ANNUAL REPORT & ACCOUNTS 2015

GBG

USING IDENTITY INTELLIGENTLY

Why GBG?

In the increasingly virtual world in which billions of us now live and work, our identities are reflected by the millions of bytes of data we share every day.

Understanding these virtual individuals and how they relate to the real people behind them has become the holy grail of the 6000 organisations around the globe that choose to work with GBG.

The challenge for all of us – consumers and organisations alike - is how to embrace the opportunities that the Internet provides without losing control.

At GBG, we believe that everyone should be able to conduct business safely and efficiently, everywhere.

And it's our purpose to provide intelligence we can all trust about the people we are engaged with.

GBG – using identity intelligently.

Contents

We have reduced our order review process by up to 50% and have additional confidence in the overall decisions we are now making with the help of our GBG Connexus solution.

Waitrose

How we have performed

Data is the fuel of the digital economy and GBG enables clients to connect instantly to nearly 300 third-party databases, some of which are exclusive to us. This helps our clients focus on their overall customer experience whilst adhering to their own internal risk management, fraud or compliance procedures.

GBG's insight allows us to understand each of our clients personally, meaning we can ensure we're providing them with the exact services they need.

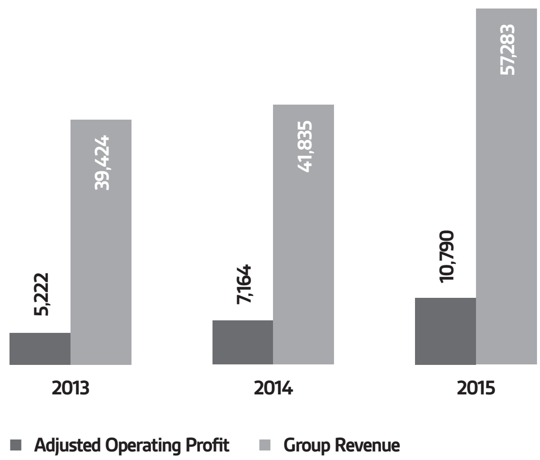
Holvi

The Group's performance in the past year has been one of continued success. The teams at DecTech Solutions and CDMS (Transactis) have successfully integrated into the wider GBG family. With the addition of Loqate in April 2015, we look forward to sustained high performance in every business unit.

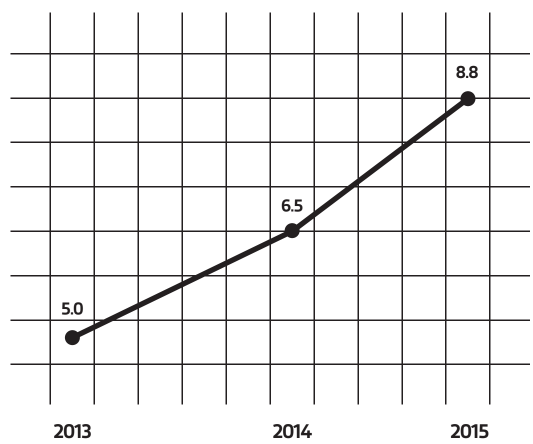
Moving forward and in line with our global ambitions, we have repositioned the company under the much bolder, simpler GBG brand, providing a look and feel that will make it much easier for future clients, employees and shareholders to understand who we are and what we do.

Our clients really value our approach to innovation and our very real focus on delivering solutions that they can depend upon. Our product development teams apply the Unique Value Proposition process to every product in order to clearly differentiate us from the competition – we call this UVP3. We work collaboratively with our clients to draw the greatest intelligence from the datasets to which our products connect.

Group revenue and adjusted operating profit (£'000)



Earnings per share (p)



Our strategy

Knowing that I am helping the company achieve its goals and that I'm adding value gives me real satisfaction in my role.

Victoria Thornton
Customer Helpdesk Manager, GBG

In April 2015 we rolled out our new 5 year Vision, Objectives and Strategies (we call this our "VOS2020") – an internal programme to provide all employees across the globe with a consistent view of our strategies and performance.

Involving every area of the business in every location, VOS2020 allows each individual to share in building the business – and monitor how we are doing against Group, department and team objectives.

Every member of staff also has a personal VOS which links the work they do right back to the Group objectives – highlighting the emphasis we put on individual colleagues as the real power behind GBG's success.

People

We will focus on the engagement of our fantastic team to retain and grow what we believe is some of the best talent in our industry.

Products

We will acquire and develop products that extend our unique value propositions in every market in which we operate.

Customers

We will focus on bringing on board major brands that can utilise products across the whole GBG portfolio – in every region of the world.

Process

We will continuously improve and innovate the way we do business in line with customer and employee feedback with the aim of making GBG an organisation that is easy to work with.

Brand

We will invest in our brand to make sure it is fully recognised in all of our target markets and areas of operation.

About identity data intelligence

It's our vision to inform business decisions between people and organisations globally which is why we connect more data sources than anyone else across the globe so that we can all interact safely and efficiently – this is the definition of Identity Data Intelligence.

Every 5 minutes:

> Email users send more than 204 million messages;

> Google receives over 2 million search queries;

> YouTube users upload 48 hours of new video;

> Facebook users share 684,000 bits of content.

How do we keep track of this data explosion – and how do organisations keep on top of what data they need, and what they don't.

Improving customer experience, globally

Data is the fuel of the digital economy and GBG's technology connects instantly to 282 third party databases, many of them on an exclusive basis. We help our clients use data intelligently to improve the overall customer experience whilst adhering to their own internal risk management, fraud or compliance procedures.

Organisations looking to do business in new, globally diverse markets need to locate and verify customers, but often even the basics, like formal address information, are not available.

Identity data intelligence helps by combining things like geo-location data, mobile or email data, previous activity and even social network identity, allowing clients to generate the data they need from what is available and trust that their new customers do not pose a formal risk – regardless of where they are located.

Managing fraud and risk on a global scale

The majority of fraudulent activity in the UK in 2013 involved identity related activity or account takeover (CIFAS). We live in an era of data-enabled identity crime where fraud is on the rise. Having access to services that utilise identity data intelligence enables organisations to tackle these issues through instant identity verification. Our multi-layered approach to identity data intelligence also allows for the monitoring of account activity to highlight any anomalies in behaviour or strange transactions, offering protection to good customers on an ongoing basis.

Recognising customers in the real world – and online

Social media has revolutionised the way we interact with one another. However, consumers don't identify with different channels – only with a brand – and they now demand to be recognised consistently, regardless of how they choose to do business. In a typical organisation, customer data sits in disparate databases, making it challenging to identify individual customers.

Our approach enables organisations to synchronise a customer's offline and online identity across 130 social networks. Our clients can recognise their customers in real time across any channel, and any device, ensuring they don't lose the rich intelligence that is available to them from data that has often built up over many months or even years of interactions.

What we do

We make the whole process of collecting, managing and analysing identity data really efficient, compliant and easy for clients and their end customers across multiple application areas.

1 Employing people

Clients use GBG's employee screening products to confirm identity, perform criminal records (Disclosure and Barring Service 'DBS') checks and validate important documentation such as a driver's licence. The better you know your employees, volunteers and contractors the more trust you can place in them to do the job you've recruited them for.

'We contracted GBG to carry out electronic driving licence checks on all our licence holders. Demonstrating that we take our responsibilities seriously means that our passengers can trust that all our drivers are fully equipped to drive the vehicles they are travelling on.'

Stagecoach

2 Registering identities

GBG Matchcode360 is used by our clients to register identity data, including social IDs. You can capture the right information on any device, quickly and with minimum impact on the customer experience. Clients have reported an almost instant 22% increase in new customer registrations – simply by collecting the right data in their customers' own language and script.

'Working with GBG, MoneySupermarket is able to rapidly record accurate customer information and use this to help streamline our operational systems, subsequently offering the highest levels of online customer experience.'

MoneySupermarket

3 Verifying identities

Clients use GBG ID3global to access more innovative ways of confirming identity than simply relying on credit data. ID3global can check the identities of more than 4 billion people worldwide. We can also verify citizens of the world's 35 largest economies to the rigorous standards set by the world's financial regulators.

'We chose to use GBG's identity verification software due to its sophistication and ease of use. Through use of the software we can confidently ensure that our clients know who they are inviting into their homes.'

Taskrabbit

4 Building relationships

We all like to think that the organisations we deal with can recognise us whether we call in to a store, ring their call centre or go online via the latest mobile gadget. In business terms, this is known as a 'single customer view (SCV)' but knowing what information is important to get that view – and how and when to use it - is no mean feat.

Our identity data intelligence approach does just that – we work collaboratively with clients to make sure they use the data customers share with them to create personalised customer journeys for each individual, responding to each interaction in real time. All this is gained from the data we manage on clients' behalf through our Engage team which now includes colleagues from the former CDMS Limited (Transactis) business.

'Engagement at key junctures is what improves the customer experience and is a massive contributor to what makes for loyal, long-term members. By focusing on one vital part of the customer journey, GBG were able to help us massively improve how we help our members at a critical stage in their relationship with us.'

Fitness First

In October 2014 we acquired Transactis, providing us with additional skills and data that enhance our understanding of UK shopping behaviour. With aggregated data from retailers all across the country this important insight helps us to make customer communications for our clients such as Nationwide and Betfair more relevant – and identifying anomalous behaviours that may indicate criminal activity instantly.

5 Fighting fraud

Economies and e-commerce will continue to grow; for instance less than 20% of Indian citizens have access to the Internet, yet it is projected to have the second largest user base by 2017 (McKinsey).

When the DecTech team joined the Group in April 2015, they brought with them the ability to offer real-time technology that can not only verify new customers' details as they register but detect application and transaction fraud on an ongoing basis. Fighting fraud isn't just an issue at the point of registration; identity theft, changing customer circumstances or even account takeover can compromise valuable customers' accounts while global financial regulations also demand rigorous account monitoring.

'We have worked with GBG for over eight years and they are vital to our business. By extending our identity data intelligence solutions into the transaction monitoring area this gives us the tools to react to the ever changing customer behaviours, regulatory landscape and industry trends.'

Sky Betting & Gaming

6 Making connections

Finding people – whether to fight crime, reduce losses or even to connect with missing persons – is a time consuming and laborious task unless you apply an intelligent approach to data investigation.

Clients use GBG Connexus to confirm and locate the people they need to connect with – saving valuable time and resource and ensuring that good customers don't incur the cost of inefficient processes. Voted 'Best Newcomer' at the 2014 UK Retail Fraud awards, GBG Connexus is used wherever organisations need to join up the dots and make contact with real people.

'GBG Connexus is an extremely powerful and indispensable tool. It provides enormous benefit to us, from front-end business to complex fraud investigation. It helps us take dangerous drivers off the road and saves a lot of money that we can pass on to honest customers via lower premiums.'

Ageas Insurance

Supporting the wider world

Globalisation makes it clear that social responsibility is required not only of governments, but of companies and individuals.

Having time out to work together on something that makes such a difference to other people's lives is something I really appreciate. I like it that we put a real value on social responsibility and I can see that GBG makes a difference.

2014 GBG Challenge participant

GBG has a strong commitment to supporting the world in which we live and work. Our colleagues and partners raise thousands of pounds each year through individual and team initiatives designed to benefit our local communities and our chosen international charity.

Since 2005 we have been supporting the Friendship Clinic in Nepal as our international corporate charity. The Clinic was established in 1997 with British backed support to offer primary healthcare facilities to the rural communities around Meghauli in South West Nepal. Today it also includes several kindergartens, a farm and outreach clinics to support some of the more inaccessible villages inside the surrounding Nepalese jungle.

In 2005, we launched the first ever GBG Challenge – an annual event that involves our staff participating in a series of strenuous physical activities. Always physically demanding, the GBG Challenge has raised over £130,000 for good causes which alternate annually between our international charity in Nepal, around which the whole company unites, and local community charities which are selected by each office. This year staff will be taking part in a triathlon in Snowdonia.

As well as generating a strong sense of team spirit and camaraderie, the GBG Challenge and the other fund raising initiatives that take place across the year focus on providing very tangible benefits to our chosen charities. It is important that everyone can see what the money raised has been used for, creating a visible link between effort and reward.

At the Friendship Clinic in Nepal, we have directly contributed to the development of the community by raising the necessary funds to:

- purchase the land on which the Clinic was able to build its first community farm, providing food for both the clinic and its associated kindergartens; the farm also provides accommodation and associated work for many people in the Meghauli area;
- purchase livestock that have been used to provide food but also for stock development, creating an income for the farmers and their families; and
- part fund a major water treatment project to provide clean water and sanitation facilities to the people of the whole village; this project is still ongoing but in 2008 we celebrated with them the completion of the latrine project, meaning that every Meghauli resident now has access to proper toilet facilities, vastly reducing the risk of infection and disease.

Chairman's Statement

The Group has strong recurring revenue and a robust pipeline which gives the Board considerable confidence in future sustained growth.

D A Rasche
Chairman

In a knowledge economy, a good business is a community, not a piece of property.

Charles Handy,
Harvard Business Review, 2002

The financial year ending 31 March 2015 was another successful one for GBG. We have continued the upward trajectory of both our revenue and profit and the successful integration of the DecTech and CDMS (Transactis) businesses further enhance our growth potential. The extension of our capabilities and territorial reach has been well received and will help us to increase sales to existing and potential clients.

GBG's financial performance continues to impress the market. Revenues increased by 37%, of which 15% was delivered organically. Even more pleasing is the translation of this top line performance to the Group's adjusted operating profit*, which increased by 51% year-on-year resulting in increased adjusted earnings per share of 35%.

Shareholder return is important to us and I am pleased to report that this year, our total shareholder return has again outperformed the FTSE Techmark (All Share) index.

Since the year end, we completed the acquisition of Loqate Inc. which strengthens our leading position in global identity data intelligence, as well as our ability to address target markets.

This year's results are testament to the commitment and expertise of GBG's team and, on behalf of the Board and shareholders, I would like to thank all our employees for their very considerable efforts.

Dividend

The Board has recommended a 12% increase to the dividend to 1.85 pence (2014: 1.65 pence), continuing our progressive dividend growth – this is reflective of the exceptional prospects of our business. This is subject to approval at the Annual General Meeting and, should it receive approval, the dividend will be paid on 28 August 2015 to those shareholders whose names were on the Register of Members on 24 July 2015. The Group, once again, will offer eligible shareholders the choice to reinvest their dividends back into GBG shares by way of the Dividend Reinvestment Plan.

Rebranding

In April, the Group launched the new, progressive "GBG" brand. The rebranding follows a period of expansion and has been developed to assist the enlarged business in its planned future growth, both in the UK and internationally. We are also increasing our marketing focus across key sectors and international territories.

Outlook

This year has been one of significant progress. The market continues to show an increased demand for identity data intelligence solutions and GBG's leadership in this area continues to drive growth. This is especially true of the increasing number of clients that we serve with multiple products across multiple geographies. We will remain alert to any strategic acquisition opportunities which enable us to add momentum and capture growth in dynamic markets. Our people and solutions are our key differentiators and we will maintain investment in our talent and technology in order to take advantage of the opportunities that lie ahead.

The Group has strong recurring revenue and a robust pipeline which gives the Board considerable confidence in future sustained growth.

D A Rasche
Chairman

* Adjusted operating profit means profits before amortisation of acquired intangibles, share based payment charges, exceptional items, share of results from associates, net finance costs and tax.

Chief Executive's Review

As we look to 2016 and beyond, I am confident that we have the right vision, strategy and, most importantly, the right team in place to deliver our key objective of continued profitable growth.

R A Law
Chief Executive

> **Customers pay only for what is of use to them and gives them value. Nothing else constitutes quality.**
>
> Peter F Drucker

Overview

GBG has had a very successful year delivering on our strategy and achieving a strong financial performance which I expect to see continue in the year ahead.

The commitment and hard work of our expanding team has enabled us to deliver growth in every area of our business. We have also increased our capabilities and geographical reach through a series of acquisitions during the year. Our enhanced offering has proven to be invaluable to our clients and has extended our leading position in the global identity data intelligence market. As a result, revenues from international clients now account for 19% (2014: 9%) of GBG's business.

We have attracted new clients during the year, including high profile, global businesses such as Microsoft. Our clients are relying on GBG's services to understand and engage with their customers, comply with increasing regulation and identify potential fraudulent behaviour. We are helping to address our clients' need for varied, accurate and up-to-date intelligence to support mission critical applications, making us an integral part of their operations.

Our Vision

GBG's services provide organisations with the intelligence they need to make informed decisions about people, whether they are customers, potential employees or volunteers working with children or vulnerable adults.

GBG is expertly placed as a trusted partner of many of the world's largest data owners and aggregators giving us a unique insight into how the world works. We have already helped to innovate and improve processes across a diverse range of sectors from financial services to online retail.

We believe that the demand for intelligence to inform better decisions is growing rapidly. As data continues to fuel the digital economy and geographic boundaries are becoming less restrictive, GBG aims to internationalise its products and services, providing some of the world's leading private and public organisations with the intelligence they need to make good business decisions, regardless of their location.

Financial Performance

The Group's strong performance has continued, with revenues increasing by 37% to £57.3 million (2014: £41.8 million).

Organic revenue growth was 15% with the balance coming from the acquisitions of DecTech and CDMS (Transactis) made during the year. These acquisitions have further strengthened our identity data intelligence portfolio and both businesses have been successfully integrated, performing very well in the period.

As a result of this combined organic and acquisitive growth, we have seen a 51% increase in adjusted operating profit to £10.8 million (2014: £7.2 million), which was ahead of market expectations.

Chief Executive's Review Continued

Over the course of the year, deferred revenue in the balance sheet (in respect of amounts invoiced under annual contracts, which will be recognised in future periods) also increased by £3.2 million to £9.9 million, representing significant future value for the Group.

We continue to be highly cash generative and our cash balance at 31 March 2015 was £15.8 million (2014: £11.8 million), with net cash balance of £11.4 million (2014: £11.8 million). Cash expenditure on acquisitions during the year was £18.7 million.

Identity Proofing (IDP)

The IDP business, which provides domestic and international electronic ID verification and employee screening solutions, saw revenues increase by 66% to £25.2 million (2014: £15.1 million). Adjusted operating profit was up by 170% to £4.3 million.

We successfully launched the second phase of GBG-ID3global, our international identity verification solution, and have also expanded our verification capabilities into five new countries. This enables us to provide ID verification for over 4 billion citizens globally representing 55% of the world's population.

Following the acquisition of DecTech, our existing client, Skybet, added to its portfolio of GBG services by including DecTech's ID monitoring software, to aid fraud protection. This supports our belief that there are significant cross-selling opportunities from the integration of DecTech's services into GBG's global offering. DecTech's revenues have seen strong momentum since the acquisition.

IDP added a number of new clients during the year, including Taskrabbit and Skrill, as well as disruptive banking and payment providers such as Stripe and Holvi.

In March 2015, GBG was selected by the UK Government as an identity assurance provider for the new GOV.UK Verify service. GBG will be offering the service to citizens directly through the GOV.UK Verify portal under our own brand, CitizenSafe®. We have also been chosen by Royal Mail to be its ID verification partner on this project. This means that GBG's technology is behind two of the nine verification options available. The project is in its early stages but we are encouraged by the potential of this Government initiative.

Identity Solutions (IDS)

The IDS business, which provides domestic and international identity-based registration, tracing and engagement solutions, made good progress in increasing its organic revenues by 20% to £32.1 million (2014: £26.7 million) and extending adjusted operating profit by 15% to £7.1 million.

This year, IDS launched a new and improved version of its trace and investigate product, GBG Connexus (formerly known as e-Trace). In October, GBG Connexus was voted 'Best Newcomer' at the 2014 Retail Fraud awards.

We also completed the first phase of our plan to synchronise offline and online identity data, such as social media profiles, giving a more complete view of a customer's identity characteristics. This is now available as part of GBG Matchcode, GBG DataCare and GBG Connexus products.

New clients added by IDS during the year included Waitrose, John Lewis, CRIF, Worldpay and the UK's Serious Fraud Office.

Acquisitions

During the financial year, DecTech and Transactis have been successfully integrated into the Group. Furthermore, in April 2015 we announced the acquisition of US-based Loqate Inc., a provider of specialist international location-based software and data. GBG was an early investor in Loqate and we have seen this business grow strongly, building impressive, strategic relationships with partners such as IBM, Oracle, Pitney Bowes and Software AG. This acquisition is a good strategic fit for GBG, adding products and services that are highly complementary to those we already offer and provides us with an established presence on the West Coast of the US.

Current Trading & Outlook

We have delivered an impressive year and we have seen a strong performance in the start of the new financial year. As we look to 2016 and beyond, I am confident that we have the right vision, strategy and, most importantly, the right team in place to deliver our key objective of continued profitable growth.

The skills, knowhow and dedication of our people are what drives our innovation, differentiates us from our competitors and fuels our success. By supporting and engaging with our employees, developing and acquiring the best products and services and adopting a market-leading customer-centric stance, we are on course to develop GBG into a globally recognised brand, delivering value for our people, our clients and our shareholders.

R A Law
Chief Executive

We process high volumes of criminal record checks with GBG and have found that both the turnaround times and the number of errors by applicants has reduced dramatically.

The Referencing Agency

Strategic Report and Finance Review

We achieve our success through our investment in people, business and product development opportunities and the application of innovation, quality and excellence in everything we do.

D J Wilson
Group Finance and Operations Director

> **We can talk about sales growth, profit growth, asset growth, but all of this probably will not happen without personal growth.**
>
> Jim Rohn

Principal Activities and Business Review

GB Group PLC ('GBG') and subsidiaries' (together 'the Group') principal activity is the provision of identity data intelligence services. GBG helps organisations recognise and verify all elements of an individual's identity at key interactions in their business processes. Through the application of our proprietary technology, our vision is to inform business decisions between people and organisations globally.

The performance of the Group is reported by segment, reflecting how we run the business and the economic characteristics of each division. The Group's two operating segments are as follows:

- **Identity Proofing Division** – which provides electronic ID Verification services for combating ID fraud, money laundering and under-age gambling, ID Employ & Comply services for employee authentication and screening and ID Fraud & Risk Management services.
- **Identity Solutions Division** – which provides ID Registration, ID Engagement and ID Trace & Investigate software and services that provide accurate and up-to-date customer information and facilitate better understanding, targeting and retention of profitable customers.

Between them, the divisions have six complementary offerings:

- **ID Verification** – which provides the ability to verify consumers' identities remotely, without the physical presentation of documentation, in order to combat ID fraud, money laundering and restrict access to under-age content, purchases and gambling.
- **ID Registration** – which includes software and services for quick and accurate customer registration and validation of records.
- **ID Engagement** – which provides database services so our clients can better understand, target and retain their customers and offers accurate and up-to-date identity information for their contact strategies.
- **ID Trace & Investigate** – which provides the largest and most accurate picture of the UK's population and properties in order to locate and contact the right individual, first time.
- **ID Employ & Comply Services** – which provides background checks through online verification and authentication of individuals enabling organisations to safeguard, recruit and engage with confidence.
- **ID Fraud & Risk Management Solutions** – which provides fraud detection, risk management and customer on-boarding solutions.

The Group results are set out in the Consolidated Statement of Comprehensive Income and are explained in the Strategic Report and Finance Review. A review of the Group's business and future development is contained in the Chairman's Statement, Chief Executive's Review and the Strategic Report and Finance Review.

Group Vision and Strategy

The Group's vision is to be the leader in identity data intelligence, informing business decisions between people and organisations globally.

The Group's strategy is to create and maintain unique online products and services which provide additional value for

Strategic Report and Finance Review Continued

clients and are of sufficient strength to enable the Group to create new markets and consistently win new business against its competition. The Group achieves this through its investment in people, business and product development opportunities and the application of innovation, quality and excellence in everything it does.

Review of the Business

The Group uses adjusted figures as key performance measures in addition to those reported under adopted IFRS as they better reflect the underlying performance of the business. Adjusted figures exclude certain non-operational or exceptional items which is consistent with prior year treatments. Unless otherwise stated, profit and earnings figures referred to below are adjusted measures.

The following description of the Group's performance is complemented by the segmental analysis in note 4 to the accounts which show the contributions from the Identity Solutions and Identity Proofing segments. The overall impact of our acquisitions in the year will not be fully evident in our segments until 2016.

	2015 £'000	2014 £'000	Increase/ (Decrease) £'000	Increase/ (Decrease) %
Revenue	**57,283**	**41,835**	**15,448**	**37%**
Adjusted operating profit	**10,790**	**7,164**	**3,636**	**51%**
Share based payments	(971)	(747)	(224)	30%
Amortisation of acquired intangibles	(1,986)	(1,110)	(876)	79%
Operating profit before exceptional items and associate result	**7,833**	**5,307**	**2,526**	**48%**
Exceptional items	(1,629)	(1,080)	(549)	51%
Share of associate investment result	(10)	(159)	149	94%
Net finance costs	(266)	(79)	(187)	237%
Group profit before tax	5,928	3,989	1,939	49%
Total tax (charge)	(1,127)	(474)	(653)	138%
Group profit for the year attributable to shareholders	4,801	3,515	1,286	37%
Adjusted earnings †	10,524	7,085	3,439	49%
Basic weighted average number of shares ('000)	119,114	109,631	9,483	9%
Adjusted basic earnings per share (p) †	**8.8**	**6.5**	**2.3**	**35%**

† Adjusted earnings and adjusted EPS are both non-GAAP measures determined with reference to the adjusted operating profit less net finance costs. A reconciliation of these values is reported later in this statement as well as in note 13 to the accounts.

The Group's overall profile has changed through acquisitions concluded during both this year and in the previous year. These businesses have delivered strong performances in the 12-month period ended 31 March 2015 whilst being underpinned by solid organic revenue growth of 15%.

Adjusted operating profit for the year increased by 51% to £10.8 million, reflecting:

- Revenue growth of 37% to £57.3 million. This increase included adjusted organic growth of 15%; and
- an improvement in the adjusted operating profit margin which increased from 17.1% to 18.8%, notwithstanding continued investment for growth over the year.

Adjusted basic earnings per share improved 35% to 8.8p (2014: 6.5p). Basic earnings per share increased 25% to 4.0p (2014: 3.2p). Group cash conversion was strong with net cash generated from operating activities of £11.3 million (2014: £9.4 million) compared to operating profit before depreciation, amortisation, fair value adjustments, share of associate investment result, share-based payments and exceptional items (Adjusted EBITDA) of £11.8 million (2014: £7.8 million).

The Group's balance sheet and financing ability remain strong.

Adjusted EBITDA

Adjusted EBITDA was £11.8 million (2014: £7.8 million), consisting of adjusted operating profit of £10.8 million (2014: £7.2 million) and depreciation/amortisation of £1.0 million (2014: £0.6 million).

Exceptional Items

Exceptional costs of £1.6 million (2014: £1.1 million) were incurred by the Group in the year and have been detailed in note 7 to the accounts.

Net Finance Costs/Income

The Group has incurred net finance costs for the year of £266,000 (2014: £79,000). The increase in net finance costs was due to interest payable on new borrowings made during the year as detailed in note 22 to the accounts.

Acquired Intangibles Amortisation

The charge for the year of £2.0 million (2014: £1.1 million) represents the non-cash cost of amortising separately identifiable intangible assets including brands, trademarks, technology-based assets and customer relationships that were acquired through business combinations. The increased charge in the year is due to the fact that 2015 has a full year charge for acquisitions which took place part way through the prior year along with the impact of the acquisition during the current year.

Taxation

The Group tax charge of £1.1 million (2014: £0.5 million) reflects permanent differences arising in the year, partially offset by the recognition of previously unrecognised deferred tax assets relating to share options. There was £532,000 of current tax payable on the Group's profits in the year (2014: £60,000) principally as a result of foreign tax on overseas operations.

Dividend

The Board of Directors will propose a final ordinary dividend of 1.85 pence per share (2014: 1.65 pence per share), amounting to £2.2 million (2014: £2.0 million). The final ordinary dividend with respect to the year ended 31 March 2015, if approved, will be paid on 28 August 2015 to ordinary shareholders whose names were on the register on 24 July 2015. The Group continues to operate a Dividend Reinvestment Plan allowing eligible shareholders to reinvest their dividends into GBG shares.

Earnings per Share

The earnings per share analysis in this report and in note 13 cover three measures: adjusted basic earnings per share (adjusted operating profit less interest); basic earnings per share (after all adjustments); and diluted earnings per share (adjusting for dilutive effect of share options). Adjusted earnings (adjusted operating profit less interest) was £10.5 million (2014: £7.1 million) resulting in a 35% increase in adjusted earnings per share from 6.5p to 8.8p. The weighted average number of shares at 31 March 2015 increased to 119.1 million (2014: 109.6 million).

Cash Flows

Group operating activities generated £11.3 million of cash and cash equivalents (2014: £9.4 million) representing an increase of 20% and an Adjusted EBITDA to cash conversion ratio of 96% (2014: 120%). Operating cash flows continue to be healthy and the Group continually monitors its measures of cash generation and collection. Net cash generated by operating activities before working capital movements increased by 51% to £10.3 million (2014: £6.8 million). Group investing activities resulted in net outflows of £20.7 million (2014: £2.6 million) including £18.7 million (2014: £1.4 million) in respect of acquisitions/investments, £2.0 million (2014: £0.9 million) on plant and equipment purchases and £0.1 million on product development (2014: £0.2 million). Financing activities generated £13.4 million (2014: £1.3 million consumption) of net cash in the year and included £11.0 million raised from share issues, £4.7 million of net new borrowings and £2.0 million of dividends paid (2014: £1.6 million). The Group's overall cash and cash equivalents increased by £3.9 million (2014: £5.5 million increase) in the year. Further detailed analysis of this movement is included in the Consolidated Cash Flow Statement.

Acquisitions

During the year the Group acquired DecTech Solutions Pty Ltd, an unlisted company based in Australia and CDMS Limited, an unlisted company based in the UK. The total cash consideration paid for these businesses, net of cash acquired, was £18.2 million with further contingent consideration payable in future years. In addition to this payment, a total of £0.5 million of contingent consideration was paid out in the year relating to an acquisition which took place in a previous year. Further information on these acquisitions and the contingent consideration can be found in notes 31 and 32 to the accounts.

Deferred Income

Deferred income balances at the end of the year increased by 47% to £9.9 million (2014: £6.7 million). This balance principally consists of contracted licence revenues and profits that are payable up front but recognised over time as the Group's revenue recognition criteria are met. The increase has been driven by continued strong contracted sales growth which will deliver their revenues and profits in future years.

The deferred income balance does not represent the total contract value of any future unbilled annual or multi-year, non-cancellable agreements as the Group more typically invoices customers in annual or quarterly instalments. Deferred income is influenced by several factors, including seasonality, the compounding effects of renewals, invoice duration, invoice timing and new business linearity within a reporting period.

Strategic Report and Finance Review Continued

Net Assets

Group net assets at the end of 2015 were £46.1 million, an increase of £15.3 million on the 2014 level of £30.8 million. This growth is driven by the increase in equity capital of £11.5 million combined with the total comprehensive income for the year of £4.1 million, less dividends paid of £2.0 million and after adjusting for share based payments and deferred tax on share based payments of £1.0 million and £0.7 million respectively.

Key Performance Indicators

The Board monitor the Group's progress against its strategic objectives and the financial performance of the Group's operations on a regular basis. Performance is assessed against the strategy and budgets using financial and non-financial measures.

The following details the principal Key Performance Indicators (KPIs) used by the Group, giving the basis of calculation and the source of the underlying data. A summary of performance against these KPIs is given below.

Financial

The Group uses the following primary measures to assess the performance of the Group and its propositions.

- **Revenue**
  Revenue and revenue growth are used for internal performance analysis to assess the execution of our strategies, and by investors to assess progress against outlook statements in the market. Organic growth is also measured, although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies. Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions, until the date of their anniversary and will be reported at each reporting interval.
- **Adjusted Operating Profit**
  This is used by the Group for internal performance analysis to assess the execution of our strategies, and by investors to assess progress against outlook statements in the market.
- **Adjusted EBITDA**
  This is used by the Group for internal performance analysis to assess the execution of our strategies, and by investors to assess progress against outlook statements in the market and cash generation.
- **Earnings per Share**
  Earnings per share is calculated as basic earnings per share from continuing operations on both an adjusted and unadjusted basis.
- **Cash**
  Cash and cash equivalent balances are used by the Group for internal performance analysis and by investors to assess progress against outlook statements.
- **Deferred Income Balance**
  Deferred income, which is included in our Consolidated Balance Sheet, is the amount of invoiced business in excess of the amount recognised as revenue. This is an important internal measure for the business and represents the amount that we will record as revenue in our Consolidated Statement of Comprehensive Income in future periods. Trends may vary as business conditions change.

Non-Financial

- **Underlying Identity Verifications**
  Management believe that transaction-based measures provide useful information regarding trends in client revenue derived from electronic ID Verification services and the extent to which clients have adopted the service. Underlying identity verifications is the total number of verifications on the Group's URU™, ID3global, and criminal records checking systems and excludes one-off batch verifications.

- **KYC Countries**
  Management believe the number of countries in which the Group has the capability to provide in-depth ID Verification for citizens up to a KYC ("Know Your Customer") level is an important measure of our capabilities and movement towards proving verification of 'Anyone, Anywhere in the World, Anytime'.

Performance Against KPIs

A summary of the Group's progress in achieving its objectives, as measured against KPIs, is set out below.

	Year ended 31 March	
	2015	2014
Revenue growth	**36.9%**	15.1%
Organic revenue growth	**15.0%**	10.3%
Identity Proofing revenue growth	**66.5%**	22.2%
Identity Solutions revenue growth	**20.2%**	11.4%
Adjusted operating profit (£'000)	**10,790**	7,164
Adjusted operating profit %	**18.8%**	17.1%
Adjusted EBITDA (£'000)	**11.844**	7,848
Adjusted EBITDA %	**20.7%**	18.8%
Earnings per share – basic	**4.0p**	3.2p
Earnings per share – adjusted basic	**8.8p**	6.5p
Cash (£'000)	**15,778**	11,846
Deferred income balances (£'000)	**9,906**	6,734
Underlying identity verifications (millions)	**20.8**	17.6
KYC Countries	**35**	30

Strategic Report and Finance Review Continued

Principal Risks and Uncertainties

Management use a model to identify and assess the impact of risks to the business under four key headings – financial, strategic, operational and knowledge. For each risk, the likelihood and consequence are identified, management controls are confirmed and results reported. The Corporate Governance Report in the Annual Report provides further detail more about the Group's risk management process. The significant risks and uncertainties faced by the Group are as set out below:

- **Regulatory risk:** legislation in all the markets we serve changes on a regular basis. Interpretation of existing laws can also change to create ever tightening standards, often requiring additional human and financial resources and the provision of new assets and systems. Whilst the Group is committed to respond positively to new regulation and legislation, changes could affect the pricing for, or adversely affect the revenue from, the services the Group offers.
- **Competitive position:** the Group operates in competitive markets and intensified competition could lead to pricing pressures, a reduction in the rate at which the Group adds new customers and to a decrease in the size of the Group's market share if clients choose to receive services from other providers.
- **Non-supply by major supplier:** the Group sources some of its data and infrastructure from third party suppliers and partners. The removal from the market by one or more of these third party suppliers or interruption in supply could quickly affect the Group's operations adversely and result in the loss of revenue or additional expenditure for the Group.
- **Disaster recovery and business continuity:** the Group has an understandable reliance on its place of business, IT systems and people. The loss of key components could affect the Group's operations and result in additional expenditure, whilst the established business continuity plan is effected following an incident.
- **New product development:** in order to maintain competitive advantage, the Group invests significant amounts of resources into product development. The development of all new technologies and products involves risk, including the product being more expensive, or taking longer to develop than originally planned, the market for the product is smaller than originally envisaged; or that the product fails to reach the production stage.
- **Intellectual property risk:** we generally protect our proprietary application software products and services by licensing rights to use the applications, rather than selling or licensing the computer source code. We rely on trademark, copyright, patent and other intellectual property laws to establish and protect our proprietary rights in these products and services. However, there is a risk that our proprietary rights could be challenged, limited, invalidated or circumvented.

In each case, there is an on-going process for identifying, evaluating and managing the principal risks of the Group.

Relationships

Other than our shareholders, the Group's performance and value are influenced by other stakeholders, principally our clients, suppliers, employees and our strategic partners. Relationships are managed both on an individual basis and via representative groups. The Group participates in industry groups which give genuine access to clients, suppliers and decision makers in government and other regulatory bodies.

Treasury Policy and Financial Risk

The Group's treasury operation is managed within formally defined policies and reviewed by the Board. The Group finances its activities principally with cash, short-term deposits and borrowings but has the ability to draw down up to £7 million of further funding from a revolving credit facility that is in place. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operating activities. Surplus funds of the Group are invested through the use of short-term deposits, with the objective of reasonable interest rate returns whilst still providing the flexibility to fund on-going operations when required. It is not the Group's policy to engage in speculative activity or to use complex financial instruments.

The Group is exposed to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk which are described in note 25.

Use of non-GAAP Measures in the Group Financial Statements

The Group has identified certain measures that it believes will assist in understanding the performance of the business. The measures are not defined under IFRS and therefore may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance, however management considers them to be important comparatives and key measures used within the business for assessing performance.

The following are the key non-GAAP measures identified by the Group and used in the Group financial statements:

- **Organic Growth**
  Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions, until the date of their anniversary.

- **Adjusted Operating Profit**
  Adjusted operating profit means profits before amortisation of acquired intangibles, share based payment charges, exceptional items, share of results from associates, net finance costs and tax.

- **Adjusted Earnings**
  Adjusted earnings represents adjusted operating profit less net finance costs.

- **Adjusted Earnings per Share ("Adjusted EPS")**
  Adjusted EPS represents adjusted earnings divided by a weighted average number of shares in issue, and is disclosed to indicate the underlying profitability of the Group.

Approved by the Board on 1 June 2015.

R A Law - Director
D J Wilson - Director

Directors and Officers

David Anthony Rasche – Chairman (Aged 65) *

Appointed to the Board in September 2010. He was the founder of SSP Holdings Limited, one of the largest specialist insurance software houses in the world. He has over 40 years IT industry experience with over 35 years at board level in the software and services sectors. David is also Non-Executive Chairman of Onyx Group.

Richard Anthony Law – Chief Executive (Aged 55)

Appointed to the Board in June 1995 as Finance Director and was appointed as Chief Executive in December 2001. Before joining GB Group plc he was a Corporate Financier with Ernst & Young.

Charmaine Eggberry (Aged 44) *

Appointed to the Board in January 2014. She previously held senior international and marketing board level positions with Research in Motion as Managing Director and Chief Marketing Officer from 2002-2008 and Nokia as Global Senior Vice President from 2010-2012. She is currently a non executive director of Avanti PLC, Chairperson of Buzzmove and an investor and developer of digital start-up businesses. In 2010, she founded and continues to be a Board member and Trustee of The Marketing Academy, a not for profit organisation promoting UK talent in marketing and advertising.

Richard Martin Linford (Aged 63) *

Appointed to the Board in November 2006. Previously he was Chief Financial Officer at News International, a post which he held for 11 years. Prior to this he was Director of Finance at BSkyB. He is a Fellow of the Chartered Institute of Management Accountants and holds a Masters Degree in Business Administration from Boston University.

David John Wilson (Aged 53)

Appointed to the Board in October 2009. He previously held international and operational board level positions with companies including: Eazyfone (brand envirofone.com), Codemasters, Fujitsu and Technology plc.

Board Committees

The Audit Committee

The Audit Committee comprises R M Linford (Committee Chairman); D A Rasche; C Eggberry.

Remuneration Committee

The Remuneration Committee comprises D A Rasche (Committee Chairman); C Eggberry; R M Linford.

Nomination Committee

The Nomination Committee comprises of the whole Board and is chaired by D A Rasche.

Company Secretary

John-Henri Constantin FCIS

* Non-executive director

Directors' Report

The Directors present their report and accounts for the year ended 31 March 2015.

Dividends

The Directors recommend a final ordinary dividend of 1.85 pence per share (2014: 1.65 pence per share) amounting to £2.2 million (2014: £2.0 million). This final dividend, if approved, will be paid on 28 August 2015 to ordinary shareholders whose names were on the Register of Members on 24 July 2015. In respect of this year's dividend, the Group will once again offer a Dividend Reinvestment Plan (DRIP) allowing eligible shareholders to reinvest their dividends into GBG shares. Further information regarding the DRIP is set out on page 98.

Employees

The employment policies and procedures of the Group for recruitment, training and career development promote equality of opportunity regardless of gender, sexual orientation, age, marital status, disability, race, religion or other beliefs and ethnic or national origin. The aim is to encourage a culture in which all employees have the opportunity to develop as fully as possible in accordance with their individual abilities and the needs of the Group.

The Group ensures that every consideration is given to applications for employment from disabled persons. Should an employee become disabled, every effort would be taken to offer suitable alternative employment within the Group and assistance with retraining.

Emphasis is placed upon providing a safe and healthy working environment.

The Group keeps employees informed by periodic staff briefings, through internal announcements and a monthly communication to all staff from the CEO. Details and information on policies, procedures and other information of interest are regularly updated and placed on the Group's intranet site so that it can be accessed easily by all employees.

In addition, the Group undertakes twice yearly engagement surveys and takes account of any comments and feedback provided by employees in the formulation of its policies and procedures. This is undertaken through direct comments taken from individuals together with regular surveys.

The Group also encourages the involvement of employees in its performance through its share options schemes. A summary of the scheme is set out on pages 63 to 64.

Research and Development

The Group has continued to attach a high priority to research and development throughout the year aimed at the development of new products and maintaining the technological excellence of existing products. During the year ended 31 March 2015, approximately 21% (2014: 16%) of the Group's staff were employed in research and development activities.

Substantial Shareholders

As at 31 March 2015, the Company was notified, in accordance with the Disclosure and Transparency Rules, of the following interests in the ordinary share capital of the Company, which represented 3 per cent. or more of the Company's issued share capital.

Directors' Report Continued

	No.	Percentage
Standard Life Investments	11,051,681	9.15%
Octopus Investments	8,724,163	7.23%
BlackRock Investment Mgt (UK)	8,577,199	7.10%
Artemis Fund Managers Ltd	7,436,857	6.16%
Hargreave Hale	7,332,171	6.07%
Herald Investment Management	7,005,528	5.80%
Kestrel Partners LLP	5,976,133	4.95%
Charles Stanley & Co Limited	5,070,892	4.20%
River & Mercantile Asset Management	4,905,213	4.06%

As at 1 June 2015, the Company has not received any notification, in accordance with the Disclosure and Transparency Rules, of any changes to interests in the ordinary share capital of the Company, representing 3 per cent. or more of the Company's issued share capital since 31 March 2015.

Directors and Their Interests

The names and brief biographical details of Directors at the date of this report are set out on page 28.

The Directors who served during the year ended 31 March 2015, and details of their interests in the share capital of the Company and share options, are set out in the Report on Directors' Remuneration on pages 33 to 38.

Directors are reappointed by ordinary resolution at a General Meeting of the shareholders. The Board can appoint a director but anyone so appointed must be elected by an ordinary resolution at the next General Meeting. Directors who have held office for more than three years since their last appointment are eligible for re-election by rotation at the next Annual General Meeting.

In accordance with the Articles of Association, R A Law and R M Linford will both retire by rotation and being eligible have indicated their willingness to be re-elected at the forthcoming Annual General Meeting. The Directors have confirmed that having conducted the board performance evaluation process, R A Law and R M Linford continue to contribute effectively and demonstrate commitment to their roles.

Details of the notice period contained in the service agreements for R A Law and R M Linford are detailed in the Report on Directors' Remuneration on pages 33 to 38.

Directors' Liabilities

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remain in force at the date of approving the Directors' Report.

Change of Control

Within the Group's revolving credit facility, the lender has the right to demand immediate payment of any outstanding balances upon a change of control of the Group following a takeover bid.

The Group does have an agreement with a data supplier which, if the Group were acquired by a competitor of that data supplier, would allow it to terminate its agreement with the Group. The data supplier would, however, continue to be bound to service arrangements with the Group's clients existing on the date of termination.

Upon a change of control, share options may be exercised within six months of the time when the change of control takes effect and any subsequent conditions at the offer process have been satisfied.

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Additional Information for Shareholders

The following provides the additional information required for shareholders as a result of the implementation of the Takeovers Directive into UK law.

Share Capital Structure

At 31 March 2015, the Group's issued share capital comprised:

	No.	£'000	% of Total Share Capital
Ordinary shares of 2.5p each	120,735,364	3,018	100%

Restrictions on Transfers
The Group is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and for voting rights.

Ordinary Shares
On a show of hands at a General Meeting of the Group, every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the General Meeting specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at the General Meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the Annual General Meeting and the results are released as an announcement after the meeting.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods); and
- pursuant to the internal policies of the Company whereby certain employees of the Company require the approval of the Company to deal in the Company's securities.

Articles of Association
The Group's Articles of Association may only be amended by a special resolution at a General Meeting of the shareholders.

Proposed Resolutions for the Annual General Meeting

Details of business to be conducted at this year's Annual General Meeting to be held on 29 July 2015, are contained in the Notice of the Annual General Meeting on page 100. In the opinion of the Directors, the passing of these resolutions is in the best interest of the shareholders.

Social, Community and Environmental Policies

The Company's membership of, and activities with, regulatory authorities, trade bodies, special interest groups together with the way that it has developed its products and services, helps organisations (both public and private) meet their corporate and social responsibilities. The Group also supports its employees in community projects and charitable activities, both in the UK and abroad.

The Company has an environmental policy which states that it will comply with all relevant environmental legislation, establish and review environmental objectives (based on this policy), reduce its waste production wherever feasible, reduce consumption of energy within its office environment and minimise the use of natural resources where possible.

Financial Instruments

The Group's financial risk management objectives and policies are discussed in the Strategic Report and Finance Review on pages 20 to 27 and within note 25.

Auditor

A resolution proposing the re-appointment of Ernst & Young LLP as auditors to the Company will be put to the shareholders at the Annual General Meeting.

Directors' Statement as to Disclosure of Information to Auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 28. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Review on pages 16 to 19. The financial position of the Group, its cash flows and liquidity position are described in the Strategic Report and Finance Review in pages 20 to 27. In addition, note 25 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

After review of the budget, financial forecasts and other relevant information, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Directors' Report Continued

Post Balance Sheet Events

On 27 April 2015, the Group acquired the remaining 74.5% of the shares of Loqate Inc., the San Francisco-based provider of specialist location-based software and data, that it did not already own, taking its holding to 100%. Further details can be found on page 97.

On 1 April 2015, the Company acquired the trade, assets and liabilities of CDMS Limited at book value.

By Order of the Board
J H Constantin FCIS
Company Secretary
1 June 2015

Report on Directors' Remuneration

Information not subject to audit

Introduction

The members of the Company's Remuneration Committee are D A Rasche (Chairman), C Eggberry and R M Linford.

The Remuneration Committee is responsible for considering and making recommendations to the Board on:

- the Company's general policy on executive and senior management remuneration;
- the specific remuneration packages for executive directors of the Company, including basic salary, performance-based incentives, pensions and other benefits; and
- the design and operation of the Company's share schemes.

The remuneration of each director is determined on behalf of the Board by the Remuneration Committee in accordance with the relevant provisions of the UK Corporate Governance Code.

A resolution will be put to shareholders at the Annual General Meeting on 29 July 2015 asking them to consider and approve this Report.

Remuneration Policy

The Company's remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement the Company's business strategy in order to optimise long-term shareholder value. It is the intention that this policy should conform to best practice standards and that it will continue to apply for 2015 and subsequent years, subject to ongoing review as appropriate.

The policy is framed around the following key principles:

- total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives;
- total incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests;
- incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle;
- the design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk;
- in considering the market positioning of reward elements, account will be taken of the performance of the Group and of each individual executive director; and
- reward practice will conform to best practice standards as far as reasonably practicable.

When formulating the scale and structure of remuneration levels, the Remuneration Committee considers market rates drawn from external market data of the level of remuneration offered to directors of similar type and seniority in other companies whose activities are similar to those of GB Group plc. The Remuneration Committee also considers the pay and employment conditions of employees of the Company when determining directors' remuneration. It may also seek advice from external consultants where appropriate and the services of h2glenfern Limited were retained during the year. No director was involved in deciding the level and composition of their own remuneration.

Report on Directors' Remuneration Continued

Each executive director's remuneration package consists of basic salary, bonus, share options, health and car benefits, prolonged disability insurance and pension contributions. An appropriate balance is maintained between the fixed and performance related remuneration elements. The details of individual components of the remuneration packages and service contracts are outlined below.

Basic Salary and Benefits

In accordance with the remuneration policy outlined above, the salaries of the executive directors are reviewed annually. Consideration is also taken of an executive director's experience, responsibilities and performance. Performance is assessed both from an individual and business perspective.

Benefits in kind comprise private fuel benefit and private medical insurance for both R A Law and D J Wilson. Cash in lieu of a benefit in kind is in respect of a car allowance for D J Wilson and for R A Law is in respect of a car allowance plus payment in lieu of pension.

Pensions

The Company does not have a contributory pension scheme. For D J Wilson pension payments are paid directly into his personal pension plan. R A Law has reached the maximum level permitted for a personal pension plan and now receives a direct payment in lieu of his pension entitlement.

Fees

The fees of the non-executive directors are determined by the executive directors within the limits stipulated in the Articles of Association.

Performance Related Bonus

This is calculated based on a fixed formula which is determined at the beginning of each financial year by the Remuneration Committee. The formula measures the Group's performance to specified targets principally relating to Adjusted EPS. Although the amount of bonus is dependent on the level of performance achieved, payments under the bonus scheme are capped to £362,500 in respect of R A Law and £225,000 in respect of D J Wilson. During the year R A Law was awarded £308,000 and D J Wilson was awarded £191,000.

Share Option Schemes

GB Group plc has operated Executive Share Option Schemes since May 1993 under which executive directors, managers and staff of the Company are granted options over shares in the Company at prevailing market prices at the date of grant.

Under the Executive Share Option Schemes, options are granted to executive directors and employees at the discretion of the Remuneration Committee and on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The options vest when the Company's earnings per share growth is greater than the growth of the Retail Prices Index (RPI) over a 3 year period prior to the date of exercise. Options may be awarded under Section A and Section B of the Scheme with Section A options being approved under Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA") and Section B options being unapproved under Schedule 4 of the ITEPA.

At an Extraordinary General Meeting of the Company held on 12 November 2003, shareholder approval was given to create a new Executive Share Option Scheme (called "Section C Scheme") under which senior executives of the Company could be granted options over shares in GB Group plc at the discretion of the Remuneration Committee and on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant.

These Section C options, however, only become exercisable to the extent that they have vested at the date of exercise. The percentage of an option that will vest and be capable of exercise will depend on the performance of the Company. A minimum of 50 per cent. of the options will vest when the Total Shareholder Return (TSR) performance of the Company, as compared to the TSR of the FTSE Computer Services Sub-Sector over a three-year period, matches or exceeds the median company. The percentage of shares subject to an option in respect of which that option becomes capable of exercise will then increase on a sliding scale so that the option will become exercisable in full if top quartile performance is achieved.

At a General Meeting of the Company held on 29 July 2010, shareholder approval was given:

(i) to increase the overall limit on the number of shares that can be awarded as options an aggregate dilution limit of 15 per cent. in the issued share capital of the Company over a rolling ten year period. Excluded from the computation of this limit will be options granted within the past ten years but which were exercised before September 2006 and any option granted but that cannot vest (i.e. because a performance target applicable to it that has not been satisfied or fully satisfied); and

(ii) to create a new Executive Share Option Scheme (called "Section D Scheme") under which senior executives of the Company could be granted options over shares in GB Group plc at the discretion of the Board. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant.

These Section D options, however, only become exercisable to the extent that they have vested at the date of exercise. The options will vest subject to the achievement of normalised EPS growth of the Company at an annual compound rate of 20 per cent. over the performance period. The performance period is the three financial years following the financial year of the Company ended immediately prior to the date of grant of the award of options.

Upon a change of control, options may be exercised within six months of the time when the change of control takes effect and any subsequent conditions at the offer process have been satisfied.

On 2 November 2011, the Board approved the implementation of a new option scheme under which executives of the Company could be awarded matching shares under a share matching plan. Under the Share Matching Plan, participants may purchase shares ("Investment Shares") from the market up to a maximum aggregate value of: 80% of the gross amount of their bonus, net of the employee's national insurance and income tax paid; and/or 20% of their gross annual salary, net of the employee's national insurance and income tax paid.

In consideration of acquiring such Investment Shares, the Company undertakes to grant an option to allot a number of matching shares in proportion to the Investment Shares acquired. Such matching shares are capped at three times the number of Investment Shares purchased by the participant.

The vesting conditions for the issue of matching shares will occur when Adjusted EPS growth is greater than a target set by the Remuneration Committee at the time of making an option award. Between the lower and upper Adjusted EPS growth target levels the amount of shares that will vest will increase on a straight line basis from nil to 100%. Adjusted EPS growth in excess of the upper target level will mean that the vesting criterion has been fully achieved and 100% of the matching shares will vest. The range of lower level growth targets for options currently in issue is between 10% and 15% and the range of upper level growth targets for options in issue is between 22.5% and 25%. The performance period over which Adjusted EPS growth is measured is over 3 financial years.

Options awarded under the Share Matching Scheme are treated as unapproved under section 4 of the ITEPA.

In addition, the Company also operates a savings related share option scheme, which is open to all employees.

Further information of the options issued to the executive directors is detailed below.

Service Contracts

The service contracts and letters of appointment of the Directors include the following terms:

Executive Directors	**Date of Contract**	**Unexpired Term (months) or Rolling Contract**	**Notice Period (months)**
R A Law	6 June 1995	Rolling Contract	12
D J Wilson	1 October 2010	Rolling Contract	6
Non-Executive Directors			
D A Rasche	1 September 2014	3	1
R M Linford	24 May 2014	11	1
C Eggberry	8 January 2015	9	1

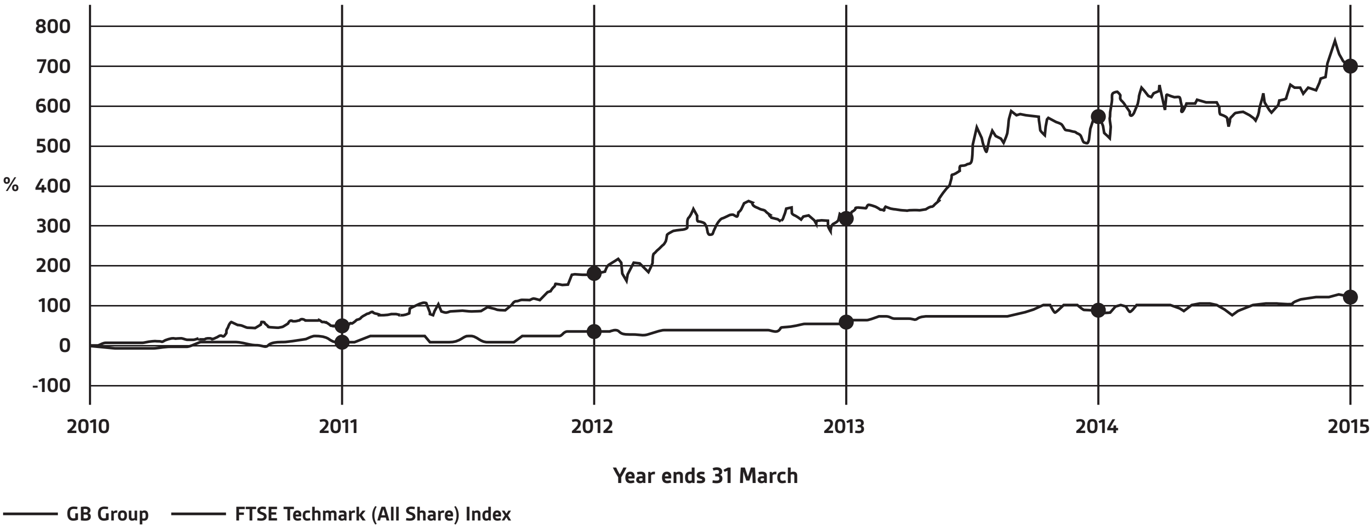
There are no special provisions for compensation in the event of loss of office. The Remuneration Committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly.

Report on Directors' Remuneration Continued

Shareholder Return Graph

The graph below shows the percentage change in total shareholder return for each of the last five financial years compared to the FTSE Techmark (All Share) index.

The FTSE Techmark (All Share) was selected as it represents a broad equity index in which the Company can be compared against.



Information subject to audit

Directors' Remuneration

	Salaries/ Fees £'000	Cash in lieu of benefits in kind £'000	Benefits in kind £'000	Bonuses £'000	**2015 Total £'000**	2014 Total £'000
D A Rasche	55	-	-	-	**55**	40
R A Law *	290	75	5	308	**678**	521
D J Wilson *	180	14	5	191	**390**	310
A W Green	-	-	-	-	**-**	27†
R M Linford	40	-	-	-	**40**	32
C Eggberry	35	-	-	-	**35**	7†
	600	89	10	499	**1,198**	937

* Denotes Executive Director.

† Note: C Eggberry was appointed to the Board on 8 January 2014 and A W Green resigned from the board on 31 March 2014.

Details of cash in lieu of benefits in kind and benefits in kind are disclosed on page 34.

In addition to his fees as a director of the Company, D A Rasche undertakes some general and operational consultancy for the business through his consultancy business Rasche Consulting Limited. These costs of £33,000 have been disclosed in note 30 to the accounts.

Directors' Pension Arrangements (defined contribution)

The Company paid contributions to defined contribution schemes in respect of the following Directors:

	2015 Total £'000	2014 Total £'000
R A Law	**-**	57
D J Wilson	**22**	15
	22	72

Note: R A Law has reached the maximum level permitted for a personal pension plan. He now receives a direct payment in lieu of his pension entitlement, which was £58,000 for the period ending 31 March 2015 and this is included in the column entitled "Cash in lieu of benefits in kind" in the Directors' Remuneration table above.

Directors' Interests

Set out below are the beneficial interests of the Directors and their families in the share capital of the Company at the beginning and end of the year.

Ordinary shares of 2.5p	**31 March 2015**	**1 April 2014**
D A Rasche	746.095	647,000
R A Law	1,939,730	1,746,885
R M Linford	286,364	250,000
D J Wilson	365,035	183,168
C Eggberry	18,182	-
A W Green	-	350,000

Directors' Interests in the Group's Share Option Schemes

Executive Share Options

	At 31 March 2014	Share option scheme	Granted during financial year	Exercised during financial year	Lapsed during financial year	At 31 March 2015	Option exercise price (p)	Date exercisable
R A Law	8,000	C	-	-	(8,000)	-	19.50	2007-2014
	36,000	C	-	-	-	36,000	35.75	2008-2015
	400,000	D	-	-	-	400,000	25.75	2013-2020
	350,000	B	-	-	-	350,000	42.00	2014-2021
	546,875	SM	-	(546,875)	-	-	2.50	2014-2021
	469,825	SM	-	-	-	469,825	2.50	2015-2022
	243,458	SM	-	-	-	243,458	2.50	2016-2023
	-	SM	356,774	-	-	356,774	2.50	2017-2024
	2,054,158		356,774	(546,875)	(8,000)	1,856,057		
D J Wilson	100,434	A	-	-	-	100,434	23.00	2012-2019
	50,000	C	-	-	-	50,000	19.75	2012-2019
	311,164	D	-	-	-	311,164	25.75	2013-2020
	331,294	SM	-	(331,294)	-	-	2.50	2014-2021
	251,064	SM	-	-	-	251,064	2.50	2015-2022
	135,867	SM	-	-	-	135,867	2.50	2016-2023
	-	SM	159,177	-	-	159,177	2.50	2017-2024
	1,179,823		159,177	(331,294)	-	1,007,706		

Note: Share Option Scheme Details are provided in relation to the Directors' Interests in each of the Group's Share Option Schemes:

A: Section A **B**: Section B **C**: Section C **D**: Section D **SM**: Share Matching

Further information about the general terms of the Group's share option schemes can be found on page 34 of this Remuneration Report.

Report on Directors' Remuneration Continued

Savings Related Share Scheme

	At 31 March 2014	Granted during financial year	Exercised during financial year	Lapsed during financial year	At 31 March 2015	Option exercise price (p)	Date exercisable
R A Law	3,984	-	-	-	3,984	76.80	2018
	3,984	-	-	-	3,984		
D J Wilson	6,640	-	-	-	6,640	76.80	2018
	6,640	-	-	-	6,640		

The aggregate gains made on the exercise of options during the year was £1,304,081 (2014: £494,738).

At 31 March 2015, the price of the Company's shares quoted on the London Stock Exchange was 171.0p and the lowest and highest prices during the year ended 31 March 2015 were 133.0p and 184.0p respectively.

There have been no other changes to Directors' interests in the shares of the Company from the end of the year to 1 June 2015. Full details of the Directors' interests in the shares and options of the Company are contained in the Register of Directors' Interests, which is open to inspection.

On behalf of the Board
D A Rasche
Remuneration Committee Chairman
1 June 2015

Corporate Governance

Governance Statement

The Company's shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange. The Company is subject to the AIM Admission Rules of the London Stock Exchange and consequently is not required to comply with the corporate governance provisions contained within the UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council in September 2012. The Board does however firmly support the Code and its principles of good corporate governance and therefore applies it as far as is practicable and appropriate for a public company of its size. The Company's application of the Code is explained below.

The Role of the Board

The role of the Board is to establish the vision and corporate strategy for the Group in order to promote and deliver shareholder value. The Board has a formal schedule of matters reserved for its decision and meets regularly to review trading performance, ensure adequate funding, set and monitor strategy, examine major business opportunities and report to shareholders. The Company reviewed the list of matters reserved for Board approval in May 2015. The full schedule of matters reserved for the Board can be viewed on the Company's website.

The Workings of the Board and its Committees

Board Composition

The Board currently comprises the non-executive Chairman, the Chief Executive Officer, Group Finance Director and two non-executive directors and is responsible to shareholders for the proper management of the Group. The biographies of all current directors together with details of the membership of the various committees of the Board appear on page 28.

Vacancies on the Board are filled following rigorous evaluation of suitable candidates possessing an appropriate balance of skills, knowledge and experience. The use of recruitment consultants is considered on a case-by-case basis.

New directors receive formal guidance about the workings of the Board and its committees. In addition, shortly after their appointment, they meet with the senior management of the Group and receive detailed information and presentations on Group strategy, products and services.

All directors are subject to re-election by shareholders at least every three years. The service agreements of all of the directors are available for inspection at the Company's registered office in Chester. The Board is satisfied that it has an appropriate balance of experience, skills and expertise appropriate to the business.

Director Independence and Training

Under the Code's provisions on director independence, non-executive directors are not considered independent if they do not comply with certain criteria. When these criteria are applied to GB Group plc, D A Rasche, Chairman of the Company, may not be deemed independent, as defined by the Code for the following reasons:

- he has a consultancy arrangement with the Company for which he receives a separate fee in addition to his directors' fee; and
- he chairs the Remuneration Committee of the Board.

It is however, the consideration of the Board that D A Rasche and the non-executive directors are nevertheless independent of management and are able to exercise their independent judgement free from interference by any business or other relationship.

To enable the Board to discharge its duties, all directors have full and timely access to all relevant information. They also have access to management and to the advice of the

Corporate Governance Continued

Company Secretary. Furthermore, all directors are entitled to seek independent professional advice concerning the affairs of the Group at its expense, although no such advice was sought during the year. The Board members have many years of relevant experience and each is responsible for ensuring their continuing professional development to maintain their effective skills and knowledge.

To enable the Board to discharge its responsibilities effectively, all directors are able to allocate sufficient time to the Group. The Committees of the Board have terms of reference for the conduct of their respective responsibilities. A summary of the terms of reference are detailed further in this report in addition to being noted on the Company's website. Copies of the terms of reference are also available upon request.

The Board considers that there is a strong, independent non-executive element on the Board and has decided that it is not appropriate to nominate a single senior independent member as stipulated in the Code.

Frequency of Meetings

The Board normally meets at least six times a year for scheduled Board meetings. The Board also meets as required on an ad-hoc basis to deal with urgent business. The non-executive directors have met during the year without the executive directors and Chairman being present. In the year to 31 March 2015, the Board met eight times, the Audit Committee met twice, the Remuneration Committee met twice. The Nomination Committee did not meet. The attendance at the Board and committee meetings was as follows:

	Percentage Meeting Attendance	
Name	**Board**	**Committees**
D A Rasche	100%	100%
R A Law *	100%	-
D J Wilson*	100%	-
R M Linford	100%	100%
C Eggberry	87.5%	100%

* Being executive directors, R A Law and D J Wilson are not members of the Audit and Remuneration Committees of the Board.

Board Evaluation and Effectiveness

A formal evaluation of the performance of the Board, its Committees and individual directors is carried out annually by means of detailed questionnaires and interviews. The process evaluates performance by benchmarking its terms of reference, policies and procedures against best practice guidelines and considers the views of its institutional shareholders. The aim is to ensure continuous improvement in the functioning of the Board.

The performance of the non-executive directors is monitored, evaluated and appraised by the Executive Directors and the performance of the Executive Directors is monitored, evaluated and appraised by the non-executive directors. The appraisal process allows the Board to assess whether a director continues to contribute effectively and whether they demonstrate commitment to the role. If issues over performance arise, these will be taken up with the individual director concerned by either the Chairman or Chief Executive Officer, at the appropriate time and the Chairman will assess any training and development needs.

The questionnaire-based process is operated by the Company Secretary with each director. The results are passed back to the Chairman, who in conjunction with the Board, considers any issues raised during the process. The Board has concluded that overall the Board and its Committees operated effectively during the year. The Board also concluded that the evaluation process was satisfactory and that the use of an external third party to assist in such evaluation was not necessary.

Committees of the Board

The following Committees deal with specific aspects of the Group's affairs. The Group has produced written terms of reference for each Committee based on corporate governance pronouncements, details of which are available on the Group's website.

Audit Committee

The Audit Committee comprises non-executive directors and is chaired by R M Linford and meets at least twice a year. The Committee provides a forum for reporting by the Group's external auditor. Meetings are also attended, by invitation, by the executive directors.

The primary role of the Audit Committee is to:

- maintain the integrity of the financial statements and other formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them;
- review the controls that are in force to maintain the integrity of the financial information reported to shareholders;
- review the effectiveness of the Group's systems of internal control and risk management systems in place including, but not limited to, the financial reporting process;
- maintain an appropriate relationship with the Group's external auditors; and
- review the effectiveness, scope and objectivity of the audit process.

In fulfilling its responsibility of monitoring the integrity of financial reports to shareholders, the Audit Committee reviews the accounting principles, policies and practices adopted in the preparation of public financial information and examines documentation relating to the Annual Report, Interim Report, preliminary announcements and other related reports.

The Audit Committee approves the external auditor's terms of engagement, scope of work, the process for the interim review and the annual audit. The Audit Committee then meets with the auditor to review the written reports submitted and the findings of their work.

The Audit Committee also reviews the independence and objectivity of the external auditor prior to proposal of a resolution to shareholders at the Annual General Meeting concerning the appointment and remuneration of the auditor. This process includes the review of audit fee proposals, investigation and approval for non-audit services fees and audit partner rotation (based on best practice and professional standards within the United Kingdom). The Group's auditors, Ernst & Young LLP, similarly consider whether there are any relationships between themselves and the Group that could have a bearing upon their independence and have confirmed their independence to the Audit Committee of GB Group plc. The Audit Committee reached its recommendation to reappoint Ernst & Young LLP as auditors following an assessment of the quality of service provided, the expertise and resources made available to the Group and the effectiveness of the audit process.

The Board is confident that the collective experience of the Audit Committee members enables them to act as an effective Committee. The Audit Committee has access to the financial expertise of the Group and its auditors and can seek professional advice at the Company's expense if required.

Remuneration Committee

The Remuneration Committee is chaired by D A Rasche and comprises non-executive directors and meets at least twice a year. The Remuneration Committee's role is to recommend to the Board the remuneration strategy and framework for the executive directors and senior managers, including the performance-related bonus scheme. The Report on Directors' Remuneration, which includes details of the Group's remuneration policies, directors' remuneration, pension entitlements and benefits together with information on service contracts, is set out on pages 33 to 38.

Nomination Committee

The Nomination Committee is chaired by D A Rasche and comprises the whole Board and meets as and when it is necessary to do so. The Committee's role is to:

- ensure that appropriate procedures are in place for the nomination and selection of candidates for appointment to the Board, having regard to the balance and structure of the Board; and
- make recommendations to the Board regarding the re-election of directors, succession planning and Board composition having due regard for the benefits of diversity on the Board, including gender.

When required, the Nomination Committee is able to make use of third party advisors to assist in identifying a range of suitable candidates for review by the Nomination Committee.

Internal Controls and Risk Management

The Group's corporate objective is to maximise long-term shareholder value. In doing so, the directors recognise that creating value is the reward for taking and accepting risk. The Board's policy on risk management encompasses all significant business risks to the Group, including financial, operational and compliance risks, which could undermine the achievement of business objectives. Regular monitoring of risk and control processes, across headline risk areas and other business-specific risk areas, provides the basis for regular and exception reporting to management and the Board.

The risk assessment and reporting criteria are designed to provide the Board with a consistent, group-wide perspective of the key risks. The reports to the Board, which are submitted at least every six months, include an assessment of the likelihood and impact of risks materialising, as well as risk mitigation initiatives and their effectiveness.

The Board has overall responsibility for the Group's approach to assessing risk and systems of internal control, and for monitoring their effectiveness. Because of the limitations that are inherent in any system of internal control, such a system is designed to manage rather than eliminate the risks of failure to achieve business objectives, and provides only reasonable and not absolute assurance against material misstatement or loss.

Corporate Governance Continued

The Board considers risk assessment and control to be fundamental to achieving its corporate objectives within an acceptable risk/reward profile, and confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and the effectiveness of related controls. The process is reviewed every 6 months by the Audit Committee, which reports its findings to the Board and accords with the Financial Reporting Council's Revised Guidance for Directors ("the Revised Guidance") on internal control. The key elements of this process, which have been in place throughout the year under review and up to the date of this report, are:

- the Group's internal controls team which meets to assess risks, review and monitor controls and identify new risks;
- the Group's Internal Controls Co-ordinator (the Company Secretary of the Group) whose function is to chair the Group's internal control team meetings and to collate and present the results of the Group risk reviews to the Audit Committee. He also monitors and assesses the Group's risk management functions on a regular basis. The Internal Controls Co-ordinator reports directly to the Chief Executive Officer on matters of internal control and risk assessment; and
- the Audit Committee monitors, through reports to it by the Group Internal Controls Co-ordinator, the controls which are in force and any perceived gaps in the control environment. The Audit Committee also considers and determines relevant action in respect of any control issues raised by the Group Internal Controls Co-ordinator or the external auditor.

The Board is satisfied that there is an ongoing process, which has been operational during the year, and up to the date of approval of the Annual Report, for identifying, evaluating and managing the significant risks faced by the Group in accordance with the Turnbull guidelines, Revised Guidance and any subsequent updates issued by the Financial Reporting Council.

Key Elements of the Control Framework

Financial reporting process – management and specialists within the finance department are responsible for ensuring the appropriate maintenance of financial records and processes to ensure that all information is relevant, reliable and in accordance with the applicable laws and regulations, and distributed both internally and externally in a timely manner. A review of the financial statements is completed by management to ensure that the financial position and results of the Group are appropriately reflected. All financial information published by the Group is subject to the approval of the Audit Committee.

Strategic and financial planning – an annual budgeting and strategic planning process has been established whereby the Group assesses its competitive position and goals, taking account of the strategic risks faced. This strategy is translated into a financial plan with clear milestones and performance indicators.

Performance management – the performance of the Group against the plan is closely monitored by a formal monthly reporting process and by the attendance of the relevant Executive Directors at monthly Executive Team meetings and at bi-monthly Board meetings, when required.

Capital investment – a clear process is in place for the approval of capital expenditure, which includes detailed appraisal of the benefits of the proposed investment and any associated key risks. Material capital expenditure requires Board approval.

Health and safety – health and safety standards and benchmarks have been established and the Group's performance in meeting such standards is closely monitored.

Risk management reporting process – the Group evaluates its internal control environment and key risks, and the results are reviewed at management level and passed to the Audit Committee before being presented to the Board. This process is reviewed on a quarterly basis to ensure the validity and relevance of the key risks included in bi-annual reports. The review covers strategic, financial, compliance and risk management controls. These procedures are mandated and designed to manage the risk in order to ensure that the Group achieves its business objectives.

Internal audit – the Board has considered whether the Group's internal controls processes would be significantly enhanced by an internal audit function and has taken the view that given the small size of the Group, the internal controls in place and significant executive involvement in the Group's day-to-day business that this is not required. The Board will continue to review this matter on an annual basis.

Board-level reporting on internal control – during the year the Audit Committee reviews regular reports from the external auditors and executive management on matters relating to internal control, financial reporting and risk management. The Audit Committee provides the Board with an independent assessment of the Group's financial position, accounting affairs and control systems.

Relations with Shareholders

Communications with shareholders are given a high priority. The Chairman's Statement, Chief Executive's Review and the Strategic Report and Finance Review, together with the information contained in the report and accounts of the Group, gives a detailed review of the business. The Board values the views of shareholders and recognises their interests in the Group's strategy and performance. Regular meetings are held with institutional shareholders and analysts including presentations after the Company's preliminary announcement of the year-end results and the interim announcements at the half-year to ensure that the investing community receives a balanced and consistent view of the Group's performance. Communications with shareholders are communicated to the Board in advance of their release and feedback and views from the Group's major shareholders are formally communicated to the non-executive directors.

D A Rasche, as chairman of the Group's Remuneration and Nomination Committees and R M Linford as chairman of the Audit Committee will attend the Annual General Meeting to answer shareholder questions regarding the work of the Committees. Details of resolutions to be proposed at the forthcoming Annual General Meeting can be found in the Notice of the Meeting on page 100.

Statement of Directors' Responsibility in Respect of the Accounts

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Directors are required to prepare Group and Company financial statements for each financial year which present fairly the financial position of the Company and Group and the financial performance and cash flows of the Company and Group for that period. In preparing the financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and the Company's financial position and financial performance; and
- state that the Group and Company have complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

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

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

Responsibility Statement by Management

We confirm that to the best of our knowledge:

a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole; and

b) the Annual Report includes a fair review of the development, performance and position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

R A Law
Director

D J Wilson
Director

Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GB GROUP PLC

We have audited the financial statements of GB Group plc for the year ended 31 March 2015 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Company Cash Flow Statement and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Company Act 2006.

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

Respective Responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Accounts set out on page 44, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

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

Matters on Which we are Required to Report by Exception

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

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

Gary Harding (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
1 June 2015

Consolidated Statement of Comprehensive Income

Year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Revenue	3	**57,283**	41,835
Cost of sales		**(16,448)**	(14,473)
Gross Profit		**40,835**	27,362
Operating expenses before amortisation of acquired intangibles, share-based payments and exceptional items		**(30,079)**	(20,243)
Other operating income		**34**	45
Operating profit before amortisation of acquired intangibles, share-based payments, exceptional items and share of associate investment result (adjusted operating profit)		**10,790**	7,164
Amortisation of acquired intangibles	15	**(1,986)**	(1,110)
Share-based payments charge	27	**(971)**	(747)
Exceptional items	7	**(1,629)**	(1,080)
Share of associate investment result	18	**(10)**	(159)
Group operating profit		**6,194**	4,068
Finance revenue	9	**25**	6
Finance costs	10	**(291)**	(85)
Profit before tax		**5,928**	3,989
Income tax expense	11	**(1,127)**	(474)
Profit for the year attributable to equity holders of the parent		**4,801**	3,515
Other comprehensive income:			
Exchange differences on retranslation of foreign operations (net of tax)*		**(684)**	-
Total comprehensive income for the year attributable to equity holders of the parent		**4,117**	3,515
Earnings per share	13		
- adjusted basic earnings per share for the year		**8.8p**	6.5p
- basic earnings per share for the year		**4.0p**	3.2p
- diluted earnings per share for the year		**3.9p**	3.0p

* Upon a disposal of a foreign operation, this would be recycled to the Income Statement

Consolidated Statement of Changes in Equity

Year ended 31 March 2015

	Note	Equity share capital £'000	Merger reserve £'000	Capital redemption reserve reserve £'000	Foreign currency translation £'000	Retained earnings £'000	Total shareholders equity £'000
Balance at 1 April 2013		**14,548**	**6,575**	**3**	**-**	**6,491**	**27,617**
Profit for the period		-	-	-	-	3,515	**3,515**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**3,515**	**3,515**
Issue of share capital	21	416	-	-	-	-	**416**
Share-based payments charge	27	-	-	-	-	747	**747**
Deferred tax on share options		-	-	-	-	170	**170**
Equity dividend	12	-	-	-	-	(1,632)	**(1,632)**
Balance at 31 March 2014		**14,964**	**6,575**	**3**	**-**	**9,291**	**30,833**
Profit for the period		-	-	-	-	4,801	**4,801**
Other comprehensive income		-	-	-	(684)	-	**(684)**
Total comprehensive income for the period		**-**	**-**	**-**	**(684)**	**4,801**	**4,117**
Issue of share capital	21	11,784	-	-	-	-	**11,784**
Share issue costs	21	(330)	-	-	-	-	**(330)**
Share-based payments charge	27	-	-	-	-	971	**971**
Deferred tax on share options		-	-	-	-	714	**714**
Equity dividend	12	-	-	-	-	(1,955)	**(1,955)**
Balance at 31 March 2015		**26,418**	**6,575**	**3**	**(684)**	**13,822**	**46,134**

Company Statement of Changes in Equity

Year ended 31 March 2015

	Note	Equity share capital £'000	Merger reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2013		**14,548**	**6,575**	**3**	**9,709**	**30,835**
Profit for the period		-	-	-	3,931	**3,931**
Total comprehensive income for the period		**-**	**-**	**-**	**3,931**	**3,931**
Issue of share capital	21	416	-	-	-	**416**
Share-based payments charge	27	-	-	-	747	**747**
Deferred tax on share options		-	-	-	170	**170**
Equity dividend	12	-	-	-	(1,632)	**(1,632)**
Balance at 31 March 2014		**14,964**	**6,575**	**3**	**12,925**	**34,467**
Profit for the period		-	-	-	5,676	**5,676**
Total comprehensive income for the period		**-**	**-**	**-**	**5,676**	**5,676**
Issue of share capital	21	11,784	-	-	-	**11,784**
Share issue costs	21	(330)	-	-	-	**(330)**
Share-based payments charge	27	-	-	-	971	**971**
Deferred tax on share options		-	-	-	714	**714**
Equity dividend	12	-	-	-	(1,955)	**(1,955)**
Balance at 31 March 2015		**26,418**	**6,575**	**3**	**18,331**	**51,327**

Consolidated Balance Sheet

As at 31 March 2015

	Note	2015 £'000	2014 £'000
Assets			
Non-current assets			
Plant and equipment	14	**2,829**	1,519
Intangible assets	15	**45,296**	23,329
Investments accounted for using the equity method	18	**-**	10
Deferred tax asset	11	**3,113**	2,127
		51,238	26,985
Current assets			
Trade and other receivables	19	**17,408**	11,929
Cash and short-term deposits	20	**15,778**	11,846
		33,186	23,775
Total assets		**84,424**	50,760
Equity and Liabilities			
Capital and reserves			
Equity share capital	21	**26,418**	14,964
Merger reserve		**6,575**	6,575
Capital redemption reserve		**3**	3
Foreign currency translation reserve		**(684)**	-
Retained earnings		**13,822**	9,291
Total equity attributable to equity holders of the parent		**46,134**	30,833
Non-current liabilities			
Loans	22	**3,643**	-
Provisions	24	**-**	65
Contingent consideration	32	**895**	750
Deferred tax liability	11	**2,968**	1,251
		7,506	2,066
Current liabilities			
Loans	22	**746**	-
Trade and other payables	23	**23,984**	17,551
Contingent consideration	32	**5,733**	-
Provisions	24	**48**	250
Current tax		**273**	60
		30,784	17,861
Total liabilities		**38,290**	19,927
Total equity and liabilities		**84,424**	50,760

Approved by the Board on 1 June 2015

R A Law - Director
D J Wilson - Director

Registered in England number 2415211

Company Balance Sheet

As at 31 March 2015

	Note	2015 £'000	2014 £'000
Assets			
Non-current assets			
Plant and equipment	14	**2,588**	1,517
Intangible assets	15	**478**	558
Investments	17	**48,321**	32,452
Deferred tax asset	11	**1,585**	2,127
		52,972	36,654
Current assets			
Trade and other receivables	19	**13,577**	12,328
Cash and short-term deposits	20	**13,845**	11,423
		27,422	23,751
Total assets		**80,394**	60,405
Equity and Liabilities			
Capital and reserves			
Equity share capital	21	**26,418**	14,964
Merger reserve		**6,575**	6,575
Capital redemption reserve		**3**	3
Retained earnings		**18,331**	12,925
Total equity attributable to equity holders of the parent		**51,327**	34,467
Non-current liabilities			
Provisions	24	**-**	65
Contingent consideration	32	**-**	750
Deferred tax liability		**-**	815
Current liabilities			
Trade and other payables	23	**28,075**	24,813
Contingent consideration	32	**934**	-
Provisions	24	**48**	250
Current tax		**10**	60
		29,067	25,123
Total liabilities		**29,067**	25,938
Total equity and liabilities		**80,394**	60,405

Approved by the Board on 1 June 2015

R A Law - Director
D J Wilson - Director

Registered in England number 2415211

Consolidated Cash Flow Statement

Year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Group profit before tax		**5,928**	3,989
Adjustments to reconcile Group profit before tax to net cash flows			
Share of associate investment result	18	**10**	159
Finance revenue	9	**(25)**	(6)
Finance costs	10	**291**	85
Depreciation of plant and equipment	14	**873**	594
Amortisation of intangible assets	15	**2,167**	1,200
Loss/(profit) on disposal of plant and equipment		**55**	(3)
Fair value adjustment on contingent consideration	32	**403**	-
Share-based payments	27	**971**	747
(Decrease)/Increase in provisions	24	**(267)**	290
Increase in trade and other receivables		**(2,852)**	(1,103)
Increase in trade and other payables		**4,130**	3,403
Cash generated from operations		**11,684**	9,355
Income tax (paid)/received		**(337)**	65
Net cash generated from operating activities		**11,347**	9,420
Cash flows from/(used in) from investing activities			
Acquisition of subsidiaries, net of cash acquired	31	**(18,672)**	(1,428)
Investment in associates	18	**-**	(15)
Purchase of plant and equipment	14	**(1,961)**	(916)
Proceeds from disposal of plant and equipment	14	**13**	11
Expenditure on product development	15	**(63)**	(239)
Interest received	9	**25**	6
Net cash flows used in investing activities		**(20,658)**	(2,581)
Cash flows from/(used in) financing activities			
Finance costs paid	10	**(291)**	(85)
Proceeds from issue of shares	21	**11,284**	416
Share issue costs	21	**(330)**	-
Proceeds from new borrowings	22	**5,487**	-
Repayment of borrowings	22	**(781)**	-
Dividends paid to equity shareholders	12	**(1,955)**	(1,632)
Net cash flows from financing activities		**13,414**	(1,301)
Net increase in cash and cash equivalents		**4,103**	5,538
Effect of exchange rates on cash and cash equivalents		**(171)**	-
Cash and cash equivalents at the beginning of the period	20	**11,846**	6,308
Cash and cash equivalents at the end of the period	20	**15,778**	11,846

Company Cash Flow Statement

Year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Company profit before tax		**6,924**	4,753
Adjustments to reconcile Company profit before tax to net cash flows			
Finance revenue		**(16)**	(6)
Finance costs		**75**	85
Depreciation of plant and equipment	14	**771**	514
Amortisation of intangible assets	15	**175**	85
Loss/(profit) on disposal of plant and equipment		**55**	(3)
Fair value adjustment on contingent consideration	32	**(206)**	-
Share-based payments	27	**971**	747
(Decrease)/Increase in provisions	24	**(267)**	315
Increase in trade and other receivables		**(1,249)**	(1,889)
Increase in trade and other payables		**3,247**	6,050
Cash generated from operations		**10,480**	10,651
Income tax (paid) /received		**(60)**	150
Net cash generated from operating activities		**10,420**	10,801
Cash flows from/(used in) investing activities			
Acquisition of subsidiary undertakings	31	**(5,857)**	(1,877)
Investment in subsidiary undertakings		**(9,122)**	-
Investment in associates	18	**-**	(15)
Purchase of plant and equipment	14	**(1,909)**	(749)
Proceeds from disposal of plant and equipment	14	**13**	11
Expenditure on product development	15	**(63)**	(226)
Interest received		**16**	6
Net cash flows used in investing activities		**(16,922)**	(2,850)
Cash flows from/(used in) financing activities			
Finance costs paid		**(75)**	(85)
Proceeds from issue of shares	21	**11,284**	416
Share issue costs	21	**(330)**	-
Dividends paid to equity shareholders	12	**(1,955)**	(1,632)
Net cash flows from financing activities		**8,924**	(1,301)
Net increase in cash and cash equivalents		**2,422**	6,650
Cash and cash equivalents at the beginning of the period	20	**11,423**	4,773
Cash and cash equivalents at the end of the period	20	**13,845**	11,423

Notes to the Accounts

1. CORPORATE INFORMATION

GB Group plc ('the Company'), its subsidiaries and associates (together 'the Group') provide identity data intelligence products and services helping organisations recognise and verify all elements of an individual's identity at key interactions in their business processes. The nature of the Group's operations and its principal activities are set out in the Strategic Report and Finance Review on pages 20 to 27.

The Company is a public limited company incorporated in the United Kingdom and is listed on the London Stock Exchange with its ordinary shares traded on the Alternative Investment Market. The address of its registered office is The Foundation, Herons Way, Chester Business Park, Chester, CH4 9GB. A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 17 of the financial statements.

These consolidated financial statements have been approved for issue by the Board of Directors on 1 June 2015.

The Company's financial statements are included in the consolidated financial statements of GB Group plc. As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented.

2. ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified in respect of the revaluation of financial assets and liabilities at fair value. A summary of the significant accounting policies is set out below.

The accounting policies that follow set out those policies that apply in preparing the financial statements for the year ended 31 March 2015 and the Group and Company have applied the same policies throughout the year.

The Group and Company financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March each year.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Notes to the Accounts Continued

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business Combinations

GBG has applied the business combinations exemption in IFRS 1. It has not restated business combinations that took place prior to the 1 April 2004 transition date.

The Group uses the acquisition method of accounting to account for business combinations of entities not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Consolidated Statement of Comprehensive Income.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

Foreign Currencies

The Group's consolidated financial statements are presented in pounds Sterling, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in Other Comprehensive Income ('OCI') until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into Sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange for the period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated to write off cost less estimated residual value based on prices prevailing at the balance sheet date on a straight-line basis over the estimated useful life of each asset as follows:

Plant and equipment – over 3 to 10 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the year the item is derecognised.

Residual values and estimated remaining lives are reviewed annually.

Notes to the Accounts Continued

Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU's) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 of continuing operations are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only on assets other than goodwill if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Intangible Assets

Goodwill
Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill already carried in the balance sheet at 1 April 2004 or relating to acquisitions after that date is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the CGU expected to benefit from the synergies. Impairment is determined by assessing the recoverable amount of the CGU, including the related goodwill. Where the recoverable amount of the CGU is less than the carrying amount, including goodwill, an impairment loss is recognised in the Statement of Comprehensive Income. The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on disposal of the unit, or an operation within it. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

Research and development costs
Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the availability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised on a straight-line basis over 2 to 4 years.

Acquired intangibles

Separately identifiable intangible assets such as patent fees, licence fees, trademarks and customer lists and relationships are capitalised on the balance sheet only when the value can be measured reliably, or the intangible asset is purchased as part of the acquisition of a business. Such intangible assets are amortised over their useful economic lives on a straight-line basis.

Separately identified intangible assets acquired in a business combination are initially recognised at their fair value. Intangible assets are subsequently stated at fair value or cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the asset. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Estimated useful lives typically applied are as follows:

- Technology based assets 2-3 years
- Brands and trademarks 2-3 years
- Customer relationships 10 years

The Company's Investments in Subsidiaries

In its separate financial statements the Company recognises its investments in subsidiaries at cost less any provision for impairment.

Interests in Associates

Associates are undertakings that are not subsidiaries or joint ventures over which the Group has significant influence and can participate in financial and operating policy decisions. Investments in associated undertakings are accounted for using the equity method. The Consolidated Statement of Comprehensive Income includes the Group's share of the profit or loss after tax of the associated undertakings. Investments in associates include goodwill identified on acquisition and are carried in the Consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in value.

Trade and Other Receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. A provision is made against a trade receivable only when there is objective evidence that the Group may not be able to recover the entire amount due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of a provision for doubtful debts account. Impaired debts are derecognised when they are assessed as uncollectible.

Cash and Short-Term Deposits

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Trade and Other Payables

Trade and other payables are initially recognised at their fair value and subsequently recorded using the effective interest method.

Notes to the Accounts Continued

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement. 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 current market assessments of 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 finance cost.

Pensions

The Group does not have a contributory pension scheme. Payments are made to individual private defined contribution pension arrangements. Contributions are charged in the Statement of Comprehensive Income as they become payable.

Revenue Recognition

Revenue is measured at the fair value of the consideration received from the sale of software and rendering of services, net of value-added tax, rebates and discounts and after the elimination of inter-company transactions within the Group. Revenue is recognised as follows:

(a) Sale of software licences
Revenue in respect of software licences where the Group has no further obligations and the contract is non-cancellable is recognised at the time of sale. Revenue in respect of software licences where there are further contractual obligations, in the form of additional services provided by the Group, such as software delivered online, is recognised over the duration of the licence in line with when the costs are incurred and delivery obligations fulfilled.

(b) Rendering of services
Revenue from the rendering of services is recognised by reference to the stage of completion. Stage of completion of the specific transaction is assessed on the basis of the actual services provided as a proportion of the total services to be provided. Where the Group is acting as an agent in a transaction and is not the primary obligor then revenue is reported net of amounts payable to the supplier.

(c) Interest income
Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

(d) Rental income
Net rental income arising from the sub-let of properties under operating leases is reported as other operating income in the Statement of Comprehensive Income.

Exceptional Items

The Group presents as exceptional items on the face of the Statement of Comprehensive Income, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Share-Based Payment Transactions

Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Group has taken advantage of the exemption in IFRS 1 in respect of equity settled awards so as to apply IFRS 2 only to those equity settled awards granted after 7 November 2002 that had not vested on or before 1 January 2005.

Equity-Settled Transactions
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuation specialist using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GB Group plc ('market conditions') and non-vesting conditions, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting conditions were satisfied, provided that all other vesting conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised over the remainder of the new vesting period for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it was granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected in the computation of earnings per share (see note 13).

Leases

Assets funded through finance leases and similar hire purchase contracts are capitalised as property, plant and equipment, where the Group assumes substantially all of the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Future instalments under such leases, net of financing costs, are included within interest-bearing loans and borrowings. Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element which reduces the outstanding obligation for future instalments so as to give a constant charge on the outstanding obligation.

All other leases are accounted for as operating leases and the rental charges are charged to the Group Statement of Comprehensive Income on a straight-line basis over the life of the lease.

Lease incentives are primarily rent-free periods. Lease incentives are amortised over the lease term against the relevant rental expense.

Notes to the Accounts Continued

Taxes

Current Tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred Income Tax
Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- No provision is made where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination that at the time of the transaction affect neither accounting nor taxable profit.
- No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Finance Costs

Finance costs consist of interest and other costs that are incurred in connection with the borrowing of funds. Finance costs are expensed in the period in which they are incurred.

New Accounting Standards and Interpretations Applied

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 March 2014, except for the adoption of relevant new Standards and Interpretations noted below. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group and the Company.

International Accounting Standards (IAS / IFRS)		Adoption date
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 10, IFRS 12 & IAS 27	Investment Entities (Amendments)	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IAS 27	Separate Financial Statements	1 January 2014
IAS 28	Investments in Associates and Joint Ventures	1 January 2014
IAS 32	Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32	1 January 2014
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36	1 January 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39	1 January 2014

International Financial Reporting Interpretation Committee (IFRIC)		Adoption date
IFRIC 21	Levies	1 January 2014

New Accounting Standards and Interpretations not Applied

During the year, the IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS / IFRS)		Effective date
IAS 19	Defined Benefit Plans: Employee Contributions – Amendments to IAS 19	1 July 2014
Various	Annual Improvements to IFRS – 2010-2012 Cycle	1 July 2014
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	1 January 2016
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28	1 January 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IAS 1	Disclosure Initiative – Amendments to IAS 1	1 January 2016
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38	1 January 2016
IAS 16 and IAS 41	Agriculture – Bearer Plants – Amendments to IAS 16 and IAS 41	1 January 2016
IAS 27	Equity Method in Separate Financial Statements – Amendments to IAS 27	1 January 2016
Various	Annual Improvements to IFRS – 2012-2014 Cycle	1 January 2016
IFRS 15	Revenue from Contracts with Customers *	1 January 2017
IFRS 9	Financial Instruments	1 January 2018

* The effective date of IFRS 15 is being deferred by one year to an effective date of 1 January 2018.

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's or the Company's financial statements.

Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Group's accounting policies, management has made the following judgements and estimates, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy on page 58. Determining whether goodwill is impaired requires an estimation of the value in use and/or the estimated recoverable amount of the asset derived from the business, or part of the business, CGU, to which the goodwill has been allocated. The value in use calculation requires an estimate of the present value of future cash flows expected to arise from the CGU, by applying an appropriate discount rate to the timing and amount of future cash flows.

Management are required to make judgements regarding the timing and amount of future cash flows applicable to the cash generating unit, based on current budgets and forecasts, and extrapolated for an appropriate period taking into account growth rates and expected changes to sales and operating costs. Management estimate the appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business or the individual CGU.

An analysis of the Group's goodwill and the assumptions used to test for impairment are set out in note 16.

Deferred tax assets
The amount of the deferred tax asset included in the balance sheet of the Group is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In estimating the amount of the deferred tax asset that may be recognised, management make judgements, based on current budgets and forecasts, about the amount of future taxable profits and the timing of when these will be realised. The carrying value of the recognised deferred tax asset at 31 March 2015 was £3,113,000 (2014: £2,127,000) and the unrecognised deferred tax asset at 31 March 2015 was £5,351,000 (2014: £1,449,000). Further details are contained in note 11.

Share-based payments
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and models used are disclosed in note 27.

Valuation and asset lives of separately identifiable intangible assets
In determining the fair value of intangible assets arising on acquisition, management are required to make judgements regarding the timing and amount of future cash flows applicable to the businesses being acquired, discounted using an appropriate discount rate.

Such judgements are based on current budgets and forecasts, extrapolated for an appropriate period taking into account growth rates and expected changes to selling prices and operating costs. Management estimate the appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the businesses being acquired.

Review of impairment indicators on intangible assets
Management are required to make judgements in their assessment of any year end impairment indicators on individual intangible assets.

Contingent consideration
Contingent consideration relating to acquisitions is included based on management estimates of the most likely outcome (note 32). Those judgements include the forecasting of a number of different outcomes against the performance targets and estimating a probability and risk of each outcome before arriving at a risk weighted value of contingent consideration.

3. REVENUE

Revenue disclosed in the Consolidated Statement of Comprehensive Income is analysed as follows:

	2015 £'000	2014 £'000
Sale of goods	**24,721**	19,017
Rendering of services	**32,562**	22,818
Revenue	**57,283**	41,835
Finance revenue	**25**	6
Total revenue	**57,308**	41,841

4. SEGMENTAL INFORMATION

The Group's operating segments are internally reported to the Group's Chief Executive Officer as two operating segments: Identity Proofing Division – which provides ID Verification and ID Employ & Comply services and Identity Solutions Division – which provides ID Registration, ID Engagement and ID Trace & Investigate services. The measure of performance of those segments that is reported to the Group's Chief Executive Officer is adjusted operating profit before amortisation of acquired intangibles as shown below.

Segment results include items directly attributable to either Identity Proofing or Identity Solutions. Unallocated items for 2015 represent Group head office costs £591,000, share of associate investment result £10,000, exceptional costs £1,629,000, Group finance income £25,000, Group finance costs £291,000, Group income tax charge £1,127,000 and share-based payments charge £971,000. Unallocated items for 2014 represent Group head office costs £564,000, share of associate investment result £159,000, exceptional costs £1,080,000, Group finance income £6,000, Group finance costs £85,000, Group income tax charge £474,000 and share-based payments charge £747,000.

Information on segment assets and liabilities is not regularly provided to the Group's Chief Executive Officer and is therefore not disclosed below.

Year ended 31 March 2015	Identity Proofing £'000	Identity Solutions £'000	Unallocated £'000	2015 £'000
Total revenue	25,167	32,116	-	**57,283**
Adjusted operating profit	**4,304**	**7,077**	**(591)**	**10,790**
Amortisation of acquired intangibles	(1,097)	(889)	-	**(1,986)**
Share-based payments charge	-	-	(971)	**(971)**
Exceptional items	-	-	(1,629)	**(1,629)**
Share of associate investment result	-	-	(10)	**(10)**
Operating profit	3,207	6,188	(3,201)	**6,194**
Finance revenue			25	**25**
Finance costs			(291)	**(291)**
Income tax charge			(1,127)	**(1,127)**
Profit for the year				**4,801**

DecTech Solutions Pty Ltd and CDMS Limited which were acquired during the year have been absorbed and are managed in the Group's Identity Proofing and Identity Solutions operating segments respectively.

Notes to the Accounts Continued

Year ended 31 March 2014	Identity Proofing £'000	Identity Solutions £'000	Unallocated £'000	2015 £'000
Total revenue	15,118	26,717	-	**41,835**
Adjusted operating profit	**1,594**	**6,134**	**(564)**	**7,164**
Amortisation of acquired intangibles	(378)	(732)	-	**(1,110)**
Share-based payments charge	-	-	(747)	**(747)**
Exceptional items	-	-	(1,080)	**(1,080)**
Share of associate investment result	-	-	(159)	**(159)**
Operating profit	1,216	5,402	(2,550)	**4,068**
Finance revenue			6	**6**
Finance costs			(85)	**(85)**
Income tax charge			(474)	**(474)**
Profit for the year				**3,515**

CRD (UK) Limited which was acquired during the year ended 31 March 2014 has been absorbed and is managed in the Group's Identity Proofing operating segment.

Geographical Information

	Revenues from external customers		Non-current assets	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
United Kingdom	**46,210**	38,031	**28,370**	24,858
Australia	**859**	4	**19,755**	-
Others	**10,214**	3,800	**-**	-
Total	**57,283**	41,835	**48,125**	24,858

The geographical revenue information above is based on the location of the customer.
Non-current assets for this purpose consist of plant and equipment, investments and intangible assets.

5. OPERATING PROFIT

This is stated after charging:

	2015 £'000	2014 £'000
Research and development expense written off	**3,298**	1,449
Depreciation of plant and equipment	**873**	595
Amortisation/impairment of intangible assets (operating expense)	**2,167**	1,200
Operating lease payments - land and buildings	**673**	510
- other	**17**	45

6. AUDITOR'S REMUNERATION

	2015 £'000	2014 £'000
Audit of the financial statements †	**107**	60
Other fees to auditors - other assurance services	**20**	19
- taxation services	**25**	49
	152	128

† £5,000 (2014: £5,000) of this relates to the Company.

7. EXCEPTIONAL ITEMS

	2015 £'000	2014 £'000
Fair value adjustments to contingent consideration liabilities (see note 32)	**403**	(37)
Acquisition related costs (see note 31)	**452**	752
Costs associated with staff reorganisations	**331**	115
Provision for dilapidation obligations on the relocation of the Group head office (see note 24)	**138**	250
Costs associated with the relocation of the Group head office	**305**	-
	1,629	1,080

Fair value adjustments to contingent consideration liabilities in year to 31 March 2015 include a £250,000 downwards adjustment relating to the final settlement of contingent consideration relating to TMG.tv Limited (note 32) along with a £653,000 charge relating to the partial unwinding of discounting relating to the contingent consideration on the acquisition of DecTech Solutions Pty Ltd and CDMS Limited (note 32). This charge arises because contingent consideration due to be paid at a future date is discounted for the time value of money at the point of initial recognition and over the passage of time, this discount unwinds within the Consolidated Statement of Comprehensive Income although it is a non-cash item.

8. STAFF COSTS AND DIRECTORS' EMOLUMENTS

a) Staff Costs

	2015 £'000	2014 £'000
Wages and salaries	**20,111**	13,743
Social security costs	**2,350**	1,726
Other pension costs	**856**	517
	23,317	15,986

Included in wages and salaries is a total charge of share-based payments of £971,000 (2014: £747,000) which arises from transactions accounted for as equity-settled share-based payment transactions.

The average monthly number of employees during the year within each category was as follows:

	2015 No.	2014 No.
Research and development	**91**	48
Production	**44**	41
Selling and administration	**254**	209
	389	298

Notes to the Accounts Continued

b) Directors' Emoluments

	2015 £'000	2014 £'000
Directors' emoluments	**1,246**	953
Aggregate gains made by directors on the exercise of options	**1,304**	495

Details of the remuneration, pension entitlements and share options of each Director are included in the audited section of the Report on Directors' Remuneration on pages 33 to 38.

9. FINANCE REVENUE

	2015 £'000	2014 £'000
Bank interest receivable	**25**	6
	25	6

10. FINANCE COSTS

	2015 £'000	2014 £'000
Bank loan fees and interest	**291**	85
	291	85

11. TAXATION

a) Tax on profit on ordinary activities

The tax charge in the Consolidated Statement of Comprehensive Income for the year is as follows:

	2015 £'000	2014 £'000
Current income tax		
UK corporation tax on profit for the year	**10**	60
Foreign tax	**522**	-
	532	60
Deferred tax		
Origination and reversal of temporary differences	**612**	346
Prior year adjustments	**(102)**	(46)
Impact of change in tax rates	**85**	114
	595	414
Tax charge in the Statement of Comprehensive Income	**1,127**	474

b) Reconciliation of the total tax charge

The profit before tax multiplied by the standard rate of corporation tax in the UK would result in a tax charge (2014: charge) as explained below:

	2015 £'000	2014 £'000
Consolidated profit before tax	**5,928**	3,989
Consolidated profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2014: 23%)	**1,245**	917
Effect of:		
Permanent differences	**307**	615
Rate changes	**85**	114
Utilisation of unrecognised losses	**(110)**	-
Prior year adjustments	**(102)**	(46)
Recognition of unrecognised deferred tax assets	**(366)**	(1,126)
Effect of higher taxes on overseas earnings	**68**	-
Total tax charge reported in the Statement of Comprehensive Income	**1,127**	474

The Group is entitled to current year tax relief of £647,000 (2014: £247,000), calculated at a tax rate of 21% (2014: 23%), in relation to the statutory deduction available on share options exercised in the year.

c) Tax losses

The Group has carried forward trading losses at 31 March 2015 of £18,418,000 (2014: £5,388,000). To the extent that these losses are available for offset against future trading profits of the Group, it is expected that the future effective tax rate would be below the standard rate. There were also capital losses carried forward at 31 March 2015 of £2,257,000 (2014: £2,257,000), which should be available for offset against future capital gains of the Group to the extent that they arise.

d) Deferred tax - Group

Deferred tax asset

The recognised and unrecognised potential deferred tax asset of the Group is as follows:

	Recognised		Unrecognised	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Decelerated capital allowances	**1,565**	508	**1,333**	-
Share options	**991**	488	**-**	962
Other temporary differences	**336**	-	**36**	36
Capital losses	**-**	-	**451**	451
Trading losses	**221**	1,131	**3,531**	-
	3,113	2,127	**5,351**	1,449

The movement on the deferred tax asset of the Group is as follows:

	2015 £'000	2014 £'000
Opening balance	**2,127**	2,803
Acquired on acquisition	**1,274**	-
Foreign currency adjustments	**(20)**	-
Origination and reversal of temporary differences	**(155)**	(416)
Impact of change in tax rates	**(113)**	(260)
	3,113	2,127

The deferred tax asset has been recognised to the extent it is anticipated to be recoverable out of future taxable profits based on profit forecasts for the foreseeable future. The utilisation of the unrecognised deferred tax asset in future periods will reduce the future tax rate below the standard rate.

The Group has unrecognised deductible temporary differences of £24,500,000 (2014: £4,990,000) and unrecognised capital losses of £2,257,000 (2014: £2,257,000).

Deferred tax liability

The deferred tax liability of the Group is as follows:

	2015 £'000	2014 £'000
Intangible assets	**2,968**	1,251
	2,968	1,251

The movement of deferred tax liability of the Group is as follows:

	2015 £'000	2014 £'000
Opening balance	**1,251**	1,466
Acquisition of intangibles in subsidiaries	**2,183**	215
Foreign currency adjustments	**(79)**	-
Origination and reversal of temporary differences	**(387)**	(284)
Impact of changes in tax rates	**-**	(146)
	2,968	1,251

e) Deferred tax - Company

Deferred tax asset

The recognised and unrecognised potential deferred tax asset of the Company is as follows:

	Recognised		Unrecognised	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Decelerated capital allowances	**373**	508	**-**	-
Share options	**991**	488	**-**	962
Other temporary differences	**-**	-	**36**	36
Capital losses	**-**	-	**451**	451
Trading losses	**221**	1,131	**-**	-
	1,585	2,127	**487**	1,449

The movement on the deferred tax asset of the Company is as follows:

	2015 £'000	2014 £'000
Opening balance	**2,127**	2,803
Origination and reversal of temporary differences	**(429)**	(416)
Impact of change in tax rates	**(113)**	(260)
	1,585	2,127

The deferred tax asset has been recognised to the extent it is anticipated to be recoverable out of future taxable profits based on profit forecasts for the foreseeable future. The utilisation of the unrecognised deferred tax asset in future periods will reduce the future tax rate below the standard rate.

The Company has unrecognised deductible temporary differences of £180,000 (2014: £4,990,000) and unrecognised capital losses of £2,257,000 (2014: £2,257,000).

f) Change in Corporation Tax rate

The main rate of corporation tax reduced from 21% to 20% from 1 April 2015. The deferred tax asset and liability balances at 31 March 2015 incorporate the impact of these changes.

12. DIVIDENDS PAID AND PROPOSED

	2015 £'000	2014 £'000
Declared and paid during the year Final dividend for 2014: 1.65p (2013: 1.5p)	**1,955**	1,632
Proposed for approval at AGM (not recognised as a liability at 31 March) Final dividend for 2015: 1.85p (2014: 1.65p)	**2,234**	1,954

13. EARNINGS PER ORDINARY SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the basic weighted average number of ordinary shares in issue during the year.

	2015 pence per share	2015 £'000	2014 pence per share	2014 £'000
Profit attributable to equity holders of the parent	**4.0**	**4,801**	3.2	3,515

Diluted

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2015 No.	2014 No.
Basic weighted average number of shares in issue	**119,144,442**	109,631,288
Diluted effect of share options	**5,395,880**	6,115,575
Diluted weighted average number of shares in issue	**124,540,322**	115,746,863

Notes to the Accounts Continued

	2015 pence per share	2015 £'000	2014 pence per share	2014 £'000
Profit attributable to equity holders of the Company	**3.9**	**4,801**	3.0	3,515

Adjusted

Adjusted earnings per share is defined as adjusted operating profit less net finance costs divided by the basic weighted average number of ordinary shares of the Company.

	2015 pence per share	2015 £'000	2014 pence per share	2014 £'000
Adjusted operating profit	**9.1**	**10,790**	6.5	7,164
Less net finance costs	**(0.3)**	**(266)**	(0.0)	(79)
Adjusted earnings	**8.8**	**10,524**	6.5	7,085

14. PLANT AND EQUIPMENT

Group

	Plant and equipment £'000
Cost	
At 1 April 2013	**4,368**
Acquired on acquisition	**17**
Additions	**916**
Disposals	**(31)**
At 31 March 2014	**5,270**
Acquired on acquisition	**295**
Additions	**1,961**
Disposals	**(577)**
Foreign currency adjustment	**(18)**
At 31 March 2015	**6,931**
Depreciation and impairment	
At 1 April 2013	**3,180**
Disposals	**(23)**
Provided during the year	**594**
At 31 March 2014	**3,751**
Disposals	**(509)**
Provided during the year	**873**
Foreign currency adjustment	**(13)**
At 31 March 2015	**4,102**

Net book value

At 31 March 2015	**2,829**
At 31 March 2014	**1,519**
At 1 April 2013	**1,188**

The net book value in respect of assets held under finance leases and hire purchase agreements is £114,000 (2014: £nil).

Company

	Plant and equipment £'000
Cost	
At 1 April 2013	**4,090**
Acquired on acquisition*	**305**
Additions	**749**
Disposals	**(31)**
At 31 March 2014	**5,113**
Acquired on acquisition**	**1**
Additions	**1,909**
Disposals	**(577)**
At 31 March 2015	**6,446**
Depreciation and impairment	
At 1 April 2013	**3,105**
Disposals	**(23)**
Provided during the year	**514**
At 31 March 2014	**3,596**
Disposals	**(509)**
Provided during the year	**771**
At 31 March 2015	**3,858**

Net book value

At 31 March 2015	**2,588**
At 31 March 2014	**1,517**
At 1 April 2013	**985**

The net book value in respect of assets held under finance leases and hire purchase agreements is £nil (2014: £nil).

* On 1 January 2014, the trade, assets and liabilities of TMG.tv Limited and CRD (UK) Limited respectively were transferred to the Company.

** On 1 October 2014, the trade, assets and liabilities of Advanced Checking Services Limited were transferred to the Company.

15. INTANGIBLE ASSETS

Group

	Customer relationships £'000	Other acquisition intangibles £'000	**Total acquisition intangibles £'000**	Goodwill £'000	Internally developed software £'000	**Total £'000**
Cost						
At 1 April 2013	6,358	1,141	**7,499**	16,007	802	**24,308**
Additions - business combinations	879	170	**1,049**	535	-	**1,584**
Additions - product development	-	-	**-**	-	239	**239**
At 31 March 2014	7,237	1,311	**8,548**	16,542	1,041	**26,131**
Foreign currency adjustment	(273)	(107)	**(380)**	(921)	-	**(1,301)**
Additions - business combinations	7,875	2,582	**10,457**	14,884	-	**25,341**
Additions - product development	-	-	**-**	-	63	**63**
At 31 March 2015	14,839	3,786	**18,625**	30,505	1,104	**50,234**
Amortisation and impairment						
At 1 April 2013	812	435	**1,247**	-	355	**1,602**
Amortisation during the year	702	408	**1,110**	-	90	**1,200**
At 31 March 2014	1,514	843	**2,357**	-	445	**2,802**
Foreign currency adjustment	(17)	(14)	**(31)**	-	-	**(31)**
Amortisation during the year	1,257	729	**1,986**	-	181	**2,167**
At 31 March 2015	2,754	1,558	**4,312**	-	626	**4,938**
Net book value						
At 31 March 2015	12,085	2,228	**14,313**	30,505	478	**45,296**
At 31 March 2014	5,723	468	**6,191**	16,542	596	**23,329**
At 1 April 2013	5,546	706	**6,252**	16,007	447	**22,706**

The customer relationships intangible asset acquired through the acquisition of Capscan Parent Limited has a carrying value of £3,103,000 and a remaining amortisation period of 6.6 years. The customer relationships intangible asset acquired through the acquisition of TMG.tv Limited has a carrying value of £810,000 and a remaining amortisation period of 7.6 years. The customer relationships intangible asset acquired through the acquisition of CRD (UK) Limited has a carrying value of £725,000 and a remaining amortisation period of 8.25 years. The customer relationships intangible asset acquired through the acquisition of DecTech Solutions Pty Ltd has a carrying value of £3,623,000 and a remaining amortisation period of 9.1 years. The customer relationships intangible asset acquired through the acquisition of CDMS Limited has a carrying value of £3,462,000 and a remaining amortisation period of 9.6 years.

Goodwill arose on the acquisition of GB Mailing Systems Limited, e-Ware Interactive Limited, Data Discoveries Holdings Limited, Advanced Checking Services Limited ('ACS'), Capscan Parent Limited, TMG.tv Limited, CRD (UK) Limited, DecTech Solutions Pty Ltd and CDMS Limited. Under IFRS, goodwill is not amortised and is annually tested for impairment (see note 16).

Company

	Development costs £'000
Cost	
At 1 April 2013	**771**
Additions - product development	**226**
At 31 March 2014	**997**
Acquired on acquisition *	**32**
Additions - product development	**63**
At 31 March 2015	**1,092**
Amortisation and impairment	
At 1 April 2013	**354**
Amortisation during the year	**85**
At 31 March 2014	**439**
Amortisation during the year	**175**
At 31 March 2015	**614**
Net book value	
At 31 March 2015	**478**
At 31 March 2014	**558**
At 1 April 2013	**417**

* On 1 October 2014, the trade, assets and liabilities of Advanced Checking Services Limited were transferred to the Company.

16. IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations has been allocated for impairment testing purposes to five cash generating units (CGUs) as follows:

- Identity Solutions Unit (represented by the Identity Solutions operating segment excluding e-Ware and CDMS)
- e-Ware Interactive Unit (part of the Identity Solutions operating segment)
- Identity Proofing Unit (represented by the Identity Proofing operating segment excluding DecTech)
- DecTech Unit (part of the Identity Proofing operating segment)
- CDMS Unit (part of the Identity Solutions operating segment)

This represents the lowest level within the Group at which goodwill is monitored for internal management purposes. In previous years Data Discoveries and Capscan were identified as separate CGUs but following the transfer of the trade, assets and liabilities to the Company, these are now included within the Identity Solutions Unit. TMG, CRD and ACS were identified as separate CGUs but following the transfer of the trade, assets and liabilities to the Company, these are now included within the Identity Proofing Unit.

Where there are no indicators of impairment on the goodwill arising through business combinations made during the year they are tested for impairment no later than at the end of the year.

Carrying amount of goodwill allocated to CGUs

	2015 £'000	2014 £'000
Identity Solutions Unit	**11,170**	11,170
e-Ware Interactive Unit	**79**	79
Identity Proofing Unit	**5,293**	5,009
Advanced Checking Services Unit	**-**	284
DecTech Unit	**13,461**	-
CDMS Unit	**502**	-
	30,505	16,542

Key assumptions used in value in use calculations

The Group prepares cash flow forecasts using budgets and forecasts approved by the Directors which cover a three year period and an appropriate extrapolation of cash flows beyond this using a long-term average growth rate not greater than the average long-term retail growth rate in the territory where the CGU is based.

The key assumptions for value in use calculations are those regarding the forecast cash flows, discount rates and growth rates. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the individual CGU. Growth rates reflect long-term growth rate prospects for the economy in which the CGU operates.

	2015		2014	
	Pre-tax WACC %	**Growth rate (in perpetuity) %**	Pre-tax WACC %	Growth rate (in perpetuity) %
Identity Solutions Unit	**6.8%**	**2.3%**	5.6%	0%
e-Ware Interactive Unit	**6.8%**	**-**	5.6%	-
Identity Proofing Unit	**6.8%**	**2.3%**	5.6%	0%
Advanced Checking Services Unit	**-**	**-**	5.6%	0%
DecTech Unit	**12.3%**	**2.9%**	-	-
CDMS Unit	**6.8%**	**2.3%**	-	-

In the case of the e-Ware Interactive CGU, the annual impairment review as at 31 March 2015 indicated that the recoverable amount exceeded the carrying value by £66,000 (2014: £44,000) after assuming an annual cash flow attrition of 20%. Any decline in estimated value-in-use in excess of that amount would be liable to result in an impairment. The sensitivity, which would result in the recoverable amount equalling the carrying value, is an absolute increase of 29% to the attrition assumption from 20% to 49%. The decrease in both the discount rate and profit margin that would be required to result in an impairment are not considered to be reasonably possible.

In the case of the DecTech CGU, the annual impairment review as at 31 March 2015 indicated that the recoverable amount exceeded the carrying value of goodwill by £14.2 million and that any decline in estimated value-in-use in excess of that amount would be liable to result in an impairment. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

- an absolute increase of 9.5% in the pre-tax weighted average cost of capital from 12.3% to 21.8%; or
- a reduction of 51.3% in the forecast profit margins.

The recoverable amount of the other CGUs exceed their carrying value on the basis of the respective assumptions shown above and any reasonably possible changes thereof.

17. INVESTMENTS

Company

	£'000
Cost	
At 1 April 2014	32,452
Additional investments in subsidiary undertakings	15,869
At 31 March 2015	48,321
Amounts written off	
At 1 April 2014 and 31 March 2015	-
Net book value	
At 31 March 2015	48,321
At 31 March 2014	32,452

Details of the investments in which the Company holds greater than 50% of the nominal value of any class of share capital are as follows:

Name of company	Description of holding	Proportion of voting rights and shares held	Nature of business
Capscan Parent Limited	Ordinary shares	100%	Dormant company
Capscan Limited *	Ordinary shares	100%	Dormant company
Advanced Checking Services Limited	Ordinary shares	100%	Dormant company
Data Discoveries Holdings Limited	Ordinary shares	100%	Dormant company
Data Discoveries Limited *	Ordinary shares	100%	Dormant company
Managed Analytics Limited *	Ordinary shares	100%	Dormant company
Fastrac Limited *	Ordinary shares	100%	Dormant company
e-Ware Interactive Limited	Ordinary Shares	100%	Dormant company
GB Information Management Limited	Ordinary Shares	100%	Dormant company
GB Datacare Limited	Ordinary Shares	100%	Dormant company
GB Mailing Systems Limited	Ordinary Shares	100%	Dormant company
Citizensafe Limited	Ordinary Shares	100%	Dormant company
TelMe Global Traveller Limited	Ordinary Shares	100%	Dormant company
TelMe.com Limited	Ordinary Shares	100%	Dormant company
Ebetsafe Limited	Ordinary Shares	100%	Dormant company
Farebase Limited	Ordinary Shares	100%	Dormant company
TMG.tv Limited	Ordinary Shares	100%	Dormant company
CRD (UK) Limited	Ordinary shares	100%	Dormant company
DecTech Solutions Holdings Pty Ltd	Ordinary Shares	100%	ID Risk Management
DecTech Solutions Pty Ltd *	Ordinary Shares	100%	ID Risk Management
DecTech Solutions Sdn Bhd	Ordinary Shares	100%	ID Risk Management
CDMS Limited	Ordinary Shares	100%	ID Engagement
Transactis Limited *	Ordinary Shares	100%	Dormant company
Inkfish Limited*	Ordinary Shares	100%	Dormant company

* held indirectly

DecTech Solutions Holdings Pty Ltd and DecTech Solutions Pty Ltd are incorporated in Australia. DecTech Solutions Sdn Bhd is incorporated in Malaysia. All other subsidiaries are incorporated in the United Kingdom. The Company accounts for its investments in subsidiaries using the cost model.

18. INVESTMENTS IN ASSOCIATES

The Group has a 26.70% (2014: 26.85%) interest in Loqate Inc., a private company which develops international addressing solutions, based in the USA. The associated undertaking is accounted for in the consolidated accounts using the equity method. The relative holding in Loqate decreased overall in the year as a result of the overall shares in issue increasing as a consequence of the issue of additional shares upon the exercise of executive share options.

The following table illustrates summarised financial information of the Group's investment in Loqate Inc.

	2015 £'000	2014 £'000
At 1 April	**10**	154
Additional investment	**-**	15
Share of loss for the period	**(10)**	(159)
At 31 March	**-**	10

The Group's share of the results of its associate, which is unlisted, and its aggregate assets and liabilities, are as follows:

	2015 £'000	2014 £'000
Share of balance sheet:		
Total assets	**531**	351
Total liabilities	**(669)**	(430)
	(138)	(79)
Share of results:		
Revenue	**985**	509
Loss after tax	**(31)**	(159)
Share of associate investment result	**(10)**	(159)

On 27 April 2015, the Group acquired the remaining shares of Loqate Inc. and further details of this post balance sheet event are disclosed in note 33.

Notes to the Accounts Continued

19. TRADE AND OTHER RECEIVABLES

Trade receivables are non-interest bearing and are generally on 14 to 60 day terms. At 31 March 2015 the value of trade receivables outstanding in excess of the standard expected credit term but not impaired was £6,308,000 (2014: £3,365,000).

The credit quality of trade receivables that are neither past due nor impaired is assessed using a combination of historical information relating to counterparty default rates and external credit ratings where available.

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Trade receivables	**15,592**	10,641	**12,429**	10,445
Amounts owed by subsidiary undertakings	**-**	-	**-**	605
Prepayments and accrued income	**1,816**	1,288	**1,148**	1,278
	17,408	11,929	**13,577**	12,328

Trade receivables are shown net of an allowance for unrecoverable amounts, movements on which are as follows:

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Balance at 1 April	**239**	222	**233**	217
Acquired on acquisition	**72**	1	**6**	5
Additional provisions	**441**	112	**410**	107
Write offs	**(93)**	(96)	**(88)**	(96)
Balance at 31 March	**659**	239	**561**	233

As at 31 March, the analysis of Group trade receivables that were past due but not impaired is as follows:

			Past due but not impaired		
	Total £'000	**Neither past due nor impaired £'000**	**< 30 days £'000**	**30 – 60 days £'000**	**> 60 days £'000**
2015	**15,592**	**9,284**	**2,754**	**773**	**2,781**
2014	10,641	7,276	1,427	681	1,257

20. CASH

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Cash at bank and in hand	**15,778**	11,846	**13,845**	11,423
	15,778	11,846	**13,845**	11,423

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

21. EQUITY SHARE CAPITAL

	2015 £'000.	2014 £'000
Authorised		
147,663,704 (2014: 147,663,704) ordinary shares of 2.5p each	**3,692**	3,692
Issued		
Allotted, called up and fully paid	**3,018**	2,754
Share premium	**23,400**	12,210
	26,418	14,964

	2015 No.	2014 No.
Number of shares in issue at 1 April	**110,149,466**	108,690,929
Issued on placing	**8,343,284**	-
Issued on exercise of share options	**2,242,614**	1,458,537
Number of shares in issue at 31 March	**120,735,364**	110,149,466

During the year 10,585,898 (2014: 1,458,537) ordinary shares with a nominal value of 2.5p were issued for an aggregate cash consideration of £11,284,000 (2014: £416,000). In addition to this the Company issued shares with a fair value of £500,000 as part of the consideration for the acquisition of CDMS Limited. The cost associated with the issue of shares in the year was £330,000 (2014: £nil).

22. LOANS

In April 2014, the Group secured an Australian Dollar three year term loan of AUS$10 million. The debt bears an interest rate of +1.90% above the Australian Dollar bank bill interest swap rate ('BBSW') and matures in April 2017. Security on the debt is provided by way of an all asset debenture.

	Group	
	2015 £'000	2014 £'000
Opening bank loan	**-**	-
New borrowings	**5,487**	-
Repayment of borrowings	**(781)**	-
Foreign currency translation adjustment	**(317)**	-
Closing bank loan	**4,389**	-
Analysed as:		
Amounts falling due within 12 months	**746**	-
Amounts falling due after one year	**3,643**	-
	4,389	-

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade payables	**2,538**	2,463	**2,273**	2,441
Amounts owed to subsidiary undertakings	**-**	-	**7,443**	7,365
Other taxes and social security costs	**2,086**	1,693	**1,717**	1,671
Accruals	**9,454**	6,661	**7,439**	6,618
Deferred income	**9,906**	6,734	**9,203**	6,718
	23,984	17,551	**28,075**	24,813

24. PROVISIONS

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Opening balance	**315**	25	**315**	-
Acquired on acquisition of a subsidiary undertaking	**-**	-	**-**	25
Provided for dilapidation obligations in less than 1 year	**138**	250	**-**	250
Provided for onerous lease costs greater than 1 year	**-**	40	**-**	40
Utilised	**(405)**	-	**(267)**	-
Closing balance	**48**	315	**48**	315

Provisions associated with the costs of dilapidation obligations on certain leasehold properties within the group are £25,000 (2014: £275,000). The cash flows associated with these provisions are expected to occur in less than one year. Costs of £23,000 are provided in relation to an onerous lease for a small property that is vacant following the transfer of trade, assets and liabilities of CRD (UK) Limited to the Company during the previous year.

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk, liquidity risk and capital management. The Group's overall risk management programme considers the unpredictability of financial markets and seeks to reduce potential adverse effects on the Group's financial performance. The Group does not currently use derivative financial instruments to hedge foreign exchange exposures.

Credit risk
Credit risk is managed on a Group basis except for credit risk relating to accounts receivable balances which each entity is responsible for managing. Credit risk arises from cash and cash equivalents, as well as credit exposures from outstanding customer receivables. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For those sales considered higher risk, the Group operates a policy of cash in advance of delivery. The Group regularly monitors its exposure to bad debts in order to minimise exposure. Credit risk from cash and cash equivalents is managed via banking with well-established banks with a strong credit rating.

Foreign currency risk
The Group's foreign currency exposure arises from:

- Transactions (sales/purchases) denominated in foreign currencies;
- Monetary items (mainly cash receivables and borrowings) denominated in foreign currencies; and
- Investments in foreign operations, whose net assets are exposed to foreign currency translation.

The Group has currency exposure on its investment in a foreign operation and partially offsets its exposure to fluctuations on the translation into sterling by holding net borrowings in Australian Dollars. In terms of sensitivities, the effect on equity of a 10% increase in the Australian Dollar and sterling exchange rate would be an increase of £817,000. The effect on equity of a 10% decrease in the Australian Dollar and Sterling exchange rate would be a decrease of £998,000.

The exposure to transactional foreign exchange risk within each company is monitored and managed at both an entity and a Group level.

Cash flow interest rate risk

The Group has financial assets and liabilities which are exposed to changes in market interest rates. Changes in interest rates impact primarily on deposits and loans by changing their future cash flows (variable rate). Management does not currently have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking new loans or borrowings management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. In terms of sensitivities, the effect on profit before taxation of an increase/decrease in the basis points on floating rate borrowings of 25 basis points would be £14,000.

Liquidity risk

Cash flow forecasting is performed on a Group basis by the monitoring of rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs and surplus funds are placed on deposit and available at very short notice. The maturity date of the Group's loan is disclosed in note 22.

Capital management

The Group manages its capital structure in order to safeguard the going concern of the Group and maximise shareholder value. The capital structure of the Group consists of debt, which includes loans disclosed in note 22, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Group may maintain or adjust its capital structure by adjusting the amount of dividend paid to shareholders, returning capital to shareholders, issuing new shares or selling assets to reduce debt.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2015 and 2014.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 March 2015	On demand £'000	Less than 12 months £'000	1 to 5 Years £'000	Total £'000
Loans	-	-	4,389	4,389
Contingent consideration	-	5,879	1,027	6,906
Provisions	-	48	-	48
Trade and other payables	2,538	11,540	-	14,078
	2,538	**17,467**	**5,416**	**25,421**

Year ended 31 March 2014	On demand £'000	Less than 12 months £'000	1 to 5 Years £'000	Total £'000
Loans	-	-	-	-
Contingent consideration	-	750	-	750
Provisions	-	250	65	315
Trade and other payables	2,463	8,354	-	10,817
	2,463	**9,354**	**65**	**11,882**

Notes to the Accounts Continued

Use of Financial Instruments

A summary of the Group's use of financial instruments is set out in the Strategic Report and Finance Review on pages 20 to 27.

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group at 31 March:

	2015		2014	
	Loans and Receivables £'000	Fair value profit or loss £'000	Loans and Receivables £'000	Fair value profit or loss £'000
Financial assets:				
Trade and other receivables	15,592	-	10,641	-
Total current	15,592	-	10,641	-
Total	15,592	-	10,641	-
Financial liabilities:				
Loans	3,643	-	-	-
Contingent consideration	-	895	-	750
Total non-current	3,643	895	-	750
Trade and other payables	14,078	-	10,817	
Loans	746	-	-	
Contingent consideration	-	5,733	-	-
Total current	14,824	5,733	10,817	-
Total	18,467	6,628	10,817	750

All financial assets and liabilities have a carrying value that approximates to fair value. For trade and other receivables, allowances are made within the book value for credit risk.

The Group does not have any derivative financial instruments.

Contingent consideration

The fair value of contingent consideration is the present value of expected future cash flows based on latest forecasts of future performance.

	31 March 2015 (£'000)	31 March 2014 (£'000)
Fair value within current liabilities:		
Contingent consideration	5,733	-
Fair value within non-current liabilities:		
Contingent consideration	895	750

Liabilities for contingent consideration are Level 3 financial instruments under IFRS 13. The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For financial instruments that are recognised at the fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Liabilities
The Group has an Australian Dollar three year term loan of AUS$10 million. The debt bears an interest rate of +1.90% above the Australian Dollar bank bill interest swap rate ('BBSW').

The Group has an undrawn 3 year revolving credit facility agreement which is subject to a limit of £7.0 million. The facility bears an initial interest rate of LIBOR +1.95%.

The facilities are secured by way of an all asset debenture.

The Group is subject to a number of covenants in relation to its borrowing which, if breached, would result in loan balances becoming immediately repayable. These covenants specify certain maximum limits in terms of the following:

- Net debt as a multiple of EBITDA
- Cashflow as a multiple of debt service costs

At 31 March 2015 and 31 March 2014 the Group was not in breach of any bank covenants.

26. OBLIGATIONS UNDER LEASES

Payments made under operating leases are recognised in the income statement on a straight-line basis over the expected term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense over the term of the lease.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Not later than one year	**593**	305	**546**	298
After one year but not more than five years	**1,352**	436	**1,341**	436
After five years	**-**	-	**-**	-
	1,945	741	**1,887**	734

The Group leases various administrative offices and equipment under lease agreements which have varying terms and renewal rights. Included in the new leases and renewals during the year was a 10 year lease for the Group's new head office.

A Group company other than the parent sublet surplus space in a property during the year but this agreement ended before 31 March 2015.

27. SHARE-BASED PAYMENTS

Group and Company
The Group operates Executive Share Option Schemes under which executive directors, managers and staff of the Company are granted options over shares.

Executive Share Option Scheme
Options are granted to executive directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The options vest when the Company's earnings per share (EPS) growth is greater than the growth of the Retail Prices Index (RPI) over a 3 year period prior to the exercise date. There are no cash settlement alternatives.

Executive Share Option Scheme (Section C Scheme)
Options are granted to executive directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The percentage of an option that will vest and be capable of exercise will depend on the performance of the Company. A minimum of 50 per cent. of the options will vest when the Total Shareholder Return (TSR) performance of the Company, as compared to the TSR of the FTSE Computer Services Sub-Sector over a three-year period, matches or exceeds the median company. The percentage of shares subject to an option in respect of which that option becomes capable of exercise will then increase on a sliding scale so that the option will become exercisable in full if top quartile performance is achieved.

Executive Share Option Scheme (Section D Scheme)
Options are granted to executive directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The vesting of awards under the Section D Scheme is subject to the achievement of a normalised EPS growth at an annual compound rate of 20 per cent. over the performance period. The base year for the purposes of the EPS target will be the financial year of the Company ended immediately prior to the grant of the award. The performance period will be the three financial years following the base year. Section D Scheme options will only become exercisable to the extent they have vested in accordance with the EPS target.

Share Matching Plan
In the year ended 31 March 2012, the Remuneration Committee introduced the Share Matching Plan. Participants who invest a proportion of their annual cash bonus in GBG shares can receive up to a multiple of their original investment in GBG shares, calculated on a pre-tax basis. Any matching is conditional upon achieving pre-determined Adjusted EPS growth targets set by the Remuneration Committee for the following 3 years. Share Matching Plan options will only become exercisable to the extent they have vested in accordance with the Adjusted EPS target.

GBG Sharesave Scheme
The Group has a savings-related share option plan, under which employees save on a monthly basis, over a three or five year period, towards the purchase of shares at a fixed price determined when the option is granted. This price is usually set at a 20 per cent. discount to the market price at the time of grant. The option must be exercised within six months of maturity of the savings contract, otherwise it lapses.

The charge recognised from equity-settled share-based payments in respect of employee services received during the year is £971,000 (2014: £747,000).

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2015 No.	**2015 WAEP**	2014 No.	2014 WAEP
Outstanding as at 1 April	**8,128,123**	**24.91p**	8,481,133	24.55p
Granted during the year	**907,489**	**11.12p**	1,299,869	31.08p
Forfeited during the year	**(47,732)**	**59.23p**	(4,342)	76.80p
Cancelled during the year	**(890)**	**76.80p**	-	-
Exercised during the year	**(2,242,613)**	**12.66p**[1]	(1,458,537)	28.41p[2]
Expired during the year	**(19,600)**	**19.47p**	(190,000)	21.50p
Outstanding at 31 March	**6,724,777**	**26.93p**	8,128,123	24.91p
Exercisable at 31 March	**2,722,038**	**29.64p**	3,290,998	27.72p

1 The weighted average share price at the date of exercise for the options exercised is 156.57p

2 The weighted average share price at the date of exercise for the options exercised is 102.45p

For the shares outstanding as at 31 March 2015, the weighted average remaining contractual life is 6.1 years (2014: 6.4 years).

The weighted average fair value of options granted during the year was 143.32p (2014: 63.50p). The range of exercise prices for options outstanding at the end of the year was 2.50p – 159.00p (2014: 2.50p – 94.00p).

The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model for the years ended 31 March 2015 and 31 March 2014.

	2015	**2014**
Dividend yield (%)	**1.0**	1.6
Expected share price volatility (%)	**30**	30
Risk-free interest rate (%)	**1.2 -1.9**	0.5 -1.3
Lapse rate (%)	**5.0**	5.0
Expected exercise behaviour	**See below**	See below
Market-based condition adjustment (%)	**48.00**	48.00
Expected life of option (years)	**3.0**	3.0
Exercise price (p)	**2.50 – 159.00**	2.50 – 76.80
Weighted average share price (p)	**156.17**	94.85

Other than for Matching Scheme options, it is assumed that 50% of options will be exercised by participants as soon as they are 20% or more “in-the-money” (i.e. 120% of the exercise price) and the remaining 50% of options will be exercised gradually at the rate of 20% per annum for each year they remain at or above 20% “in-the-money”.

For Matching Scheme options, it is assumed that participants will chose to exercise at the earliest opportunity (i.e. vesting date) since the exercise price is a nominal amount and is therefore not expected to influence the timing of a participant’s decision to exercise the options.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The market-based condition adjustment takes into account the likelihood of achieving market conditions, and allows for the fact that, if a Section C option vests, it does not always vest at 100%.

No other features of options granted were incorporated into the measurement of fair value.

Notes to the Accounts Continued

28. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the Parent Company is £5,676,000 (2014: £3,931,000). There are no OCI items in either financial year.

29. DESCRIPTION OF RESERVES

Equity Share Capital
The balance classified as share capital includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising 2.5p ordinary shares.

Merger Reserve
The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in the acquisition of GB Mailing Systems by the issue of shares.

Capital Redemption Reserve
The balance classified as capital redemption reserve includes the nominal value of own shares purchased back by the Company and subsequently cancelled.

30. RELATED PARTY TRANSACTIONS

During the year, the Group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into and trading balances outstanding at 31 March are as follows:

Group	Sales to related parties £'000	Purchases from related parties £'000	Net amounts owed to/(by) related parties £'000
Associates:			
2015	-	150	-
2014	-	60	-
Directors (see below):			
2015	-	33	8
2014	-	30	-
Other related parties (see below):			
2015	55	-	(5)
2014	26	-	(4)

Company	**Sales to related parties £'000**	**Purchases from related parties £'000**	**Net amounts owed to/(by) related parties £'000**
Subsidiaries:			
2015	709	128	7,443
2014	634	28	6,760
Associates:			
2015	-	150	-
2014	-	60	-
Directors (see below):			
2015	-	33	8
2014	-	30	-
Other related parties (see below):			
2015	55	-	(5)
2014	26	-	(4)

The Chairman of the Company undertakes some general and operational consultancy for the business outside of his directorship remit through his consultancy business Rasche Consulting Limited.

The Chief Executive of the Company is a director of Car Loan 4U Limited which is a client of the Group. Transactions with them have been reported under the heading of 'other related parties' in the table above.

A Non-Executive Director of the Company is a director of Avanti Communications Group PLC which is a client of the Group. Transactions with them have been reported under the heading of 'other related parties' in the table above.

Terms and conditions of transactions with related parties
Sales and balances between related parties are made at normal market prices. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 30 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. During the year ended 31 March 2015, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2014: £nil).

Compensation of key management personnel (including directors)

	Group & Company	
	2015 £'000	2014 £'000
Short-term employee benefits	**1,412**	1,092
Post-employment benefits	**23**	72
Fair value of share options awarded	**769**	336
	2,204	1,500

Notes to the Accounts Continued

31. BUSINESS COMBINATIONS

Acquisitions in the year ended 31 March 2015

Group

Acquisition of DecTech Solutions Pty Ltd
On 9 May 2014, the Group acquired 100% of the voting shares of DecTech Solutions Pty Ltd ('DecTech'), an unlisted company based in Australia providing fraud detection, credit risk management and customer management solutions. The Group acquired DecTech to enhance its ability to serve its clients globally by augmenting and broadening its product suite with highly complementary technology that is in demand in both established and developing markets. The Consolidated Statement of Comprehensive Income includes the results of DecTech for the eleven month period from the acquisition date.

The fair value of the identifiable assets and liabilities of DecTech as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Technology intellectual property	1,592
Customer relationships	4,262
Non-compete agreements	101
Plant and equipment	68
Deferred tax assets	181
Trade and other receivables	957
Cash	628
Trade and other payables	(1,219)
Deferred tax liabilities	(1,279)
Total identifiable net assets at fair value	**5,291**
Goodwill arising on acquisition	14,382
Total purchase consideration transferred	**19,673**

Purchase consideration:	
Cash	14,212
Contingent consideration	5,461
Total purchase consideration	**19,673**

Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(73)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	628
Cash paid	(14,212)
Net cash outflow	**(13,657)**

The fair value of the acquired receivables amounts to £957,000. The gross amount of receivables is £977,000. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from DecTech due to their nature. These items include the expected value of synergies and an assembled workforce. None of the goodwill is expected to be deductible for income tax purposes.

The transaction costs of £73,000 associated with this acquisition have been expensed and are included in exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement.

From the date of acquisition, DecTech has contributed £6 million of revenue and adjusted operating profits of £1.5 million to the Group. If the combination had taken place at the beginning of the year, the Group revenue and adjusted operating profits would have been £57.5 million and £10.6 million respectively.

The fair values reported in the Interim Report were provisional due to the complexity of the determination of the fair value and tax basis of certain intangible assets. As a consequence of the finalisation of these values, the identifiable net assets at fair value has reduced by £198,000 compared to that previously reported with a corresponding increase in the amount of goodwill.

Contingent consideration

As part of the share sale and purchase agreement, a contingent cash consideration of up to a maximum of AUS$11.5 million has been agreed. These payments are subject to certain future revenue and profit targets being met. At the acquisition date the discounted fair value of the contingent consideration was estimated at AUS$10.0 million having been determined from management's estimates of the ranges of profit forecasts and their respective likelihoods. At 31 March 2015, the value of the contingent consideration after partial unwinding of the discounting was AUS$11.1 million. Adjustments to the fair value of the contingent consideration are made in the Consolidated Statement of Comprehensive Income under IFRS 3 (Revised) Business Combinations (note 7).

Acquisition of CDMS Limited

On 1 November 2014, the Company acquired 100% of the voting shares of CDMS Limited ('CDMS'), an unlisted company based in the UK that aggregates customer transactional data and delivers anti-fraud and marketing related services to both the private and public sectors in the UK. The Company acquired CDMS to strengthen GBG's Identity Intelligence offerings with a unique data asset, add a technology portfolio that complements GBG's existing solutions and bring with it recurring revenues with blue chip customers. The Consolidated Statement of Comprehensive Income includes the results of CDMS for the five month period from the acquisition date.

Notes to the Accounts Continued

The fair value of the identifiable assets and liabilities of CDMS as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Technology intellectual property	890
Customer relationships	3,613
Non-compete agreements	227
Plant and equipment	1,093
Trade and other receivables	1,704
Cash	767
Trade and other payables	(1,146)
Deferred tax liabilities	(904)
Total identifiable net assets at fair value	**6,244**
Goodwill arising on acquisition	502
Total purchase consideration transferred	**6,746**

Purchase consideration:	
Cash	5,356
Fair value of shares issued (343,284 shares at £1.4565)	500
Contingent consideration	890
Total purchase consideration	**6,746**

Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(258)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	767
Cash paid	(5,356)
Net cash outflow	**(4,847)**

The fair values above contain certain provisional amounts which will be finalised no later than one year after the date of acquisition. Provisional amounts have been included at 31 March 2015 as a consequence of the timing and complexity of the acquisition.

The fair value of the acquired receivables amounts to £1,704,000. The gross amount of receivables is £1,756,000. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from CDMS due to their nature. These items include the expected value of synergies and an assembled workforce. None of the goodwill is expected to be deductible for income tax purposes.

The transaction costs of £258,000 associated with this acquisition have been expensed and are included in exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement.

From the date of acquisition, CDMS has contributed £3.1 million of revenue and adjusted operating profits of £0.4 million to the Group. The business had been loss-making prior to acquisition and if the combination had taken place at the beginning of the year, the Group revenue and adjusted operating profits would have been £59.4 million and £9.8 million respectively.

Contingent consideration

As part of the share sale and purchase agreement, a contingent consideration amount of up to a maximum of £1 million has been agreed. This payment, which will be settled by way of an issue of shares, is subject to certain future contract and revenue targets being met by the anniversary of the acquisition date. The number of shares to be issued to satisfy the payment will be calculated by reference to the five business day volume-weighted average price of GBG shares prior to the date of issue. The obligation has been classified as a liability in accordance with the provisions of IAS 32.

At the acquisition date the discounted fair value of the contingent consideration was estimated at £890,000 having been determined from management's estimates of the ranges of outcomes and their respective likelihoods. At 31 March 2015, the value of the contingent consideration after partial unwinding of the discounting was £934,000. Adjustments to the fair value of the contingent consideration are made in the Consolidated Statement of Comprehensive Income under IFRS 3 (Revised) Business Combinations (note 7).

Other business combination adjustments

During the year ended 31 March 2015, final settlement of £500,000 was made relating to the contingent consideration on the acquisition of TMG.tv Limited resulting in a reduction in the contingent consideration liability on the balance sheet. At 31 March 2014 this liability was included within non-current liabilities. A downwards fair value adjustment of £250,000 was made to this contingent consideration during the year reversing it to the Consolidated Statement of Comprehensive Income under IFRS 3 (Revised) Business Combinations (note 7).

Exceptional items

The exceptional items associated with the costs of acquisitions within note 7 also include additional costs related to other acquisition related activities during the year. The exceptional costs incurred in the year related to acquisitions include costs associated with the acquisition of Loqate Inc. which is disclosed in note 33.

Company

Acquisition of Advanced Checking Services Limited

On 1 October 2014, the Company acquired the trade, assets and liabilities of Advanced Checking Services Limited at book value. Details of the assets and liabilities that were transferred to the Company were as follows:

	Fair value £'000
Assets	
Plant and equipment	1
Intangible assets	32
Trade and other receivables	174
Cash	17
Trade and other payables	(147)
Total net assets at fair value	**77**

The Directors believe that the fair values of the assets and liabilities were equal to the book values.

Consideration for the transfer was equal to the book value of total net assets and was settled through intercompany accounts.

The fair value of the acquired receivables amounts to £174,000. The gross amount of receivables is £180,000. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.

Notes to the Accounts Continued

Acquisitions in the year ended 31 March 2014

Group

Acquisition of CRD (UK) Limited
On 2 July 2013, the Company acquired 100% of the voting shares of CRD (UK) Limited ("CRD"), an unlisted company based in the UK providing criminal record checking services to UK organisations. The Company acquired CRD to broaden its client portfolio in the employment screening market. The Consolidated Statement of Comprehensive Income includes the results of CRD for the nine month period from the acquisition date.

The fair value of the identifiable assets and liabilities of CRD as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Brand and technology intellectual property	160
Customer relationships	879
Non-compete agreements	10
Plant and equipment	17
Trade and other receivables	76
Cash	449
Trade and other payables	(592)
Deferred tax liabilities	(214)
Total identifiable net assets at fair value	**785**
Goodwill arising on acquisition	535
Total purchase consideration transferred	**1,320**

Purchase consideration:	
Cash	**1,320**
Total purchase consideration	**1,320**

Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(65)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	449
Cash paid	**(1,320)**
Net cash outflow	**(936)**

The fair value of the acquired receivables amounts to £76,000. The gross amount of receivables is £77,000. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured due to their nature. These items include the expected value of synergies and an assembled workforce. None of the goodwill is expected to be deductible for income tax purposes. Goodwill recognised differs by £94,000 to the value initially determined at 30 September 2013 due to a revision to the value of accruals on acquisition.

The transaction costs of £65,000 associated with this acquisition have been expensed and are included in exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement.

From the date of acquisition until the trade was transferred to the Company on 1 January 2014, CRD contributed £239,000 of revenue and operating profits before exceptionals of £106,000 to the Group's results for the year ended 31 March 2014. If the combination had taken place at the beginning of the year, the Group profit before taxation for the period would have been £4,036,000 and revenue would have been £41,958,000.

Other business combination adjustments
During the year ended 31 March 2014, settlements of £447,000 and £110,000 were made relating to the acquisitions of Capscan Parent Limited and TMG.tv Limited respectively, resulting in a reduction in the deferred consideration liability on the balance sheet.

Company

Acquisition of TMG.tv Limited
On 1 January 2014, the Company acquired the trade, assets and liabilities of TMG.tv Limited at book value. Details of the assets and liabilities that were transferred to the Company were as follows:

	Fair value £'000
Assets	
Plant and equipment	292
Trade and other receivables	1,053
Cash	954
Trade and other payables	(977)
Total net assets at fair value	**1,322**

The Directors believe that the fair values of the assets and liabilities were equal to the book values.

Consideration for the transfer was equal to the book value of total net assets and was settled through intercompany accounts.

The fair value of the acquired receivables amounts to £1,053,000. The gross amount of receivables is £1,053,000. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.

Acquisition of CRD (UK) Limited
On 1 January 2014, the Company acquired the trade, assets and liabilities of CRD (UK) Limited at book value. Details of the assets and liabilities that were transferred to the Company were as follows:

	Fair value £'000
Assets	
Plant and equipment	13
Trade and other receivables	63
Cash	590
Trade and other payables	(618)
Total net assets at fair value	**48**

The Directors believe that the fair values of the assets and liabilities were equal to the book values.

Consideration for the transfer was equal to the book value of total net assets and was settled through intercompany accounts.

The fair value of the acquired receivables amounts to £63,000. The gross amount of receivables is £63,000. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.

Notes to the Accounts Continued

32. CONTINGENT CONSIDERATION

Group

	2015 £'000	2014 £'000
At 1 April	**750**	1,307
Recognition on the acquisition of subsidiary undertakings	**6,351**	-
Reversal of contingent consideration to the Income Statement	**(250)**	-
Settlement of consideration	**(500)**	(557)
Unwinding of discount	**653**	-
Exchange differences on retranslation	**(376)**	-
At 31 March	**6,628**	750
Analysed as:		
Amounts falling due within 12 months	**5,733**	-
Amounts falling due after one year	**895**	750
At 31 March	**6,628**	750

The opening balance at 1 April 2014 represented contingent consideration amounts relating to the acquisition of TMG.tv Limited. During the year a final payment of £500,000 was made to settle the outstanding obligation and a downwards fair value adjustment of £250,000 was made to this contingent consideration during the year ended 31 March 2015 reversing it to the Consolidated Statement of Comprehensive Income under IFRS 3 (Revised) Business Combinations (note 7). The closing balance at 31 March 2015 relates to provisions for contingent consideration for DecTech and CDMS.

Company

	2015 £'000	2014 £'000
At 1 April	**750**	1,307
Recognition on the acquisition of subsidiary undertakings	**890**	-
Reversal of contingent consideration to the Income Statement	**(250)**	-
Settlement of consideration	**(500)**	(557)
Unwinding of discount	**44**	-
At 31 March	**934**	750
Analysed as:		
Amounts falling due within 12 months	**934**	-
Amounts falling due after one year	**-**	750
At 31 March	**934**	750

The closing balance at 31 March 2015 relates to provisions for contingent consideration for CDMS.

33. POST BALANCE SHEET EVENTS

Acquisition of Loqate Inc.
On 27 April 2015, the Group acquired the remaining 74.5% of the shares of Loqate Inc., the San Francisco-based provider of specialist location-based software and data, that it did not already own, taking its holding to 100%.

The consideration consisted of cash on completion of US$13.4 million, with a further maximum US$2.0 million payable contingent on a revenue growth target for the 12 month period ending 31 December 2015.

As the completion accounts are yet to be finalised, no information has been disclosed at this time on the fair value of assets and liabilities acquired and goodwill arising.

Further details of the acquisition are set out in a separate regulatory announcement released on 27 April 2015.

Hive up of CDMS Limited
On 1 April 2015, the Company acquired the trade, assets and liabilities of CDMS Limited at book value. Consideration for the transfer was equal to the book value of total net assets and was settled through intercompany accounts.

Explanatory Notes

An explanation is provided below of certain resolutions which are to be proposed at this year's Annual General Meeting (AGM) of the Company to be held on 29 July 2015.

DIVIDEND REINVESTMENT PLAN

Subject to the final dividend set out in Resolution 2 of the Notice of AGM being approved by the Company's shareholders, the Board proposes that the Company once again makes available to shareholders a Dividend Reinvestment Plan (the DRIP). Under the DRIP, shareholders can elect to receive shares at market value on the dividend payment date as opposed to receiving their cash dividend. The DRIP is administered by the Company's registrar, Equiniti Limited. Shareholders wishing to participate (who have not already elected to do so) should contact Equiniti on 0871 384 2364.

RENEWAL OF AUTHORITY TO ALLOT SHARES

An ordinary resolution will be put to shareholders pursuant to Section 551 of the Companies Act 2006, to authorise the Directors to allot relevant securities in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,006,128 which represents approximately one third of the existing issued share capital of the Company as at 29 May 2015. In accordance with latest guidelines, paragraph (a)(ii) of Resolution 7, if passed, would give the Directors authority to allot, including the shares referred to in paragraph (a)(i) of Resolution 7, a further one third of the Company's shares in connection with a pre-emptive offer by way of a rights issue to shareholders. This would be for up to a maximum nominal amount of £2,012,256, representing approximately two thirds of the Company's existing issued share capital and calculated as at 29 May 2015.

Except for the allotment of relevant securities pursuant to the exercise of share options, the Directors have no present intention of issuing any shares. However, it is considered prudent to maintain the flexibility that this authority provides. This authority shall expire at the end of the next AGM or, if earlier, 15 months from the passing of this resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

DIS-APPLICATION OF PRE-EMPTION RIGHTS

A special resolution will be put to the shareholders pursuant to Section 570(1) of the Companies Act 2006, empowering the Directors to allot equity securities (within the meaning of Section 560 of the said Act) without first being required to offer such shares to existing shareholders. In light of the Company's acquisition strategy and on the recommendation of our advisors the authority was previously increased from 5% (as in previous years) to 10%. The £301,838 nominal amount of equity securities to which this authority now relates represents approximately 10% of the issued share capital of the Company as at 29 May 2015. This authority shall expire on the date of the next AGM of the Company after the passing of this resolution (or, if earlier, 15 months from the passing of this resolution) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

PURCHASE OF THE COMPANY'S OWN SHARES

This special resolution seeks authority from shareholders pursuant to Section 701 of the Companies Act 2006 for the Company to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own ordinary shares of 2.5 pence provided that:

- The maximum number of ordinary shares to be purchased is 12,073,536 ordinary shares, an aggregate nominal amount of £301,838 which is equivalent to 10% of the Company's issued ordinary share capital at 29 May 2015.
- The minimum price which may be paid for each Ordinary share is 2.5p; and
- The maximum price which may be paid for each ordinary share shall be the higher of (i) an amount equal to 5% above the average market value of the company's ordinary shares for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Official List at the time of purchase.

The authority will expire at the end of next year's AGM or 15 months from the passing of this resolution, whichever is the sooner. The Directors have no immediate intention of exercising the proposed authority when it becomes effective, but believe that the ability of the Company to buy its own shares if, in the Directors' opinion market prices do not reflect the Company's worth, will be in the best interests of the Company and its shareholders. The Directors intend to exercise this power only if they believe the effect of such purchases will increase earnings per share. Appropriate gearing levels and the overall financial position of the Company will be taken into account before deciding on this course of action. Any shares purchased pursuant to this power will be cancelled and the number of shares in issue will be reduced accordingly.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of GB Group plc will be held at The Foundation, Herons Way, Chester Business Park, Chester, CH4 9GB on 29 July 2015 at 1.00 p.m., to consider, and if thought fit, pass the resolutions noted below. Resolutions numbered 1 to 7 shall be proposed as ordinary resolutions; and resolutions numbered 8 and 9 shall be proposed as special resolutions.

Ordinary Business

1. To receive the Report of the Directors, the Auditor's Report and the audited accounts of the Company for the year ended 31 March 2015.

2. To declare a final dividend in the sum of 1.85 pence per ordinary share for the year ended 31 March 2015.

3. To re-elect Richard Anthony Law as a Director of the Company.

4. To re-elect Richard Martin Linford as a Director of the Company.

5. To receive the Report on Directors' Remuneration.

6. To re-appoint Ernst & Young LLP as auditors and to authorise the Directors to determine their remuneration.

7. That:

   (a) in accordance with section 551 of the Companies Act 2006 (the "Act") the directors be authorised to allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company:

   (i) up to a maximum nominal amount of £1,006,128; and

   (ii) comprising equity securities (as defined in Section 560 of the Companies Act 2006) up to a maximum nominal amount of £2,012,256 (including within such limit any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue as follows:

   (A) to holders of shares in proportion (as nearly as may be practicable) to their existing holdings; and

   (B) to holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

   and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter;

   (b) this authority shall expire on the earlier of the date 15 months from the passing of this resolution or the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (whichever is the earlier) save that the Company may make offers and enter into agreements during the relevant period which would, or might, require relevant securities to be allotted after the authority ends and the Board may allot relevant securities under any such offer or agreement as if the authority had not expired; and

   (c) all previous authorities granted under Section 551 of the Act be revoked.

8. That, subject to passing of Resolution No. 7 above:

   (a) in accordance with Article 5.2 of the Company's Articles of Association and section 570(1) of the Act, the Directors be given power to allot equity securities (as defined in Section 560 of the Act) wholly for cash as if Section 560(1) of the Act did not apply to such allotment provided that this power shall be limited to:

   (i) the allotment of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to the holders of ordinary shares on the register on any record date selected by the Directors for the purpose (and, if in accordance with their rights or if the Directors of the Company so determine, holders on any such date of other equity securities of any class) in proportion (as nearly as may be) to their existing holdings of ordinary shares or, as the case may be, other equity securities on such record date (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any legal problems under the laws of any overseas territory, or the requirements of any recognised regulatory body or any stock exchange, or in relation to fractional entitlements or by virtue of shares being represented by depositary receipts or otherwise howsoever);

ii) otherwise than in relation to allotments under paragraph (a) (i) of this Resolution, for the purposes of paragraph (b) of Article 5.2 of the Company's Articles of Association, the aggregate nominal amount of equity securities to which this power is limited is £301,838;

(b) this power shall expire on the earlier of the date 15 months from the passing of this resolution or the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (whichever is the earlier) save that such authority shall extend to the making before such expiry of an offer or arrangement that would, or might, require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of that offer or arrangement as if the authority conferred hereby had not expired; and

(c) all previous powers granted under Section 570(1) of the Act or Section 95 of the Companies Act 1985 be revoked.

Special Business

9. That the Company be generally and unconditionally authorised pursuant to Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 2.5 pence each in the capital of the Company, provided that:

(a) the maximum number of ordinary shares hereby authorised to be purchased is 12,073,536 (representing 10% of the Company's issued ordinary share capital at 29 May 2015);

(b) the minimum price, exclusive of any expenses, which may be paid for an ordinary share is 2.5p (equivalent to the nominal value of the Company's ordinary shares);

(c) the maximum price, exclusive of any expenses, which may be paid for any ordinary share is:

(i) an amount equal to 5% above the average of the middle market quotations for an ordinary share in the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; or

(ii) the last independent trade and highest current independent bid on the London Stock Exchange Official List at the time of the purchase.

(d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the earlier of the date 15 months from the passing of this resolution or the conclusion of the next Annual General Meeting of the Company after the passing of this resolution; and

(e) the Company may make a contract for the purchase of ordinary shares under this authority before the expiry of this authority which would or might be executed wholly or partly after the expiry of such authority, and may make purchases of ordinary shares in pursuance of such a contract as if such authority had not expired.

By Order of the Board,
J H Constantin FCIS
Company Secretary
Dated: 1 June 2015

Registered Office: The Foundation, Herons Way, Chester Business Park, Chester. CH4 9GB

(Registered in England, Number 2415211)

Notice of Annual General Meeting

Continued

Notes

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and (on a poll) vote instead of him. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company. A proxy form may be used to make such an appointment. The notes on the proxy form give instructions on the appointment of a proxy.

2. You may, if you wish, register the appointment of a proxy electronically by logging on to www.sharevote.co.uk. To use this service you will need your Voting ID, Task ID and Shareholder Reference Number which are printed on your form of proxy (which will be sent to you by post). Full details of the procedure are given on the website.

3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by our Registrars, Equiniti (ID RA19) by 1.00pm on 27July 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instruction to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

4. To be effective a proxy card must be deposited with the Registrar to the Company not less than 48 hours before the time fixed for the meeting.

5. Copies of service contracts of the Directors of the Company may be inspected at the registered office of the Company at all times during normal business hours and at the place of the Annual General Meeting for a period of 15 minutes immediately prior to the Annual General Meeting until its conclusion.

6. Only members whose names appear on the register of members of the Company at the close of business on 27 July 2015 at 6pm shall be entitled to attend the Annual General Meeting either in person or by proxy and the number of Ordinary shares and/or preference shares then registered in their respective names shall determine the number of votes such persons are entitled to cast at the Annual General Meeting.

7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

8. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

9. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

10. A member attending the meeting has the right, as if section 319A of the Companies Act applied to the Company, to ask questions in relation to the business of the meeting. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

11. A copy of this Annual General Meeting Notice, and other information required by section 311A of the Companies Act 2006, can be found at http://www.gbgplc.com/investors/financial-statements.

12. Shareholders should note that the Company will treat section 527 of the Companies Act 2006 as applying to it, and consequently that it is possible that, pursuant to requests made by shareholders , the Company may be required to publish on a website a statement setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting. The Company may not require the shareholders requesting such website publication to pay its expenses. Where the Company is required to place a statement on a website, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required to publish on a website as if section 527 of the Companies Act 2006 applied to the Company.

13. Any electronic address provided either in this Notice or any related documents (including the Chairman's letter and proxy form) may not be used to communicate with the Company for any purposes other than those expressly stated.

Useful Information

The following details sources of information and contacts which shareholders and other interested parties may find helpful.

Website

Further information about GBG can be found at our website at www.gbgplc.com

In addition to accessing the latest information about the Company, its products and services, the following is also available from the website:

- copies of announcements, press releases and case studies;
- copies of past and present annual and interim reports which can be viewed and downloaded; and
- GBG's latest share price (via a link to the London Stock Exchange).

Email Alerts

The website also provides a service whereby GBG can email new information posted on to the site. To register for the service either:

- go to the site at www.gbgplc.com and register your details (registration only takes a few moments); or
- send an email with your contact details to investor.relations@gbgplc.com.

Shareholder Notification and Information Service

GBG is aware that there may be times when shareholders may wish to contact the Company when there are changes in their circumstances (such as when they have moved house or have got married and have changed their name). There may also be occasions when a share certificate has been misplaced or lost and a duplicate copy is required. In such instances, GBG's registrar, Equiniti, is able to deal with these enquiries and take the necessary action.

The registrar can be contacted by telephone or in writing at:

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Tel: 0845 607 6838

Equiniti can also provide shareholders with details of their shareholding. In addition to the address and telephone contact above, our registrar has set up an internet service to facilitate electronic access to these details. This service is free, secure and easy to use. Shareholders may register for the service at www.shareview.co.uk using their shareholder reference number (which can be found on the share certificate or on the dividend counterfoil).

Registered Office
GB Group plc
The Foundation, Herons Way
Chester Business Park, Chester
CH4 9GB
(Registered in England, Number 2415211)

Auditors
Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Nominated Advisor and Broker
Peel Hunt
Moor House
120 London Wall
London
EC2Y 5ET

Solicitors
Squire Patton Boggs (UK) LLP
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16 John Dalton Street
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