

Carlisle Staffing Services Limited

Report and financial statements for the year ended 31 March 2003

Registered No. 2849488



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Carlisle Staffing Services Limited

Report and financial statements for the year ended 31 March 2003

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Carlisle Staffing Services Limited

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Company information

Registered office

St Florian House
Milton Road
Wokingham
Berkshire
RG40 1EN

Directors

R J Bradford
I G Robinson

Company secretary

I G Robinson

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Report of the directors for the year ended 31 March 2003

The directors present their report and the audited financial statements of the company for the year ended 31 March 2003.

Review of the business

The principal activity of the company is that of an investment holding company.

Both the level of business and year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The retained loss for the financial year amounted to £274,000 (2002: £5,465,000) which has been transferred from reserves. The directors do not recommend the payment of a dividend.

Directors

The following have served as directors during the year:

R J Bradford

I G Robinson

Southtown Limited (resigned 28 February 2003)

During the year under review no director had any beneficial interest in the share capital of the company.

Under Statutory Instrument No. 802 made under the authority of Section 324(3) of the Companies Act 1985, the directors' interests in the share capital of the ultimate parent undertaking need not be disclosed.

Report of the directors for the year ended 31 March 2003 (continued)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year, and of the profit and loss for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. PricewaterhouseCoopers LLP continue in office as, in accordance with Section 386 of the Companies Act 1985, the company has made an elective resolution to dispense holding an annual general meeting.

By order of the board



I G Robinson
Director

30 September 2003

Independent auditors' report to the members of Carlisle Staffing Services Limited

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We have audited the financial statements on pages 5 to 15, which comprise the profit and loss account, balance sheet and related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state the company's affairs at 31 March 2003 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Profit and loss account for the year ended 31 March 2003

	Notes	2003 £'000	2002 £'000
Income from intragroup recharges		-	3,124
Administrative expenses		-	(3,948)
Operating profit (loss)	4	-	(824)
Interest receivable and similar income	5	431	170
Interest payable and similar charges	6	(2,264)	(2,601)
Dividends receivable from subsidiary undertakings		1,272	7,813
(Loss) profit on ordinary activities before taxation		(561)	4,558
Tax on (loss) profit on ordinary activities	7	540	907
Retained (loss) profit for the financial year	13	(21)	5,465

All amounts relate to continuing activities.

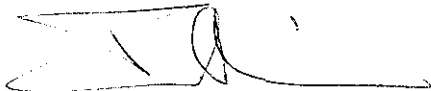
No statement of recognised gains and losses is required as there are no recognised gains or losses other than the results detailed above.

There is no difference between the results reported above and the equivalent results calculated on an unmodified historical cost basis.

Balance sheet as at 31 March 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	8	-	1,528
Investments	9	41,154	40,153
		<u>41,154</u>	<u>41,681</u>
Current assets			
Debtors	10	17,468	20,479
Creditors: amounts falling due within one year	11	(50,118)	(53,635)
Net current liabilities		<u>(32,650)</u>	<u>(33,156)</u>
Net assets		<u>8,504</u>	<u>8,525</u>
Capital and reserves			
Called up share capital	12	6,000	6,000
Share premium account	13	2,000	2,000
Profit and loss account	13	504	525
Equity shareholders' funds	14	<u>8,504</u>	<u>8,525</u>

The financial statements on pages 5 to 15 were approved by the board of directors on 30 September 2003 and were signed on its behalf by:



I G Robinson - Director

Notes to the financial statements for the year ended 31 March 2003

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom, and on the basis of continuing financial support from group undertakings.

The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it is included in the consolidated financial statements of Carlisle Staffing Services Holdings Limited.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided so as to write off the cost less the estimated residual value of each asset on a straight line basis over its estimated useful life, as follows:

Leasehold improvements	-	Over the length of the lease
Computer equipment	-	25% per annum
Fixtures and fittings	-	15% to 20% per annum

Fixed assets investments

Fixed asset investments are stated at cost less any provision required for any impairment in value.

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension payments

Contributions payable to defined contribution pension schemes and to employees' pension schemes are charged to the profit and loss account in the year to which they relate.

Deferred taxation

Deferred taxation is provided on all timing differences, subject to certain exceptions, where the transaction or events that give rise to an obligation to pay additional tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Deferred tax assets are recognised when it is considered more likely than not that they will be recovered in the future. Deferred tax is measured using rates of tax that have been enacted at the balance sheet date.

**Notes to the financial statements
for the year ended 31 March 2003 (continued)****1 Principal accounting policies (continued)****Cash flow statement**

In accordance with FRS 1 (Revised) the company has not prepared a statement of cash flows for the current year as it is a wholly owned subsidiary of Carlisle Holdings Limited, who publishes consolidated financial statements which include a consolidated cash flow statement.

2 Staff costs and numbers

Staff costs during the year were:

	2003	2002
	£'000	£'000
Wages and salaries	-	1,902
Social security costs	-	209
Other pension costs	-	73
	<u>-</u>	<u>2,184</u>

Staff costs for the year ended 31 March 2002 were borne by Carlisle Staffing plc.

The average number of employees during the year was:

	2003	2002
	Number	Number
Office and management	-	59
	<u>-</u>	<u>59</u>

**Notes to the financial statements
for the year ended 31 March 2003 (continued)**

3 Directors' emoluments

	2003 £'000	2002 £'000
Remuneration (including benefits in kind)	-	352
Pension contributions	-	31
	<u>-</u>	<u>383</u>

Directors' emoluments for the year ended 31 March 2003 were borne by Carlisle Staffing plc.

During the year ended 31 March 2002, the emoluments of the highest paid director were £221,000, plus pension contributions towards a defined contribution scheme of £20,000, and the number of directors for whom contributions were made towards defined contribution pension schemes was 2.

4 Operating profit (loss)

	2003 £'000	2002 £'000
Operating profit (loss) is stated after charging:		
Depreciation of tangible fixed assets	-	383
Operating lease rentals		
- land and buildings	-	100
- plant and equipment	-	82
Auditors' remuneration	<u>-</u>	<u>99</u>

Auditors' remuneration for the current year was borne Carlisle Staffing plc.

5 Interest receivable and similar income

	2003 £'000	2002 £'000
Intercompany interest receivable	178	162
Other interest receivable	-	8
Foreign exchange gain on intercompany balances	<u>253</u>	<u>-</u>
	<u>431</u>	<u>170</u>

**Notes to the financial statements
for the year ended 31 March 2003 (continued)**

6 Interest payable and similar charges

	2003 £'000	2002 £'000
Bank interest payable	-	337
Intercompany interest payable	2,264	2,264
	<u>2,264</u>	<u>2,601</u>

7 Tax on (loss) profit on ordinary activities

	2003 £'000	2002 £'000
Group relief receivable in respect of current year	(550)	(977)
Adjustment in respect of prior years	10	70
	<u>(540)</u>	<u>(907)</u>

	2003 £'000	2002 £'000
(Loss) profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(168)	1,367
Dividends not subject to UK corporation tax	(382)	(2,344)
Adjustment in respect of prior years – net	10	70
	<u>(540)</u>	<u>(907)</u>

**Notes to the financial statements
for the year ended 31 March 2003 (continued)**

8 Tangible fixed assets

	Short leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2002	133	1,925	239	2,297
Transfer to group company	(133)	(1,925)	(239)	(2,297)
At 31 March 2003	-	-	-	-
Depreciation				
At 1 April 2002	81	514	174	769
Transfer to group company	(81)	(514)	(174)	(769)
At 31 March 2003	-	-	-	-
Net book values				
At 31 March 2003	-	-	-	-
At 31 March 2002	52	1,411	65	1,528

**Notes to the financial statements
for the year ended 31 March 2003 (continued)**

9 Fixed asset investments

	Interest in group undertakings £'000
At 1 April 2002	40,153
Additions	1,001
At 31 March 2003	<u>41,154</u>

In December 2002, the company acquired the entire issued share capital of Unicare Services Limited for an aggregate cash consideration of £1,001,000.

The list of principal subsidiary undertakings at 31 March 2003 is as follows:

Name of subsidiary	Country of incorporation or registration	Principal activity
Carlisle Staffing plc	England and Wales	Employment services
Unicare Services Limited	England and Wales	Employment services
Carlisle Staffing Services Ireland Limited	Republic of Ireland	Holding company
Abacus Recruitment (Holdings) Limited	England and Wales	Non-trading
Abacus Recruitment Limited	England and Wales	Non-trading
Agency Cover Limited	England and Wales	Non-trading
Aspillo Limited	England and Wales	Non-trading
Barker Personnel Services Limited	England and Wales	Non-trading
Celsian Group Limited	England and Wales	Non-trading
Centre Point Group Limited	England and Wales	Non-trading
First Call Educational Services Limited	England and Wales	Non-trading
Recruit Limited	England and Wales	Non-trading
Spark Recruitment Limited	England and Wales	Non-trading
Stirling Recruitment Group Limited	England and Wales	Non-trading
Tate Services (BVI) Limited	British Virgin Islands	Non-trading

Unless otherwise stated (a) all companies are incorporated and operating in Great Britain and registered in England and Wales; and (b) the proportion of the nominal value of shares and the voting rights held comprises 100 per cent.

**Notes to the financial statements
for the year ended 31 March 2003 (continued)**

10 Debtors

	2003 £'000	2002 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	17,468	18,803
Other debtors	-	1,394
Prepayments and accrued income	-	282
	<u>17,468</u>	<u>20,479</u>

11 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Bank overdraft (secured)	66	4,580
Trade creditors	-	394
Amounts owed to group undertakings	49,979	47,809
Corporation tax	-	5
Accruals and deferred income	73	847
	<u>50,118</u>	<u>53,635</u>

12 Called up share capital

	2003 £'000	2002 £'000
Authorised		
Equity: 6,000,000 ordinary shares of £1 each	6,000	6,000
Non-equity: 666,667 7½% cumulative redeemable convertible preference shares of £1 each	667	667
	<u>6,667</u>	<u>6,667</u>
Allotted, called up and fully paid		
Equity: 6,000,000 ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>

**Notes to the financial statements
for the year ended 31 March 2003 (continued)**

13 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 April 2002	2,000	525
Retained loss for the financial year	-	(21)
At 31 March 2003	<u>2,000</u>	<u>504</u>

14 Reconciliation of movements in equity shareholders' funds

	2003 £'000	2002 £'000
(Loss) profit for the financial year	(21)	5,465
Shareholders' funds at beginning of year	<u>8,525</u>	<u>3,060</u>
Shareholders' funds at end of year	<u>8,504</u>	<u>8,525</u>

15 Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2003 £'000	2002 £'000
Land and buildings		
- expiring between two and five years	<u>-</u>	<u>261</u>
	<u>-</u>	<u>261</u>
Plant and equipment		
- expiring within one year	-	14
- expiring between two and five years	<u>-</u>	<u>11</u>
	<u>-</u>	<u>25</u>
	<u>-</u>	<u>286</u>

**Notes to the financial statements
for the year ended 31 March 2003 (continued)****16 Related party transactions**

The company has taken advantage of the exemption within Financial Reporting Standard 8 not to disclose transactions with other group companies.

17 Contingencies

An unlimited composite banking guarantee exists between the company and certain subsidiary companies and various fellow group undertakings in respect of banking facilities provided to the group in the UK.

The company, together with certain subsidiary undertakings and various fellow group undertakings, has provided a UK guarantee for the financing obligations of Carlisle Finance (Iceland) Ltd., a fellow group undertaking incorporated in Iceland. The guarantee provides a first priority lien on the share capital of each guarantor and on certain other property and assets, including receivables, of each guarantor.

18 Ultimate parent undertaking

The company's immediate parent undertaking is Carlisle Staffing Services Holdings Limited.

As at 31 March 2003, the smallest group in which the company is consolidated was Carlisle Staffing Services Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements of Carlisle Staffing Services Holdings Limited can be obtained from its registered office at St Florian House, Milton Road, Wokingham, Berkshire RG40 1EN.

As at 31 March 2003, the company's ultimate parent undertaking was Carlisle Holdings Limited, a company registered in Belize. Lord Ashcroft, KCMG beneficially owned and controlled 70.6 percent of Carlisle Holdings Limited. Copies of the consolidated financial statements of Carlisle Holdings Limited can be obtained from its registered office at 60 Market Square, Belize City, Belize, Central America.