

Carlisle Staffing plc

Report and financial statements for the year ended 31 March 2003

Registered No. 2873036



Carlisle Staffing plc

Report and financial statements for the year ended 31 March 2003

	Pages
Company information	1
Report of the directors	2 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 17

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 the provision of employment services.

On 1 April 2002, as part of a group reorganisation, the following transactions were effected:

(a) the trade (employment services) and assets of certain fellow group undertakings (comprising – Agency Cover Limited, Aspillo Limited, Barker Personnel Services Limited, Delta Personnel Limited, First Call Educational Services Limited, Indigo Hewitson Walker Limited, Indigo Selection Limited, Peraworth Limited, Rand Services (Bristol) Limited, Stirling Recruitment (Basildon) Limited, Stirling Recruitment Group Limited, Stirling Recruitment (Southampton) Limited, Stirling Recruitment (West Sussex) Limited, and Tate Appointments Limited) were transferred to the company at an aggregate net book value of approximately £5.4 million, with the consideration being settled through an intercompany loan account.

(b) the company disposed of the entire issued share capital of its subsidiary undertaking, Recruit Retail Services plc, to BMS Limited, a fellow group undertaking, for an aggregate consideration of £50,000. No gain or loss arose on this transaction.

(c) the trade and assets of the company's events employment services business was transferred to Recruit Event Services Limited, a fellow group undertaking, at net book value of approximately £296,000, with the consideration being settled through an intercompany loan account.

Effective 31 March 2003, as part of a group reorganisation, the trade (employment services) and assets of two fellow group undertakings, Centre Point Group Limited and Cornhill Associates Limited, were transferred to the company at an aggregate net book value of approximately £5.9 million, with the consideration being settled through an intercompany loan account.

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 profit for the financial year amounted to £2,989,000 (2002: £2,883,000) which has been transferred to 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)

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

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.

Employee involvement

The nature of the company's activities makes the employment of disabled persons particularly difficult. However, it is the company's policy, wherever practicable, to employ, train, develop and promote disabled persons and to find suitable employment within the company for persons who become disabled during their employment.

It is the company's policy to encourage the free exchange of information throughout the levels of management and staff. Regular meetings are held, designed to further this process.

Policy on payments to suppliers

The company's policy with regard to the payment of its suppliers is to:

- agree the terms of payment at the start of business with that supplier;
- ensure that the suppliers are made aware of the terms of payment; and
- pay in accordance with its contractual and legal obligations.

The company's average creditor payment period at 31 March 2003 was 30 days.

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.

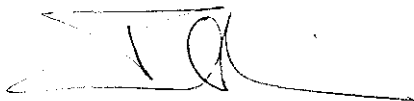
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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. In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of PricewaterhouseCoopers LLP as auditors will be put to the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'I G Robinson', written over a horizontal line.

I G Robinson
Director

30 September 2003

Independent auditors' report to the members of Carlisle Staffing plc

5

We have audited the financial statements on pages 7 to 17, 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.

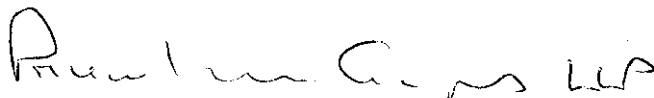
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report to the members of Carlisle Staffing plc (continued)

6

Opinion

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

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers LLP', is written across the page.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

30 September 2003

**Profit and loss account
for the year ended 31 March 2003**

	Notes	2003 £'000	2002 £'000
Turnover		125,178	70,772
Cost of sales		<u>(93,273)</u>	<u>(51,499)</u>
Gross profit		31,905	19,273
Administrative expenses		<u>(27,553)</u>	<u>(14,899)</u>
Exceptional items – restructuring costs	2	<u>-</u>	<u>(86)</u>
Operating profit	3	4,352	4,288
Interest receivable and similar income		<u>8</u>	<u>-</u>
Profit on ordinary activities before taxation		4,360	4,288
Tax on profit on ordinary activities	6	<u>(1,371)</u>	<u>(1,405)</u>
Retained profit for the financial year	13	<u>2,989</u>	<u>2,883</u>

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			
Intangible assets	7	6,023	-
Tangible assets	8	4,139	821
Investments	9	-	50
		<u>10,162</u>	<u>871</u>
Current assets			
Debtors	10	25,726	17,240
Cash at bank and in hand		4,135	133
		<u>29,861</u>	<u>17,373</u>
Creditors: amounts falling due within one year	11	<u>(29,112)</u>	<u>(10,322)</u>
Net current assets		<u>749</u>	<u>7,051</u>
Net assets		<u>10,911</u>	<u>7,922</u>
Capital and reserves			
Called up share capital	12	2,000	2,000
Profit and loss account	13	8,911	5,922
Equity shareholders' funds	14	<u>10,911</u>	<u>7,922</u>

The financial statements on pages 7 to 17 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.

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
Motor vehicles	25% per annum

Operating leases

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

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.

Turnover

Turnover comprises the invoiced value of services provided and goods supplied, net of value added tax.

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 in which they relate.

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.

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

Goodwill arising on acquisitions, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is stated at cost less amortisation.

Goodwill is capitalised and treated as an asset on the balance sheet. Goodwill that is regarded as having a limited estimated useful economic life is amortised through the profit and loss account by equal instalments over such useful economic life. Goodwill that is regarded as having an indefinite life is not amortised. The estimated useful economic life is regarded as indefinite where goodwill is capable of continued measurement and the durability of the acquired business can be demonstrated. In estimating the useful economic life of goodwill arising, account has been taken of the nature of the business acquired, the stability of the industry, the extent of continuing barriers to market entry and the expected future impact of competition. Where goodwill is not amortised an annual impairment review will be performed and any impairment will be charged to the profit and loss account in the year in which it arises. The impairment review involves a comparison of the book value of goodwill with its implied fair market value, by reference to present value techniques, comprising discounted cash flows, based on future revenue and margin projections and plans, with the discount rate based on a risk weighted average cost of capital.

The businesses' recent record has generally been one of consistent growth in both turnover and operating profit. The underlying markets have generally seen consistent growth over many years and the nature of the services offered by each business is likely to continue for a significant number of years. The directors believe that each business has a proven ability to at least maintain its market position over a long period and will adapt successfully to any foreseeable technological or customer-led changes, such that the goodwill will prove to be durable.

Amortising the goodwill over a finite period, as required by the Companies Act, would not give a true and fair view because the durability of the business is such that the directors consider that the value of the goodwill will not reduce over time. Accordingly, the goodwill is not amortised as permitted by FRS 10. Instead an annual impairment test is undertaken and any impairment that is identified will be charged to the profit and loss account. It is not possible to quantify the effect of the departure from the Companies Act, because no finite life for the goodwill can be identified.

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

2 Exceptional items

Exceptional items relate to restructuring of the business.

	2003 £'000	2002 £'000
Redundancy costs	-	80
Other costs	-	6
	<u>-</u>	<u>86</u>

3 Operating profit

	2003 £'000	2002 £'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	1,381	211
Operating lease rentals		
- land and buildings	1,817	712
- plant and equipment	545	362
Auditors' remuneration	<u>123</u>	<u>-</u>

Auditors' remuneration in the prior year was borne by Carlisle Staffing Services Limited.

4 Staff costs and numbers

	2003 £'000	2002 £'000
Staff costs during the year were:		
Wages and salaries	14,949	6,831
Social security costs	1,596	721
Other pension costs	287	93
	<u>16,832</u>	<u>7,645</u>

	2003 Number	2002 Number
The average number of employees during the year was:		
Operational	444	241
Office and management	61	13
	<u>505</u>	<u>254</u>

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

5 Directors' emoluments

	2003 £'000	2002 £'000
Remuneration (including benefits in kind)	456	-
Pension contributions	37	-
	<u>493</u>	<u>-</u>

The emoluments of the highest paid director were £282,000 (2002: £nil), plus pension contributions towards a defined contribution scheme of £23,000 (2002: £nil).

The number of directors for whom contributions were made towards defined contribution pension schemes was 2 (2002: nil).

Directors' emoluments for the year ended 31 March 2002 were borne by Carlisle Staffing Services Limited.

6 Tax on profit on ordinary activities

	2003 £'000	2002 £'000
UK corporation tax at 30 per cent (2002: 30 per cent)	528	-
Group relief payable in respect of current year	885	1,361
Adjustment in respect of prior years	-	44
Group relief receivable in respect of prior years	(42)	-
	<u>1,371</u>	<u>1,405</u>

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

6 Tax on profit on ordinary activities (continued)

	2003 £'000	2002 £'000
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	1,308	1,286
Expenses not deductible for tax purposes	44	82
Capital allowances for year in excess of depreciation and other timing differences	61	(7)
Adjustments in respect of prior years – net	(42)	44
	<u>1,371</u>	<u>1,405</u>

7 Intangible fixed assets

	Goodwill £'000
At 1 April 2002	-
Transfer from group company (Centre Point Group Limited)	6,023
At 31 March 2003	<u>6,023</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	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2002	319	353	866	7	1,545
Transfer from group companies	417	3,321	957	83	4,778
Additions at cost	250	1,390	314	-	1,954
Disposals	(22)	-	(97)	(57)	(176)
At 31 March 2003	<u>964</u>	<u>5,064</u>	<u>2,040</u>	<u>33</u>	<u>8,101</u>
Depreciation					
At 1 April 2002	136	213	368	7	724
Transfer from group companies	133	1,283	482	52	1,950
Charge for the year	105	1,025	238	13	1,381
Disposals	(11)	-	(37)	(45)	(93)
At 31 March 2003	<u>363</u>	<u>2,521</u>	<u>1,051</u>	<u>27</u>	<u>3,962</u>
Net book values					
At 31 March 2003	<u>601</u>	<u>2,543</u>	<u>989</u>	<u>6</u>	<u>4,139</u>
At 31 March 2002	<u>183</u>	<u>140</u>	<u>498</u>	<u>-</u>	<u>821</u>

9 Fixed asset investments

	Interest in group undertaking £'000
At 1 April 2002	50
Disposals	(50)
At 31 March 2003	<u>-</u>

The company disposed of the entire issued share capital of its subsidiary undertaking, Recruit Retail Services plc, to BMS Limited, a fellow group undertaking, for an aggregate consideration of £50,000. No gain or loss arose on this transaction.

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

10 Debtors

	2003	2002
	£'000	£'000
Amounts falling due within one year		
Trade debtors	12,990	10,375
Amounts owed by group undertakings	8,778	6,623
Prepayments and accrued income	3,958	242
	<u>25,726</u>	<u>17,240</u>

11 Creditors: amounts falling due within one year

	2003	2002
	£'000	£'000
Trade creditors	1,704	356
Amounts owed to group undertakings	15,434	3,668
Corporation tax	928	9
Social security and other taxes	6,233	3,854
Accruals and deferred income	4,813	2,435
	<u>29,112</u>	<u>10,322</u>

12 Called up share capital

	2003	2002
	£'000	£'000
Authorised		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

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

13 Profit and loss account

	£'000
At 1 April 2002	5,922
Retained profit for the financial year	2,989
At 31 March 2003	<u>8,911</u>

14 Reconciliation of movements in equity shareholders' funds

	2003 £'000	2002 £'000
Profit for the financial year	2,989	2,883
Opening shareholders' funds	7,922	5,039
Closing shareholders' funds	<u>10,911</u>	<u>7,922</u>

15 Financial commitments

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

	2003 £'000	2002 £'000
Land and buildings		
- expiring within one year	443	171
- expiring between two and five years	1,338	344
- expiring after five years	206	135
	<u>1,987</u>	<u>650</u>
Plant and equipment		
- expiring within one year	102	62
- expiring between two and five years	230	268
	<u>332</u>	<u>330</u>
	<u>2,319</u>	<u>980</u>

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.

**Notes to the financial statements
for the year ended 31 March 2003 (continued)****17 Contingencies**

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

The company, together with 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 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.