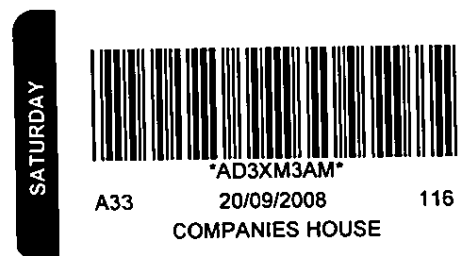


REGISTERED NUMBER: 03444435

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007



Rothman Pantall & Co
Chartered Accountants
& Registered Auditors
Fryern House
125 Winchester Road
Chandlers Ford
Hampshire
SO53 2DR

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2007

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AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTORS:	Mr B J Boston Mr N J Daniels Mr M V Goodyear Mr R Jackson Mr C Nichols Mr J A O'Donnell
SECRETARY:	Mrs H Quinn
REGISTERED OFFICE:	Fryern House 125 Winchester Road Chandlers Ford Hampshire SO53 2DR
REGISTERED NUMBER:	03444435
AUDITORS:	Rothman Pantall & Co Chartered Accountants & Registered Auditors Fryern House 125 Winchester Road Chandlers Ford Hampshire SO53 2DR
BANKERS:	Bank of Scotland 38 Threadneedle Street London EC2P 2EH
SOLICITORS:	Shoosmiths Solicitors Russell House 1550 Parkway Fareham Hampshire PO15 7AG

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report with the financial statements of the company for the year ended 31 December 2007

CHANGE OF NAME

The company passed a special resolution on 3 June 2008 changing its name from Preferred (UK) Limited to AAP3 Limited

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of managed services. The core capability of the business is to be able to assemble, deploy and manage the provision of specialist expertise in a variety of forms to complement the existing business model and culture of customers.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

AAP3 continued to trade strongly in 2007 with a 14.1% increase in turnover to £10,070,611 for the year (2006 £8,823,285), the company also achieved a gross profit of £2,313,763 (2006 £1,929,072) as well as continuing to improve its balance sheet strength. The company is continuing the transition to a full service organisation. The investment required in this transformation is impacting on net margins but the business remains profitable through the transition.

2008 will see a continued investment in service offerings and the closure of any loss making operations. The focus of the company will be on AAP3 Limited branded service lines that will have accelerated sales performance through being marketed to our current customers and their partners. We shall also move to an end to end solution based company around four primary solution groups: recruitment, engineering, development and innovation. The main risk for the business is failing to maintain the performance of current operations during this period, in order to fund the new investment requirements of the new service offerings.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2007.

FUTURE DEVELOPMENTS

AAP3 will look to expand in 3 vectors: Geographically, within existing markets by enhancing current products and solutions; and with new innovations and products. In 2008 we shall also look to build or acquire operations in the US and emerging markets so as to best service our customer base.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2007 to the date of this report.

Mr N J Daniels
Mr M V Goodyear
Mr R Jackson
Mr C Nichols

Other changes in directors holding office are as follows:

Mr B J Boston - appointed 19 October 2007
Mrs R B Ellis - appointed 19 October 2007
Mr J A O'Donnell - appointed 19 October 2007
Mr S A Agar-Hutty - resigned 1 May 2007

Mrs R B Ellis ceased to be a director after 31 December 2007 but prior to the date of this report.

**AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2007**

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors, loans to the company and bank discount facilities. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of bank discounting.

In respect of loans these comprise loans from the directors and loans from financial institutions. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments. The loans from the directors are interest free and payable on demand. The directors are aware of the company's required finance and have determined that these will only be repaid, in whole or part, when finance is available.

Trade debtors are managed in respect of credit risk and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations of £500 (2006 £Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 these 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,
- 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.

**AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2007**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

ON BEHALF OF THE BOARD:

Mr R Jackson - Director

A handwritten signature in black ink, appearing to be 'R Jackson', written over a horizontal line.

17 September 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF AAP3 LIMITED

We have audited the financial statements of AAP3 Limited for the year ended 31 December 2007 on pages seven to twenty one. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

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 on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Report of the Directors 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 Report of the Directors 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
AAP3 LIMITED**

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 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



Rothman Pantall & Co
Chartered Accountants
& Registered Auditors
Fryern House
125 Winchester Road
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Hampshire
SO53 2DR

17 September 2008

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007

		2007		2006	
	Notes	£	£	£	£
TURNOVER	2		10,070,611		8,823,285
Continuing operations		9,648,355		8,823,285	
Discontinued operations		<u>422,256</u>		<u>-</u>	
Cost of sales	3		<u>7,756,848</u>		<u>6,894,213</u>
GROSS PROFIT	3		2,313,763		1,929,072
Net operating expenses	3		<u>2,279,844</u>		<u>1,794,078</u>
OPERATING PROFIT	5		33,919		134,994
Continuing operations		36,566		134,994	
Discontinued operations		<u>(2,647)</u>		<u>-</u>	
Interest receivable and similar income			<u>7,522</u>		<u>2,854</u>
			41,441		137,848
Interest payable and similar charges	6		<u>4,169</u>		<u>17,635</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			37,272		120,213
Tax on profit on ordinary activities	7		<u>3,747</u>		<u>28,405</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			<u>33,525</u>		<u>91,808</u>

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

BALANCE SHEET
31 DECEMBER 2007

		2007	2006
	Notes	£	£
FIXED ASSETS			
Tangible assets	8	35,481	5,686
Investments	9	92	-
		<u>35,573</u>	<u>5,686</u>
CURRENT ASSETS			
Stocks	10	8,067	268
Debtors	11	2,407,036	1,438,189
Cash at bank and in hand		21,463	64,479
		<u>2,436,566</u>	<u>1,502,936</u>
CREDITORS			
Amounts falling due within one year	12	2,229,785	1,220,242
NET CURRENT ASSETS		<u>206,781</u>	<u>282,694</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>242,354</u>	<u>288,380</u>
CREDITORS			
Amounts falling due after more than one year	13	-	80,750
NET ASSETS		<u><u>242,354</u></u>	<u><u>207,630</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	7,850	6,801
Share premium	18	19,019	19,019
Capital redemption reserve	18	300	300
Other reserves	18	-	27,588
Profit and loss account	18	215,185	153,922
SHAREHOLDERS' FUNDS	21	<u><u>242,354</u></u>	<u><u>207,630</u></u>

The financial statements were approved by the Board of Directors on 17 September 2008 and were signed on its behalf by

Mr R Jackson - Director



The notes form part of these financial statements

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	£	2007	£	£	2006	£
Net cash inflow from operating activities	1			289,356			109,559
Returns on investments and servicing of finance	2			3,353			(14,781)
Taxation				(31,564)			(25,078)
Capital expenditure	2			<u>(70,960)</u>			<u>(11,344)</u>
				190,185			58,356
Financing	2			<u>(233,201)</u>			<u>(27,800)</u>
(Decrease)/Increase in cash in the period				<u>(43,016)</u>			<u>30,556</u>
Reconciliation of net cash flow to movement in net debt	3						
(Decrease)/Increase in cash in the period				(43,016)		30,556	
Cash outflow from decrease in debt and lease financing				<u>184,250</u>		<u>28,500</u>	
Change in net debt resulting from cash flows				<u>141,234</u>			<u>59,056</u>
Movement in net debt in the period				141,234			59,056
Net debt at 1 January				<u>(332,771)</u>			<u>(391,827)</u>
Net debt at 31 December				<u>(191,537)</u>			<u>(332,771)</u>

The notes form part of these financial statements

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Year ended 31 December 2007

	Continuing £	Discontinued £	Total £
Operating profit	36,566	(2,647)	33,919
Depreciation charges	41,165	-	41,165
Share incentives costs	150	-	150
Increase in stocks	-	(7,799)	(7,799)
Increase in debtors	(969,673)	734	(968,939)
Increase/(Decrease) in creditors	<u>1,190,860</u>	<u>-</u>	<u>1,190,860</u>
Net cash inflow from continuing operating activities	299,068		
Net cash outflow from discontinued operating activities		<u>(9,712)</u>	
Net cash inflow from operating activities			<u>289,356</u>

Year ended 31 December 2006

	Continuing £	Discontinued £	Total £
Operating profit	134,994	-	134,994
Depreciation charges	89,751	-	89,751
Share incentives costs	3,150	-	3,150
Increase in stocks	(268)	-	(268)
Decrease in debtors	27,699	-	27,699
Increase/(Decrease) in creditors	<u>(145,767)</u>	<u>-</u>	<u>(145,767)</u>
Net cash inflow from continuing operating activities	109,559		
Net cash inflow from discontinued operating activities		<u>-</u>	
Net cash inflow from operating activities			<u>109,559</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2007 £	2006 £
Returns on investments and servicing of finance		
Interest received	7,522	2,854
Interest paid	<u>(4,169)</u>	<u>(17,635)</u>
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u>3,353</u>	<u>(14,781)</u>

The notes form part of these financial statements

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - continued

	2007 £	2006 £
Capital expenditure		
Purchase of tangible fixed assets	(70,960)	(11,344)
Net cash outflow for capital expenditure	<u>(70,960)</u>	<u>(11,344)</u>
Financing		
Capital repayments in year	(184,250)	(28,500)
Amount withdrawn by directors	(50,000)	-
Share issue	1,299	700
Share buyback	<u>(250)</u>	<u>-</u>
Net cash outflow from financing	<u>(233,201)</u>	<u>(27,800)</u>

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/07 £	Cash flow £	At 31/12/07 £
Net cash			
Cash at bank and in hand	<u>64,479</u>	<u>(43,016)</u>	<u>21,463</u>
	<u>64,479</u>	<u>(43,016)</u>	<u>21,463</u>
Debt			
Finance leases	(109,250)	109,250	-
Debts falling due within one year	<u>(288,000)</u>	<u>75,000</u>	<u>(213,000)</u>
	<u>(397,250)</u>	<u>184,250</u>	<u>(213,000)</u>
Total	<u>(332,771)</u>	<u>141,234</u>	<u>(191,537)</u>

The notes form part of these financial statements

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Exemption from preparing consolidated financial statements

The financial statements contain information about AAP3 Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements

Turnover

Turnover represents net amounts invoiced during the year (excluding value added tax) adjusted for accrued and deferred income where applicable

Depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Fixtures and fittings	- 50% straight line
Computer equipment	- 50% straight line

Fixed assets

All fixed assets are initially recorded at cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Research and development

Expenditure on research and development is written off in the year in which it is incurred

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

2 TURNOVER

The analysis of turnover and profits between classes of business and geographical markets has not been disclosed as in the opinion of the directors it would be prejudicial to the interests of the business

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2007

3 ANALYSIS OF OPERATIONS

	Continuing £	2007 Discontinued £	Total £
Cost of sales	<u>7,446,307</u>	<u>310,541</u>	<u>7,756,848</u>
Gross profit	<u>2,202,048</u>	<u>111,715</u>	<u>2,313,763</u>
Net operating expenses			
Administrative expenses	<u>2,165,482</u>	<u>114,362</u>	<u>2,279,844</u>
	Continuing £	2006 Discontinued £	Total £
Cost of sales	<u>6,894,213</u>	<u>-</u>	<u>6,894,213</u>
Gross profit	<u>1,929,072</u>	<u>-</u>	<u>1,929,072</u>
Net operating expenses			
Administrative expenses	<u>1,794,078</u>	<u>-</u>	<u>1,794,078</u>

4 STAFF COSTS

	2007 £	2006 £
Wages and salaries	5,002,781	3,753,644
Social security costs	<u>140,492</u>	<u>120,210</u>
	<u>5,143,273</u>	<u>3,873,854</u>

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

	2007	2006
Administrative staff	14	14
Management staff	10	7
Production / sales staff	<u>107</u>	<u>79</u>
	<u>131</u>	<u>100</u>

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2007

5 OPERATING PROFIT

The operating profit is stated after charging

	2007	2006
	£	£
Other operating leases	44,572	34,166
Depreciation - owned assets	41,165	14,751
Depreciation - assets on finance leases	-	75,000
Auditors' remuneration	8,500	8,500
Auditors' remuneration for non audit work	26,790	16,251
Foreign exchange differences	<u>6,068</u>	<u>5,661</u>
 Directors' emoluments	 210,929	 251,538
Compensation to director for loss of office	<u>77,200</u>	<u>-</u>

One director exercised share options during the year (2006 - two directors)

Information regarding the highest paid director is as follows

	2007	2006
	£	£
Emoluments etc	<u>109,351</u>	<u>132,782</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Bank interest	<u>4,169</u>	<u>17,635</u>

7 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2007	2006
	£	£
Current tax		
UK corporation tax	3,795	28,327
Over/under provision in prior year	<u>(48)</u>	<u>78</u>
 Tax on profit on ordinary activities	 <u>3,747</u>	 <u>28,405</u>

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2007

7 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2007 £	2006 £
Profit on ordinary activities before tax	<u>37,272</u>	<u>120,213</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2006 - 19%)	7,454	22,840
Effects of		
Depreciation for period in excess of capital allowances	250	(549)
Expenses not deductible for tax purposes	(3,862)	7,877
Research and development enhanced reduction	-	(1,841)
Effect of change in rates	(47)	-
Under/(over) provision of corporation tax in prior year	<u>(48)</u>	<u>78</u>
Current tax charge	<u>3,747</u>	<u>28,405</u>

8 TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2007	7,782	184,786	192,568
Additions	5,730	65,230	70,960
Impairments	<u>-</u>	<u>(99,750)</u>	<u>(99,750)</u>
At 31 December 2007	<u>13,512</u>	<u>150,266</u>	<u>163,778</u>
DEPRECIATION			
At 1 January 2007	7,666	179,216	186,882
Charge for year	2,981	38,184	41,165
Charge written back	<u>-</u>	<u>(99,750)</u>	<u>(99,750)</u>
At 31 December 2007	<u>10,647</u>	<u>117,650</u>	<u>128,297</u>
NET BOOK VALUE			
At 31 December 2007	<u>2,865</u>	<u>32,616</u>	<u>35,481</u>
At 31 December 2006	<u>116</u>	<u>5,570</u>	<u>5,686</u>

The net book value of tangible fixed assets includes £0 in respect of assets held under finance leases

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2007

9 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
Additions	<u>92</u>
At 31 December 2007	<u>92</u>
NET BOOK VALUE	
At 31 December 2007	<u><u>92</u></u>

The company's investments at the balance sheet date in the share capital of companies include the following

Preferred International Inc

Country of incorporation United States of America

Nature of business Recruitment services

	%
Class of shares	holding
Common stock	92 50
	2007
	£
Aggregate capital and reserves	(23,110)
Loss for the year	<u>(23,210)</u>

10 STOCKS

	2007	2006
	£	£
Stocks	<u>8,067</u>	<u>268</u>

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Trade debtors	1,970,235	1,209,270
Amounts owed by group undertakings	160,935	-
Other debtors	17,897	7,371
Prepayments and accrued income	<u>257,969</u>	<u>221,548</u>
	<u>2,407,036</u>	<u>1,438,189</u>

AAP3 LIMITED
PREVIOUSLY KNOWN AS PREFERRED (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2007

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Bank loans and overdrafts (see note 14)	213,000	288,000
Finance leases (see note 15)	-	28,500
Trade creditors	382,920	90,281
Corporation tax	510	28,327
Social security and other taxes	182,404	106,732
VAT	150,026	138,977
Other creditors	1,195	-
Invoice discounting	745,263	134,662
Directors' loan accounts	-	50,000
Accruals and deferred income	554,467	354,763
	<u>2,229,785</u>	<u>1,220,242</u>

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007	2006
	£	£
Finance leases (see note 15)	<u>-</u>	<u>80,750</u>

14 LOANS

An analysis of the maturity of loans is given below

	2007	2006
	£	£
Amounts falling due within one year or on demand		
Bank loans	<u>213,000</u>	<u>288,000</u>

15 OBLIGATIONS UNDER LEASING AGREEMENTS

	2007	2006
	£	£
Net obligations repayable		
Within one year	-	28,500
Between one and five years	<u>-</u>	<u>80,750</u>
	<u>-</u>	<u>109,250</u>

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NOTES TO THE FINANCIAL STATEMENTS - continued
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15 OBLIGATIONS UNDER LEASING AGREEMENTS - continued

The following operating lease payments are committed to be paid within one year

	Land and buildings	
	2007	2006
	£	£
Expiring		
Between one and five years	<u>76,572</u>	<u>15,050</u>

16 SECURED DEBTS

The following secured debts are included within creditors

	2007	2006
	£	£
Finance leases	-	109,250
Invoice discounting	<u>745,263</u>	<u>134,662</u>
	<u>745,263</u>	<u>243,912</u>

There is a fixed and floating charge on the assets of the company

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17 CALLED UP SHARE CAPITAL

Authorised share capital.

	2007 £	2006 £
Nil Ordinary A shares of £1 each	-	10,000
Nil Ordinary B shares of £1 each	-	5,000
7,850 Ordinary shares of £1 each	7,850	5,000
	<u>7,850</u>	<u>20,000</u>

Allotted, called up and fully paid:

	2007 No	£	2006 No	£
Ordinary A shares of £1 each	-	-	6,100	6,100
Ordinary B shares of £1 each	-	-	501	501
Ordinary shares of £1 each	7,850	7,850	200	200
	<u>7,850</u>	<u>7,850</u>	<u>6,801</u>	<u>6,801</u>

The following shares were issued during the year under EMI option schemes for cash at par

1 249 Ordinary B shares of £1
50 Ordinary shares of £1

On 6 September 2007 the company bought back 250 ordinary B £1 shares following the resignation of the director Mr S Agar-Hutty

During the year the company cancelled 4,750 ordinary authorised unissued shares, 3,900 ordinary A authorised unissued shares and 3,500 ordinary B authorised unissued shares and then redesignated the ordinary A and ordinary B shares as ordinary shares

18 RESERVES

	Profit and loss account £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 January 2007	153,922	19,019	300	27,588	200,829
Profit for the year	33,525				33,525
Transfers	27,738	-	-	(27,738)	-
Share options granted	-	-	-	150	150
At 31 December 2007	<u>215,185</u>	<u>19,019</u>	<u>300</u>	<u>-</u>	<u>234,504</u>

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NOTES TO THE FINANCIAL STATEMENTS - continued
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19 RELATED PARTY DISCLOSURES

During the year the company paid costs on behalf of its subsidiary, Preferred International Inc. At the end of the year there was an amount due to AAP3 Limited of £160,935

During the year the company was invoiced management charges totalling £83,500 from Daniels Reeve Limited (previously known as Nexus (UK) Limited), a company in which the director, Mr Nicholas Daniels is a director and shareholder

During the year the company was invoiced management charges totalling £8,625 from GHFH Limited, a company in which the director, Mr Mark Goodyear is a director and shareholder. At the end of the year there was an amount of £1,368 due to GHFH Limited

During the year the company made purchases totalling £11,700 from Inside the Tent (UK) Limited, a company in which the director Mr Nicholas Daniels is a director and shareholder. At the end of the year there was an amount of £3,525 due to Inside the Tent (UK) Limited

During the year the company paid management charges relating to Mrs R Ellis, a director of the company, totalling £13,300

20 ULTIMATE CONTROLLING PARTY

The company was under the control of the directors throughout the year

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit for the financial year	33,525	91,808
Share options accrued	150	3,150
Share options exercised	1,299	700
Share options bought back	(250)	-
Net addition to shareholders' funds	34,724	95,658
Opening shareholders' funds	<u>207,630</u>	<u>111,972</u>
Closing shareholders' funds	<u>242,354</u>	<u>207,630</u>

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NOTES TO THE FINANCIAL STATEMENTS - continued
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22 SHARE OPTIONS

Share options were granted in the previous year and under the terms of this scheme the movements during the year are summarised below

Class of share	Options outstanding at 01.01.07	Granted in year	Forfeited in year	Exercised in year	Expired in year	Options outstanding at 31.12.07	Exercisable at 31.12 07
Ordinary 'B' shares	2,499	-	(1,250)	1,249	-	-	-
Ordinary shares	50	-	-	50	-	-	-

Applicable exercise price for the share options is £1

Details of share options exercised during the year were as follows

Class of shares	No of shares	Share valuation	Exercise period
Ordinary 'B' Shares	1,249	£12	22/09/06 - 22/09/16
Ordinary Shares	50	£3	22/09/06 - 22/09/16

Charges to the profit and loss account in the year for equity settled share based payment transactions amounted to £150 (2006 £3,150)

During the year the ordinary B shares were redesignated as ordinary shares