

Acorn (Synergie) UK Limited

Registered number 3358220

Consolidated Directors' Report and financial statements

For the year ended 31 December 2012

THURSDAY



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ACORN (SYNERGIE) UK LIMITED

COMPANY INFORMATION

Directors	M J Southall D Augereau Y Drouet
Company secretary	F Krynen
Registered number	3358220
Registered office	Somerton House Hazell Drive Newport Gwent NP10 8FY
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditor Cartwright House Tottle Road Nottingham NG2 1RT

ACORN (SYNERGIE) UK LIMITED

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ACORN (SYNERGIE) UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 the group and of the profit or loss of the group 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activity of the group in the period under review was that of a recruitment agency, supplier of temporary labour and provision of training services.

Business review

The Group continues to operate within a highly-competitive marketplace, especially considering the exceptional challenges still being experienced across the UK economy and the on-going pressure from clients regarding trading terms and operating margins.

Generally, the UK recruitment sector has remained flat-lined over 2012, reflecting fragile demand and lack of confidence among employers of all sizes. Against this backdrop, in 2012 the Group's underlying performance remained very positive.

Events during the year included the disposal of the Group's non-core Rail Safety Solutions business and the commencement of trading of the Group's Global Recruitment business.

No material uncertainties that may cast significant doubt about the ability of the company and group to continue as a going concern have been identified by the directors.

ACORN (SYNERGIE) UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £211,768 (2011 - profit £917,389)

The group paid a dividend to minority interests of £43,500 (2011 £50,000) during the year. No further dividend is proposed.

Directors

The directors who served during the year were

M J Southall
D Augereau
Y Drouet

Contingent liability

During the year, Acorn (Synergie) UK Limited sold its 100% shareholding in Rail Safety Solutions Limited to a third party for an initial consideration of £250,000, plus deferred and other consideration receivable of £387,453. The group received the initial consideration of £250,000 on completion of the sale, but have yet to receive any further amounts from the purchaser who are disputing the amounts. In addition, the purchaser is claiming that £165,000 of the initial consideration should be repaid.

The directors of Acorn (Synergie) UK Limited strongly reject the claim made by the purchaser and group management, along with their legal representatives, will be aggressively pursuing an outcome which is satisfactory to the group.

At the balance sheet date, £387,453 therefore remains included within other debtors, which is the full amount receivable from the purchasers and which the directors believe will be ultimately recovered. Similarly, no provision has been made in the financial statements for any repayment of the initial consideration received.

Financial instruments

Liquidity risk

The group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the group has sufficient liquid resources to meet the operating needs of its businesses.

Interest rate borrowings

The group is exposed to cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the group. All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Qualifying third party indemnity provisions

The directors have no third party indemnity provisions in place.

ACORN (SYNERGIE) UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

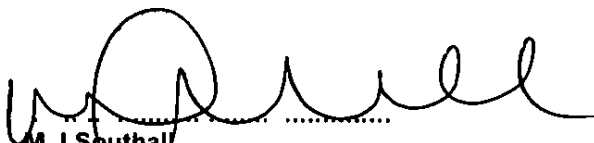
Provision of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006



M J Southall
Director

10-6-13

ACORN (SYNERGIE) UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ACORN (SYNERGIE) UK LIMITED

We have audited the financial statements of Acorn (Synergie) UK Limited for the year ended 31 December 2012 which comprise the group Profit and Loss Account, the group and company Balance Sheets, the group Consolidated Cash Flow Statement and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 (APB's) Ethical Standards for Auditors. 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 Auditors' 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's loss 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.

Opinion on the 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.


ACORN (SYNERGIE) UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ACORN (SYNERGIE) UK LIMITED

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Martin Rogers (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Cartwright House

Tottle Road

Nottingham

NG2 1RT

Date

11 June 2013

ACORN (SYNERGIE) UK LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Turnover	1,2		
Continuing operations		88,653,158	92,583,885
Discontinued operations		257,766	1,213,802
		<u>88,910,924</u>	<u>93,797,687</u>
Cost of sales	4	<u>(76,699,414)</u>	<u>(80,239,187)</u>
Gross profit	5	12,211,510	13,558,500
Administrative expenses	4	(12,124,074)	(11,755,804)
Other operating income	3,4	<u>65,643</u>	<u>176,727</u>
Operating profit	5		
Continuing operations		141,106	2,158,728
Discontinued operations		11,973	(179,305)
		<u>153,079</u>	<u>1,979,423</u>
Profit on disposal of investments		122,023	-
Interest receivable and similar income	9	3,283	4,080
Interest payable and similar charges	10	<u>(339,472)</u>	<u>(475,507)</u>
(Loss)/profit on ordinary activities before taxation		(61,087)	1,507,996
Tax on (loss)/profit on ordinary activities	11	<u>(151,251)</u>	<u>(597,473)</u>
(Loss)/profit on ordinary activities after taxation	21	(212,338)	910,523
Minority interests		<u>570</u>	<u>6,866</u>
(Loss)/profit for the financial year	21	<u>(211,768)</u>	<u>917,389</u>

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

There are no material differences between the (loss)/profit on ordinary activities before taxation and the retained loss for the financial year stated above and their historical cost equivalents

The notes on pages 10 to 26 form part of these financial statements

ACORN (SYNERGIE) UK LIMITED

Registered number 3358220

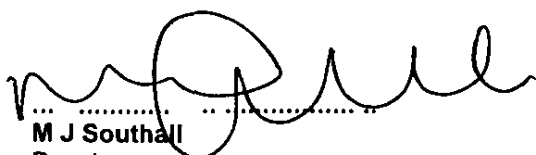
CONSOLIDATED BALANCE SHEET**AS AT 31 DECEMBER 2012**

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	12		9,152,488		10,003,442
Tangible assets	14		618,026		678,237
Investments	15		31,000		31,000
			<u>9,801,514</u>		<u>10,712,679</u>
Current assets					
Debtors	16	20,721,187		22,221,113	
Cash at bank		10,837		3,113	
		<u>20,732,024</u>		<u>22,224,226</u>	
Creditors amounts falling due within one year	17	(13,088,547)		(15,324,276)	
Net current assets			<u>7,643,477</u>		<u>6,899,950</u>
Total assets less current liabilities			<u>17,444,991</u>		<u>17,612,629</u>
Creditors , amounts falling due after more than one year	18		(14,598,201)		(14,500,000)
Provisions for liabilities					
Deferred tax	19		-		(10,000)
Net assets			<u><u>2,846,790</u></u>		<u><u>3,102,629</u></u>
Capital and reserves					
Called up share capital	20		675		675
Share premium account	21		955,191		955,191
Capital redemption reserve	21		350		350
Profit and loss account	21		1,846,287		2,101,555
Shareholders' funds	22		<u>2,802,503</u>		<u>3,057,771</u>
Minority interests	24		<u>44,287</u>		<u>44,858</u>
			<u><u>2,846,790</u></u>		<u><u>3,102,629</u></u>

The notes on pages 10 to 26 form part of these financial statements

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

10-6-13



M J Southall
Director

ACORN (SYNERGIE) UK LIMITED

Registered number 3358220


COMPANY BALANCE SHEET**AS AT 31 DECEMBER 2012**

	Note	£	2012 £	£	2011 £
Fixed assets					
Investments	15		14,986,689		14,986,764
Current assets					
Debtors	15	406,310		257,284	
Creditors: amounts falling due within one year	17	(2,268,201)		(2,456,121)	
Net current liabilities			(1,861,891)		(2,198,837)
Total assets less current liabilities			13,124,798		12,787,927
Creditors: amounts falling due after more than one year	18		(11,000,000)		(11,000,000)
Net assets			2,124,798		1,787,927
Capital and Reserves					
Called up share capital	20		675		675
Share premium account	21		955,191		955,191
Capital redemption reserve	21		350		350
Profit and loss account	21		1,168,582		831,711
Shareholders' funds	22		2,124,798		1,787,927

The notes on pages 10 to 26 form part of these financial statements

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

10-6-13



M J Southall
Director

ACORN (SYNERGIE) UK LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	25	999,941	2,127,443
Returns on investments and servicing of finance	26	(336,190)	(471,427)
Taxation		(617,000)	(594,754)
Capital expenditure and financial investment	26	(78,148)	(974,112)
Dividends paid to minority interests		(43,500)	(50,000)
Cash (outflow)/inflow before financing		(74,897)	37,150
Financing	26	98,201	-
Increase in cash in the year		23,304	37,150

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
Increase in cash in the year	23,304	37,150
Cash inflow from increase in debt and lease financing	(98,201)	-
Movement in net debt in the year	(74,897)	37,150
Net debt at 1 January 2012	(14,516,168)	(14,553,318)
Net debt at 31 December 2012	(14,591,065)	(14,516,168)

The notes on pages 10 to 26 form part of these financial statements

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Basis of consolidation

The financial statements consolidate the accounts of Acorn (Synergie) UK Limited and all of its subsidiary undertakings ('subsidiaries')

The results of subsidiaries acquired during the year are included from the effective date of acquisition

The results of subsidiaries sold are included up to the effective date of disposal

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	2% straight line
Motor vehicles	-	20% straight line
Fixtures & fittings	-	20% straight line

1.6 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting Policies (continued)

1.8 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and Loss Account

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2. Turnover

All turnover arose within the United Kingdom except £231,868 (2011 £109,500) which arose within Australia

The whole of the turnover and profit before taxation is attributable to recruitment agency, supplier of temporary labour and provision of training services

3. Other operating income

	2012 £	2011 £
Other operating income	57,743	169,244
Net rents receivable	7,900	7,483
	<u>65,643</u>	<u>176,727</u>

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

4. Analysis of operating profit

	2012		2011	
	Continuing £	Discontinued £	Continuing £	Discontinued £
Turnover	88,653,158	257,766	92,583,885	1,213,802
Cost of sales	(76,523,468)	(175,946)	(79,304,353)	(934,834)
Gross profit	12,129,690	81,820	13,279,532	278,968
Administrative expenses	(12,054,227)	(69,847)	(11,297,531)	(458,273)
Other operating income	65,643	-	176,727	-
	<u>141,106</u>	<u>11,973</u>	<u>2,158,728</u>	<u>(179,305)</u>

5. Operating profit

The operating profit is stated after charging

	2012 £	2011 £
Amortisation - intangible fixed assets	790,266	789,412
Depreciation of tangible fixed assets		
- owned by the group	352,976	404,521
Operating lease rentals		
- plant and machinery	40,445	49,468
- other operating leases	679,012	749,829
Difference on foreign exchange	(1,429)	-
	<u> </u>	<u> </u>

6. Auditors' remuneration

	2012 £	2011 £
Fees payable to the group's auditor for the audit of the group and subsidiaries annual accounts	37,000	36,000
Fees payable to the company's auditor and its associates in respect of		
Taxation compliance services	-	-
All assurance services not included above	6,950	6,750
	<u> </u>	<u> </u>

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

7. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	6,256,987	6,604,590
Social security costs	622,216	680,367
Other pension costs	34,609	37,720
	<u>6,913,812</u>	<u>7,322,677</u>

The average monthly number of employees, including the directors, during the year was as follows

	2012 No.	2011 No.
Sales and administration	<u>243</u>	<u>243</u>

8. Directors' remuneration

	2012 £	2011 £
Emoluments	<u>312,661</u>	<u>210,141</u>
Company pension contributions to defined contribution pension schemes	<u>3,400</u>	<u>10,200</u>

During the year retirement benefits were accruing to 1 director (2011 - 1) in respect of defined contribution pension schemes

The highest paid director received remuneration of £312,661 (2011 - £210,141)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,400 (2011 - £10,200)

9. Interest receivable

	2012 £	2011 £
Interest receivable from group companies	1,170	-
Other interest receivable	2,113	4,080
	<u>3,283</u>	<u>4,080</u>

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

10. Interest payable

	2012 £	2011 £
On bank loans and overdrafts	163	4
Interest payable to ultimate parent	201,059	318,468
Other interest payable	138,250	157,035
	<u>339,472</u>	<u>475,507</u>

11. Taxation

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	161,251	597,473
Deferred tax (see note 19)		
Origination and reversal of timing differences	(10,000)	-
Tax on (loss)/profit on ordinary activities	<u>151,251</u>	<u>597,473</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	<u>(61,087)</u>	<u>1,507,996</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	(14,966)	399,619
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	16,380	16,852
Depreciation and amortisation for year in excess of capital allowances	166,169	190,318
Other adjustments	12,908	(4,654)
Adjustments to tax charge in respect of prior periods	-	(4,662)
Utilised losses	(6,849)	-
Unrelieved loss on disposal of operation	(29,896)	-
Unrelieved loss on foreign subsidiaries	17,505	-
Current tax charge for the year (see note above)	<u>161,251</u>	<u>597,473</u>

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges

12. Intangible fixed assets

	Goodwill £
Group	
Cost	
At 1 January 2012	15,046,466
Earn-out adjustment	(60,688)
	<hr/>
At 31 December 2012	14,985,778
	<hr/>
Amortisation	
At 1 January 2012	5,043,024
Charge for the year	790,266
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At 31 December 2012	5,833,290
	<hr/>
Net book value	
At 31 December 2012	9,152,488
	<hr/>
At 31 December 2011	10,003,442
	<hr/>

Goodwill arising on acquisitions is being amortised over 5 years. In the opinion of the directors, this represents a prudent estimate of the period over which the group will derive economic benefit from the trade and assets acquired.

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

13. Disposals

On 28 May 2012, Acorn (Synergie) UK Limited sold 100% of the shareholding in Rail Safety Solutions Limited to a third party for, an initial consideration of £250,000, deferred consideration of £100,000, and an amount equivalent to working capital which management have estimated to be £225,000

Disposals

		£
Assets and liabilities sold		
Tangible fixed assets		62,000
Debtors		390,977
Net assets sold		<u>452,977</u>
Proceeds - cash	250,000	
Proceeds - deferred	325,000	
		<u>575,000</u>
Profit on disposal		<u>122,023</u>

The summarised profit and loss account for Rail Safety Solutions Ltd for the period from 1 January 2012 to the date of disposal was as follows

Turnover	257,786
Operating profit	<u>11,973</u>
Profit before tax	<u>518,357</u>
Profit after tax	<u>518,357</u>

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14. Tangible fixed assets

Group	Freehold property £	Motor vehicles £	Fixtures & fittings £	Total £
Cost				
At 1 January 2012	99,402	941,310	420,120	1,460,832
Additions	-	271,935	136,559	408,494
Disposals	(26,664)	(582,093)	(236,277)	(845,034)
Relating to discontinued operations	-	(10,000)	(88,000)	(98,000)
At 31 December 2012	72,738	621,152	232,402	926,292
Depreciation				
At 1 January 2012	50,359	597,202	135,034	782,595
Charge for the year	18,658	192,893	141,425	352,976
On disposals	(26,664)	(528,364)	(236,277)	(791,305)
Relating to discontinued operations	-	(9,000)	(27,000)	(36,000)
At 31 December 2012	42,353	252,731	13,182	308,266
Net book value				
At 31 December 2012	30,385	368,421	219,220	618,026
At 31 December 2011	49,043	344,108	285,086	678,237

15. Fixed asset investments

Group	Unlisted investments £
Cost or valuation	
At 1 January 2012 and 31 December 2012	31,000
Net book value	
At 31 December 2012	31,000
At 31 December 2011	31,000

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

15. Fixed asset investments (continued)

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2012	14,986,764
Disposals	(75)
At 31 December 2012	14,986,689
Net book value	
At 31 December 2012	14,986,689
At 31 December 2011	14,986,764

Details of the principal subsidiaries can be found under note number 33

16 Debtors

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Trade debtors	18,108,216	19,910,456	-	-
Corporation tax	282,015	39,104	18,857	39,104
Other debtors	579,918	308,216	387,453	218,180
Prepayments and accrued income	1,751,038	1,963,337	-	-
	<u>20,721,187</u>	<u>22,221,113</u>	<u>406,310</u>	<u>257,284</u>

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

17. Creditors. Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	3,701	19,281	-	-
Trade creditors	521,217	834,214	-	-
Amounts owed to group undertakings	-	-	2,115,593	2,214,364
Corporation tax	55,777	268,615	-	-
Social security and other taxes	3,797,977	4,495,079	-	-
Other creditors	7,642,218	8,165,790	-	-
Accruals and deferred income	1,067,657	1,541,297	152,608	241,757
	<u>13,088,547</u>	<u>15,324,276</u>	<u>2,268,201</u>	<u>2,456,121</u>

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the group

Other creditors includes an invoice discounting loan amounting to £6,685,835 which is secured on the debts to which it relates

18. Creditors: Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Amounts due to parent undertaking	14,583,532	14,500,000	11,000,000	11,000,000
Net obligations under finance leases and hire purchase contracts	14,669	-	-	-
	<u>14,598,201</u>	<u>14,500,000</u>	<u>11,000,000</u>	<u>11,000,000</u>

Included within the above are amounts falling due as follows

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Between two and five years				
Other loans	83,532	-	-	-
Over five years				
Other loans	14,500,000	14,500,000	11,000,000	11,000,000

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

18 Creditors: Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Repayable other than by instalments	14,500,000	14,500,000	11,000,000	11,000,000

The amount due to parent undertaking is part of a long term funding arrangement with Synergie SA, is unsecured, has no set repayment date and bears interest at a commercial rate

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate to

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Between one and five years	14,669	-	-	-

19. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
At beginning of year	10,000	10,000	-	-
(Released during)/charge for the year	(10,000)	-	-	-
At end of year	-	10,000	-	-

The provision for deferred taxation is made up as follows

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Accelerated capital allowances	-	10,000	-	-

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

20. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
675 Ordinary shares of £1 each	675	675

21. Reserves

Group	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2012	955,191	350	2,101,555
Loss for the year			(211,768)
Dividends Equity capital			(43,500)
At 31 December 2012	955,191	350	1,846,287
Company	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2012	955,191	350	831,711
Profit for the year			336,871
At 31 December 2012	955,191	350	1,168,582

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

22. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Group		
Opening shareholders' funds	3,057,771	2,190,382
(Loss)/profit for the year	(211,768)	917,389
Dividends (Note 23)	(43,500)	(50,000)
Closing shareholders' funds	<u>2,802,503</u>	<u>3,057,771</u>
 Company	 2012 £	 2011 £
Opening shareholders' funds	1,787,927	1,535,585
Profit / (loss) for the year	336,871	252,342
Closing shareholders' funds	<u>2,124,798</u>	<u>1,787,927</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account

The profit for the year dealt with in the accounts of the company was £336,871 (2011 - £252,342)

23. Dividends

	2012 £	2011 £
Dividends paid to minority interests	<u>43,500</u>	<u>50,000</u>

24. Minority interests

The minority interest relates to a shareholding of 30% in Acorn Learning Solutions Limited, subsidiary of Acorn (Synergie) UK Limited

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

25. Net cash flow from operating activities

	Continuing £	Discontinued £	2012 Total £	2011 £
Operating profit	141,106	11,973	153,079	1,979,423
Amortisation of intangible fixed assets	790,266	-	790,266	789,412
Depreciation of tangible fixed assets	344,976	8,000	352,976	404,521
Profit on disposal of tangible fixed assets	(31,906)	-	(31,906)	(26,624)
Decrease/(increase) in debtors	1,297,906	444,931	1,742,837	(16,109)
Decrease in creditors	(1,260,022)	(747,289)	(2,007,311)	(1,003,180)
Net cash inflow from continuing operating activities	1,282,326			
Net cash outflow in respect of discontinued activities		(282,385)		
Net cash inflow from operating activities			999,941	2,127,443

26. Analysis of cash flows for headings netted in cash flow statement

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	3,283	4,080
Interest paid	(339,473)	(475,507)
Net cash outflow from returns on investments and servicing of finance	(336,190)	(471,427)
	2012 £	2011 £
Capital expenditure and financial investment		
Intangible fixed asset earnout	60,688	-
Purchase of intangible fixed assets	-	(759,611)
Purchase of tangible fixed assets	(408,494)	(276,308)
Sale of tangible fixed assets	147,635	61,807
Sale of subsidiary	122,023	-
Net cash outflow from capital expenditure	(78,148)	(974,112)

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

26. Analysis of cash flows for headings netted in cash flow statement (continued)

	2012 £	2011 £
Financing		
Movement on other loans	83,532	-
New finance leases	14,669	-
Net cash inflow from financing	<u>98,201</u>	<u>-</u>

27. Analysis of changes in net debt

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	3,113	7,724	-	10,837
Bank overdraft	(19,281)	15,580	-	(3,701)
	<u>(16,168)</u>	<u>23,304</u>	<u>-</u>	<u>7,136</u>
Debts falling due after more than one year	(14,500,000)	(98,201)	-	(14,598,201)
Net debt	<u>(14,516,168)</u>	<u>(74,897)</u>	<u>-</u>	<u>(14,591,065)</u>

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

28. Contingent liabilities

During the year, Acorn (Synergie) UK Limited sold its 100% shareholding in Rail Safety Solutions Limited to a third party for an initial consideration of £250,000, plus deferred and other consideration receivable of £387,453. The group received the initial consideration of £250,000 on completion of the sale, but have yet to receive any further amounts from the purchaser who are disputing the amounts. In addition, the purchaser is claiming that £165,000 of the initial consideration should be repaid.

The directors of Acorn (Synergie) UK Limited strongly reject the claim made by the purchaser and group management, along with their legal representatives, will be aggressively pursuing an outcome which is satisfactory to the group.

At the balance sheet date, £387,453 therefore remains included within other debtors, which is the full amount receivable from the purchasers and which the directors believe will be ultimately recovered. Similarly, no provision has been made in the financial statements for any repayment of the initial consideration received.

29. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £34,609 (2011 - £37,720). Contributions totalling £Nil (2011 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

30. Operating lease commitments

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings		2012	Other
	2012	2011		
	£	£	£	£
Expiry date:				
Within 1 year	19,935	92,274	453	4,905
Between 1 and 5 years	179,300	99,132	5,920	-
After more than 5 years	285,000	318,000	-	-

ACORN (SYNERGIE) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

31 Related party transactions

The company has taken advantage of the exemption under FRS 8 "Related Party Disclosures" not to disclose related party transactions with subsidiary undertakings 100% owned whose voting rights are controlled within the group

Included within creditors is a loan amounting to £14,500,000 (2011 - £14,500,000) due to Synergie SA, the immediate parent company. Interest totalling £201,059 (2011 - £318,468) is payable on the loan for the year ended 31 December 2012.

Other debtors includes a balance of £9,564 (2011 - £21,995) due from M Southall who is a director of Acorn (Synergie) UK Limited. Creditors include a balance of £82,042 (2011 - £Nil) payable to M Southall in relation to backdated salary.

An unlimited multilateral company cross guarantee relationship exists between Acorn Recruitment Limited, Acorn (Synergie) UK Limited, Concept Staffing Limited, Acorn Global Recruitment Limited, Excell Limited and Acorn Learning Solutions Limited.

The following relate to transactions made by the group during the year with entities of which M Southall, a director of Acorn (Synergie) UK Limited, is a director (except for Celtic Springs Management Limited). Andrew Tugwell who is a director of Celtic Springs Management Limited is also a director of Acorn Recruitment Limited, a subsidiary of Acorn (Synergie) UK Limited.

None of the amounts have been included within the provision for doubtful debts at the balance sheet date nor written off to the profit and loss account in the current period.

	Sales £	Purchases £	Debtors £	Creditors £
Denemoor Developments Limited	-	-	15,987	-
Isca Property Holdings Limited	-	338,021	-	-
Celtic Springs Management Limited	-	-	-	247
	<u>-</u>	<u>338,021</u>	<u>-</u>	<u>247</u>

32. Controlling party

The ultimate controlling party is Synergie (SA) a company incorporated in France, who own 70% of the company's issued share capital.

33. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Acorn Recruitment Limited	England & Wales	100%	Recruitment Agency
Acorn Learning Solutions Limited	England & Wales	70%	Educational training and support
Acorn Global Recruitment Limited (formerly Advance Personnel Limited)	England & Wales	100%	Recruitment Agency
Concept Staffing Limited	England & Wales	100%	Recruitment Agency
Excell Limited	England & Wales	90%	Recruitment Agency
Acorn Global Recruitment PTY	Australia	95%	Recruitment Agency