision is recognised in the balance sheet 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 would be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

1. Statement of accounting policies (continued)

Long Term Incentive Plan (LTIP)

The Remuneration Committee of the Company's Board of Directors has granted conditional share awards (the "LTIP awards") to certain employees under the Group's Long Term Incentive Plan. The LTIP awards give eligible employees a conditional right to subscribe for ordinary shares in the Company upon payment of the nominal value (€0.10 each) of those shares. The fair value of these awards is determined at the date of grant and is charged to the income statement on a straight-line basis over the period from the date of grant to the vesting date. The fair value is determined using a Black-Scholes model, applied as at the date of grant and excluding the impact of any non-market conditions. At each reporting date the Group estimates the number of awards that are expected to vest, and any change in a previous estimate is recognised in the income statement, with a corresponding adjustment to equity. In estimating the number of awards that are expected to vest, the Group takes account of non-market vesting conditions.

Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which include as appropriate awards under share award schemes to employees where such awards are dilutive.

2. Operating segment reporting

Segment information is presented in respect of the Group's operating segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Cpl's primary activity is recruitment. The Group's operations are divided into:

- Recruitment and placement of Flexible Talent; and
- Permanent placement of candidates.

Information regarding the results of each operating segment is included below. Revenues from one customer of the Group's Flexible Talent segment represented approximately €64m (2018: €33m) of the Group's total revenues. Performance is measured based on segment profit before financial income and expenses and income tax, as included in the internal management reports that are reviewed by the Board.

Notes (continued)

2. Operating segment reporting (continued)

	2019 €'000	2018 €'000
Revenue total		
Flexible Talent	536,317	495,899
Permanent	28,541	26,792
	564,858	522,691
Operating profit total		
Flexible Talent	16,091	11,741
Permanent	8,727	6,140
	24,818	17,881
Financial income - centrally controlled income	93	862
Financial expenses - centrally controlled expense	(327)	(197)
Profit before tax	24,584	18,546
Flexible Talent	718	445
Permanent	127	79
Group depreciation	845	524
	2019 €'000	2018 €'000
Group amortisation		
Flexible Talent	511	465
Permanent	-	-
	511	465
Group assets		
Flexible Talent	126,533	115,839
Permanent	18,907	17,309
	145,440	133,148
Centrally controlled assets	45,755	29,823
	191,195	162,971

At 30 June 2019, centrally controlled assets constitute cash and cash equivalents of €45,755k (30 June 2018: €29,823k).

2. Operating segment reporting (continued)

	2019 €'000	2018 €'000
Group liabilities		
Flexible Talent	75,169	65,541
Permanent	5,658	4,933
	80,827	70,474
Group capital expenditure		
Flexible Talent	871	840
Permanent	56	54
	927	894

Geographical segment information

The Group considers that its geographical segments are Ireland, UK and Rest of the World. Revenues by country outside Ireland and the UK are not considered sufficiently significant to warrant separate reporting.

Group revenues by geographical segment are as follows:

Revenue

	2019 €'000	2018 €'000
Flexible Talent - Ireland	469,136	416,171
Flexible Talent - UK	49,764	57,957
Flexible Talent - Rest of the world	17,417	21,771
Flexible Talent revenue	536,317	495,899
Permanent - Ireland	20,870	18,892
Permanent - UK	3,507	3,965
Permanent - Rest of the world	4,164	3,935
Permanent revenue	28,541	26,792
	564,858	522,691

Notes (continued)

2. Operating segment reporting (continued)

Disaggregation of revenue

	2019 €'000	2018 €'000
Services transferred over time (Flexible Talent)	536,317	495,899
Services transferred at a point in time (Permanent)	28,541	26,792
Revenue from contracts with customers	564,858	522,691

Non current assets (excluding deferred tax asset balances) by geographical segment are as follows:

Non current assets

	2019 €'000	2018 €'000
Ireland	26,312	26,412
UK	1,442	1,552
Rest of the world	224	162
Non current assets (excluding deferred tax asset)	27,978	28,126

3. Financial income and expenses

Group

	2019 €'000	2018 €'000
Interest (income) on cash deposits	(93)	(47)
Change in fair value of financial liabilities*	-	(815)
	(93)	(862)
Interest payable	327	197

*The movement in the prior year relates to the release of deferred consideration.

4. Statutory and other information

Group

Profit before tax is stated after charging the following:

	2019 €'000	2018 €'000
Auditors' remuneration - audit services	170	165
- other assurance services	20	20
- tax advisory services	33	51
- tax compliance	40	43
Operating lease rentals, principally in respect of premises	2,296	1,688
Depreciation	845	524
Amortisation of intangible assets	511	465

In accordance with the requirements of Regulation 120 of Statutory Instrument 220/2010, 'European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010', the auditor's remuneration figures represent fees paid to KPMG Dublin only and are exclusive of VAT. Audit services relates to the audit of the Group financial statements only. Audit fees in relation to the audit of RIG Healthcare Group ("RIG") companies by KPMG Dublin are classified as other assurance services. Audit fees paid to other KPMG offices, not included above, amounted to €19,000 (2018: €19,000).

Company

Profit before tax is stated after charging the following:

	2019 €'000	2018 €'000
Auditors' remuneration - audit services	4	4
- tax advisory services	17	40

Audit services relates to the audit of the Company financial statements only.

Notes (continued)

5. Directors' remuneration

Directors' remuneration for the year was as follows:

	Salaries and Other Emoluments €'000	Fees €'000	Retirement Benefits €'000	Total 2019 €'000	Total 2018 €'000
<i>Executive Directors</i>					
Anne Heraty	575	-	-	575	458
Paul Carroll	121	-	20	141	159
Mark Buckley	458	-	27	485	394
Lorna Conn	466	-	27	493	-
	1,620	-	74	1,694	1,011
<i>Non-Executive Directors</i>					
John Hennessy	-	95	-	95	85
Breffni Byrne	-	60	-	60	55
Oliver Tattan	-	41	-	41	55
Colm Long	-	60	-	60	55
Elaine Coughlan	-	43	-	43	-
	-	299	-	299	250
Total	1,620	299	74	1,993	1,261

Mark Buckley was awarded 55,000 Long Term Incentive Plan III awards during the year ended 30 June 2018, with a vesting date of 18 September 2020. He had 80,279 Long Term Incentive Plan II awards which vested on 17 September 2018. Lorna Conn was awarded 50,000 Long Term Incentive Plan III awards during the year ended 30 June 2018, with a vesting date of 18 September 2020. No other awards to Directors were awarded, exercised, forfeited or vested in the year. In accordance with IFRS 2 Share Based Payments, an expense of €266,898 (2018: €501,205) has been recognised in the Group Statement of Comprehensive Income in respect of awards made to Executive Directors.

Aggregate gains of €494,586 (2018: Nil) were realised with respect to share options exercised by Directors during the financial year.

On 12 July 2018 Lorna Conn was appointed as Director, on 23 October 2018 Elaine Coughlan was appointed as Non-Executive Director and on 24 January 2019 Oliver Tattan resigned as Non-Executive Director.

6. Staff numbers and costs

The average number of persons employed by the Group (excluding Non-Executive Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Flexible Talent	10,394	10,075
Recruitment and on-site consultants	605	632
Management and administration	251	211
	11,250	10,918

Staff costs (excluding Non-Executive Directors)

	2019	2018
	€'000	€'000
Wages and salaries	355,013	319,744
Social security costs	38,519	34,372
Share based payment	895	1,693
Other retirement benefit costs	703	699
	395,130	356,508

The weighted average number of persons employed by the Company (comprising the Executive Directors) during the year was four (2018: three) and their remuneration is disclosed in Note 5. For comparative purposes the prior year amounts have been restated.

Notes (continued)

7. Income tax expense

	2019 €'000	2018 €'000
Recognised in income statement:		
<i>Current tax expense</i>		
Current year	3,155	2,679
Adjustments in relation to prior years	-	(27)
Current tax expense	3,155	2,652
<i>Deferred tax</i>		
Origination and reversal of temporary differences	12	(250)
Adjustments in relation to prior years	89	8
Total tax in the income statement	3,256	2,410

Reconciliation of effective tax rate

	2019 €'000	2018 €'000
Profit before tax	24,584	18,546
Tax based on Irish corporation tax rate of 12.5%	3,073	2,318
Non-deductible/(non-taxable) items	58	(70)
Differences in effective tax rates on overseas earnings	32	(37)
Losses on which deferred tax not recognised	-	187
Income taxed at higher rate	4	31
Under/(over) provision in prior years	89	(19)
Total tax in the income statement	3,256	2,410

The effective rate of tax on profit of 13.2 per cent (2018: 13 per cent) is higher than the underlying tax rate of 12.5 per cent as the effective tax rate reflects the mix of profits earned in Ireland and in jurisdictions with different tax rates such as the UK, Czech Republic, Poland and Hungary.

At 30 June 2019 the Group recognised deferred tax assets on tax losses of €356k (2018: €272k). The tax losses arose in the Irish, UK and Polish tax jurisdictions and their utilisation is dependent on future profits earned by entities in these jurisdictions. The Directors have concluded that it is more likely than not that the Irish and UK sub-groups will earn sufficient future profits to utilise the losses carried forward. There are unrecognised deferred tax assets on tax losses in Spain, Portugal and Germany which are not material in the context of the Group.

8. Dividends to equity shareholders

Interim dividends to equity shareholders in Cpl Resources plc are recognised when the interim dividend is paid by the Company. The final dividend in respect of each financial year is recognised when the dividend has been approved by the Company's shareholders. During the financial year, the following dividends were recognised:

	2019	2018
	€'000	€'000
Final dividend paid in respect of previous financial year of 7.15 cent (2018: 5.75 cent) per ordinary share	1,962	1,775
Interim dividend paid in respect of current financial year of 8.00 cent (2018: 6.35 cent) per ordinary share	2,196	1,726
Dividend paid in respect of non-controlling interest	-	30
	4,158	3,531

The Directors have proposed a final dividend in respect of the 2019 financial year of 11.0 cent per ordinary share. This dividend has not been provided for in the Company or Group balance sheet as there was no present obligation to pay the dividend at the year end. The final dividend is subject to approval by the Company's shareholders at the Annual General Meeting.

9. Earnings per share

	2019	2018
	€'000	€'000
<i>Numerator for basic and diluted earnings per share:</i>		
Profit for the financial year attributable to equity shareholders	21,186	16,089
<i>Denominator for basic earnings per share:</i>		
Weighted average number of shares in issue for the year	27,398,638	28,406,721
<i>Denominator for diluted earnings per share:</i>		
	27,433,838	28,469,099
Basic earnings per share (cent)	77.3	56.6
Diluted earnings per share (cent)	77.2	56.5

10. Profit for the financial year

As permitted by Section 304(2) of the Companies Act 2014, a separate income statement for the Company is not presented in these financial statements. The profit for the financial year of the holding Company was €5,272,000 (2018: €9,791,000).

Notes (continued)

11. Property, plant and equipment

Group

	Land and buildings €'000	Equipment €'000	Fixtures & fittings €'000	Motor Vehicles €'000	Total €'000
Cost					
Balance at 30 June 2017	665	4,661	2,527	393	8,246
Additions	-	333	536	25	894
Foreign exchange revaluation	-	(3)	-	-	(3)
Balance at 30 June 2018	665	4,991	3,063	418	9,137
Additions	-	751	153	23	927
Foreign exchange revaluation	(2)	3	(2)	-	(1)
Balance at 30 June 2019	663	5,745	3,214	441	10,063
Depreciation					
Balance at 30 June 2017	272	3,820	1,946	338	6,376
Depreciation charge for the year	34	200	258	32	524
Foreign exchange revaluation	-	(2)	-	-	(2)
Balance at 30 June 2018	306	4,018	2,204	370	6,898
Depreciation charge for the year	25	430	369	21	845
Foreign exchange revaluation	-	1	(1)	-	-
Balance at 30 June 2019	331	4,449	2,572	391	7,743
Net book value					
At 30 June 2019	332	1,296	642	50	2,320
At 30 June 2018	359	973	859	48	2,239

11. Property, plant and equipment (continued)

Company

	Land and buildings €'000	Equipment €'000	Fixtures & fittings €'000	Motor Vehicles €'000	Total €'000
Cost					
Balance at 30 June 2017	552	4,375	2,360	336	7,623
Additions	-	441	354	-	795
Balance at 30 June 2018	552	4,816	2,714	336	8,418
Additions	-	632	134	-	766
Balance at 30 June 2019	552	5,448	2,848	336	9,184
Depreciation					
Balance at 30 June 2017	225	3,618	1,877	300	6,020
Depreciation charge for the year	11	331	254	9	605
Balance at 30 June 2018	236	3,949	2,131	309	6,625
Depreciation charge for the year	12	388	247	9	656
Balance at 30 June 2019	248	4,337	2,378	318	7,281
Net book value					
At 30 June 2019	304	1,111	470	18	1,903
At 30 June 2018	316	867	583	27	1,793

Notes (continued)

12. Goodwill and intangible assets

Group

	Goodwill €'000	Brands €'000	Customer Contracts & databases €'000	Software €'000	Total €'000
Cost					
Balance at 30 June 2017	32,969	1,214	1,520	3,521	39,224
Additions	-	-	-	350	350
Balance at 30 June 2018	32,969	1,214	1,520	3,871	39,574
Additions	-	-	-	282	282
Balance at 30 June 2019	32,969	1,214	1,520	4,153	39,856
Amortisation					
Balance at 30 June 2017	8,295	1,214	1,520	2,193	13,222
Amortisation for the year	-	-	-	465	465
Balance at 30 June 2018	8,295	1,214	1,520	2,658	13,687
Amortisation for the year	-	-	-	511	511
Balance at 30 June 2019	8,295	1,214	1,520	3,169	14,198
Net book value					
At 30 June 2019	24,674	-	-	984	25,658
At 30 June 2018	24,674	-	-	1,213	25,887

12. Goodwill and intangible assets (continued)

Company

	Brands €'000	Customer Contracts & databases €'000	Software €'000	Total €'000
Cost				
Balance at 30 June 2017	1,214	1,520	2,578	5,312
Additions	-	-	350	350
Balance at 30 June 2018	1,214	1,520	2,928	5,662
Additions	-	-	282	282
Balance at 30 June 2019	1,214	1,520	3,210	5,944
Amortisation				
Balance at 30 June 2017	1,214	1,520	1,262	3,996
Amortisation for the year	-	-	465	465
Balance at 30 June 2018	1,214	1,520	1,727	4,461
Amortisation for the year	-	-	511	511
Balance at 30 June 2019	1,214	1,520	2,238	4,972
Net book value				
At 30 June 2019	-	-	972	972
At 30 June 2018	-	-	1,201	1,201

Goodwill

Goodwill arises in connection with business combinations and has been allocated to groups of Cash Generating Units (“CGUs”) for the purpose of impairment testing. A CGU represents the lowest level within the Group at which associated goodwill is monitored for management purposes.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of CGUs are based on value in use calculations.

Notes (continued)

12. Goodwill and intangible assets (continued)

Key assumptions used in the value in use calculations

The key assumptions in the value in use calculations used to assess impairment are outlined below.

These calculations use cash flow forecasts based on expected future operating results and cashflows. The computations use five year forecasts. For individual CGUs, one year forecasts have been approved by senior management. The remaining years' forecasts have been extrapolated using a growth rate of 2% based on the current operating results and budgeted performance of individual CGUs. For the purposes of calculating terminal values, a terminal growth rate of 0% has been adopted. The cashflow forecasts are discounted using appropriate risk adjusted discount rates averaging 6.84% (2018: 7.36%), reflecting the risk associated with the individual future cash flows and the risk free rate.

Any significant adverse change in the expected future operating results and cash flows may result in the value in use being less than the carrying value of a CGU and would require that the carrying value of the CGU be stated at the greater of the value in use or the recoverable amount of the CGU.

Impairment losses

Applying the techniques and assumptions outlined above, no impairment losses arose in the years ended 30 June 2019 or 30 June 2018.

The results of impairment testing undertaken provide sufficient headroom such that any reasonably realistic movement in any of the underlying assumptions would not give rise to an impairment charge on the relevant CGUs.

Brands, customer contracts and databases, and software

Intangible assets comprise brands and customer contracts and databases which were acquired as part of acquisitions made by the Group. The brands and customer contracts and databases were assessed as having a maximum finite life at their respective dates of acquisition of 5 years. The brands and customer databases have been amortised over their estimated useful lives.

Software assets are amortised over their estimated useful life of 5 years.

13. Investments in subsidiaries - Company

Investment in subsidiary undertakings

	2019 €'000	2018 €'000
Cost		
Balance at 1 July 2018	34,135	31,065
Additions	895	3,070
Other	(1)	-
Capital contribution transferred to amounts due from subsidiary	(1,911)	-
Balance at 30 June 2019	33,118	34,135

13. Investments in subsidiaries - Company (continued)

At 30 June 2019, in the opinion of the Directors, the investments are worth at least their carrying values.
At 30 June 2019, the investments in wholly owned subsidiaries comprised the following:

Company	Country of incorporation	Class of shares held
Computer Placement Limited	Ireland	Ordinary
Cpl Solutions Limited	Ireland	Ordinary
Multiflex Limited	Ireland	Ordinary
Tech Skills Resources Limited	Ireland	Ordinary
Occipital Limited	Ireland	Ordinary
Kate Cowhig International Healthcare Recruitment Limited	Ireland	Ordinary
Acompl Limited	Ireland	Ordinary
Flexsource Limited	Ireland	Ordinary
Kate Cowhig International Healthcare Recruitment Limited (UK)	UK	Ordinary
Cpl Healthcare Limited	Ireland	Ordinary
Cpl Learning and Development Limited	Ireland	Ordinary
Cpl Solutions International Limited	Northern Ireland	Ordinary
Cpl Jobs S.r.o.	Czech Republic	Ordinary
Cpl Jobs S.r.o.	Slovakia	Ordinary
Cpl Jobs Sp z.o.o	Poland	Ordinary
Cpl Recruitment S.L.	Spain	Ordinary
Cpl Resources International Holdings Limited	Ireland	Ordinary
Cpl Resources Ireland Holdings Limited	Ireland	Ordinary
Servisource Healthcare Limited	Ireland	Ordinary
Servisource Recruitment Limited	Ireland	Ordinary
Servisource Limited	UK	Ordinary
Cpl Jobs Kft	Hungary	Ordinary
PHC Care Management Limited	Ireland	Ordinary
Emoberry Limited	Ireland	Ordinary
Occipital Sarl	Tunisia	Ordinary
Deena Energy Services Limited (*)	Ireland	Ordinary
Cpl Healthcare Global Limited	UK	Ordinary
Kate Cowhig Healthcare Recruitment Portugal LDA	Portugal	Ordinary
Cpl Jobs Tunisie Sarl	Tunisia	Ordinary
Cpl Jobs GmbH (*)	Germany	Ordinary
Clinical Professionals Limited (*)	UK	Ordinary

Notes (continued)

13. Investments in subsidiaries - Company (continued)

Company	Country of incorporation	Class of shares held
Only Medics Recruitment Limited (*)	UK	Ordinary
Pharma Professionals Group Limited (*)	UK	Ordinary
Regulatory Professionals Consulting Limited (*)	UK	Ordinary
Scientific Professional Limited (*)	UK	Ordinary
Deena Energy Services Middle East DMCC (*)	UAE	Ordinary
RIG Locums Limited (*)	UK	Ordinary
RIG Medical Recruit Limited (*)	UK	Ordinary
Cpl Professionals Inc	USA	Ordinary
Cpl Specialist Talent Limited (*)	UK	Ordinary
Covalen Performance Magic Limited	Ireland	Ordinary

(*) All subsidiaries are wholly owned with the exception of the following 11 companies:-

1. Deena Energy Services Limited (Cpl Resources plc is the beneficial owner of a 51% stake and registered owner of 70% of the issued share capital).
2. Cpl Jobs GmbH (Cpl Resources plc is the beneficial owner of a 89.8% stake).
3. Clinical Professionals Limited (Cpl Resources plc is the beneficial owner of a 89.8% stake).
4. Only Medics Recruitment Limited (Cpl Resources plc is the beneficial owner of a 89.8% stake).
5. Pharma Professionals Group Limited (Cpl Resources plc is the beneficial owner of a 89.8% stake).
6. Regulatory Professionals Consulting Limited (Cpl Resources plc is the beneficial owner of a 89.8% stake).
7. Scientific Professional Limited (Cpl Resources plc is the beneficial owner of a 89.8% stake).
8. Deena Energy Services Middle East DMCC (Cpl Resources plc is the beneficial owner of a 51% stake and registered owner of 70% of the issued share capital).
9. RIG Locums Limited (Cpl Resources plc is the beneficial owner of a 91% stake).
10. RIG Medical Recruit Limited (Cpl Resources plc is the beneficial owner of a 91% stake).
11. Cpl Specialist Talent Limited (Cpl Resources plc is the beneficial owner of a 80% stake).

All companies, other than Cpl Jobs S.r.o. (Czech Republic), Cpl Jobs S.r.o. (Slovakia), Cpl Jobs Sp z.o.o., Cpl Recruitment S.L., Cpl Solutions International Limited, Occipital Sarl, Kate Cowhig International Healthcare Recruitment Limited (UK), Servisource Limited, Cpl Jobs Kft, Deena Energy Services Limited, Deena Energy Services Middle East DMCC, Cpl Healthcare Global Limited, Kate Cowhig Healthcare Recruitment Portugal LDA, Cpl Jobs Tunisie Sarl, Cpl Jobs GmbH, Clinical Professionals Limited, Only Medics Recruitment Limited, Pharma Professionals Group Limited, Regulatory Professionals Consulting Limited, Scientific Professional Limited, RIG Locums Limited, RIG Medical Recruit Limited, Cpl Specialist Talent Limited and Cpl Professionals Inc have their registered offices at 8 - 34 Percy Place, Dublin 4.

13. Investments in subsidiaries - Company (continued)

The registered offices of Cpl Jobs S.r.o. (Czech Republic) are Jindrisska 16, 110 00 Prague 1, Czech Republic and Uzka 488/8, 602 00 Brno, Czech Republic.

The registered office of Cpl Jobs S.r.o. (Slovakia) is Vysoka 14, 811 06, Bratislava, Slovakia.

The registered offices of Cpl Jobs Sp z.o.o. is Al. Jerozolimskie 81, 02-001 Warsaw, Poland, Sw. Mikolaja 7, 50-125 Wroclaw, Poland, and ul. Szyperska 14, 61-754 Poznan, Poland.

The registered office of Cpl Recruitment S.L. is Avenue Portal De L'angel, 42 - Plt 3. Pta A, 08002 Barcelona, Spain.

The registered office of Cpl Solutions International Limited is 4th Floor, Craig Plaza, 51 Fountain Street, Belfast, BT1 5EA, Northern Ireland.

The registered office of Cpl Jobs Kft is Terez krt. 55, A building 2nd floor, 1062 Budapest, Hungary.

The registered office of Servisource Limited is 5 Old Bailey, London, EC4M 7BA, England.

The registered office of Occipital Sarl is Bureau N° 124 Rue des entrepreneurs, Imm Delta Centre, Charguia 2 Ariana 2035, Tunisia.

The registered office of Kate Cowhig International Healthcare Recruitment Limited (UK) is 5 Old Bailey, London, EC4M 7BA, England.

The registered office of Deena Energy Services Limited is 1/2 High Street, Balbriggan, Co. Dublin.

The registered office of Deena Energy Services Middle East DMCC is Unit No: 1528, DMCC Business Centre, Level No 1, Jewellery & Gemplex 3, Dubai, United Arab Emirates.

The registered office of Cpl Healthcare Global Limited is 2nd Floor, Regis House, 45 King William Street, London, EC4R 9AN, England.

The registered office of Kate Cowhig Healthcare Recruitment Portugal LDA is Rua Pinto Bessa, 522, RC, ESQ., 4300-428 Porto, Portugal.

The registered office of Cpl Jobs Tunisie Sarl is Boulevard de la Terre, Sana Business Center, Centre Urbain Nord, Bureau A7, Tunis, Tunisia.

The registered office of Cpl Jobs GmbH is Hohenzollernstraße 89, 80796 Munich, Germany.

The registered office of Clinical Professionals Limited, Only Medics Recruitment Limited, Pharma Professionals Group Limited, Regulatory Professionals Consulting Limited and Scientific Professional Limited is First Floor, 33 Blagrove Street, Reading, Berkshire, RG1 1PW, England.

The registered office of RIG Locums Limited, RIG Medical Recruit Limited and Cpl Specialist Talent Limited is Northside House, 69 Tweedy Road, Bromley, Kent, England, BR1 3WA.

The registered office of Cpl Professionals Inc is 745 Atlantic Avenue, Boston, MA 02111, USA.

Notes (continued)

14. Deferred tax asset

The movement in temporary differences during the year was as follows:

Group

	1 July 2018 €'000	Arising in profit or loss €'000	Foreign exchange retranslation €'000	30 June 2019 €'000
Property, plant and equipment	130	(41)	-	89
Share based payment	508	(127)	-	381
Employee benefits	42	(17)	-	25
Losses forward	272	84	-	356
Deferred tax asset	952	(101)	-	851

A deferred tax asset has not been recognised in respect of losses in the Spanish, Portuguese and German operations on the basis that the future benefit is not expected to be recovered.

Company

At 30 June 2019, the Company has a deferred tax asset of €113,420 (2018: €153,940).

15. Trade and other receivables

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Trade receivables	81,670	74,699	-	-
Expected credit loss	(316)	(254)	-	-
Accrued income/contract assets	29,232	24,524	-	-
Prepayments	2,595	2,330	1,380	1,258
Other debtors	1,676	1,638	862	779
Corporation Tax	1,754	1,133	-	-
VAT	-	-	493	338
Amounts due from subsidiary undertakings	-	-	61,054	56,037
	116,611	104,070	63,789	58,412

Accrued income is derived from the performance of contract obligations in relation to Flexible Talent workers which had not been billed prior to year end.

Amounts due from subsidiary undertakings include a receivable due from Deena Energy Services Limited of €188,889 (2018: €1,863,950), a receivable from Clinical Professionals Limited of €263,691 (2018: €9,120) and a receivable from RIG Medical Recruit Limited of €1,962,378 (2018: €123,024) which are subsidiaries not wholly owned. Amounts due are repayable on demand.

16. Net funds

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Cash and cash equivalents	45,755	29,823	15,912	15,691
Bank overdraft (Note 19)	(6)	(4)	(6)	-
Invoice discounting facility (Note 19)	(5,691)	(5,642)	-	-
	40,058	24,177	15,906	15,691
Cash and cash equivalents in the cash flow statement	40,058	24,177	15,906	15,691
Net funds	40,058	24,177	15,906	15,691

17. Share capital, share premium, and other reserves

	2019 €'000	2018 €'000
Authorised		
50,000,000 ordinary shares at €0.10 each	5,000	5,000
Allotted, called up and fully paid		
27,443,935 (2018: 27,172,153) ordinary shares at €0.10 each	2,743	2,716

On 17 September 2018, 271,782 new ordinary shares of nominal value €0.10 each in the Company (“Ordinary Shares”) were issued. The issue of these shares was made pursuant to the exercise of awards granted in 2015 under the terms of the Company’s 2013 Long Term Incentive Plan.

In the prior year, the Group returned €25,000,000 of cash to its shareholders by way of a fixed price tender offer. Pursuant to this, the Company repurchased and cancelled 3,703,703 shares, reducing the issued share capital by approximately 12%.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium at 30 June 2019 amounted to €3,616,000 (2018: €1,705,000).

Other reserves comprise an other undenominated capital fund of €1,094,000 (2018: €1,094,000), a merger reserve of €3,357,000 negative (2018: €3,357,000 negative), a currency translation reserve of €1,676,000 negative (2018: €1,385,000 negative), a share based payment reserve of €3,162,000 (2018: €4,245,000) and a put option reserve (Note 18) of €1,140,000 negative (2018: €1,140,000 negative). The merger reserve arose in 1998 when the Company acquired by way of a share for share exchange the share capital of two group companies formerly under common ownership, management and control. The translation reserve movement comprises all foreign exchange differences from 1 July 2018 arising from the translation of the net assets of the Group’s non-euro denominated operations including the translation of the results of such operations from the average exchange rate for the year to the exchange rate at the balance sheet date.

Notes (continued)

17. Share capital, share premium, and other reserves (continued)

Capital management

The Board regularly reviews and monitors the Company's capital structure with a view to maintaining a strong capital base. This involves considering dividends paid to shareholders, the amount of liquid assets on the balance sheet and return on capital.

18. Financial Instruments

Put/call option liability

There is a put/call option in existence in relation to the Clinical Professionals Limited non-controlling interest ("NCI") whereby the NCI shareholders can serve notice on the Group to acquire the NCI at the NCI shareholders' option after September 2019. There is a put/call option in existence in relation to the RIG non-controlling interest ("NCI") whereby the NCI shareholders can serve notice on the Group to acquire the NCI at the NCI shareholders option after June 2020. The value of the put/call option represents management's best estimate of the fair value of the amounts that may be payable and discounted using a discount rate of 6.84%. The fair value was estimated by assigning probabilities, based on management's current expectations, to the potential pay out scenarios. The significant unobservable inputs are the performance of the acquired businesses and the timing of the execution of the put/call option.

The estimated fair value at date of acquisition for the consideration on exercise of these put options was €400k for Clinical Professionals Limited and €740k for RIG. These put option liabilities have been recognised in a put option reserve attributable to the equity holders of the parent. The Group has elected to apply the present access method of accounting for the put/call option, where the initial recognition of the liability is recorded in other equity. The Group will apply the accounting policy where any subsequent changes to the fair value will also be reflected in other equity. The Group has performed a fair value exercise over the put options at 30 June 2019. The fair value movement was deemed immaterial.

If a put option is held by a NCI in a subsidiary undertaking, whereby the holder of the put option can require the Group to acquire the NCI's shareholding in the subsidiary at a future date, the Group carefully examines the nature of such a put option. The Group assesses whether or not the NCI continues to have a present ownership interest in the shares subject to the put option. Present ownership interest can be evidenced by the NCI continuing to have a right to the receipt of dividends, or benefitting from increases in net assets while holding a voting entitlement to the shares subject to the put option. If it is deemed that the put option holders continue to have a present ownership interest, the Group applies the present access method as follows:

- the Group continues to recognise the amount that would have been recognised for the NCI, including an update to reflect its share of profit and losses, dividends and other changes;
- the Group recognises a financial liability in accordance with IAS 32 being the estimate of the fair value of the consideration to acquire the NCI shares that are subject to the put option and records this in a separate reserve in equity; and
- changes in the fair value of the financial liability are reflected as a movement in the put option reserve.

18. Financial Instruments (continued)

Put/call option liability (continued)

If the NCI put is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the put option exercise. If the put option expires unexercised, the position is unwound so that the NCI is recognised as the amount it would have been as if the put option had never been granted and the financial liability is derecognised with a corresponding credit to equity.

If the NCI does not have present ownership rights from the put option, then the transaction is accounted for as if the Group had acquired the NCI at the date of entering into the put option.

19. Trade and other payables

Amounts falling due in less than one year:

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Trade creditors	3,665	2,800	2,125	1,395
Invoice discounting facility*	5,691	5,642	-	-
Bank overdraft	6	4	6	-
Accruals	45,248	38,145	4,413	2,423
VAT	13,547	11,892	-	-
PAYE/PRSI	11,530	10,851	-	-
Amounts due to subsidiary undertakings	-	-	89,630	89,971
	79,687	69,334	96,174	93,789

*The Invoice discount facility of various Group entities are available on demand, have interest rates ranging from 1-5%, and term lengths ranging from 1-2 years.

Amounts due to subsidiary undertakings are repayable on demand.

20. Non-controlling interests

In 2017 Cpl acquired a 100% shareholding in RIG Healthcare Group ("RIG"). RIG Healthcare Group is the trading name of RIG Locums Limited and RIG Medical Recruit Limited. On 30 June 2017 the existing management team of RIG subscribed for a 9% shareholding in RIG. In 2016 the Group acquired an 89.8% stake in Pharma Professionals Limited ("PPG"). PPG is the parent company of Clinical Professionals Limited a leading UK based pharmaceutical and Life Sciences recruitment company. In 2015 the Group subscribed for shares in a new start up company - Deena Energy Services Limited. Cpl Resources plc is the beneficial owner of a 51% stake in Deena Energy Services Limited and the registered owner of 70% of the issued share capital of Deena, but by way of a Declaration of Trust and Agreement dated 18 December 2014, it holds 190 shares (being 19% of the issued share capital) in trust.

Notes (continued)

20. Non-controlling interests (continued)

	Total 2019 €'000	Total 2018 €'000
Balance at 1 July 2018	131	117
Profit after tax attributable to non-controlling interest	142	47
Foreign Currency Translation effects	70	(3)
Dividends paid	-	(30)
Balance at 30 June 2019	343	131

21. Details of Borrowings

Maturity Analysis

	Within 1 year €'000	Between 1 & 2 years €'000	Between 2 & 5 years €'000	After 5 years €'000	Total €'000
<i>Repayable other than by instalments</i>					
Invoice discounting facility*	5,691	-	-	-	5,691
<i>Repayable by instalments</i>					
Bank overdraft	6	-	-	-	6
At end of year	5,697	-	-	-	5,697

*The Invoice discount facility of various Group entities are available on demand, have interest rates ranging from 1-5%, and term lengths ranging from 1-2 years.

22. Operating leases

The Group leases certain property, plant and equipment under operating leases. The leases typically run for an initial lease period with the potential to renew the leases after the initial period. During the year, €2,296,414 (2018: €1,687,846) was recognised as an expense in the income statement in respect of operating leases.

Non-cancellable operating lease rentals are payable as set out below. These amounts represent the minimum future lease payments, in aggregate, that the Group is required to make under existing lease agreements.

	2019 €'000	2018 €'000
<i>Payable in:</i>		
Less than one year	2,401	1,851
Between one and five years	6,295	5,812
Greater than five years	990	3,352
	9,686	11,015

23. Retirement benefits

The Group contributes to defined contribution schemes for certain senior executives by way of contributions to unit linked funds. The Group's annual contributions are charged to the income statement in the year to which they relate. Details of contributions made on behalf of the Directors during the year are set out in Note 5. Amounts due to pension schemes at 30 June 2019 amounted to €203,324 (2018: €343,107).

24. Financial instruments and risk management

The Group and Company are exposed to various financial risks that include credit risk and liquidity risk. The Group has a risk management programme in place which seeks to limit the impact of these risks on the financial performance of the Group. The Board has determined policies for managing these risks. It is the policy of the Board to manage these risks in a non-speculative manner.

(a) Credit risk

Credit risk arises from credit to customers and on outstanding receivables and cash balances.

The Group holds significant cash balances, which are invested on a short term basis and are classified as either cash equivalents or short term deposits. These deposits give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty through regular reviews of market-based ratings, Tier 1 capital and other factors. The Group typically does not enter into deposits with a duration of more than 12 months.

The cash and cash equivalents are held with bank and financial institution counterparties, which are AA2 to BA3, based on rating agency ratings.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group's exposure to credit risk is influenced by the individual characteristics of each customer. There is no concentration of credit risk by dependence on individual customers.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The impairment provisions are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off directly against the trade receivable.

Notes (continued)

24. Financial instruments and risk management (continued)

(a) Credit risk (continued)

The following table details the ageing of the gross trade receivables and the related impairment provisions in respect of specific amounts:

Group

	Gross Value 30 June 2019 €'000	Gross Value 30 June 2018 €'000
Not past due	61,564	59,994
Past due 0 - 30 days	8,785	7,301
Past due 31 - 120 days	8,410	6,572
Past due 121 - one year	1,986	310
More than one year	925	522
Total	81,670	74,699

The value of the expected credit loss is €316k (2018: €254k).

Company

The Company had no trade receivables outstanding at 30 June 2019 (2018: €Nil).

Group

Movement on the provision for impairment of trade receivables is as follows:

	30 June 2019 €'000	30 June 2018 €'000
Balance at start of year	254	269
Charged/(utilised) in year	62	(15)
Balance at end of year	316	254

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	30 June 2019 €'000	30 June 2018 €'000
Euro	67,453	58,508
Sterling	8,594	10,437
Hungarian Forint	2,705	2,849
Czech Koruna	429	778
Tunisian Dinar	2,064	1,782
Polish Zloty	184	249
USD	241	96
	81,670	74,699

24. Financial instruments and risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

The Group adopts an efficient working capital model in order to minimise liquidity risk. The Group has significant cash resources to provide flexibility in financing existing operations and acquisitions.

The following are the contractual maturities of the financial liabilities:

Group - 2019

	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6 - 12 months €'000	+ 1 year €'000
Non - derivative financial liabilities					
Trade and other payables	73,990	(73,990)	(73,990)	-	-
Invoice discounting facility	5,691	(5,691)	(5,691)	-	-
Bank overdraft	6	(6)	(6)	-	-
Put option liability	1,140	(1,140)	-	(1,140)	-
	80,827	(80,827)	(79,687)	(1,140)	-

Group - 2018

	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6 - 12 months €'000	+ 1 year €'000
Non - derivative financial liabilities					
Trade and other payables	63,688	(63,688)	(63,688)	-	-
Invoice discounting facility	5,642	(5,642)	(5,642)	-	-
Bank overdraft	4	(4)	(4)	-	-
Put option liability	1,140	(1,140)	-	-	(1,140)
	70,474	(70,474)	(69,334)	-	(1,140)

Notes (continued)

24. Financial instruments and risk management (continued)

(b) Liquidity risk (continued)

Company - 2019

	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6 - 12 months €'000	+ 1 year €'000
Non - derivative financial liabilities					
Trade and other payables	96,174	(96,174)	(96,174)	-	-
Put option liability	1,140	(1,140)	-	(1,140)	-
	97,314	(97,314)	(96,174)	(1,140)	-

Company - 2018

	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6 - 12 months €'000	+ 1 year €'000
Non - derivative financial liabilities					
Trade and other payables	93,789	(93,789)	(93,789)	-	-
Put option liability	1,140	(1,140)	-	-	(1,140)
	94,929	(94,929)	(93,789)	-	(1,140)

The financial instruments disclosed in Note 18 have a contracted maturity of less than one year.

(c) Interest rate risk

The Group's balance sheet contains interest bearing assets and invoice discounting facilities within liabilities which is subject to interest charges.

Cash flow sensitivity analysis

At 30 June 2019, the average interest rate being earned on the Group's cash and cash equivalents and short term deposits was negative 0.4% (2018: 0.1%). An increase or decrease of 50 basis points in interest rates at the reporting date would have the following effect on the income statement and equity. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2018.

	50 basis point increase		50 basis point decrease	
	Income Statement	Equity	Income Statement	Equity
30 June 2019				
Variable rate adjustments	9	-	(9)	-
30 June 2018				
Variable rate adjustments	142	-	(142)	-

24. Financial instruments and risk management (continued)

(d) Currency risk

The Group has no material exposure to foreign currency risk as most of the assets and liabilities of the Group are denominated in euro, the functional currency of the Company and the currency in which these financial statements are presented. In the context of Brexit fluctuations, the Group's exposure to sterling currency risk is naturally hedged through the deployment of local invoice discounting lines.

(e) Fair values

Cash and cash equivalents

For cash and cash equivalents, all of which have a remaining maturity of less than 3 months, the nominal amount is deemed to reflect fair value.

Trade and other receivables

For receivables and payables with a remaining life of less than 6 months or demand balances, the carrying value less impairment provision, where appropriate, is deemed to reflect fair value.

Trade and other payables

For all short term and current liabilities the carrying value is deemed to reflect fair value.

Put/call options and contingent consideration

The put/call option disclosed in Note 18 is recorded at fair value which has been determined using financial models. They are therefore considered to be a level 3 fair value measurement. The valuation models consider the present value of expected payments, discounted at a risk adjusted discount rate.

25. Commitments and contingencies

The Company has guaranteed the liabilities of all of its subsidiaries incorporated in the Republic of Ireland (see Note 13) for the purpose of obtaining exemptions allowed under Section 357 of the Companies Act 2014, in relation to filing financial statements. These irrevocable guarantees cover the financial year ended 30 June 2019.

26. Related party transactions

Group

Under IAS 24, Related Party Disclosures, the Group has a related party relationship with its Directors. Transactions with the Directors are as follows:

The Group was charged €197,772 in 2019 (2018: €197,772) in respect of one of its offices in Dublin 2, which is leased by the Group from an entity connected to Executive Directors, Anne Heraty and Paul Carroll, at a rate based on the advice of an independent property advisor. The lease expires in November 2022 and is subject to rent reviews every 3 years. The annual commitment is €197,772 with an amount of €Nil outstanding at the year end (2018: €Nil).

Notes (continued)

26. Related party transactions (continued)

IAS 24 also requires the disclosure of compensation paid to the Group's key management personnel. In the case of Cpl, key management personnel is deemed to comprise the Directors of Cpl Resources plc. The remuneration of key management personnel for the year ended 30 June 2019 comprises of short term benefits (salary, bonus, incentives) of €1,919k (2018: €1,234k) and post-employee benefits of €74k (2018: €27k). The Directors' interests in shares are set out in the Directors' Report. A final dividend of 11.0 cent per share (2018: 7.15 cent) is proposed by the Directors. The Directors' shareholdings are disclosed in the Directors Report.

A loan is due to the Group from the management team of the RIG Healthcare Group ("RIG") of €711k at 30 June 2019 (2018: €711k). The management team of RIG used this loan to subscribe for a 9% shareholding in RIG. This loan would be netted against any amounts payable under the put option liability disclosed in Note 18. The fair value movement in these loans is deemed to be immaterial.

Company

The Company has a related party relationship with its subsidiaries and with the Directors of the Company. Transactions with subsidiaries are as follows:

	2019 €'000	2018 €'000
Dividends received from subsidiaries	10,300	9,436
Group expenses recharged to subsidiaries	12,255	12,109

Directors of the Company and their immediate relatives control 35.8% (2018: 35.9%) of the voting shares of the Company. The Executive Directors are employees of the Company and details of their remuneration is set out in Note 5 of the financial statements.

27. Share Based Payments

The Group's employee share schemes are equity settled share based payments as defined in IFRS 2 Share Based Payments. The total share based payments expense for the year charged to the income statement was €895,000 (2018: €1,693,000), analysed as follows:

Income statement charge

	2019 €'000	2018 €'000
Share Based Payment charge	895	1,693

27. Share Based Payments (continued)

Long Term Incentive Plan

The Group established a share option scheme, the 2013 Long Term Incentive Plan (the “LTIP”) which was adopted at the AGM in October 2013, which entitles certain employees to purchase shares in Cpl Resources plc.

- On 27 February 2014, the Remuneration Committee of Cpl granted conditional share awards (the “LTIP I Awards”) under the adopted LTIP. LTIP I vested during the year ended 30 June 2017;
- On 20 October 2015, the Remuneration Committee of Cpl granted conditional share awards (the “LTIP II Awards”) under the adopted LTIP. LTIP II vested during the year ended 30 June 2019; and
- On 29 January 2018, the Remuneration Committee of Cpl granted conditional share awards (the “LTIP III Awards”) under the adopted LTIP. LTIP III will vest during the year ended 30 June 2021.

In accordance with the provisions of the plan, executives and senior employees were granted a conditional right to subscribe for ordinary shares subject to performance conditions.

The LTIP I, LTIP II and LTIP III Awards grant eligible employees a conditional right to subscribe for ordinary shares of nominal value €0.10 each in the Company (“Ordinary Shares”) upon payment of the nominal value. Each share award will equate to one ordinary share of Cpl Resources plc on vesting and awards do not carry rights to dividends nor voting rights until vested. The awards may be exercised at any time from the date of vesting to the date of their expiry. The awards vest subject to the achievement of certain service and non-market performance conditions.

A summary of the awards granted and/or vested during the year ended 30 June 2019 (including assumptions used in the Black Scholes binominal model for calculating the fair value of the share options granted) is set out below:

	2018 LTIP III	2017 LTIP II
Grant date	29 January 2018	20 October 2015
Share price at date of award	€6.20	€5.78
Grant date fair price	€6.10	€5.68
Exercise price	€0.10	€0.10
Number of employees	27	22
Number of share awards	352,000	338,500
Vesting date	18 September 2020	17 September 2018
Expected volatility	20%	20%
Award life	3 years	3 years
Risk free rate	1%	1%
Expected dividend rate	0%	0%

The resulting weighted average fair value of options granted in the year was €Nil (2018: €6.10).

Notes (continued)

27. Share Based Payments (continued)

LTIP II

Vesting of the LTIP II awards was subject to non-market performance conditions measuring the Group's adjusted earnings per share ("EPS") growth over the period of three years commencing 1 July 2015. The LTIP II Awards vested on 17 September 2018, all participants subscribed for their vested Awards on the vesting date. 271,782 LTIP II Awards vested being 80.29% of the LTIP II Awards.

LTIP III

The number of shares that are currently expected to vest under LTIP III (308,000 assuming an 88% vesting rate) are based on the expectations of management including the probability and behavioural considerations of meeting service and non-market conditions attaching to the award and is not necessarily indicative of exercise patterns that may occur. As expectations regarding probability of vesting changes, the charge to profit or loss will be amended.

If, over the three year period from 1 July 2017 to 30 June 2020, the average annualised EPS is less than €0.62, no LTIP Awards will vest. 50% of the LTIP III Awards will vest for average annualised EPS of €0.62, rising on a straight-line basis to full vesting for average annualised EPS of €0.66 or higher. The LTIP III Awards will vest subject to meeting the vesting conditions and the right to subscribe for vested LTIP III Award shares must be exercised within six months of the vesting date.

Under the vesting terms of LTIP III and in addition to the EPS target explained above, employees were required to purchase shares in Cpl Resources plc to the value of 5% of their gross salary by 31 December 2018 and remain employed by Cpl Resources plc at vesting date.

A reconciliation of all share awards granted under the LTIP II and LTIP III schemes are as follows:

	2019 Number	2018 Number
Outstanding options at beginning of year	690,500	338,500
Options granted during year	-	352,000
Forfeited during year	-	-
Expired unvested during year ¹	(66,718)	-
Exercised during year ¹	(271,782)	-
Outstanding options at end of year	352,000	690,500

¹271,782 LTIP II awards vested and were exercised, and 66,718 expired in the financial year to 30 June 2019.

Included in the income statement charge is €266,898 (2018: €501,205) in relation to Executive Directors.

At 30 June 2019 LTIP III Awards were not exercisable as the conditions for exercise were not fulfilled before the year-end.

28. Post balance sheet events

There have been no significant post balance sheet events that would require disclosure in the financial statements.

29. Approval of financial statements

The consolidated financial statements were approved by the Directors on 10 September 2019.

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