

Carlisle Staffing Services Limited

Directors' Report and Financial Statements
for the Period from 1 April 2008 to 31 December 2008

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Carlisle Staffing Services Limited

Contents

Company information	1
Directors' report	2 to 4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 to 13

Carlisle Staffing Services Limited

Company Information

Directors	R J Bradford	(resigned 31 July 2008)
	J W Coates	(resigned 31 August 2008)
	D I Pennington	(resigned 31 July 2008)
	D M C Doyle	(appointed 31 July 2008) (resigned 14 May 2009)
	A Burchall	(appointed 31 July 2008)
	R J Watson	(appointed 31 July 2008)
Secretaries	D I Pennington	(resigned 31 July 2008)
	R J Watson	(appointed 31 July 2008)
Registered office	800 The Boulevard Capability Green Luton Bedfordshire LU1 3BA	
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP	
Auditors	PricewaterhouseCoopers LLP 10 Bricket Road St Albans AL1 3JX	

Carlisle Staffing Services Limited
Directors' Report for the Period Ended 31 December 2008

The directors present their report and the audited financial statements for the period ended 31 December 2008.

Directors' responsibilities

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). The financial statements are required by law to 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 those financial statements, directors are required to:

- select suitable accounting policies and 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

Directors' statement regarding disclosure of information to auditors

The directors who held office at the date of the approval of this directors' report confirm that they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that, as far as they are aware, there is no relevant audit information of which the company's auditors are unaware of.

Principal activity

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

Business review and future developments

The Directors' report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small entities.

Carlisle Staffing Services Limited

Directors' Report for the Period Ended 31 December 2008

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Results and dividends

The loss for the financial year amounted to £5,672,000 (31 March 2008: loss of £1,412,000) which has been transferred to reserves. The directors do not recommend the payment of a dividend (March 2008: nil). Further details are set out in the profit and loss account on page 6.

The company's balance sheet as at 31 December 2008 is in a net liability position. The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future, having adequate funds available to it to meet its obligations as they fall due. The company's ultimate parent undertaking, Impellam Group plc, has provided a written letter of support confirming to the directors its intention to provide the company with all such financial support as is required to enable it to fulfil all of its obligations and other commitments falling due for the foreseeable future. It is therefore on this basis that the directors have, accordingly, prepared the financial statements on the going concern basis.

Insurance

The Impellam group, of which the company is a member, maintains a comprehensive insurance programme with a number of reputable third party underwriters. These insurance policies are reviewed annually to ensure that there is adequate cover for insurable risks and that the terms of those policies are optimised.

Principal risks facing the business

The principal risks and uncertainties of the Impellam Group plc ("the Group"), which include those of the company, are discussed in the Group Financial Director's Report in the group's annual report which does not form part of this report. The group's Business and financial risks are managed at a group level, rather than at an individual company level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of the company.

Directors

The directors who held office during the period under review and up to the date of signing the financial statements were as follows:

- R J Bradford (resigned 31 July 2008)
- J W Coates (resigned 31 August 2008)
- D I Pennington (resigned 31 July 2008)
- D M C Doyle (appointed 31 July 2008)
(resigned 14 May 2009)
- A Burchall (appointed 31 July 2008)
- R J Watson (appointed 31 July 2008)

Directors' indemnity provisions

During the year and to the date of these accounts, the group had in force an indemnity provision in favour of one or more Directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985.

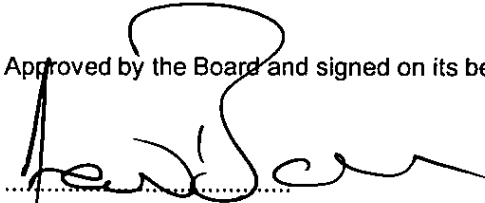
Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Carlisle Staffing Services Limited
Directors' Report for the Period Ended 31 December 2008

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Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A Burchall', written over a dotted line.

A Burchall
Director

Date: 20/10/09

**Independent Auditors' Report to the Members of
Carlisle Staffing Services Limited**

We have audited the financial statements of Carlisle Staffing Services Limited for the period ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



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PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
St Albans

Date: 20 October 2009

Carlisle Staffing Services Limited
Profit and Loss Account for the Period Ended 31 December 2008

	Note	1 April 2008 to 31 December 2008 £ 000	Year ended 31 March 2008 £ 000
Turnover		-	-
Administrative expenses <i>including exceptional items of £4,537,000 (31 March 2008: £0)</i>		(4,537)	-
Operating loss:			
Excluding exceptional items		-	-
Exceptional costs	4	(4,537)	-
Operating loss	2	(4,537)	-
Other interest receivable and similar income		174	402
Interest payable and similar charges	5	(1,698)	(2,373)
Loss on ordinary activities before taxation		(6,061)	(1,971)
Tax on loss on ordinary activities	7	389	559
Loss for the financial period	12	(5,672)	(1,412)

Turnover and operating loss derive wholly from continuing operations.

The company has no recognised gains or losses for the period other than the results above.

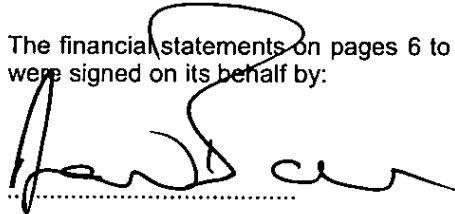
There is no difference between the results reported above and their historical cost equivalents.

The notes on pages 8 to 13 form an integral part of these financial statements.

Carlisle Staffing Services Limited
Balance Sheet as at 31 December 2008

		31 December 2008		31 March 2008	
	Note	£ 000	£ 000	£ 000	£ 000
Fixed assets					
Investments	8		21,854		21,854
Current assets					
Debtors	9	389		5,361	
Creditors: Amounts falling due within one year	10	<u>(45,603)</u>		<u>(44,903)</u>	
Net current liabilities			<u>(45,214)</u>		<u>(39,542)</u>
Net liabilities			<u>(23,360)</u>		<u>(17,688)</u>
Capital and reserves					
Called up share capital	11		6,000		6,000
Share premium reserve	12		2,000		2,000
Profit and loss reserve	12		<u>(31,360)</u>		<u>(25,688)</u>
Shareholders' deficit	13		<u>(23,360)</u>		<u>(17,688)</u>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 20/10/09 and were signed on its behalf by:



A Burchall
Director

The notes on pages 8 to 13 form an integral part of these financial statements.

Carlisle Staffing Services Limited

Notes to the Financial Statements for the Period Ended 31 December 2008

1 Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985.

Going concern

These financial statements have been prepared on the going concern basis.

As at 31 December 2008 the company had net liabilities amounting to £23,360,000. The company is dependent, in the absence of other funding, on the continued support of the ultimate parent company, Impellam Group plc. The ultimate parent company has confirmed that it will continue to support the company for a period of at least twelve months from the date the accounts are signed. On this basis, the directors consider it appropriate to prepare the accounts on the going concern basis.

Fixed asset investments

Fixed asset investments are stated at cost less accumulated provision for impairment. The carrying value of investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

Current tax is recognised at the amounts estimated to be payable or recoverable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are recognised, subject to certain exceptions, in respect of all material timing differences between the recognition of gains and losses in the accounts and for tax purposes. Those timing differences recognised may include accelerated capital allowances, unrelieved tax losses and short term timing differences. Timing differences not recognised include those relating to the revaluation of fixed assets in the absence of a commitment to sell the revalued assets and the gain on sale of assets rolled over into replacement assets in the absence of a commitment to sell the replacement assets.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Carlisle Staffing Services Limited

Notes to the Financial Statements for the Period Ended 31 December 2008

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Cash flow statement

The company has taken advantage of the exemption under Financial Reporting Standard No. 1 (revised 1996) not to publish a cash flow statement as it is a wholly owned subsidiary of Impellam Group plc, which has prepared consolidated financial statements which are publicly available.

Consolidation

The company is exempt under Section 228 of The Companies Act 1985 from the requirement to prepare group accounts because it is a wholly owned subsidiary of Impellam Group plc which prepares consolidated accounts which are publicly available. Accordingly, these accounts are those of the company and not of its group.

2 Operating loss

Audit fee for the current period and prior year was borne by Carlisle Group plc.

3 Particulars of employees

Other than the directors, the company had no employees throughout the year.

The directors who held office during the period were also directors of the ultimate parent undertaking and/or of fellow subsidiaries. Total remuneration, including company contributions to a money purchase pension scheme and compensation for loss of office, received by directors but not included above totalled £1,350,188 (March 2008: nil) paid by the ultimate parent company or by other subsidiaries. Three of these directors were members of money purchase schemes during the period (March 2008: nil). The directors do not believe that it is practicable to apportion this amount between services as directors to the company and services as directors of the ultimate parent company and of fellow subsidiary companies.

During the period, two directors (March 2008: none) exercised options over shares in the ultimate parent company.

4 Exceptional items

	1 April 2008 to 31 December 2008 £ 000	Year ended 31 March 2008 £ 000
Impairment of group loans	4,537	-

Exceptional items relate to the impairment of various loans to fellow group companies which have been assessed as not currently recoverable, as the companies which received the loans have insufficient trade or assets to support the full value of the loans.

5 Interest payable and similar charges

	1 April 2008 to 31 December 2008 £ 000	Year ended 31 March 2008 £ 000
Interest payable to group undertakings	1,698	2,373

Carlisle Staffing Services Limited

Notes to the Financial Statements for the Period Ended 31 December 2008

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6 Interest receivable and similar income

	31 December 2008 £000	31 March 2008 £000
Interest on loans to group undertakings	<u>174</u>	<u>402</u>
	<u>174</u>	<u>402</u>

7 Taxation

Analysis of current period tax credit

	1 April 2008 to 31 December 2008 £ 000	Year ended 31 March 2008 £ 000
Current tax		
Corporation tax charge	<u>(389)</u>	<u>(559)</u>

The effective current tax rate on the loss on ordinary activities before tax can be reconciled to the standard rate of corporation tax (taken to be the standard rate of corporation tax in the UK) as follows:

	31 December 2008 %	31 March 2008 %
Standard rate of tax	28.0	30.0
Transfer pricing adjustments (see below)	-	9.7
Other permanently disallowable/taxable items	(21.0)	4.9
Timing differences:		
Depreciation and similar charges in excess of capital allowances	-	(15.5)
Utilisation of losses brought forward	-	(19.2)
Short term timing differences	-	(0.3)
Losses arising in the year but not utilised	(0.6)	-
Effective current tax rate	<u>6.4</u>	<u>14.5</u>

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008.

UK legislation requires, in broad terms, that most transactions between connected parties be at an arm's length price for tax purposes (commonly known as 'transfer pricing'). As a result, this company is taxable on deemed net interest receivable that has not been recognised in the accounts.

Carlisle Staffing Services Limited

Notes to the Financial Statements for the Period Ended 31 December 2008

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8 Investments

	Shares in group undertakings £ 000
Cost	
As at 1 April 2008 and 31 December 2008	<u>41,154</u>
Provision	
As at 1 April 2008 and 31 December 2008	<u>19,300</u>
Net book value	
As at 31 December 2008	<u>21,854</u>
As at 31 March 2008	<u>21,854</u>

The company holds more than 20% of the share capital of the following companies:

	Country of incorporation	Principal activity	Class	%
Subsidiary undertakings				
Carlisle Staffing Plc	England and Wales	Employment services	Ordinary	100
Carlisle Staffing Services Ireland Limited	Republic of Ireland	Holding company	Ordinary	100
Indigo Selection Limited	England and Wales	Non-trading	Ordinary	100
Tate Appointments Limited	England and Wales	Non-trading	Ordinary	100
Unicare Services Limited	England and Wales		Ordinary	100
Carlisle Managed Solutions Limited	England and Wales	Non-trading	Ordinary	100
Celsian Group Limited	England and Wales	Non-trading	Ordinary	100
Tate Services (BVI) Limited	British Virgin Islands	Non-trading	Ordinary	100
Recruit Limited	England and Wales	Non-trading	Ordinary	100

9 Debtors

	31 December 2008 £ 000	31 March 2008 £ 000
Amounts owed by group undertakings	<u>389</u>	<u>5,361</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

Carlisle Staffing Services Limited

Notes to the Financial Statements for the Period Ended 31 December 2008

..... continued

10 Creditors: Amounts falling due within one year

	31 December 2008 £ 000	31 March 2008 £ 000
Amounts owed to group undertakings	<u>45,603</u>	<u>44,903</u>

Amounts owed to group undertakings are unsecured and repayable on demand; approximately £24 million bears interest at between 8% and 10% per annum and the remainder is interest free.

11 Share capital

	31 December 2008 £	31 March 2008 £
Authorised		
Equity		
6,000,000 ordinary shares of £1 each	6,000,000	6,000,000
666,667 7.5% cumulative redeemable convertible preference shares of £1 each	<u>666,667</u>	<u>666,667</u>
	<u>6,666,667</u>	<u>6,666,667</u>
Allotted, called up and fully paid		
Equity		
6,000,000 ordinary shares of £1 each	<u>6,000,000</u>	<u>6,000,000</u>

12 Reserves

	Share premium reserve £ 000	Profit and loss reserve £ 000	Total £ 000
Balance at 1 April 2008	2,000	(25,688)	(23,688)
Transfer from profit and loss account for the period	<u>-</u>	<u>(5,672)</u>	<u>(5,672)</u>
Balance at 31 December 2008	<u>2,000</u>	<u>(31,360)</u>	<u>(29,360)</u>

13 Reconciliation of movements in shareholders' funds

	31 December 2008 £ 000	31 March 2008 £ 000
Loss attributable to members of the company	(5,672)	(1,412)
Opening shareholders' deficit	<u>(17,688)</u>	<u>(16,276)</u>
Closing shareholders' deficit	<u>(23,360)</u>	<u>(17,688)</u>

Carlisle Staffing Services Limited

Notes to the Financial Statements for the Period Ended 31 December 2008

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14 Contingent liabilities

The company has given cross guarantees as follows:

- a) As part of the invoice discounting facility of the group of which the company is a member; the net aggregate amount outstanding against this facility at 31 December 2008 was £47,711,535.
- b) In respect of the £45 million 10 per cent guaranteed secured notes due 2011; the net aggregate amount outstanding at 31 December 2008 was £20,000,000.

15 Related parties

Controlling entity

The company's immediate parent undertaking is Carlisle Staffing Services Holdings Limited, a company incorporated in Great Britain.

The directors regard Impellam Group plc, a company incorporated in Great Britain, as the ultimate parent undertaking. At 31 December 2008, Lord Ashcroft, KCMG was interested in and controlled 59.1% of Impellam Group plc. This is also the parent undertaking of the largest and smallest group which includes the company and for which group accounts are prepared. Copies of the group accounts of Impellam Group plc will be delivered to, and be available from, the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF14 3UZ.

Related party transactions

The company has taken advantage of the exemption granted to 90% subsidiaries not to disclose transactions with group undertakings under the provisions of Financial Reporting Standard No. 8 "Related Party Disclosures".