

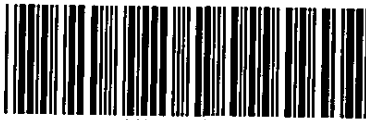
Company Registration No. 2073305

Alexander Mann Solutions Limited

Report and Financial Statements

31 December 2010

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Alexander Mann Solutions Limited

Report and financial statements 2010

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Alexander Mann Solutions Limited

Report and financial statements 2010

Officers and professional advisers

Directors

R Blair
D Heath
G Stuart

Registered Office

3 Waterhouse Square
138-142 Holborn
London
EC1N 2SW

Bankers

HSBC Bank Limited
8 Canada Square
London
E14 5HP

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Solicitors

Olswangs
90 High Holborn
London
WC1V 6XX

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

Alexander Mann Solutions Limited

Directors' report

The Directors of Alexander Mann Solutions Limited ('the Company') present their annual report with the financial statements and independent auditor's report for the year ended 31 December 2010

Principal activities

The principal activity of the Company is the provision of Recruitment Process Outsourcing ("RPO") solutions and ancillary professional services under long-term contractual arrangements

Review of the results

The Company generated an adjusted operating profit of £6,941,000 for the year compared to £3,724,000 for the year to 31 December 2009. The Company incurred £3,340,000 of exceptional costs predominantly associated with staff redundancies, refinancing activities and contract termination costs (2009 £4,029,000 in respect of staff redundancies, certain property costs and the impairment of the carrying value of investment in subsidiary)

Finance charges for the year were £1,981,000 (2009 £1,305,000). Profit before tax for the Company was £1,620,000 (2009 loss £1,610,000)

2010 saw the return of some levels of confidence in the Company's client base. Following the significant levels of downsizing by clients in 2009 and the impact of hiring freezes and slow downs, 2010 showed a gradual return to 'normal' hiring levels.

The improvement to the trading environment has resulted in the Company ending the year with net assets of £10,745,000 (2009 £9,647,000) and the key performance indicators of gross margin (Net Fee Income), adjusted operating profit and net current assets all show an improvement from the prior year.

Strategic developments during the year

During the year, in response to client demand, the Company continued to invest and expand its front end professional services capability in technology and operations consultancy, resource communications, talent and selection and assessment thereby further differentiating the comprehensive solutions provided to clients.

As part of a review of the Company's operating model, the company has continued to focus on realigning its cost base and operating structure to lower the cost of delivery, improve the quality of delivery and leverage the shared service centre capability provided by its onshore and near shore centres.

During the year the Company was recognised for the third year running as the leading Global RPO provider by HROA, a recognised industry commentator.

Alexander Mann Solutions Limited

Directors' report (continued)

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit, liquidity and interest rate risk. The Company does not use derivative financial instruments, although another Company in the group, Newincco 781 Limited, does have an interest rate hedging agreement to hedge interest payments to be made on bank borrowings.

Cash flow risk

The Company has limited foreign currency denominated transactions and is therefore not exposed to movements in foreign exchange rates.

Credit risk

The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. The Company mitigates this risk by ensuring that its counterparties do not represent excessive credit risk prior to the agreement of any transaction.

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers, who tend to be global, blue chip corporations with high credit ratings. Exposure to counterparties is reviewed on a regular basis to avoid any excessive reliance on a single counterparty.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company is a party to a £37.5 million Receivables Financing facility as part of the senior sterling term and multicurrency facility agreement with HSBC bank.

The Directors monitor compliance with financial covenants related to this facility agreement on an ongoing basis.

Interest rate risk

The Receivables Financing Agreement bears interest at HSBC Bank plc's bank base rate plus margin and is therefore exposed to interest rate risk. The Company has not put in place any hedging arrangements in relation to movements in base rate.

Dividend

The directors do not recommend the payment of a dividend on the ordinary shares or the 'A' ordinary shares (2009: £nil).

Directors

The current directors are listed on page 1.

There have been no changes to directors during the year or since the year end.

Alexander Mann Solutions Limited

Directors' report (continued)

Going concern

In accordance with their responsibilities as Directors, the Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements and they continue to adopt the going concern basis in preparing the financial statements

Refer to note 1 to the accounts for detailed considerations made by the Directors

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the Company intranet and the annual appraisal process

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

Charitable and political contributions

During the period the Company made charitable donations of £1,000 (2009 £1,000). The Company made no political donations in either year

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Each of the persons who is a director at the date of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted with Section 418 of the Companies Act 2006

Approved by the Board of Directors
and signed on behalf of the Board



G Stuart

Director

26 April 2011

Alexander Mann Solutions Limited

Directors' responsibilities statement

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the 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.

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.

Independent auditor's report to the members of Alexander Mann Solutions Limited

We have audited the financial statements of Alexander Mann Solutions Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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). 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 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 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 company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditor's report to the members of Alexander Mann Solutions Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Kate J Houldsworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

26 April 2011

Alexander Mann Solutions Limited

Profit and loss account

Year ended 31 December 2010

	Notes	Year ended 31 December 2010			Year ended 31 December 2009 (Restated – note 1)		
		Adjusted results £'000	Exceptional items £'000	Statutory results £'000	Adjusted results £'000	Exceptional items £'000	Statutory results £'000
Turnover		346,811	-	346,811	233,639	-	233,639
Cost of sales		(288,784)	-	(288,784)	(192,202)	-	(192,202)
Gross profit		<u>58,027</u>	<u>-</u>	<u>58,027</u>	<u>41,437</u>	<u>-</u>	<u>41,437</u>
Administrative expenses	5	(51,086)	(3,340)	(54,426)	(37,713)	(4,029)	(41,742)
Operating profit/(loss)		<u>6,941</u>	<u>(3,340)</u>	<u>3,601</u>	<u>3,724</u>	<u>(4,029)</u>	<u>(305)</u>
Finance charges (net)	4			(1,981)			(1,305)
Profit/(loss) on ordinary activities before taxation	5, 6			<u>1,620</u>			<u>(1,610)</u>
Tax on profit/(loss) on ordinary activities	7			(522)			(534)
Profit/(loss) on ordinary activities after taxation for the financial year				<u><u>1,098</u></u>			<u><u>(2,144)</u></u>

All of the results presented above derive from continuing operations

There have been no recognised gains or losses attributable to the shareholders other than disclosed in the profit and loss account for the current year and preceding financial year and accordingly, no separate statement of total recognised gains and losses is presented


Alexander Mann Solutions Limited

Balance sheet 31 December 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	8	1,130	1,170
Investments	9	223	216
		<u>1,353</u>	<u>1,386</u>
Current assets			
Debtors	10	96,939	86,896
Cash at bank and in hand		6	8
		<u>96,945</u>	<u>86,904</u>
Creditors: amounts falling due within one year	11	(87,150)	(78,418)
Net current assets		<u>9,795</u>	<u>8,486</u>
Total assets less current liabilities		<u>11,148</u>	<u>9,872</u>
Provision for liabilities	12	(403)	(225)
Net assets		<u>10,745</u>	<u>9,647</u>
Capital and reserves			
Called up share capital	14	90	90
Profit and loss account	15	10,655	9,557
Total shareholders' funds	16	<u>10,745</u>	<u>9,647</u>

The financial statements of Alexander Mann Solutions Limited, registered number 2073305, were approved by the board of directors and authorised for issue on 26 April 2011

Signed on behalf of the Board of Directors


G Stuart
Director

Alexander Mann Solutions Limited

Notes to the financial statements Year ended 31 December 2010

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding year.

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The principal accounting policies adopted are described below and have been applied consistently throughout the year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Prior year comparatives

These financial statements disclose all figures to the nearest thousand. This is a departure from the prior year, when figures were disclosed to the nearest pound, and so the prior year figures have been appropriately rounded to allow easy comparison.

Prior year restatement

Management consider that, as the gross margin (Net Fee Income) metric is a key internal indicator of business performance, the cost of sales figure for each company should be analysed as the costs incurred in calculating net fee income and should not include any element of employee salary costs. This presentation is consistent with internal management accounts and the Group consolidated accounts and has been re-presented this year to offer what management consider as the most informative perspective on trading. The effect of this restatement has been to move £19,755,000 of costs from cost of sales to administrative expenses in 2009. This reclassification has no impact on operating profit.

Adjusted results

Management believe that the adjusted results provide additional useful information on the underlying trading performance. This measure is also used for internal performance analysis. The term "adjusted" is not defined under UK GAAP and may not therefore be comparable with similarly titled profit measures reported by other companies. It is not intended as a substitute for, or superior to UK GAAP measurements of profit. The adjustments made are in respect of exceptional costs. These costs consist primarily of impairment charges against fixed asset investments, restructuring and reorganisation costs incurred by the Company as a result of reorganising and integrating acquired businesses, onerous contract provisions and refinancing costs.

Cash flows

The Company has taken advantage of the exemption in Financial Reporting Standard 1 "Cash Flow Statements" from the requirement to produce a cash flow statement because its ultimate parent company, Newincco 780 Limited, which prepares publicly available consolidated financial statements, in which the results of Alexander Mann Solutions Limited are included, include a cash flow statement. See note 17 for details of the ultimate parent company.

Consolidation

Consolidated accounts have not been prepared because the Company's results are consolidated in the publicly available accounts of Newincco 780 Limited, a company incorporated in Great Britain. Accordingly, these financial statements represent information about the Company as an individual undertaking and not about the group.

Related party transactions

The Company has taken advantage of the exemption in FRS 8 "Related Party Transactions" from disclosing transactions with other 100% owned subsidiaries of the group headed by Newincco 780 Limited on the basis that it is a wholly owned subsidiary of Newincco 780 Limited, a company incorporated in Great Britain.

Alexander Mann Solutions Limited

Notes to the financial statements Year ended 31 December 2010

1 Accounting policies (continued)

Going concern

The Company is party to an invoice discounting facility of £37.5 million and uses this facility to meet its working capital requirements. This facility does not expire until 31 December 2014. In addition, one of the Company's intermediate parent companies, Newincco 781 Limited, has a £7 million revolving facility which also expires on 31 December 2014.

The Company is a guarantor of sterling denominated senior term loans totalling £17.4 million and a mezzanine term loan of £7.7 million which were put in place to fund the acquisition by the Company of Capital Resource Consulting Group Limited and the acquisition by Newincco 780 Limited of Alexander Mann Group Limited.

At 31 December 2010, the expiry dates and the amounts drawn by various companies within the Group were as follows:

	Facility £'000	Drawn £'000	Expiry Date
Invoice Discounting Facility	37,500	17,996	31 December 2014
Revolving Facility	7,000	3,426	31 December 2014
Term Loan A	4,396	4,396	30 September 2014
Term Loan B	7,059	7,059	31 December 2015
Term Loan C	5,945	5,945	31 December 2016
Mezzanine Loan	7,700	7,700	31 December 2017

The above facilities from HSBC Bank plc are subject to compliance with various financial covenants. A breach of one or more financial covenants could result in the Group's debt becoming immediately payable and amounts owed by the Company through the invoice discounting facility would also become repayable.

As a result of the cross guarantees in place over the Group's debt, the going concern of the Company is dependent on the going concern of the Group. The Board has reviewed the Group's forecasts for the financial year ending 31 December 2011 and its forecast for the six months ending 30 June 2012. These forecasts, which take into account the Board's future expectations of the Group's performance, indicate that there is sufficient headroom within the bank facilities for the Group to continue to operate within those facilities and to comply with the financial covenants. The Directors considered factors likely to affect future development, performance and financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to business activities and have agreed a number of actions to mitigate these effects.

The Directors believe that the Group and the Company are adequately placed to manage their business risks successfully despite the current uncertain economic outlook and challenging macro economic conditions.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Alexander Mann Solutions Limited

Notes to the financial statements Year ended 31 December 2010

1 Accounting policies (continued)

Tangible fixed assets

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

Fixtures and fittings	Four years straight line basis
Plant and machinery	Four years straight line basis
Computer equipment	Three years straight line basis

Residual value is calculated on prices prevailing at the date of acquisition, with review at each year end and adjustment if appropriate.

Investments

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

Bid, transformation and implementation costs on Recruitment Process Outsourcing contracts

In accordance with 'UITF 34 Pre-contract costs', costs are not recognised as an asset unless it is virtually certain that a contract will be obtained and the contract is expected to result in future net cash inflows with a present value not less than the amounts recognised as an asset.

Costs of implementation projects, including directly attributable sales and marketing costs, are written off on a straight-line basis over the period commencing with service delivery to the client and ending at the earlier of contract end date or point of earliest possible termination at will by the client.

The costs of computer hardware and software are capitalised and depreciated in accordance with the accounting policy for tangible fixed assets.

Taxation

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, using rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Alexander Mann Solutions Limited

Notes to the financial statements Year ended 31 December 2010

1 Accounting policies (continued)

Turnover and segmental information

Turnover represents the sales value of services provided to outside customers in the normal course of business, net of VAT and other sales-related taxes, together with fees and commissions earned in respect of gross revenue. The company operates one class of business, that of recruitment business process outsourcing and executive search.

Revenue from contract sales is recognised in line with the service delivered by the contractor to the extent that the company gains the right to consideration over the resulting revenue.

Permanent placements are billed on the earlier of start date or offer date depending on the terms of the contractual agreement with the client.

Turnover, pre-tax profit and net assets all relate materially to the United Kingdom.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the year to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter year is used.

Pension costs

Pension costs relate to defined contribution schemes. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Invoice discounting

Finance and transaction costs related to invoice discounting are recognised in the profit and loss account as incurred.

2 Directors' emoluments

	2010 £'000	2009 £'000
Directors' remuneration		
Emoluments	749	694
Pension contributions	56	56
	<u>805</u>	<u>750</u>

The number of directors who were members of pension schemes was 3 (2009: 3).

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2010 £'000	2009 £'000
Emoluments	290	260
Contributions to personal pension scheme	19	19
	<u>309</u>	<u>279</u>

Alexander Mann Solutions Limited

Notes to the financial statements Year ended 31 December 2010

3 Staff costs

	2010 No.	2009 No.
Average number of persons employed (including directors)		
Sales	491	444
Administration	134	124
	<u>625</u>	<u>568</u>
Staff costs during the period (including directors)	£'000	£'000
Wages and salaries	27,886	25,984
Social security costs	2,927	2,565
Pension costs	604	466
	<u>31,417</u>	<u>29,015</u>

4 Finance charges (net)

	2010 £'000	2009 £'000
Investment income		
Interest receivable and similar income	<u>30</u>	<u>161</u>
Interest payable and similar charges		
Bank loans and overdrafts	1,540	1,144
Invoice factoring charges	<u>471</u>	<u>321</u>
	<u>2,011</u>	<u>1,465</u>
Investment income	30	160
Less interest payable and similar charges	<u>(2,011)</u>	<u>(1,465)</u>
Finance charges (net)	<u>(1,981)</u>	<u>(1,305)</u>

Alexander Mann Solutions Limited

Notes to the financial statements Year ended 31 December 2010

5 Profit/(loss) on ordinary activities before taxation

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activities before taxation is after charging:		
Depreciation and amortisation		
capitalised pre-trade implementation costs (note 10)	1,942	1,571
owned tangible fixed assets (note 7)	742	588
Operating lease rentals		
- Property	203	301
Auditor's remuneration		
Fees payable to the company's auditor for the audit of the company's annual accounts	80	80
Fees payable to the company's auditor for other services		
- Tax services	50	50
- Other services	20	20
	<u> </u>	<u> </u>

6 Exceptional items within administrative expenses

	2010 £'000	2009 £'000
Redundancy and staff reorganisation costs	563	997
Onerous lease provisions and lease exit costs	-	123
Onerous contract provisions and contract exit costs	1,125	-
Financing exit costs	-	239
Impairment of investment in Capital Resource Consulting Group Limited	-	2,439
Abortive acquisition costs	-	91
Re-financing costs	1,576	-
Other costs	76	140
	<u> </u>	<u> </u>
	3,340	4,029

Onerous contract provision and contract exit costs

The Company has written off deferred costs and provided in full against the future costs arising from a supplier outsourcing contract

Re-financing costs

The Company incurred professional and banking fees in connection with a re-financing proposal

Alexander Mann Solutions Limited

Notes to the financial statements Year ended 31 December 2010

7. Tax on profit/(loss) on ordinary activities

	2010 £'000	2009 £'000
UK corporation tax at 28% (2009 28%)	137	-
Amounts payable to fellow group undertakings in respect of losses surrendered	353	277
	490	277
Adjustments to prior years' tax provisions		
- UK corporation tax	(29)	601
- Amounts receivable from/ (payable to) fellow group undertakings in respect of losses surrendered	139	(316)
Total current tax	600	562
Deferred tax (credit)	(78)	(28)
Total tax charge	522	534

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activities before tax	1,620	(1,610)
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 28% (2009 28%)	454	(451)
Effects of		
Disallowed expenses in excess of non-taxable income	25	746
Capital allowances in excess of depreciation	16	(10)
Other timing differences	(5)	(7)
Adjustment in respect of prior years	110	284
Total current tax charge	600	562

Alexander Mann Solutions Limited

Notes to the financial statements Year ended 31 December 2010

8. Tangible fixed assets

	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2010	2,745	742	3,487
Additions	704	7	711
Disposals	(8)	(2)	(10)
At 31 December 2010	3,441	747	4,188
Accumulated depreciation			
At 1 January 2010	2,019	297	2,316
Charge for the year	526	216	742
Disposals	-	-	-
At 31 December 2010	2,545	513	3,058
Net book value			
At 31 December 2010	896	234	1,130
At 31 December 2009	726	444	1,170

9. Fixed asset investments

	Subsidiaries £'000
Cost	
At 1 January 2010	2,654
Additions in the year	7
At 31 December 2010	2,661
Impairment	
At 1 January and 31 December 2010	2,438
Net book value	
At 31 December 2010	223
At 31 December 2009	216

The addition in the period relates to the costs of incorporation of Alexander Mann Solutions s r o and Alexander Mann Solutions KFT, companies based respectively in the Czech Republic and Hungary

Alexander Mann Solutions Limited

Notes to the financial statements Year ended 31 December 2010

9 Fixed assets investments (continued)

The company has investments in the following subsidiaries

	Country of Incorporation	Proportion of ordinary shares held %
Subsidiary undertakings		
Alexander Mann Solutions GmBH	Germany	100%
Alexander Mann Solutions ApS	Denmark	100%
Alexander Mann Solutions AB	Sweden	100%
Alexander Mann Solutions GmbH	Switzerland	100%
Alexander Mann Solutions S P A	Italy	100%
Alexander Mann Solutions Poland Sp Zo o	Poland	100%
Alexander Mann Solutions BVBA	Belgium	100%
Alexander Mann Solutions S A R L	France	100%
Alexander Mann Solutions BPO (Singapore) Pte Ltd	Singapore	100%
Alexander Mann Solutions Corporation	USA	100%
Alexander Mann Solutions BV	Holland	100%
AMS Recruitment Process Outsourcing S L	Spain	100%
Alexander Mann Solutions K K	Japan	100%
Alexander Mann Solutions (HK) Limited	Hong Kong	100%
Alexander Mann Solutions s r o	Czech Republic	100%
Alexander Mann Solutions KFT	Hungary	100%
Alexander Mann Solutions Private Ltd (India)	India	100%
Alexander Mann Solutions SA (Costa Rica)	Costa Rica	50%
Capital Resource Consulting Group	United Kingdom	100%
Capital Resource Consulting Ltd	United Kingdom	100%
Interim Capital Ltd (Dormant)	United Kingdom	100%
Capital Resource Consulting Singapore PTE Limited	Singapore	100%
Alexander Mann BPO (HK) Ltd	Hong Kong	100%
Alexander Mann Outsourcing Solutions Limited	Ireland	100%
Alexander Mann BPO HK Limited)	Hong Kong	100%
Capital Resource Consulting GmbH	Germany	100%
Alexander Mann Group Asia Pacific Pty Limited	Australia	14%

Alexander Mann Solutions CA (Costa Rica) is 50% owned by a fellow group company Alexander Mann Associates Limited Alexander Mann Group Asia Pacific Pty Limited is 86% owned by Alexander Mann Associates Limited

The principal activity of all the subsidiary undertakings is that of recruitment process outsourcing

Alexander Mann Solutions Limited

Notes to the financial statements Year ended 31 December 2010

10. Debtors

Amounts falling due within one year	2010 £'000	2009 £'000
Trade debtors	37,643	31,076
Amounts owed by group undertakings	40,338	41,235
Other debtors	659	1,084
Deferred tax asset (note 13)	331	253
Prepayments and accrued income	13,239	7,552
Amounts recoverable on contracts	4,729	5,696
	<u>96,939</u>	<u>86,896</u>

All amounts shown under debtors fall due for payment within one year

The Company is one of several group companies that are party to an invoice discounting facility, under the terms of which any funds advanced to the company by the discounting house are secured against the company's trade debtors

The Company has entered into cross-guarantees in relation to the discounted liabilities of the other group companies that are party to the invoice discounting facility. The Directors do not believe that any liability to the company will arise from these cross-guarantees

Implementation costs of £4,729,000 (2009 £5,696,000) are in respect of new Recruitment Process Outsourcing contracts. These are capitalised as 'Amounts recoverable on contracts' and written off in accordance with the company's accounting policy. Implementation costs capitalised in the year were £975,000 (2009 £3,473,000), and amounts amortised were £1,942,000 (2009 £1,571,000)

11 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Bank loans and overdrafts	3,426	-
Amounts owed to discounting house	13,961	19,127
Trade creditors	2,235	2,061
Amounts owed to parent undertaking	664	664
Amounts owed to group undertakings	12,412	16,864
Corporation tax	688	583
Other taxation and social security	5,182	4,053
Other creditors	13	124
Accruals and deferred income	48,569	34,942
	<u>87,150</u>	<u>78,418</u>

Bank loans and overdrafts are secured by a floating charge over all assets of the group headed by Newincco 780 Limited

Amounts owed to discounting house are secured over eligible trade debtors of the same group

Amounts owed to parent and group undertakings are non-interest bearing and are repayable on demand

Alexander Mann Solutions Limited

Notes to the financial statements Year ended 31 December 2010

12 Provision for liabilities and charges

	Onerous lease provisions £'000	Onerous contract provision £'000	Total provisions £'000
At 31 December 2009	225	-	225
Utilised during the year	(147)	-	(147)
Charge to profit and loss account	-	325	325
At 31 December 2010	<u>78</u>	<u>325</u>	<u>403</u>

Onerous lease provision

The Company has recognised in full the future cost of rent and business rates payable on unoccupied leasehold premises. The underlying lease will expire within one year.

Onerous contract provision

The Company has provided in full against the future cost of a contract where it is presumed that the cost of servicing the contract will exceed the benefit accruing to the Company. The underlying contract will be terminated within one year of the balance sheet date.

13 Deferred taxation

	£'000
At 1 January 2010	253
Credited to profit and loss account	<u>78</u>
At 31 December 2010	<u>331</u>

	2010 £'000	2009 £'000
The amounts of deferred taxation provided at 27% are		
- Depreciation in excess of capital allowances	<u>331</u>	<u>253</u>

The deferred tax asset has been recognised on the basis that it is considered more likely than not that there will be suitable taxable profits in the entity from which the future reversal of the underlying timing differences can be deducted. There are no unprovided deferred tax assets.

Alexander Mann Solutions Limited

Notes to the financial statements Year ended 31 December 2010

14. Called up share capital

	2010 £'000	2009 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
100 'A' ordinary shares of 1p each	-	-
	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
90,000 ordinary shares of £1 each	90	90
100 'A' ordinary shares of 1p each	-	-
	<u>90</u>	<u>90</u>

The 'A' ordinary shares rank pari passu in all respects with the ordinary shares of £1 except that the holders have the following rights

- for every 'A' ordinary share held by a member, that member shall have 10,000,000 votes at any meeting of the company on a poll,
- each 'A' ordinary share shall be entitled to a dividend of 10,000,000 times the value of any dividend on each of the ordinary shares, and
- on a winding-up of the company each 'A' ordinary share will be entitled to 10,000,000 times the value paid on each ordinary share

15. Profit and loss account

	£'000
1 January 2010	9,557
Profit for the year	<u>1,098</u>
31 December 2010	<u>10,655</u>

16. Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Opening shareholders' funds	9,647	11,791
Profit/(loss) for the year	<u>1,098</u>	<u>(2,144)</u>
Closing shareholders' funds	<u>10,745</u>	<u>9,647</u>

Alexander Mann Solutions Limited

Notes to the financial statements Year ended 31 December 2010

17. Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	2010 £'000	2009 £'000
Land and buildings		
Expiry date		
- within one year	370	-
- between one and two years	-	370

18. Contingent liabilities

The Company is a co-guarantor to the borrowings of the group headed by Newincco 780 Limited, of which it is a member. Refer to note 1 for the amounts drawn under the facilities.

19. Ultimate controlling party

Alexander Mann Group Limited, a company incorporated in Great Britain and registered in England and Wales, is the immediate parent company.

The Directors consider Newincco 780 Limited, a company incorporated in Great Britain and registered in England and Wales to be the ultimate controlling party.

Newincco 780 Limited is the parent company of the largest and smallest group of which the company is a member and for which consolidated financial statements are drawn up. Copies of the consolidated financial statements of the ultimate parent company are available from 3 Waterhouse Square, 138-142 Holborn, London EC1N 2SW.