

Carlisle Staffing Services Holdings Limited

Report and financial statements for the year ended 31 March 2004

Registered No. 4167777



Carlisle Staffing Services Holdings Limited

Report and financial statements for the year ended 31 March 2004

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Company information

Registered office

St Florian House
Milton Road
Wokingham
Berkshire
RG40 1EN

Directors

R J Bradford
J W Coates
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 2004

The directors present their report and the audited financial statements of the company for the year ended 31 March 2004.

Review of the business

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

The principal activity of the group is the provision of employment services, principally within the United Kingdom.

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 £268,000 (2003: £1,805,000) 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

J W Coates (appointed 23 April 2004)

I G Robinson

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.

Report of the directors for the year ended 31 March 2004 (continued)

Employee involvement

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

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

Policy on payments to suppliers

The group'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 group's average creditor payment period at 31 March 2004 was 40 days. The company has no trade creditors.

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 and the group at the end of the financial year, and of the profit and loss of the group 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 and the group will continue in business.

The maintenance and integrity of the group's website is the responsibility of the directors.

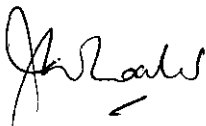
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group 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 2004 (continued)**

Auditors

PricewaterhouseCoopers LLP continue in office as, in accordance with Section 386 of the Companies Act 1985, the company has made an elective resolution to dispense holding an annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'J W Coates', with a horizontal line underneath.

J W Coates
Director

30 November 2004

Independent auditors' report to the members of Carlisle Staffing Services Holdings Limited

We have audited the financial statements which comprise the consolidated profit and loss account, consolidated statement of total recognised gains and losses, consolidated balance sheet, company balance sheet and related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of principal accounting policies.

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.

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. The other information comprises only the directors' report.

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 Services Holdings Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'PwC LLP', is written over the printed name of the firm.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

30 November 2004

Consolidated profit and loss account for the year ended 31 March 2004

	Notes	2004 £'000	2003 £'000
Turnover		131,085	143,659
Cost of sales		(99,633)	(105,975)
Gross profit		31,452	37,684
Administrative expenses		(28,707)	(31,819)
Reorganisation and restructuring costs	2	-	(560)
Operating profit	5	2,745	5,305
Interest receivable and similar income	6	2	46
Interest payable and similar charges	7	(2,323)	(2,277)
Profit on ordinary activities before taxation		424	3,074
Tax on profit on ordinary activities	8	(156)	(1,269)
Retained profit for the financial year	17	268	1,805

All amounts relate to continuing activities.

There is no difference between the results reported above and the equivalent results calculated on an unmodified historical cost basis.

**Consolidated statement of total recognised gains and losses
for the year ended 31 March 2004**

	2004	2003
	£'000	£'000
Profit for the financial year	268	1,805
Currency translation adjustments offset in reserves	19	201
Total recognised gains for the year	287	2,006

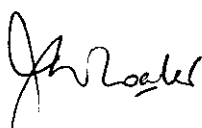
**Consolidated balance sheet
as at 31 March 2004**

	Notes	2004 £'000	2003 £'000
Fixed assets			
Intangible assets	10	51,512	51,453
Tangible assets	11	3,413	4,271
		<u>54,925</u>	<u>55,724</u>
Current assets			
Debtors	13	25,107	19,648
Cash at bank and in hand		4,316	4,253
		<u>29,423</u>	<u>23,901</u>
Creditors: amounts falling due within one year	14	<u>(61,496)</u>	<u>(57,060)</u>
Net current liabilities		<u>(32,073)</u>	<u>(33,159)</u>
Net assets		<u>22,852</u>	<u>22,565</u>
Capital and reserves			
Called up share capital	16	-	-
Other reserves	17	17,319	17,319
Profit and loss account	17	5,533	5,246
Equity shareholders' funds	18	<u>22,852</u>	<u>22,565</u>

Company balance sheet as at 31 March 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Investments	12	17,319	17,319
Net assets		<u>17,319</u>	<u>17,319</u>
Capital and reserves			
Called up share capital	16	-	-
Other reserves	17	17,319	17,319
Equity shareholders' funds	18	<u>17,319</u>	<u>17,319</u>

The financial statements on pages 7 to 22 were approved by the board of directors on 30 November 2004 and were signed on its behalf by:



J W Coates

Director

**Notes to the financial statements
for the year ended 31 March 2004****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 and the provisions of the Companies Act 1985, except for the requirements of legislation as explained in intangible fixed assets below, and on the basis of continuing financial support from group undertakings.

Basis of preparation and consolidation

The consolidated financial statements comprise the financial statements of Carlisle Staffing Services Holdings Limited and its subsidiary undertakings drawn up to 31 March 2004.

The acquisition method of accounting has been applied for all subsidiaries acquired by the group, whereby the results of subsidiary undertakings acquired or disposed of during the year are consolidated for the period from or to the date on which control passes.

Foreign currencies

The results of overseas subsidiary undertakings are translated at the average exchange rate for the year. The assets and liabilities of such undertakings are translated at year end exchange rates. Exchange differences which relate to overseas investments are recorded as a movement on reserves. Exchange differences on foreign currency transactions and balances are dealt with through the profit and loss account.

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 consolidated 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 period 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.

**Notes to the financial statements
for the year ended 31 March 2004 (continued)**

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 year 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.

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 assets investments

Fixed asset investments are stated at cost less any provision required for any impairment in value.

Turnover

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

**Notes to the financial statements
for the year ended 31 March 2004 (continued)****Operating leases**

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

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 to which they relate.

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.

Cash flow statement

In accordance with FRS 1 (Revised) the group 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 2004 (continued)**

2 Reorganisation and restructuring costs

	2004	2003
	£'000	£'000
Loss on transfer of subsidiaries to parent undertaking	-	560

During the year ended 31 March 2003, the group transferred the entire issued share capital of its subsidiary undertakings – Recruit Retail Services plc and Recruit Event Services Limited to BMS Limited, the company's immediate parent undertaking, for an aggregate consideration of £50,000. This transaction resulted in a net loss of £560,000.

3 Staff costs and numbers

Staff costs during the year were:

	2004	2003
	£'000	£'000
Wages and salaries	15,807	17,912
Social security costs	1,705	1,901
Other pension costs	276	340
	17,788	20,153

The average number of employees during the year was:

	2004	2003
	Number	Number
Operational	473	537
Office and management	72	67
	545	604

**Notes to the financial statements
for the year ended 31 March 2004 (continued)**

2 Reorganisation and restructuring costs

	2004	2003
	£'000	£'000
Loss on transfer of subsidiaries to parent undertaking	<u>-</u>	<u>560</u>

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Other pension costs	276	340
	<u>17,788</u>	<u>20,153</u>

The average number of employees during the year was:

	2004	2003
	Number	Number
Operational	473	537
Office and management	72	67
	<u>545</u>	<u>604</u>

**Notes to the financial statements
for the year ended 31 March 2004 (continued)**

4 Directors' emoluments

	2004	2003
	£'000	£'000
Remuneration (including benefits in kind)	403	456
Pension contributions	37	37
	<u>440</u>	<u>493</u>

The emoluments of the highest paid director were £249,000 (2003: £282,000), plus pension contributions towards a defined contribution scheme of £23,000 (2003: £23,000).

The number of directors for whom contributions were made towards defined contribution pension schemes was 2 (2003: 2).

5 Operating profit

	2004	2003
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	1,573	1,475
Operating lease rentals		
- land and buildings	1,964	1,991
- plant and equipment	494	554
Auditors' remuneration		
- group	<u>101</u>	<u>138</u>

The auditors' remuneration for the company in the current year and prior year was borne by Carlisle Staffing plc.

6 Interest receivable and similar income

	2004	2003
	£'000	£'000
Intercompany interest receivable	-	33
Other interest receivable	2	13
	<u>2</u>	<u>46</u>

**Notes to the financial statements
for the year ended 31 March 2004 (continued)**

7 Interest payable and similar charges

	2004	2003
	£'000	£'000
Intercompany interest payable	2,264	2,264
Foreign exchange loss on intercompany balances	59	-
Bank loans and overdrafts	-	13
	<u>2,323</u>	<u>2,277</u>

8 Tax on profit on ordinary activities

	2004	2003
	£'000	£'000
UK corporation tax at 30 percent (2003: 30 percent)	-	963
Group relief payable in respect of current year	292	335
Overseas corporation taxes	19	17
Adjustment in respect of prior years	(2)	(5)
Group relief payable in respect of prior years	(61)	(31)
Adjustment in respect of prior years - overseas corporation taxes	-	(10)
	<u>248</u>	<u>1,269</u>
Deferred taxation	(92)	-
	<u>156</u>	<u>1,269</u>

	2004	2003
	£'000	£'000
Profit on ordinary activities multiplied the standard rate of corporation tax in the UK of 30%	127	922
Expenses not deductible for tax purposes	43	331
Capital allowances for year in excess of depreciation and other timing differences	141	62
Adjustment in respect of prior years - net	(63)	(46)
Current tax charge for the year	<u>248</u>	<u>1,269</u>

**Notes to the financial statements
for the year ended 31 March 2004 (continued)**

9 Results of the parent holding company

Of the profit for the financial year, £nil (2003: £nil) is dealt with in the financial statements of Carlisle Staffing Services Holdings Limited. The directors have taken advantage of the exemption available under Section 230 of the Companies Act 1985 and not presented a profit and loss account for the parent holding company alone.

10 Intangible fixed assets

	Goodwill £'000
Group	
At 1 April 2003	51,453
Additions	124
Currency translation adjustments	(65)
At 31 March 2004	<u>51,512</u>

In May 2003, the group acquired the trade (employment services) and assets of Quadrant Staffing Solutions Limited, for an aggregate cash consideration of £124,000, which resulted in goodwill arising of £124,000.

11 Tangible fixed assets

Group

	Short leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2003	1,048	5,136	2,321	58	8,563
Additions at cost	245	441	43	-	729
Exchange and other adjustments	-	(17)	-	-	(17)
At 31 March 2004	<u>1,293</u>	<u>5,560</u>	<u>2,364</u>	<u>58</u>	<u>9,275</u>
Depreciation					
At 1 April 2003	415	2,567	1,269	41	4,292
Charge for the year	187	1,087	286	13	1,573
Exchange and other adjustments	-	(3)	-	-	(3)
At 31 March 2004	<u>602</u>	<u>3,651</u>	<u>1,555</u>	<u>54</u>	<u>5,862</u>
Net book values					
At 31 March 2004	<u>691</u>	<u>1,909</u>	<u>809</u>	<u>4</u>	<u>3,413</u>
At 31 March 2003	<u>633</u>	<u>2,569</u>	<u>1,052</u>	<u>17</u>	<u>4,271</u>

Notes to the financial statements for the year ended 31 March 2004 (continued)

12 Fixed asset investments

Company	Interest in group undertakings £'000
At 31 March 2003 and 31 March 2004	17,319

A list of principal group undertaking at 31 March 2004 is as follows:

Name of subsidiary	Description of the nominal value of the shares held
(a) Holding company: Carlisle Staffing Services Limited (*)	Ordinary shares of £1 each and 7½% cumulative redeemable convertible preference shares of £1 each
Carlisle Staffing Limited (*) (incorporated in the British Virgin Islands)	Ordinary shares of US\$1 each
Carlisle Staffing Services Ireland Limited (incorporated in the Republic of Ireland)	Ordinary shares of €1 each
(b) Trading company (employment services): Carlisle Staffing plc	Ordinary shares of £1 each
Unicare Services Limited	Ordinary shares of £1 each

Unless otherwise stated (a) all companies are incorporated and operating in Great Britain and registered in England and Wales; (b) the proportion of the nominal value of shares and the voting rights held by the group comprises 100 per cent; (c) all companies are included in the consolidated financial statements; and (d) all shares are held by group undertakings.

(*) shares held directly by Carlisle Staffing Services Holdings Limited.

**Notes to the financial statements
for the year ended 31 March 2004 (continued)**

13 Debtors

	Group	Company	Group	Company
	2004	2004	2003	2003
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	14,753	-	13,887	-
Amounts owed by group undertakings	6,456	-	1,552	-
Prepayments and accrued income	3,806	-	4,209	-
Deferred taxation (note 15)	92	-	-	-
	25,107	-	19,648	-

14 Creditors: amounts falling due within one year

	Group	Company	Group	Company
	2004	2004	2003	2003
	£'000	£'000	£'000	£'000
Trade creditors	3,165	-	1,804	-
Amounts owed to group undertakings	45,583	-	41,926	-
Corporation tax	-	-	992	-
Social security and other taxes	7,875	-	6,891	-
Accruals and deferred income	4,873	-	5,447	-
	61,496	-	57,060	-

15 Deferred tax asset

Group	Provided	Unprovided	Provided	Unprovided
	2004	2004	2003	2003
	£'000	£'000	£'000	£'000
Accelerated capital allowances	92	-	-	-
	92	-	-	-

**Notes to the financial statements
for the year ended 31 March 2004 (continued)**

16 Called up share capital

	2004 £'000	2003 £'000
Group and Company		
Authorised		
100 ordinary shares of £1 each	-	-
Allotted, called up and fully paid		
1 ordinary share of £1 each	-	-

17 Reserves

	Other reserves £'000
Group and Company	
At 31 March 2003 and 31 March 2004	17,319

Other reserves are unrealised and are not available for distribution.

	Profit and loss account £'000
Group	
At 1 April 2003	5,246
Retained profit for the financial year	268
Currency translation adjustments	19
At 31 March 2004	5,533

**Notes to the financial statements
for the year ended 31 March 2004 (continued)**

18 Reconciliation of movements in equity shareholders' funds

	Group	Company	Group	Company
	2004	2004	2003	2003
	£'000	£'000	£'000	£'000
Profit for the financial year	268	-	1,805	-
Other recognised gains	19	-	201	-
Net movement in shareholders' funds	287	-	2,006	-
Shareholders' funds at beginning of year	22,565	17,319	20,559	17,319
Shareholders' funds at end of year	22,852	17,319	22,565	17,319

19 Financial commitments

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

	Group	Group
	2004	2003
	£'000	£'000
Land and buildings		
- expiring within one year	370	443
- expiring between two and five years	888	1,338
- expiring after five years	149	293
	1,407	2,074
Plant and equipment		
- expiring within one year	24	102
- expiring between two and five years	339	238
	363	340
	1,770	2,414

20 Related party transactions

The group and company have 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 2004 (continued)

21 Contingencies

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

At 31 March 2004, under the group's standard banking arrangements, certain bonds, guarantees and indemnities, in the ordinary course of business, have been issued by the banks on behalf of the group to the value of approximately £250,000.

The group's subsidiary undertaking, Carlisle Staffing plc, has also entered into a debenture with its principal bank which provides a fixed and floating charge over its share capital and on certain other property and assets.

22 Ultimate parent undertaking

The company's immediate parent undertaking is BMS Limited.

As at 31 March 2004, the smallest group in which the company is consolidated was Carlisle Group plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements of Carlisle Group plc can be obtained from its registered office at St Florian House, Milton Road, Wokingham, Berkshire RG40 1EN.

As at 31 March 2004, 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.