

Company Registration No 4320853 (England and Wales)

WORKDIRECTIONS UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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WORKDIRECTIONS UK LIMITED

COMPANY INFORMATION

Directors	T V Rein W Smith
Secretary	Winters Registrars Limited 29 Ludgate Hill London EC4M 7JE
Company number	4320853
Registered office	29 Ludgate Hill London EC4M 7JE
Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Business address	4 Royal Mint Court London EC3N 4HJ

WORKDIRECTIONS UK LIMITED

COMPANY INFORMATION

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WORKDIRECTIONS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2006

The directors present their report and financial statements for the year ended 30 June 2006

Business review and principal activities

The principal activity of the company continued to be that of the provision of welfare-to-work services in the United Kingdom. The company completed its third year of operations with significant growth over previous years with turnover increasing by 49.9% to £28,885,144 (2005 £19,273,425). Net assets increased by 69.6% to £3,354,595 (2005 £1,977,642) during the year. It maintained strong cash balances during the year and expects to continue trading profitably in the forthcoming year.

The key business risks and uncertainties affecting the company are considered to relate to competition from other welfare-to-work service providers, results of government tenders and a change of government policy with respect to the role of the private sector in assisting the government to provide welfare-to-work services.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

The external commercial environment is expected to remain competitive for the coming year, however the directors remain confident that the company has a good platform on which to consolidate and grow the business.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend and the profit for the year has been transferred to reserves.

Charitable Donation

During the year the company made no charitable donations (2005 £11,343 Tsunami Relief).

Directors

The following directors held office during the year:

T V Rein

W Smith

Directors' Interests

Neither director held interests in the shares of the company at any time during the year.

Transition to International Financial Reporting Standards (IFRS)

The company's financial statements have been prepared in accordance with UK Generally Accepted Accounting Policies (GAAP) until 30 June 2005. UK GAAP differs in some areas from International Financial Reporting Standards (IFRS). In preparing these financial statements, management have amended certain accounting and valuation methods applied in the UK GAAP financial statements to comply with IFRS. The comparative figures in respect of June 2005 have been restated to reflect these adjustments. Full details of the adjustments made on transition to IFRS are shown in notes 24, 25 and 26.

Statement as to disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

WORKDIRECTIONS UK LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union

The directors are required to prepare financial statements for each financial year which 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 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,
- provide additional disclosures when compliance with the specific requirements of IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

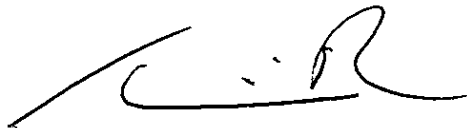
The directors confirm they have complied with the above in preparing these financial statements

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

Auditors

The auditors, PricewaterhouseCoopers LLP, have signified their willingness to continue in office, and a resolution to re-appoint them as auditor will be proposed

On behalf of the board



T V Rein
Director

30 October 2006



W Smith
Director

30 October 2006

WORKDIRECTIONS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORKDIRECTIONS UK LIMITED FOR THE YEAR ENDED 30 JUNE 2006

We have audited the financial statements of WorkDirections UK Limited for the year ended 30 June 2006 which comprise the Income Statement, Statement of Changes in Shareholders' Equity, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Standards on Auditing (UK and Ireland). 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments 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.

WORKDIRECTIONS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORKDIRECTIONS UK LIMITED
FOR THE YEAR ENDED 30 JUNE 2006

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 30 June 2006 and of its profit and cash flows 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 Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

30 October 2006

WORKDIRECTIONS UK LIMITED**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Notes	2006 £	2005 £
Revenue	3	28,885,144	19,273,425
Cost of sales		<u>(16,676,840)</u>	<u>(11,547,924)</u>
Gross profit		12,208,304	7,725,501
Administrative expenses		<u>(10,389,473)</u>	<u>(6,620,991)</u>
Operating profit	4	1,818,831	1,104,510
Interest receivable	5	87,145	85,436
Interest payable	6	<u>(25,404)</u>	<u>(55,926)</u>
Profit on ordinary activities before taxation		1,880,572	1,134,020
Income tax expense	7	<u>(503,619)</u>	<u>(443,681)</u>
Profit for the year		<u>1,376,953</u>	<u>690,339</u>

WORKDIRECTIONS UK LIMITED**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	Share capital £	Retained earnings £	Total £
Balance at 1 July 2005 (re-stated)	26	2	1,977,640	1,977,642
Profit for the year		-	1,376,953	1,376,953
Total shareholder's equity at 30 June 2006		2	3,354,593	3,354,595

		Share capital £	Retained earnings £	Total £
Balance at 1 July 2004	25	2	1,287,301	1,287,303
Profit for the year (re-stated)		-	690,339	690,339
Total shareholder's equity at 30 June 2005		2	1,977,640	1,977,642

WORKDIRECTIONS UK LIMITED

BALANCE SHEET AS AT JUNE 2006

	Notes	2006 £	2005 £
ASSETS			
Non-current assets			
Intangible assets	8	113,544	220,285
Property, plant and equipment	9	881,002	1,043,980
Deferred tax assets	13	190,709	63,515
Other investments	23	215,674	215,674
Total non-current assets		1,400,929	1,543,454
Current assets			
Trade and other receivables	10	7,144,868	3,926,392
Cash and cash equivalents	21	5,009,900	2,704,133
Other investments	23	-	606,480
Total current assets		12,154,768	7,237,005
LIABILITIES			
Current liabilities			
Trade and other payables	11	(9,665,711)	(6,327,958)
Corporation tax		(533)	(201,719)
Total current liabilities		(9,666,244)	(6,529,677)
Net current assets		2,488,524	707,328
Non-current liabilities			
Provisions	14	(371,360)	(126)
Trade and other payables	12	(163,498)	(273,014)
Total non-current liabilities		(534,858)	(273,140)
TOTAL NET ASSETS		3,354,595	1,977,642
SHAREHOLDER'S EQUITY			
Share capital	16	2	2
Retained earnings		3,354,593	1,977,640
TOTAL EQUITY SHAREHOLDER'S FUNDS		3,354,595	1,977,642

The financial statements were approved by the Board on 30 October 2006

Signed on behalf of the Board of Directors by

T V Rein
Director

W Smith
Director

WORKDIRECTIONS UK LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Notes	2006 £	2005 £
Cash flows from operating activities			
Cash generated from operations	18	3,559,957	672,637
Tax paid		(832,000)	(843,679)
Net cash inflow / (outflow) from operating activities		<u>2,727,957</u>	<u>(171,042)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(152,461)	(36,636)
Purchase of intangible assets		(46,740)	(77,015)
Interest received		87,145	85,436
Net cash absorbed by investing activities		<u>(112,056)</u>	<u>(28,215)</u>
Cash flows from financing activities			
Interest paid		(25,404)	(55,926)
Capital element of finance lease repayments		(284,730)	(314,966)
Net cash used in financing activities		<u>(310,134)</u>	<u>(370,892)</u>
Net increase / (decrease) in cash and cash equivalents		<u>2,305,767</u>	<u>(570,149)</u>
Opening cash and cash equivalents		<u>2,704,133</u>	<u>3,274,282</u>
Closing cash and cash equivalents	21	<u>5,009,900</u>	<u>2,704,133</u>

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. Accounting policies for the year ended 30 June 2006

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

During 2006, the company has voluntarily adopted International Financial Reporting Standards (IFRS's) for the year ended 30 June 2006, with the prior year comparatives restated. For the reconciliation of the results previously stated under UK GAAP to the results under IFRS, see note 24. The principal accounting policies adopted by the company are set out in note 2.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, available for sale investments, financial assets and liabilities held for trading. A summary of the more important accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

2. Accounting policies

Revenue recognition

Revenue represents income from employment services, net of VAT and trade discounts.

Employment services revenue is recognised as income over the estimated period the services are provided. Revenue earned on the provision of services to individuals under welfare-to-work programmes is recognised over the period of time an individual is expected to remain in the programme. Programme start fees for welfare-to-work programmes are recognised on the date individuals enrol.

Intangible assets

Externally purchased product software licenses and similar intangible items are capitalised at historical cost and amortised on a straight line basis over their estimated useful lives.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	5 years
Office equipment and fittings	3 years
Computer equipment	3 years

Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in payables net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income statement so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006

2. Continued .

Rentals payable under operating leases are charged against income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Pension costs

The amount charged to the income statement represents the contributions payable by the company to the defined contribution pension scheme. There were outstanding contributions at the end of the year amounting to £40,028 (2005: £23,722) and these are included in other payables.

Share based payments

The movement in the value of the shares given to employees under the Employee Share Scheme is recognised as an expense. The expense calculation is made in accordance with the scheme's specified rules which restrict the fair value of the shares in the hands of scheme members. The effect of this at year end is an increase in provisions and a reduction in retained earnings.

Cash flow

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred income tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full in respect of taxation deferred by timing difference between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Financial risk management

Credit Risk

The company considers that it has minimal credit risk as its revenues flow from medium term contracts with the British Government.

Foreign exchange risk

The Company has negotiated with its overseas suppliers to invoice for all transactions in British Pound Sterling. The company therefore is currently not exposed to any material currency exchange risk.

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006

2. Continued...

Interest rate risk

The company finances its operations through retained profits and has minimal financing exposure on leased assets

Liquidity risk

The company seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

Financial instruments

Financial assets and liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument

3. Revenue

The total revenue of the company for the year has been derived from it's principal activity wholly undertaken in the United Kingdom

4. Operating profit

	2006 £	2005 £
Operating profit is stated after charging		
Amortisation of intangible assets	153,481	147,824
Depreciation of property, plant and equipment - owned	413,108	159,631
Depreciation of property, plant and equipment - leased	264,726	336,969
Operating lease rentals - property	991,124	742,276
Operating lease rentals - other	215,532	68,926
Auditors' remuneration		
- audit services	32,002	24,000
- non-audit services – IFRS advice	22,650	-
Share based payment to employees	7,106	126

5. Interest receivable

	2006 £	2005 £
Bank interest	87,145	85,436

6 Interest payable

	2006 £	2005 £
Finance lease interest	23,844	47,569
Other interest	1,560	8,357
	25,404	55,926

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006

7. Taxation

	2006 £	2005 £
Domestic current year tax		
U K Corporation tax	671,438	501,720
Adjusting for prior years	<u>(40,625)</u>	<u>(4,845)</u>
Current tax charge	630,813	496,875
Deferred tax		
Deferred tax credit	<u>(127,194)</u>	<u>(53,194)</u>
	<u>503,619</u>	<u>443,681</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>1,880,572</u>	<u>1,134,020</u>
UK profit on ordinary activities before taxation multiplied by standard corporation tax at 30% (2005 30%)	<u>564,172</u>	<u>340,206</u>
Effects of		
Non-deductible expenses	6,413	152,204
Tax losses utilised	(26,341)	(43,884)
Adjustments to previous periods	<u>(40,625)</u>	<u>(4,845)</u>
Income tax expense on pre-tax profit	<u>503,619</u>	<u>443,681</u>

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006

8. Intangible assets

	Computer software licenses £
Cost	
At 1 July 2005	470,754
Additions	<u>46,740</u>
At 30 June 2006	<u>517,494</u>
Amortisation	
At 1 July 2005	250,469
Charge for the year	<u>153,481</u>
At 30 June 2006	<u>403,950</u>
Net book value	
At 30 June 2006	<u>113,544</u>

	Computer software licenses £
Cost	
At 1 July 2004	393,739
Additions	<u>77,015</u>
At 30 June 2005	<u>470,754</u>
Amortisation	
At 1 July 2004	102,645
Charge for the year	<u>147,824</u>
At 30 June 2005	<u>250,469</u>
Net book value	
At 30 June 2005	<u>220,285</u>

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006

9. Property, plant and equipment

	Leasehold improvement	Office equipment & fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 July 2005	551,019	1,032,785	452,744	2,036,548
Additions	399,762	49,343	73,227	522,332
Disposals	(5,360)	(1,828)	(9,708)	(16,896)
At 30 June 2006	945,421	1,080,300	516,263	2,541,984
Depreciation				
At 1 July 2005	142,271	639,344	210,953	992,568
Charge for the year	230,473	278,829	168,532	677,834
Disposals	(1,437)	(1,213)	(6,770)	(9,420)
At 30 June 2006	371,307	916,960	372,715	1,660,982
Net book value				
At 30 June 2006	574,114	163,340	143,548	881,002
	Leasehold improvement	Office equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 July 2004	399,602	758,114	285,163	1,442,879
Additions	151,417	274,671	167,581	593,669
At 30 June 2005	551,019	1,032,785	452,744	2,036,548
Depreciation				
At 1 July 2004	70,637	341,122	84,209	495,968
Charge for the year	71,634	298,222	126,744	496,600
At 30 June 2005	142,271	639,344	210,953	992,568
Net book value				
At 30 June 2005	408,748	393,441	241,791	1,043,980

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006

9. Continued..

Assets held under finance leases and hire purchase contracts (included above)

	Leasehold improvement £	Office equipment £	Computer equipment £	Total £
Cost				
Cost at 30 June 2005	290,779	271,159	621,205	1,183,143
Additions	-	-	5,743	5,743
Cost of assets transferred to owned assets	(183,956)	(38,810)	(291,473)	(514,239)
Accumulated depreciation at 30 June 2006	<u>(42,729)</u>	<u>(124,773)</u>	<u>(227,321)</u>	<u>(394,823)</u>
Net book value 30 June 2006	<u>64,094</u>	<u>107,576</u>	<u>108,154</u>	<u>279,824</u>
	Leasehold improvement £	Office equipment £	Computer equipment £	Total £
Cost				
Cost at 30 June 2004	183,956	56,710	385,444	626,110
Additions	106,823	214,449	235,761	557,033
Accumulated depreciation at 30 June 2005	<u>(119,474)</u>	<u>(77,764)</u>	<u>(371,355)</u>	<u>(568,593)</u>
Net book value 30 June 2005	<u>171,305</u>	<u>193,395</u>	<u>249,850</u>	<u>614,550</u>

10. Trade and other receivables

	2006 £	2005 £
Trade receivables	1,353,180	2,462,449
Other receivables	2,123,335	294,023
Amounts owed by group undertakings	3,016,221	-
Prepayments and accrued income	<u>652,132</u>	<u>1,169,920</u>
	<u>7,144,868</u>	<u>3,926,392</u>

Amounts owed by group undertakings are charged interest at 1% above London inter bank base rate and are repayable on demand

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006

11. Trade and other payables – Current

	2006	2005
	£	£
Net obligations under finance leases	243,451	307,576
Trade payables	358,927	436,625
Amounts owed to group undertakings	2,637,000	859,646
Other taxes and social security costs	1,362,390	928,249
Other payables	37,447	23,848
Accruals and deferred income	5,026,496	3,772,014
	<u>9,665,711</u>	<u>6,327,958</u>

Amounts owed to group undertakings incur interest at 1% above London inter bank base rate and are repayable on demand

12. Trade and other payables – Non-Current

	2006	2005
	£	£
Net obligations under finance leases	58,152	273,014
Other payables	105,346	-
	<u>163,498</u>	<u>273,014</u>
Net obligations under finance leases		
Repayable within one year	255,040	333,002
Repayable between one and five years	59,968	283,687
	<u>315,008</u>	<u>616,689</u>
Finance charges and interest allocated to future accounting periods	(13,405)	(36,099)
	<u>301,603</u>	<u>580,590</u>
Included in liabilities falling due within one year	(243,451)	(307,576)
	<u>58,152</u>	<u>273,014</u>
Amounts due after more than one year	<u>58,152</u>	<u>273,014</u>

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006

13. Deferred taxation

The deferred tax asset is made up as follows:

	2006 £	
Balance at 1 July 2005	(63,515)	
Credit for the year	<u>(127,194)</u>	
Balance at 30 June 2006	<u>(190,709)</u>	

	2006 £	2005 £
Accelerated capital allowances	(118,614)	(55,284)
Amortisation of lease dilapidations	(60,087)	-
Unpaid pension contributions	<u>(12,008)</u>	<u>(8,231)</u>
	<u>(190,709)</u>	<u>(63,515)</u>

There was no unprovided deferred tax

14. Provisions

The provision is made up as follows.

	2006 £	
Balance at 1 July 2005	126	
Share based payment charge	7,106	
Lease dilapidations capitalised	<u>364,128</u>	
Balance at 30 June 2006	<u>371,360</u>	

	2006 £	2005 £
Share based payment provision	7,232	126
Lease dilapidations provision	<u>364,128</u>	<u>-</u>
	<u>371,360</u>	<u>126</u>

Share based payment is considered non-current and represents an estimate of costs to the company as a result of an increase the net assets per share of the ultimate parent company, in respect of shares issued to a senior member of staff

The lease dilapidations provision is considered non-current and represents the estimated costs of making good the company's operating lease tenancies. It is anticipated that the provisions will be used between 2007 and 2010

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006

15. Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charged represents contributions payable by the company to the fund. There were outstanding contributions at the end of the financial year amounting to £40,028 (2005 £23,722) and these are included in other payables.

16. Share Capital

	2006 £	2005 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

17. Financial commitments

At 30 June 2006 the company had commitments under non-cancellable operating leases as follows

	Land and buildings	
	2006 £	2005 £
Expiry date		
Between two and five years	<u>865,161</u>	<u>860,047</u>

Four operating lease agreements are supported by rental guarantee secured by bank accounts with National Westminster Bank Plc amounting to £215,674 (2005 £822,154)

18. Reconciliation of profit before tax to net cash inflow from operating activities

	2006 £	2005 £
Profit before tax	1,880,572	1,134,020
Depreciation charges	677,834	496,600
Amortisation charges	153,481	147,824
Share based payment	7,106	126
Interest payable	25,404	55,926
Interest receivable	(87,145)	(85,436)
Loss on disposal of property, plant and equipment	7,476	-
Decrease / (increase) in other investments	606,480	(685,000)
Increase in trade and other receivables	(3,507,225)	(1,324,411)
Increase in trade and other payables	<u>3,401,878</u>	<u>932,988</u>
Cash flow from operating activities	<u>3,559,957</u>	<u>672,637</u>

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006

19. Employees**Number of employees**

The average monthly number of employees (including the directors) during the year was

	2006 Number	2005 Number
Management	4	3
Administration	267	211
	<u>271</u>	<u>214</u>

Employment costs

2006	2005
£	£

Employees costs during the year (including directors)

Wages and salaries	7,750,794	5,498,291
Social security costs	817,653	565,354
Pension contributions	268,235	158,561
	<u>8,836,682</u>	<u>6,222,206</u>

Key management disclosures (including directors):

2006	2005
£	£

Salaries and short-term employee benefits	480,332	408,056
Pension Contributions	34,775	24,653
	<u>515,107</u>	<u>432,709</u>

Directors

2006	2005
£	£

Aggregate emoluments	182,149	162,315
Pension contributions	13,797	8,333
	<u>195,946</u>	<u>170,648</u>

T V Rein received no remuneration from the company during the year (2005 Nil)

Key management personnel

Key management personnel had authority and responsibility for planning, directing and controlling the activities of the company and includes departmental heads reporting directly and indirectly to the members of the Board

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

20. Control

The company is a wholly owned subsidiary undertaking of Ingeus Europe Limited (formerly Ingeus UK Limited), a company incorporated in United Kingdom. The largest group in which the results of the company are consolidated is headed by Ingeus Limited, a company incorporated in Australia. T V Rein, a director of the company, is the ultimate controlling party by virtue of her majority shareholding in Ingeus Limited.

The company charged to its income statement £2,637,000 (2005: Nil) in respect of intellectual property rights from its ultimate parent company Ingeus Limited in Australia and £1,070,510 (2005: £1,948,071) from Ingeus Europe Limited the immediate holding company in respect of management charges.

21. Cash and cash equivalents

	1 July 2005 £	Cash flow £	30 June 2006 £
Cash and cash equivalents	<u>2,704,133</u>	<u>2,305,767</u>	<u>5,009,900</u>

22. Share based payments

Ingeus Limited the ultimate parent company, has issued shares to a senior staff member of WorkDirections UK Limited. These shares are issued at the deemed valuation as approved by the Board. This value is a function of net assets divided by number of shares, discounted by approximately 8%.

The shares were issued to the member of staff and paid for by the employee accepting an interest free loan for the same amount. On termination of employment with the company, the shares are bought back by Ingeus Limited at the last published year end deemed valuation, net of outstanding loan balance. Where the share valuation is less than the outstanding loan balance, the difference will be written off by Ingeus Limited.

	2006 Number	2005 Number
Number of Shares	<u>50</u>	<u>50</u>
Expenses arising from share-based payment transactions	2006 £	2005 £
Movement in deemed value of shares	<u>7,106</u>	<u>126</u>

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 JUNE 2006**

23. Other investments

	2006	2005
	£	£
Non current		
Bank deposits	215,674	215,674
	<u>215,674</u>	<u>215,674</u>
Current		
Bank deposits	-	606,480
	<u>-</u>	<u>606,480</u>

The above bank deposits are held as security in respect of bank guarantees issued to support property leases

24. Reconciliation of Profit for the year ended 30 June 2005

	Reported under UK-GAAP	Share- based Payments IFRS 2*	Total IFRS Adjustments	Restated under IFRS
	£	£	£	£
Revenue	19,273,425	-	-	19,273,425
Cost of Sales	(11,547,924)	-	-	(11,547,924)
Gross profit	<u>7,725,501</u>	<u>-</u>	<u>-</u>	<u>7,725,501</u>
Administrative expenses	(6,620,865)	(126)	(126)	(6,620,991)
Operating profit	<u>1,104,636</u>	<u>(126)</u>	<u>(126)</u>	<u>1,104,510</u>
Interest receivable	85,436	-	-	85,436
Interest payable	(55,926)	-	-	(55,926)
Profit before taxation	<u>1,134,146</u>	<u>(126)</u>	<u>(126)</u>	<u>1,134,020</u>
Income tax	(443,681)	-	-	(443,681)
Profit for the period	<u>690,465</u>	<u>(126)</u>	<u>(126)</u>	<u>690,339</u>

* - For details, see note 22

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006

25 Reconciliation of equity at 1 July 2004

	Reported under UK GAAP	Software licenses IAS 38	Cash equivalents IAS 7	Deferred tax IAS 12	Restated under IFRS
	£	£	£	£	£
ASSETS					
Non-current assets					
Intangible assets	-	291,094	-	-	291,094
Property, plant and equipment	1,238,005	(291,094)	-	-	946,911
Other investments	-	-	137,154	-	137,154
Deferred tax assets	-	-	-	10,321	10,321
	<u>1,238,005</u>	<u>-</u>	<u>137,154</u>	<u>10,321</u>	<u>1,385,480</u>
Current assets					
Trade and other receivables	2,612,302	-	-	(10,321)	2,601,981
Cash and cash equivalent	3,411,436	-	(137,154)	-	3,274,282
	<u>6,023,738</u>	<u>-</u>	<u>(137,154)</u>	<u>(10,321)</u>	<u>5,876,263</u>
LIABILITIES					
Current liabilities					
Trade and other payables	(5,296,960)	-	-	-	(5,296,960)
Income tax	(548,523)	-	-	-	(548,523)
	<u>(5,845,483)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,845,483)</u>
Net current assets	178,255	-	(137,154)	(10,321)	30,780
Non-current liabilities					
Trade and other payables	(128,957)	-	-	-	(128,957)
	<u>(128,957)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(128,957)</u>
Total net assets	<u>1,287,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,287,303</u>
SHAREHOLDER'S EQUITY					
Share capital	2	-	-	-	2
Retained earnings	1,287,301	-	-	-	1,287,301
	<u>1,287,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,287,303</u>

NB - The above UK GAAP numbers have been adjusted into IFRS format (in accordance with IAS 1)

WORKDIRECTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 JUNE 2006**

26. Reconciliation of equity at 1 July 2005

	Reported under UK GAAP	Share- based Payments	Software licenses	Cash equivalents	Deferred tax	Restated under IFRS
	£	IFRS 2 £	IAS 38 £	IAS 7 £	IAS 12 £	£
ASSETS						
Non-current assets						
Intangible assets	-	-	220,285	-	-	220,285
Property, plant and equipment	1,264,265	-	(220,285)	-	-	1,043,980
Other investments	-	-	-	215,674	-	215,674
Deferred tax assets	-	-	-	-	63,515	63,515
	1,264,265	-	-	215,674	63,515	1,543,454
Current assets						
Trade and other receivables	3,989,907	-	-	-	(63,515)	3,926,392
Other Investments	-	-	-	606,480	-	606,480
Cash and cash equivalents	3,526,287	-	-	(822,154)	-	2,704,133
	7,516,194	-	-	(215,674)	(63,515)	7,237,005
LIABILITIES						
Current liabilities						
Trade and other payables	(6,327,958)	-	-	-	-	(6,327,958)
Income tax	(201,719)	-	-	-	-	(201,719)
	(6,529,677)	-	-	-	-	(6,529,677)
Net current assets	986,517	-	-	(215,674)	(63,515)	707,328
Non-current liabilities						
Trade and other payables	(273,014)	-	-	-	-	(273,014)
Provisions	-	(126)	-	-	-	(126)
	(273,014)	(126)	-	-	-	(273,140)
Total net assets	1,977,768	(126)	-	-	-	1,977,642
SHAREHOLDER'S EQUITY						
Share capital	2	-	-	-	-	2
Retained earnings	1,977,766	(126)	-	-	-	1,977,640
	1,977,768	(126)	-	-	-	1,977,642

NB - The above UK GAAP numbers have been adjusted into IFRS format (in accordance with IAS 1)