Management Resource Solutions PLC

Annual Report

Period Ended

30 June 2013

Company number: 8046513

Management Resource Solutions PLC

Annual report
for the period ended 30 June 2013

Contents

Page:

Management Resource Solutions PLC

Officers and advisers

Directors

Murray D'Almeida	Chairman
Paul Morffew	Chief Executive Officer

Company secretary

Esher Management Services Limited

Registered number

8046513

Registered office

1 Arbrook Lane, Esher, Surrey, KT10 9EG, United Kingdom

Head Office (Australia)
Suite 30402, 9 Lawson Street, Southport, Queensland 4215, Australia

Auditors

Price Bailey, LLP, Chartered Accountants and Statutory Auditors, The Quorum, Barnwell Road, Cambridge, CB5 8RE, United Kingdom

Share registry

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom

Stock Exchange

Frankfurt Stock Exchange (code MR5)

Website

www.mrslimited.com

Management Resource Solutions PLC

CEO's Statement

Dear shareholders,

Our aim during the past financial year (FY 2012/13) was to continue our growth while aiming to reach our goals and enhance our capabilities in all areas.

We have made good progress on many important fronts that will affect the long-term future for Management Resource Solutions Pty Ltd and the company's position in the industry.

During the period MRS has reached two major milestones. The first was the company's listing on the Frankfurt Stock Exchange. The second, was the company's first mergers.

On March 6th 2013, MRS saw it's stock finally listed on the Frankfurt Stock Exchange at an opening share price of €1.35 and offer of 30,400,000 shares. This marked the end of a long two year process, and at the same time was the beginning of a new time for MRS which along with incoming capital will allow the companies to realize its expansion plans.

In this context, in June 2013, MRS had signed two Joint Venture agreements, which bring additional capabilities to the MRS current projects and also offer increased scope to the ever growing range of services which MRS provides. The first JV is with the MAA Alliance, set up with Apex Services and Albright Energy, with a focus to assist clients in achieving the required quality requirements and compliance with the relative specifications during procurement manufacturing and fabrication in Asia & SE Asia. The second JV is with a French company Soudure et Tuyauterie. The purpose of this JV is to provide welding services (both staff and equipment) in Australia, Oceania and Asia, as well as providing turnkey key solutions for project teams in these regions. The two joint Ventures will contribute an additional €1.5M in revenue to the company's top line in the first financial year.

With these milestones now reached, MRS is realizing the company's clear vision to become the leading supplier of solutions in risk management services and products from major engineering projects to smaller challenges in the mining, oil & gas and construction industries.

In order to supply risk management services, we recognize that there is a growing need for a technically skilled workforce around the globe. The current prediction is that there will be an international skills shortage over the next 5 years. This calls for an increasing need to provide personnel trained to global resource sectors, so clients can focus on their core operations. Over the next decade, with an increasing number of projects coming on line, outsourcing to providers of risk management services is now commonplace. We have been able to provide the necessary skilled labour force to reach that goal, and develop new services where needed to help achieve their client objectives.

Directors, Graham Lumley and Daniela Athan have stepped down from their positions. But we are also excited to announce a new team member, Timothy Jones as Company Secretary.

The MRS team performed well during FY13. The company improved its client and shareholder relationships, and advanced several important business initiatives. On behalf of the Board, I would like to thank all employees at MRS for their dedication and for the progress the company has made. I would also like to thank our shareholders for your continuing support.

Paul Morffew

CEO

Directors' report
for the period ended 30 June 2013

The directors present their report and the audited financial statements for the period from incorporation to 30 June 2013.

Incorporation and issue of shares
The company was incorporated on 26 April 2012. On 24 August 2012 it acquired the entire issued share capital of Management Resource Solutions Pty Ltd in exchange for the issue of 30,400,000 ordinary shares of € 1, fully paid.

Principal activities
The principal activities of the group during the period were supply of technical and strategic services to external organisations in Project Management and Engineering, by assessing and providing skilled support staff, training and support in the area of Quality Assurance and Control and Data Management, to supply Forensic Systems and Training to both Forensic Organisations and Legal Companies. The principal place of business is Australia.

Results and dividends
The results for the year are set out on page 11.

The directors do not recommend payment of a dividend.

Business and financial review
All references to dollars or $ relate to Australian dollars, the group's functional currency.

A review of the business and future developments is given in the director's statement on page 4.

Revenue for the period amounted to $7.2 million and the profit for the period amounted to $0.2 million.

At 30 June 2013, the group had net assets of $1.2 million, of which cash amounted to $0.8 million.

Going concern
The financial statements have been prepared on the going concern basis as, in the opinion of the directors, at the time of approving the financial statements, there is a reasonable expectation that the group will continue in operational existence for the foreseeable future.

In order to arrive at this opinion, the directors have prepared detailed cash flow forecasts for the group, which demonstrate that it will be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements.

Key performance indicators
The group's current key performance indicators are building revenue, and expanding our diverse client base. Relevant information is reported in the CEO's Review. Success is also measured by the identification and acquisition of suitable companies which will allow MRS to not only expand its services but also increase its profits. This is highlighted in the Chairman's Statement and the CEO's Review.

Principal risks
There are risks associated with the group's business. The Board regularly reviews the risks to which the group is exposed and endeavours to minimise these risks as far as possible. The following summary, which is not exhaustive, outlines some of the risks and uncertainties facing the group at its present stage of development:

1 General risks

1.1 The MRS Group's Shares may not be suitable for all investors

The group's Shares may not be a suitable investment for all investors. Before making an investment decision, investors are advised to seek advice from an appropriate independent adviser authorised under the FSMA who specialises in advising on the acquisitions of shares and other securities. The value of MRS's Shares, and the income received from them, can go down as well as up and investors may get a return lower than their original investment or may lose the whole of their investment.

1.2 The company's ability to pay dividends in the future is uncertain

The ability of MRS to pay dividends on the Shares is dependent upon, among other things, it having sufficient cash resources and sufficient distributable reserves out of which any proposed dividend may be paid. MRS can give no assurance that it will be able to pay a dividend on the Shares in the future.

1.3 Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of MRS depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on MRS if one or more of these employees cease their employment.

1.4 Economic risks

Changes in both Australia and world economic conditions may adversely affect the financial performance of MRS, or any one or more of the members of the Group. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

1.5 EU sovereign debt crisis

The ongoing issues and negotiations surrounding the sovereign debts of certain EU member states has resulted in actual and perceived financial instability of those member states and the EU as a whole. Any uncertainty that results from the actual or perceived financial stability may have a material effect on the markets generally, and specifically the market on which the Shares are traded. Such effects may include inter alia market liquidity, share prices generally, the price of Shares specifically, and the market valuation of MRS; and, any one or more of these may adversely impact MRS and its shareholders.

2 MRS Specific Risks

2.1 Investment company

While MRS intends to invest in acquisition prospects and secure opportunities in accordance with its Growth Plan, there is a risk that it may not be able to do so at all, or on satisfactory terms. In addition, MRS may become involved in projects that may ultimately not be as productive as originally thought. Individual investments made by MRS may fall in value for many reasons such as changes in the investee company's operations, management or in its business environment.

3. Risks relating to MRS's Businesses

3.1 General

3.1.1 Operating risks

The operations of MRS may be affected by various factors, including operational and technical difficulties encountered in resources; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, or plant and equipment.

3.1.2 Additional requirements for capital

MRS's capital requirements depend on numerous factors. To fully realise its Growth Plan MRS will require further financing in addition to amounts raised under a Prospectus. Any additional equity financing will dilute shareholdings. Any debt financing, if available, may involve restrictions on financing and operating activities. If MRS is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back projects as the case may be.

3.1.3 Dependence on key personnel

Both the existing business and prospective operations are heavily reliant on key personnel. MRS's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing or intended compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services may be difficult to replace. In addition, the inability to continue to attract qualified personnel could have a material adverse effect on MRS's business or businesses.

3.1.4 Competition

MRS's subsidiaries compete with other companies, including major competitors in the relevant industry. These competitors will likely have greater financial and other resources than MRS, and as a result, may be in a better position to compete for future business opportunities. Many of MRS's competitors compete directly with its products and services in the market place and also carry out downstream operations on these and other products and services on a worldwide basis. There can be no assurance that MRS can compete effectively with these competitors.

3.1.5 Risk of insufficient insurance and risk cover

While MRS maintains insurance covering various risks and in such amounts as it believes reasonable, such insurance may not be sufficient to cover losses in certain circumstances which could have a material adverse effect on its business, its results, its balance sheet and its financial position.

3.2 The Consulting Business

3.2.1 Services business

The Consulting Business provides services to a number of industries. The business model relies on billable time being generated by staff and contractors. If such staff and contractors cease to generate billable time, or are unable to otherwise provide the services, the Consulting Business may become unprofitable, its reputation may become impaired, or it may fail to generate sufficient income to support its operations. As a result, this may have an adverse effect on MRS's profits, its results, its balance sheet and its financial position.

3.2.2 Personnel subject to workplace safety on client sites

The Consulting Business' personnel deliver services on site. Consequently, personnel may be subjected to risks to their health and safety through the actions, inactions and negligence of third parties. Numerous losses may stem from injury or death to personnel in such a scenario and such losses may have an adverse effect on MRS's profits, its results, its balance sheet and its financial position.

3.2.3 Professional services liability

Professional services liability, in a number of different forms, attaches to the services offered by the Consulting Business. A client's reliance on the services provided by the Consultant Business may cause loss or damage to the client. If such losses are proved to be in excess of the insurance policy held by the Consulting Business, or are outside the terms of such policy, this may result in the Consulting Business being required rectify the loss of the client. As a result, this may have an adverse effect on MRS's profits, its results, its balance sheet and its financial position.

The directors regularly monitor such risks and will take actions as appropriate to mitigate them. The group manages its risks by seeking to ensure it is in compliance with the terms of its agreements, and through the application of appropriate policies and procedures, and via the recruitment and retention of a team of skilled and experienced professionals.

Directors

The directors of the company during the period and the remuneration, excluding pension contributions, they received were as follows:

	Remuneration
	$
Paul Morffew (appointed 26.04.12)	357,273
Santina Morffew (appointed 26.04.12, resigned 7.09.12)	15,569
Murray d'Almeida (appointed 01.08.2012)	50,004

Policy and practice on payment of creditors

It is group and company policy to settle all debts on a timely basis, taking account of the credit period given by each supplier. Trade creditors at 30 June 2013 represented less than one day's purchases.

Financial instruments

Details regarding the group's use of financial instruments and their associated risks are given in note 17 to the consolidated financial statements.

Statement as to disclosure of information to auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

Price Bailey have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Approved by the board of directors on 3 October 2013 and signed on behalf of the board

Timothy Jones
Director, for and on behalf of Esher Management Services Limited
Secretary

Statement of directors' responsibilities for the period ended 30 June 2013

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the group accounts have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- state whether the parent company accounts have been prepared in accordance with IFRSs, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Website publication

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

Independent auditor's report to the members of Management Resource Solutions PLC

We have audited the financial statements of Management Resource Solutions Plc Group of Companies for the period ended 30 June 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 Directors' Responsibilities Statement, 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). These standards require us to comply with the Auditing Practices Board's (APB'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 Chairman's Statement, the Review of Operations and Activities and the Report of the Directors to identify material inconsistencies with the audited financial statements. 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 the parent Company's affairs as at 30 June 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the Directors 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.

Martin Clapson FCA (Senior Statutory Auditor)
for and on behalf of Price Bailey LLP
Chartered Accountants & Statutory Auditors
Richmond House
Ely
Cambridgeshire
CB7 4AH

Date: 3 October 2013

Management Resource Solutions PLC

Statement of Comprehensive Consolidated Income
for the period ended 30 June 2013

	Note	2013 $'000	2012 $'000
Revenue	3	7,205	7,226
Administrative expenses		(6,987)	(6,151)
Operating Profit	5	**218**	**1,075**
Other income		7	57
Finance costs - interest	8	(31)	(4)
Profit before tax		**194**	**1,128**
Tax credit / (expense)	9	38	(361)
Profit for the year attributable to equity holders of the parent company		**232**	**767**
Profit per share attributable to equity holders of the parent company			
Basic and diluted	10	**0.76 ¢**	**2.52 ¢**

Management Resource Solutions PLC

Consolidated Statement of Changes in Equity
for the period ended 30 June 2013

	Share capital $'000	Issue costs reserve $'000	Reorganisation reserve $'000	Retained earnings $'000	Total equity $'000
At 1 July 2011	**415**	**-**	**-**	**202**	**617**
Profit for the year	-	-	-	767	767
Total comprehensive income	**-**	**-**	**-**	**767**	**767**
Issue of shares	139	-	-	-	139
Total other movements	139	-	-	-	139
At 1 July 2012	**554**	**-**	**-**	**969**	**1,523**
Profit for the year	-	-	-	232	232
Total comprehensive income	**-**	**-**	**-**	**232**	**232**
Restructuring	36,032	(332)	(36,032)	-	(332)
Dividends	-	-	-	(224)	(224)
Total other movements	36,032	(332)	(36,032)	(224)	(556)
At 30 June 2013	**36,586**	**(332)**	**(36,032)**	**977**	**1,199**

Management Resource Solutions PLC

Consolidated Balance Sheet at 30 June 2013

	Note	2013 $ '000	2012 $ '000
Assets			
Non-current assets			
Property, plant and equipment	11	163	111
Deferred Tax	13	134	79
		297	**190**
Current assets			
Trade and other receivables	14	1,125	2,028
Cash and cash equivalents		754	294
		1,879	**2,322**
Total assets		**2,176**	**2,512**
Liabilities			
Current liabilities			
Trade and other payables	15	778	855
		778	**855**
Non-current liabilities			
Borrowings	16	147	68
Deferred tax	13	52	66
		199	**134**
Total liabilities		**977**	**989**
Net assets		**1,199**	**1,523**
Equity attributable to equity holders of the parent			
Share capital	18	36,586	554
Issue costs reserve	19	(332)	-
Reorganisation reserve	19	(36,032)	-
Retained earnings	19	977	969
Total equity attributable to equity holders of the parent		**1,199**	**1,523**

The financial statements were approved by the board of directors and authorised for issue on 3 October 2013 and were signed on its behalf by:

Paul Morffew
Director

Murray D'Almeida
Director

Management Resource Solutions PLC

Consolidated Statement of Cash Flow
for the period ended 30 June 2013

	2013 $ '000	2012 $ '000
Cash flow from operating activities		
Receipts from customers	7,896	5,990
Payments to suppliers and employees	(7,054)	(6,043)
Government grants received	7	57
Interest received	11	18
Finance costs	(29)	(12)
Income tax paid	(100)	(171)
Net cash flow from operating activities	**731**	**(161)**
Cash flow from investing activities		
Purchase of non-current assets	(19)	(14)
Net cash flow from investing activities	**(19)**	**(14)**
Cash flow from financing activities		
Repayment of borrowings	(28)	(10)
Dividends paid	(224)	-
Net cash flow from financing activities	**(252)**	**(10)**
Net increase in cash held	460	(185)
Cash and cash equivalents at 1 July 2012	**294**	**479**
Cash and cash equivalents at 30 June 2013	**754**	**294**

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared on the historical cost basis, on the basis of going concern and in line with International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board (IASB) adopted by the European Union and in accordance with applicable UK law.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

Going concern

The financial statements have been prepared on the going concern basis as, in the opinion of the directors, at the time of approving the financial statements, there is a reasonable expectation that the group will continue in operational existence for the foreseeable future.

Revenue

Revenue comprises invoices for the provision of services and the sale of goods to third parties (excluding VAT and similar taxes). Revenue is recognised on despatch of goods or delivery of services.

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

1 Accounting policies *(continued)*

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair value at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

The company was incorporated on 26 April 2012 for the purpose of acquiring the entire issued share capital of Management Resource Solutions Pty Ltd, which was previously the ultimate parent company of the group. This acquisition took place on 24 August 2012 by the issue of the entire ordinary share capital of the company to the shareholders of Management Resource Solutions Pty Ltd in exchange for their shareholdings in the company.

This reconstruction is accounted for as a reverse takeover. Accordingly the financial statements present the group results as a continuation of the results of the group previously headed by Management Resource Solutions Pty Ltd.

Corporate Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside the profit and loss when the tax relates to items that are recognised outside the profit and loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodies in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

1 Accounting policies *(continued)*

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Property, Plant and Equipment

Property, plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

1 Accounting policies *(continued)*

Depreciation
The depreciable amount of all fixed assets including buildings and capitalised lease assets is depreciated on a straight line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	5 %
Plant and equipment	15 - 37.5 %
Leased plant and equipment	40 %

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Leases
Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Financial Instruments

Initial Recognition and Measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

1 Accounting policies *(continued)*

Classification and Subsequent Measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost i*s calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method.*

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) **Financial assets at fair value through profit or loss**

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) **Available-for-sale financial investments**

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

1 Accounting policies *(continued)*

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) **Financial Liabilities**

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless

1 Accounting policies *(continued)*

the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items are translated at the year – end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

Group Companies
The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position via other comprehensive income. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation it disposed of.

Employee Benefits
Accrual is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

1 Accounting policies *(continued)*

Provisions
Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Revenue and Other Income
Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of VAT and similar taxes.

Trade and other receivables
Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(h) for further discussion on the determination of impairment losses.

Trade and Other Payables
Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period.

1 Accounting policies *(continued)*

Borrowing Costs
Borrowing costs are recognised in the statement of consolidated income for the period in which they are incurred.

Value Added Tax (VAT) and equivalent taxes
Revenues, expenses and assets are recognised net of the amount of VAT, except where the amount of VAT incurred is not recoverable VAT.

New standards and interpretations applied
In preparing these financial statements the Company has reviewed all new standards and interpretations, but there are no standards effective for the period commencing 1 July 2012 requiring new interpretations to be applied.

New Standards and Interpretations adopted with no effect on the financial statements
The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements:

- IAS 1 Presentation of Financial Statements (amended 2011)
- IAS 12 Income Taxes (amended 2010) - limited scope amendment
- IFRS 7 Financial Instruments (amended 2010) - annual review of IFRSs

New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the period commencing 1 July 2012 and have not been applied in preparing these financial statements:

- IAS 1 Presentation of Financial Statements (amended 2012)
- IAS 16 Property, Plant and Equipment (amended 2012)
- IAS 19 Employee Benefits (amended 2011)
- IAS 27 Separate Financial Statements (amended 2011 and 2012)
- IAS 28 Investments in Associates (amended 2011)
- IAS 32 Financial Instruments (amended 2011 and 2012)
- IAS 34 Interim Financial Reporting (amended 2012)
  IAS 36 Impairment of Assets (amended 2013)
  IAS 39 Financial Instruments (amended 2013)
- IFRS 1 First-time adoption of International Financial Reporting Standards (amended 2012)
- IFRS 7 Financial Instruments (amended 2011)
- IFRS 9 Financial Instruments (issued 2009, 2010 and 2011)
- IFRS 10 Consolidated Financial Statements (issued 2011 and 2012)
- IFRS 11 Joint Arrangements (issued 2011 and 2012)
- IFRS 12 Disclosure of Interests in Other Entities (issued 2011 and 2012)
- IFRS 13 Fair Value Measurement (issued 2011)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (issued 2011)
- IFRIC 21 Levies (issued 2013)

The Directors do not consider that the implementation of any of these new standards will have a material impact upon reported income or reported net assets.

2 Critical accounting estimates and judgements

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Impairment – general
The group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

(ii) Impairment – Carbon Price
There is presently uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. This carbon pricing system could potentially affect the assumptions underlying value-in-use calculations used for asset impairment testing purposes. The consolidated entity has not incorporated the effect of any carbon price implementation in its impairment testing at 30 June 2013.

Key judgments

Provision for impairment of receivables
Included in trade receivables at the end of the reporting period are amounts receivable of $91,443 in excess of initial trade terms. Whilst there is inherent uncertainty in relation to the repayment of the entire amount, the directors believe that the full amount of the debt is recoverable, and therefore no provision for impairment has been made.

3 Revenue

	2013 $ '000	2012 $ '000
Revenue disclosed in the consolidated income statement is as follows:		
Provision of services	7,205	7,226

4 Operating segments

	2013 $ '000	2012 $ '000
Revenue is derived from the following geographical segments:		
Australia	5,550	2,948
New Caledonia	1,655	4,278
	7,205	7,226

5 Operating profit

	2013 $ '000	2012 $ '000
This is stated after charging the following:		
Depreciation and amortisation	55	25

6 Auditors' remuneration

	2013 $ '000	2012 $ '000
Fees payable to the company's auditors for audit of the annual accounts	9	-
Fees payable to the company's auditors and its associates for other services:		
- report for listing	31	-
- other services	11	-
	51	-

7 Staff costs and directors' emoluments

	2013 $ '000	2012 $ '000
Staff costs (including directors)		
Group		
Wages and salaries	3,016	2,244
Social security costs	397	182
	3,413	2,426

Company
No remuneration was paid by the company

7 Staff costs and directors' emoluments *(continued)*

The average monthly number of employees (including executive directors) during the year was as follows:

Group	2013 Number	2012 Number
Technical	33	22
Administrative	17	8

Company

The company had no employees

	2013 $ '000	2012 $ '000
Directors' emoluments		
Group		
Fees and salaries	423	325
Social security costs	28	27
	451	352

The remuneration, of the highest paid director was $ 384,273 (2012 - $379,243).

The key management personnel of the group are considered to be the directors.

8 Finance costs

	2013 $ '000	2012 $ '000
Interest expense	31	4
	31	4

9 Taxation

Group

(a) *The components of tax (expense)/income comprise:*

	2013 $ '000	2012 $ '000
Current tax	45	393
Deferred tax	(11)	(12)
Under provision in respect of prior years	(72)	(20)
	(38)	361

(b) *The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:*

	2013 $ '000	2012 $ '000
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2012: 30%)		
- consolidated group	71	339
- parent entity	-	-
Add:		
Tax effect of:		
- under-provision for income tax in prior years	(72)	(20)
- non-deductible depreciation and amortisation	2	2
- other non-allowable items	(39)	(40)
	(38)	361

The applicable weighted average effective tax rates are as follows:	-15.9%	32.0%

The decrease in the weighted average effective consolidated tax rate for 2013 is a result of the availability of R&D Income tax concessions included for both the 2012 and 2013 year.

Company
No corporation tax is payable by the company.

10 Earnings per share

The calculation of basic earnings per ordinary share attributable to equity holders of the parent company, is based on a profit of $232,000 (2012 - $767,000) and on 30,4000,000 ordinary shares (2012 – 30,400,000), being the weighted average number of ordinary shares deemed to have been issued during the year.

Earnings per share for the year ended 30 June 2012 have been calculated based on the capital structure following the reorganisation of equity detailed in note 4.

There is no difference between diluted earnings per share and the basic earnings per share as there are no potentially dilutive events.

11 Property, plant and equipment

	Leasehold improvements $ '000	Plant & equipment $ '000	Leased plant & equipment $ '000	Total $ '000
Cost				
At 1 July 2011	5	62	32	99
Additions	-	58	-	58
At 30 June 2012 and 1 July 2012	5	120	32	157
Additions	-	126	-	126
Disposals	-	(34)	-	(34)
At 30 June 2013	5	212	32	249
Depreciation				
At 1 July 2011	2	20	-	22
Charge for the year	2	15	8	25
At 30 June 2012 and 1 July 2012	4	35	8	47
Charge for the year	1	47	6	54
Eliminated on disposals	-	(15)	-	(15)
At 30 June 2013	**5**	**67**	**14**	**86**
Net book value				
At 30 June 2013	**-**	**145**	**18**	**163**
At 30 June 2012	1	85	24	110

12 Subsidiaries

The consolidated financial statements include the financial statements of Management Resource Solution PLC and the following subsidiaries:

		Proportion of voting rights and of equity interest 2013	2012
Management Resource Solutions Pty Ltd	Australia	100%	-
Management Resource Solutions Australia Pty Ltd	Australia	100%	-
Management Resource Solutions Qatar Pty Ltd	Australia	100%	-

The principal activity of Management Resource Solutions Pty Ltd is the supply of technical and strategic services.
The other subsidiaries were dormant.

13 Deferred tax

	Opening Balance $ '000	(Charged)/ Credited to Profit/Loss $ '000	(Charged)/ Credited Directly to Equity $ '000	Closing Balance $ '000
Deferred tax assets				
Accruals – employee benefits	17	-	-	17
Other	62	-	-	62
Balance at 30 June 2012	79	-	-	79
Accruals – employee benefits	17	8	-	25
Other	62	2	45	109
Balance at 30 June 2013	79	10	45	134
Deferred tax liability				
Other	-	66	-	66
Balance at 30 June 2012	-	66	-	66
Other	66	(14)	-	52
Balance at 30 June 2013	66	(14)	-	52

14 Trade and other receivables (current)

	2013 $ '000	2012 $ '000
Trade debtors	946	1,614
Prepayments	2	193
Other debtors	154	221
Director's fees prepaid	23	-
	1,125	2,028

15 Trade and other payables (current)

	2013 $ '000	2012 $ '000
Trade payables	12	61
Accruals	533	354
Corporate income tax	198	393
Borrowings	35	47
	778	855

16 Borrowings

	2013 $ '000	2012 $ '000
CURRENT		
Bank overdraft unsecured	-	5
Lease liability secured	35	42
Total current borrowings	35	47
NON-CURRENT		
Lease liability secured	147	68
Total non-current borrowings	147	68
Total borrowings	182	115
(a) Total current and non-current secured liabilities:		
Bank overdraft	-	5
(b) Total current and non-current assets pledged as security are:		
Plant and equipment	118	69
Leased plant and equipment	18	24
	136	93

17 Financial instruments

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares, and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2013 $ '000	2012 $ '000
Financial assets		
Cash and cash equivalents	754	294
Loans and receivables	1,125	2,028
Total Financial Assets	1,879	2,322
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	778	855
Borrowings	147	68
Total Financial Liabilities	925	923

Financial Risk Management Policies
The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not have any derivative instruments at 30 June 2013.

The finance committee, consisting of senior executives of the Group, meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The finance committee's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management
The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 15 to 30 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the finance committee has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit Risk Exposures
The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to third parties in relation to obligations under its bank bill facility

The Group has no significant concentration of credit risk with any single counterparty or group of Counterparties Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

c. Market Risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Group to interest rate risk are limited to borrowings, listed shares, cash and cash equivalents.

Net Fair Values

Fair value estimation
The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments, which are carried at amortised cost (ie trade receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

	2013 Carrying Amount $'000	Fair Value $'000	2012 Carrying Amount $'000	Fair Value $'000
Financial assets				
Cash and cash equivalents	754	754	294	294
Trade and other receivables	1,125	1,125	2,028	2,028
Loans and advances - related parties	-	-	-	
Total financial assets	1,879	1,879	2,322	2,322
Financial liabilities				
Trade and other payables	778	778	855	855
Lease liability	147	147	68	68
Total financial liabilities	625	625	476	476

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables exclude amounts relating to the provision of annual leave, which is outside the scope of AASB 139.

(ii) Discounted cash flow models are used to determine the fair values of loans and advances. Discount rates used on the calculations are based on interest rates existing at the end of the reporting period for similar types of leans and advances. Differences between fair values and carrying amounts largely represented movements in the effective interest rate determined on initial recognition and current market rates.

(iii) For listed available-for-sale and held-for-trading financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices.)

(iv) Discounted cash flow models are used that incorporates a yield curve appropriate to the remaining maturity of the debenture, bill or promissory note.

(v) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair values of fixed rate bank debt will differ to carrying amounts.

18 Share capital

On 24 August 2012 the parent company acquired the entire issued share capital of Management Resource Solutions Pty Ltd, the former parent company of the group, in exchange for the issue of the entire ordinary share capital of the company to the shareholders of Management Resource Solutions Limited. This transaction is accounted for as a reverse takeover.

The nominal value of the issued share capital in the company is greater than the nominal value of the share capital in Management Resource Solutions Limited which was exchanged for it. In order to leave the group's equity unchanged by the transaction the difference in nominal value has been debited to a reorganisation reserve.

Costs of $332,000 relating to the share issue have been deducted from equity.

At 30 June 2013 the share capital of the group was:

	$ ‘000
30,400,000 Ordinary shares of €1	36,586

19 Reserves

Reserve	Description and purpose
Share capital	Amount of the contributions made by shareholders in return for the issue of shares.
Issue costs reserve	Costs associated with the reorganisation described in note 18
Reorganisation reserve	Excess of the nominal value of shares issued in exchange for the shares in Management Resource Solutions Pty Ltd.
Retained earnings	Cumulative net gains and losses recognised in the consolidated balance sheet.

Details of movements in each reserve are set out in the Consolidated Statement of Changes in Equity.

20 Leasing commitments

	2013 $ '000	2012 $ '000
Finance lease commitments		
Payable – minimum lease payments		
- no later than 12 months	54	51
- between 12 months and two years	53	18
- between two and five years	114	69
Minimum lease payments	221	138
Less future finance charges	(39)	(28)
Present value of minimum lease payment	182	110

There are seven finance leases on motor vehicles. Two commenced in 2012, which have a five year term with an option to refinance at the end. Five commenced during 2013, which have a three year term. Of these four have an option to refinance at the end.

	2013	2012
Operating lease commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments		
- no later than 12 months	50	55
- between 12 months and two years	52	51
- between two and five years	-	36
	102	142

The company had no leasing commitments.

21 Related party transactions

Disclosure regarding remuneration of the directors is given in note 7, and the Director's Report. Details of the group's subsidiaries, which are considered to be related parties, are given in note 12.

Details of fees paid in advance to Murray D'Almeida, a director, are given in note 14.

Environmental Auditors Australia Pty Ltd, a company controlled by Paul Morffew, a director, and his wife, provided office space at a charge of $44,000 (2012, $50,000).

22 Controlling party

The controlling party is SCOPN Pty Ltd which holds 53% of the issued share capital of the company. Paul Morffew, a director of the company, is a director and a shareholder of SCOPN Pty Ltd.

Management Resource Solutions PLC

Parent company balance sheet
at 30 June 2013

Company number: 8046513	Notes	2013 $ '000
Fixed assets		
Investments in subsidiaries	4	36,586
Current liabilities		
Creditors: amounts falling due within one year	5	218
Net current assets		**36,368**
Capital and reserves		
Share capital	**6**	36,586
Issue costs reserve	7	(193)
Retained earnings	7	(25)
Shareholders' funds		**36,368**

The financial statements were approved by the board of directors and authorised for issue on 3 October 2013 and were signed on its behalf by:

Paul Morffew
Director

Murray d'Almeida
Director

The separate financial statements of the company are presented as required by the Companies Act 2006

1 Accounting policies

Basis of preparation

The accounting policies described in note 1 to the consolidated financial statements have been applied in preparing the parent company financial statements.

Going concern

The financial statements have been prepared on the going concern basis as, in the opinion of the directors, at the time of approving the financial statements, there is a reasonable expectation that the group will continue in operational existence for the foreseeable future.

Investments

Investments are stated at cost less provision for any permanent diminution in value.

2 Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company is $25,000. As permitted by s408 of the Companies Act 2006, the company has elected not to present its own profit and loss account for the period.

3 Staff costs and directors' emoluments

These are disclosed in note 7 to the consolidated financial statements.

4 Investments

	$ '000
Cost	
At 1 July 2012	-
Additions	*36,586*
At 30 June 2013	**36,586**

Details of holdings in subsidiary companies are set out in note 12 to the consolidated financial statements.

5 Creditors: amounts falling due within one year

	2013 $ '000
Amount owed to group undertaking	218
	218

6 Share capital

Details of share capital and movements for the year are set out in note 18 to the consolidated financial statements.

7. Reserves

	Issue costs reserve $ '000	Retained earnings $ '000
At 1 July 2012	-	-
Loss for the year	-	(25)
Arising on acquisition of subsidiary	(193)	-
At 30 June 2013	(193)	(25)