

Carlisle Staffing plc

**Report and financial statements
for the year ended 31 March 2002**

Registered No. 2873036



Carlisle Staffing plc

Report and financial statements for the year ended 31 March 2002

	Pages
Company information	1
Report of the directors	2 – 4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 – 15

Company information

Registered office

St Florian House
Milton Road
Wokingham
Berkshire
RG40 1EN

Directors

R J Bradford
I G Robinson
Southtown Limited

Company secretary

P T Osborne

Auditors

PricewaterhouseCoopers
1 Embankment Place
London
WC2N 6RH

Report of the directors for the year ended 31 March 2002

The directors present their report and the audited financial statements of the company for the year ended 31 March 2002.

Review of the business

The principal activity of the company is the provision of employment services.

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.

On 22 March 2002, the name of the company was changed from Recruit plc to Carlisle Staffing plc.

Results and dividends

The retained profit for the financial year amounted to £2,883,000 (2001: £3,240,000) which has been transferred to reserves. The directors do not recommend the payment of a dividend.

Post balance sheet events

On 1 April 2002, 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.

Directors

The following have served as directors during the year:

R J Bradford
I G Robinson
Southtown Limited

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

**Report of the directors
for the year ended 31 March 2002 (continued)**

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 2002 was 30 days (2001: 31 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 2002 (continued)**

Auditors

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

By order of the board

A handwritten signature in black ink, appearing to read 'I G Robinson', with a long horizontal flourish extending to the right.

I G Robinson
Director
30 September 2002

Independent auditors' report to the members of Carlisle Staffing plc

We have audited the financial statements on pages 6 to 15.

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.

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 United Kingdom 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 of the company's affairs at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

30 September 2002

Profit and loss account for the year ended 31 March 2002

	Notes	2002 £'000	2001 £'000
Turnover		70,772	68,381
Cost of sales		<u>(51,499)</u>	<u>(48,974)</u>
Gross profit		19,273	19,407
Administrative expenses		(14,899)	(14,046)
Exceptional items – restructuring costs	2	<u>(86)</u>	<u>(625)</u>
Operating profit	3	4,288	4,736
Interest payable and similar charges	5	<u>-</u>	<u>(5)</u>
Profit on ordinary activities before taxation		4,288	4,731
Tax on profit on ordinary activities	6	<u>(1,405)</u>	<u>(1,491)</u>
Retained profit for the financial year	12	<u>2,883</u>	<u>3,240</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 2002**

	Notes	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	7	821	761
Investments	8	50	50
		<u>871</u>	<u>811</u>
Current assets			
Debtors	9	17,240	13,272
Cash at bank and in hand		133	3,861
		<u>17,373</u>	<u>17,133</u>
Creditors: amounts falling due within one year	10	<u>(10,322)</u>	<u>(12,905)</u>
Net current assets		<u>7,051</u>	<u>4,228</u>
Net assets		<u>7,922</u>	<u>5,039</u>
Capital and reserves			
Called up share capital	11	2,000	2,000
Profit and loss account	12	5,922	3,039
Equity shareholders' funds	13	<u>7,922</u>	<u>5,039</u>

The financial statements on pages 6 to 15 were approved by the board of directors on 30 September 2002 and were signed on its behalf by:



I G Robinson - Director

**Notes to the financial statements
for the year ended 31 March 2002****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.

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 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
Motor vehicles	25% per annum

Fixed asset 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.

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. This is a change in policy arising during the year, as a result of the introduction of FRS 19. The previous policy was to provide deferred taxation using the liability method to take account of all timing differences only to the extent that such differences would reasonably be expected to reverse in the foreseeable future without being replaced. There has been no material impact on the financial statements as a result of this change in policy.

**Notes to the financial statements
for the year ended 31 March 2002 (continued)****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.

2 Exceptional items

Exceptional items relate to restructuring of the business.

	2002	2001
	£'000	£'000
Redundancy costs	80	192
Property costs	-	433
Other costs	6	-
	<u>86</u>	<u>625</u>

**Notes to the financial statements
for the year ended 31 March 2002 (continued)**

3 Operating profit

Operating profit is stated after charging:

	2002 £'000	2001 £'000
Depreciation of tangible fixed assets	211	188
Operating lease rentals		
- land and buildings	712	807
- plant and equipment	362	405

Auditors' remuneration for the current year and prior year was borne by Carlisle Staffing Services Limited.

4 Staff costs and numbers

	2002 £'000	2001 £'000
Staff costs during the year were:		
Wages and salaries	6,831	7,819
Social security costs	721	788
Other pension costs	93	105
	<u>7,645</u>	<u>8,712</u>

The average number of employees during the year was:

	2002 Number	2001 Number
Operational	241	231
Office and management	13	20
	<u>254</u>	<u>251</u>

No director received any remuneration from the company during the period.

**Notes to the financial statements
for the year ended 31 March 2002 (continued)**

5 Interest payable and similar charges

	2002 £'000	2001 £'000
Finance lease obligations	<u>-</u>	<u>5</u>

6 Tax on profit on ordinary activities

	2002 £'000	2001 £'000
UK corporation tax at 30 per cent (2001: 30 per cent)	-	322
Group relief payable in respect of current year	1,361	1,242
Adjustment in respect of prior years	44	(266)
Group relief payable in respect of prior years	-	193
	<u>1,405</u>	<u>1,491</u>

	2002 £'000	2001 £'000
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	1,286	1,419
Expenses not deductible for tax purposes	82	103
Capital allowances for year in excess of depreciation and other timing differences	(7)	42
Adjustments in respect of prior years – net	44	(73)
	<u>1,405</u>	<u>1,491</u>

Notes to the financial statements for the year ended 31 March 2002 (continued)

7 Tangible fixed assets

	Short leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2001	302	334	687	7	1,330
Additions at cost	31	59	240	-	330
Disposals	(14)	(40)	(61)	-	(115)
At 31 March 2002	319	353	866	7	1,545
Depreciation					
At 1 April 2001	109	152	301	7	569
Charge for the year	33	85	93	-	211
Disposals	(6)	(24)	(26)	-	(56)
At 31 March 2002	136	213	368	7	724
Net book values					
At 31 March 2002	183	140	498	-	821
At 31 March 2001	193	182	386	-	761

8 Fixed asset investments

	Interest in group undertaking £'000
At 31 March 2002 and 2001	50

The subsidiary undertaking, Recruit Retail Services plc, is 100% owned, comprising ordinary shares of £1 each, incorporated and operating in Great Britain and registered in England and Wales. Its principal activity is the provision of employment services.

9 Debtors

	2002 £'000	2001 £'000
Amounts falling due within one year		
Trade debtors	10,375	8,446
Amounts owed by group undertakings	6,623	2,906
Prepayments and accrued income	242	1,920
	<u>17,240</u>	<u>13,272</u>

Notes to the financial statements for the year ended 31 March 2002 (continued)

10 Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Trade creditors	356	266
Amounts owed to group undertakings	3,668	5,285
Corporation tax	9	321
Social security and other taxes	3,854	4,356
Accruals and deferred income	2,435	2,677
	<u>10,322</u>	<u>12,905</u>

11 Called up share capital

	2002 £'000	2001 £'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>

12 Profit and loss account

	£'000
At 1 April 2001	3,039
Retained profit for the financial year	2,883
At 31 March 2002	<u>5,922</u>

13 Reconciliation of movements in equity shareholders' funds

	2002 £'000	2001 £'000
Profit for the financial year	2,883	3,240
Opening shareholders' funds	5,039	1,799
Closing shareholders' funds	<u>7,922</u>	<u>5,039</u>

Notes to the financial statements for the year ended 31 March 2002 (continued)

14 Financial commitments

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

	2002 £'000	2001 £'000
Land and buildings		
- expiring within one year	171	80
- expiring between two and five years	344	375
- expiring after five years	135	269
	<u>650</u>	<u>724</u>
Plant and equipment		
- expiring within one year	62	15
- expiring between two and five years	268	264
- expiring after five years	-	14
	<u>330</u>	<u>293</u>
	<u>980</u>	<u>1,017</u>

15 Related party transactions

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

16 Post balance sheet events

On 1 April 2002, the following transactions were effected:

(a) as part of the group reorganisation, 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 transferred 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 account.

**Notes to the financial statements
for the year ended 31 March 2002 (continued)****17 Contingencies**

An unlimited composite banking guarantee exists between the company and certain subsidiary undertakings 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 Limited.

As at 31 March 2002, the smallest group in which the company is consolidated was Carlisle Staffing Services Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements of Carlisle Staffing Services Limited can be obtained from its registered office at St Florian House, Milton Road, Wokingham, Berkshire RG40 1EN.

As at 31 March 2002, the company's ultimate parent undertaking was Carlisle Holdings Limited, a company registered in Belize. Lord Ashcroft beneficially owned and controlled 68.5 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.