

COMPANY NO: 06903140

REED SPECIALIST RECRUITMENT LTD

ANNUAL REPORT

◆ For the year ended 30th June 2010 ◆

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REED SPECIALIST RECRUITMENT LTD

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REED SPECIALIST RECRUITMENT LTD

COMPANY INFORMATION

Directors J A Reed
D Beal (resigned 1st April 2010)
J Edmunds
R Post
N Marsh
I Nicholas

Secretary J Edmunds LL B Solicitor

Registered office Academy Court
3rd Floor
94 Chancery Lane
London
WC2A 1DT

Registered number 06903140

Auditors Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Bankers Barclays Bank LTD
Onslow Hall
The Little Green
Richmond
Surrey
TW9 1QS

Solicitors Slaughter & May
1 Bunhill Row
London
EC1Y 8YY

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 30th June 2010. The prior period results relate to the 7 weeks from incorporation on 12th May 2009 to 27th June 2009.

Business review and principal activities

Reed Specialist Recruitment is a specialist provider of permanent, contract, temporary and outsourced recruitment solutions, IT and HR consulting. Established in 1960, Reed Specialist Recruitment has been assisting job seekers and employers for 50 years across more than 30 specialisms.

On the 27th June 2009 the company acquired the trade, assets and certain liabilities of the fellow group companies, Reed Employment Ltd, Reed Managed Services Ltd and Reed Personnel Services Ltd. These were acquired at a total fair value of £61,600,000. There have been no updates to provisional fair values. Note 11 to the financial statements provides an analysis of the combined trading results as reported within Reed Employment Ltd, Reed Managed Services Ltd and Reed Personnel Services Ltd for the 78 weeks to 27th June 2009.

Temporary business

The level of Temporary business was broadly flat over the period. However, Temporary margins declined during the period by just over 100 bps. The primary cause of this decline was continued pricing pressure from corporate clients and the implementation of major new contracts. The outcome of this was that year-on-year, temp income declined by 10%.

There are various projects and initiatives being undertaken within the business with the intention of arresting the decline and to attempt to manage margins upwards.

Permanent Business

Overall permanent volumes and margins decreased as a result of the economic downturn. Compared to the prior year, placements were down by 21% and margin was down 120bps.

There was a recovery of permanent income in the second half of 2010, as the UK economy began to recover. However that recovery in business is under threat by the current economic uncertainty.

Key performance indicators

	2010	2009
Gross Margin	4.9%	n/a
Net Profit Margin	1.3%	n/a
Number of offices	460	n/a
Co-Member Cost ratio	11.1%	n/a
Current ratio	0.92	0.91

No events took place post 30th June 2010 which require disclosure.

Notes to key performance indicators

- Gross Margin calculated as gross profit as a percentage of revenue.
- Net Profit Margin calculated as operating profit as a percentage of revenue.
- Co-Member Cost ratio represents the staff costs as a percentage of revenue. The percentage split is in line with our expectations.
- Current ratio is derived by dividing current assets by current liabilities, and is a good indicator of a Company's ability to meet short-term debt obligations, the higher the ratio, the more liquid the Company is. The current ratio is in line with our expectations and in line with the previous year.

Report of the directors (continued)

Trading results and dividend

The Company's trading results are set out in the profit and loss account on page 8

No dividends have been proposed for the period (2009 £nil)

Principal risks and uncertainties facing the Company

Any downturn in the economic environment has historically been the greatest risk to the service sector in which Reed operates. The business is also exposed to changes in government policy on public spending.

We have mitigated these risks through our ability to manage our cost base and adjust headcount during periods of economic uncertainty.

Financial instruments

The Company has no external borrowing facilities in place with any banks at present.

The Company's operations expose it to a variety of financial risks including the effects of changes in interest rates, credit risk and liquidity risk.

The Company does not have material exposures in any of the areas identified above and consequently does not use derivative instruments to manage these exposures.

The Company's principal financial instruments comprise sterling cash and bank deposits, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments can be analysed as follows:

Foreign currency risk

The Company is not exposed in its trading operations to the risk of changes in foreign currency exchange rates as our principal operations remain within the UK.

Credit risk

The Company's principal financial asset is trade debtors, which represent the company's major exposure to credit risk in relation to the financial assets. Reporting in this area covers weekly aged debt for every significant client as well as overall ledger profiles from the invoicing date taking into account any pre-agreed payment terms.

The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Company's management based on prior experience and their assessment of the current economic environment.

The Company has no significant concentration of credit risk, with the exposure spread over a large number of customers. Also the risk on liquid funds is minimised by credit checking of clients and a strong credit control function. Bad debt exposure is minimal due to our diverse spread of clients.

Liquidity risk

The Company's policy has been to ensure continuity of funding through the operation of its treasury function.

Report of the directors (continued)

Payment of creditors

The Company's policy for all suppliers is to fix terms of payment when agreeing to terms of each business transaction, to ensure that the supplier is aware of those terms and to abide by the agreed terms of payment. The number of days that the Company's year end purchases represent was 15 days.

Pension funds

The assets of the pension schemes are held separately from those of the Company and are under the control of fund managers for each scheme appointed by the scheme trustees. These schemes have two trustees namely Derek Beal and Darren Murton. The schemes may not invest in the shares of the Group. The audit of the pension scheme is currently undertaken by Baker Tilly UK Audit LLP and is completely separate from that of the Group.

Environment

The Company's policy with regard to the environment is to ensure that it understands and effectively manages the actual and potential environmental impact of its activities. The Company's operations are conducted such that it complies with all legal requirements relating to the environment in all areas where it carries out its business. During the period covered by this report the Company has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

The Group has issued a statement of intent to demonstrate how it aims to deliver its commitment to continually improve its environmental performance, highlighting implementation and monitoring plans, as well as clarifying Co-Member responsibility. The Company aims to act in accordance with the spirit of all relevant legislation and to set itself appropriate targets for long term improvements.

Reed was the first UK-based recruitment Company to become Carbon Neutral®. Since 2005 the Group has offset through a variety of projects and it currently offsets through a Voluntary Carbon Standard certified methane capture project in China. Not content with just being Carbon Neutral, Reed has taken additional steps to become Carbon Positive and have committed to planting at least 1,000 trees every year. Since 2005 we have planted over 6,000 trees.

In 2010 the Group won the London Development Agency's Green500 Platinum Award, which recognised its achievements in making sustained environmental improvements. Reed was also awarded the Green Project of the Year 2010 at the Green IT Awards. This acknowledged the importance of our thin terminal project in significantly reducing the amount of carbon related to our IT solutions.

In February 2010 Reed Specialist Recruitment was awarded ISO 14001 status. This is the recognised standard for Environment Management Systems in an organisation. It recognises the organisation's ability to control its impact on the environment and monitors its compliance with regulations.

A significant example of individual actions having a collective impact on improving our environmental performance is that currently almost 86% of Reed candidates and clients use on-line timesheets and invoices, saving approximately 4.4 million pieces of paper per annum, across the Reed Group.

The Group is proud of its achievements to date, however, our ongoing challenge is to build on past success to further improve our environmental performance as part of our ongoing commitment to be a responsible global citizen.

Report of the directors (continued)

Co-Members

The Company encourages all employees, known as Co-Members, to participate in the effective running and development of the business. Co-Members are kept informed via the Company intranet, which is updated on a daily basis as well as through briefing meetings, informal discussions and conferences.

Co-Members attend regular training courses and are encouraged to take an active interest in all matters affecting them. Co-Members' views, opinions and ideas are regularly surveyed and their feedback is acknowledged, noted and where appropriate, acted upon.

Equal opportunities

Reed aims to adhere to the principles of equal opportunities and to ensure that statutory obligations are met and, indeed, exceeded in all aspects of its business. In its role as an intermediary, Reed seeks to promote workforce diversity, not only among Co-Members but also among clients and candidates. It is a policy of Reed to employ and train disabled people whenever appropriate and to actively promote equal opportunities by evaluating Co-Members solely on the basis of merit, regardless of age, gender, marital status, sexual orientation, disability or dependants' considerations, ethnic, racial or religious background.

Going concern basis

After making enquiries, the directors have formed a judgement, that at the time of approving the financial statements, that there is reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The current composition of the Board of Directors is given on page 1.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the directors (continued)

Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on page 1, confirm the following

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

This information is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006

Auditors

The auditors, Deloitte, appointed on 13th August 2009, have expressed their willingness to continue in office and a resolution proposing their reappointment will be put before the members at the next annual general meeting

Approval

The report of the directors was approved by the Board on 20 January 2011 and signed on its behalf by

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

Nigel Marsh
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REED SPECIALIST RECRUITMENT LIMITED

We have audited the financial statements of Reed Specialist Recruitment Limited for the year ended 30 June 2010 which comprise the Profit and Loss Account, the Balance Sheet, the accounting policies note and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Colin Hudson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
20 January 2011

REED SPECIALIST RECRUITMENT LTD

PROFIT AND LOSS ACCOUNTFor the year ended 30th June 2010

		Year ended 30 th June 2010	7 weeks ended 27 th June 2009
	Note	£'000	£'000
Turnover	1	649,713	-
Cost of Sales		(617,913)	-
Gross Profit		31,800	-
Distribution costs		(2,933)	-
Administrative expenses		(20,100)	-
Operating Profit	2	8,767	-
Interest receivable and similar income	3	23	-
Interest payable and similar charges	4	(2)	-
Profit on ordinary activities before taxation		8,788	-
Tax charge on profit on ordinary activities	6	(3,161)	-
Profit on ordinary activities after taxation	16	5,627	-

There were no recognised gains or losses except as reported above in either period, and therefore no statement of recognised gains and losses has been presented

All results are from continuing operations

REED SPECIALIST RECRUITMENT LTD**BALANCE SHEET**At 30th June 2010

		At 30 th June 2010	At 27 th June 2009
	Note	£'000	£'000
Fixed assets			
Goodwill	8	9,531	10,212
Tangible Assets	9	7,612	7,817
Investments	10	-	-
		<u>17,143</u>	<u>18,029</u>
Current assets			
Debtors Amounts falling due within one year	12	89,522	147,537
Debtors Amounts falling due after more than one year		-	10,000
Cash at bank and in hand		<u>6,176</u>	<u>70</u>
		95,698	157,607
Creditors: Amounts falling due within one year			
Creditors	13	(104,325)	(153,396)
Bank overdraft		-	(19,767)
		<u>(104,325)</u>	<u>(173,163)</u>
Net current liabilities		<u>(8,627)</u>	<u>(15,556)</u>
Total assets less current liabilities		8,516	2,473
Provision for liabilities and charges	14	<u>(2,889)</u>	<u>(2,473)</u>
Net assets		<u>5,627</u>	<u>-</u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account	16	<u>5,627</u>	<u>-</u>
Shareholders' funds	17	<u>5,627</u>	<u>-</u>

The financial statements of company number 06903140 were approved by the board on 20 January 2011 signed on its behalf by



Nigel Marsh
Director

REED SPECIALIST RECRUITMENT LTD

ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom accounting standards under the historical cost convention. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is a wholly owned subsidiary of Reed Global Limited which prepares consolidated accounts that are publicly available.

Turnover

Turnover represents the provision of temporary and permanent workers to customers and clients. Turnover is recognised upon completion of a placement for temporary workers and upon commencement of a placement for permanent workers. Turnover is stated as invoiced and is net of discounts and excluding VAT.

Going concern

Reed Specialist Recruitment's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on pages 2 and 3.

Reed Specialist Recruitment is expected to generate positive cash flows on its own account for the foreseeable future. Reed Specialist Recruitment participates in the Reed Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses to their enquiries of the directors of the Company's parent Reed Executive Limited, who operates and manages the centralised treasury arrangements, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Reed Specialist Recruitment to continue as a going concern or its ability to continue with the current banking arrangements.

The financial statements are prepared under the going concern basis, having taken into consideration the net current liabilities position as at the balance sheet date, as the company has received commitments from its parent company, Reed Executive Limited, that it will not demand repayment of the amounts owed to it at the year end in the foreseeable future, and that it will provide financial support if required to ensure that the company can meet its liabilities as they fall due.

On the basis of their assessment of the Reed Specialist Recruitment's financial position and of the enquiries made of the directors of Reed Executive Limited, the Reed Specialist Recruitment's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investments

Investments are held at cost value and written down when any impairment is identified.

Intangible assets – goodwill

Goodwill arising on the acquisition of trade and assets of fellow group companies, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 15 years. Provision is made for any impairment.

Tangible assets and depreciation

Tangible fixed assets are shown at cost less depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets on a straight-line basis over the expected useful lives of the assets concerned. However, motor vehicles are depreciated over 3 years after allowing for a 20% residual value.

REED SPECIALIST RECRUITMENT LTD

ACCOUNTING POLICIES

The periods over which depreciation is charged are -

Leasehold premises	Length of lease
Computer equipment	Three years
Motor vehicles	Three years
Fixtures and fittings	Three to eight years

Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down is charged to operating profit.

Dilapidations

A provision is built-up over the life of every lease for the dilapidation cost obligation which results from vacating the property.

Operating leases

Rental costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the terms of leases. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market is shorter than the full lease term, in which case the shorter period is used.

Rents receivable

Rents receivable from properties leased under operating leases are credited to the profit and loss account in accordance with the terms of the lease.

Taxation

Current tax, including corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted. Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course.

Pension costs

Reed Executive Ltd, Reed Specialist Recruitments direct parent, operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately and are administered by external pension managers. The company is unable to identify its share of the underlying assets and liabilities of the scheme and therefore contributions to the scheme relating to co-members of Reed Specialist Recruitment Ltd, are charged to the profit and loss account in the period which they are payable as if the scheme was a defined contribution scheme. This scheme was closed to new members with effect from 4th April 1995.

Pension arrangements were introduced on 1st November 2004 on a group personal pension plan basis.

Cash flow statement

The company has taken advantage of the exemption under Financial Reporting Standard 1 not to prepare a cash flow statement as the company's ultimate parent at the balance sheet date, Reed Global Ltd, has prepared a cash flow statement.

REED SPECIALIST RECRUITMENT LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2010

1. TURNOVER AND PROFITS

All turnover and profits arose in the United Kingdom from recruitment activities

2. OPERATING PROFIT

Operating profit is stated after charging

	Year ended 30 th June 2010 £'000	7 weeks ended 27 th June 2009 £'000
Depreciation and amortisation of fixed assets		
- leasehold premises	92	-
- owned assets	2,950	-
- goodwill	681	-
Operating lease rentals		
- plant & machinery	8	-
- other	6,341	-
Auditors' remuneration		
- audit of the company's financial statements	80	-

No fees were received by the auditors in either the current or prior accounting periods in relation to the provision of non-statutory audit services

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 th June 2010 £'000	7 weeks ended 27 th June 2009 £'000
Interest received from group undertakings	23	-

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 th June 2010 £'000	7 weeks ended 27 th June 2009 £'000
Interest paid to group undertakings	2	-

REED SPECIALIST RECRUITMENT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30TH JUNE 2010

5 DIRECTORS AND EMPLOYEES

	Year ended 30 th June 2010 £'000	7 weeks ended 27 th June 2009 £'000
(a) Directors' remuneration		
Total directors' emoluments	<u>644</u>	<u>-</u>
Highest paid director – emoluments	345	-
Highest paid director – pension contributions	<u>-</u>	<u>-</u>
	N°	N°
The following number of directors are accruing retirement benefit under Defined benefit scheme	<u>-</u>	<u>-</u>
Group personal pension scheme	<u>-</u>	<u>-</u>
	Year ended 30 th June 2010 £'000	7 weeks ended 27 th June 2009 £'000
(b) Staff costs		
Wages and salaries	65,156	-
Social security costs	6,667	-
Other pension costs (note 18)	189	-
	<u>72,012</u>	<u>-</u>

The average number of permanent staff, including directors, employed by the company is 1,975 (2009 nil)

REED SPECIALIST RECRUITMENT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30TH JUNE 2010

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax for the period

	Year ended 30 th June 2010 £'000	7 weeks ended 27 th June 2009 £'000
Current tax		
UK corporation tax on profit for the period	1,367	-
Group relief payable	1,020	-
	<u>2,387</u>	<u>-</u>
Deferred Tax		
Origination and reversal of timing differences	420	-
Adjustments in respect of previous periods	354	-
	<u>774</u>	<u>-</u>
Total tax charge on profit for the period	<u><u>3,161</u></u>	<u><u>-</u></u>

(b) Factors affecting the tax for the period

The tax assessed for the period differs to the standard rate of corporation tax in the UK 28% (2009 28%) The differences are explained below

	Year ended 30 th June 2010 £'000	7 weeks ended 27 th June 2009 £'000
Profit for the period before taxation	<u>8,788</u>	<u>-</u>
Theoretical tax at UK corporation tax rate of 28% (2009 28 33%)	2,461	-
Effects of		
Expenses not deductible for tax purposes	346	-
Differences between capital allowances and depreciation on qualifying assets	141	-
Other short term timing differences	(26)	-
Utilisation of tax losses and other deductions arising in the period	(535)	-
Current tax for the period	<u><u>2,387</u></u>	<u><u>-</u></u>

REED SPECIALIST RECRUITMENT LTD**NOTES TO THE FINANCIAL STATEMENTS (continued)**
FOR THE YEAR ENDED 30TH JUNE 2010**7 DEFERRED TAX**

	30th June 2010 £'000	27th June 2009 £'000
Depreciation in excess of capital allowances	705	740
Other timing differences	-	90
Tax losses carried forward and other deductions	-	649
Deferred tax asset	705	1,479
Asset at beginning of period	1,479	-
Amount charged to profit and loss account	(774)	-
Tax losses transferred by s 343 TA 1988 election from a group company	-	1,479
Asset at end of period	705	1,479

8. GOODWILL

	Goodwill £'000
Cost	
At 27 th June 2009 and 30 th June 2010	10,212
Amortisation	
At 27 th June 2009	-
Charge for the year	(681)
At 30 th June 2010	(681)
Net book value	
At 30 th June 2010	9,531
At 27 th June 2009	10,212

Goodwill is written off on a straight line basis over a period of 15 years. Goodwill has been tested for impairment by the measurement of future cash flows over a period of 10 years. Cash flows were discounted at a weighted cost of capital of 7%.

REED SPECIALIST RECRUITMENT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30TH JUNE 2010

9 TANGIBLE FIXED ASSETS

	Leasehold premises		Fixtures, equipment & motor vehicles	Total
	Long Lease £'000	Short Lease £'000	Owned £'000	£'000
Cost				
27 th June 2009	76	145	7,596	7,817
Additions	-	137	2,708	2,845
Disposals	-	-	(8)	(8)
30th June 2010	76	282	10,296	10,654
Depreciation				
27 th June 2009	-	-	-	-
Charge for the year	2	92	2,948	3,042
Disposals	-	-	-	-
30th June 2010	2	92	2,948	3,042
Net book value				
At 30th June 2010	74	190	7,348	7,612
At 27 th June 2009	76	145	7,596	7,817

Certain of the leasehold premises have been sub-let. The values of such properties are

	At 30 th June 2010 £'000	At 27 th June 2009 £'000
Cost	40	40
Accumulated depreciation	(9)	-
Net book value	31	40

REED SPECIALIST RECRUITMENT LTD
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30TH JUNE 2010

10. INVESTMENTS IN SUBSIDIARIES

	At 30 th June 2010 £	At 27 th June 2009 £
Cost and net book value	<u>102</u>	<u>102</u>

The following are subsidiaries of Reed Specialist Recruitment Ltd. Reed Specialist Recruitment Ltd owns 100% of the ordinary share capital of each company. They all operate principally in England, and are registered in England and Wales.

As at 30th June 2010

Company Number	Name	Principal Activity
02265513	Reed Community Care Ltd	Dormant
05247149	RMS Staffing Services Ltd	Recruitment specialists

11. PURCHASE OF BUSINESS

On the 27th June 2009 the company acquired the trade, assets and liabilities of the fellow group companies, Reed Employment Ltd, Reed Managed Services Ltd and Reed Personnel Services Ltd. There have been no updates to provisional fair values.

The combined trading results of the acquired trade, as reported within Reed Employment Ltd, Reed Managed Services Ltd, Reed Personnel Services Ltd and Reed Learning Ltd, for the period ended 27th June 2009, were as follows:

	78 weeks to 27 th June 2009 £'000
Turnover	882,747
Cost of sales	<u>(833,997)</u>
Gross profit	48,750
Distribution costs	(5,568)
Administrative expenses	(55,396)
Other operating income	<u>44</u>
Operating loss	(12,170)
Income from shares in group undertakings	9,660
Interest payable and similar charges	<u>(95)</u>
Loss on ordinary activities before taxation	(2,605)
Taxation	4,016
Profit on ordinary activities after taxation	<u><u>1,411</u></u>

REED SPECIALIST RECRUITMENT LTD**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30TH JUNE 2010****12 DEBTORS**

	At 30 th June 2010 £'000	At 27 th June 2009 £'000
Amounts falling due within one year		
Trade debtors	74,534	98,324
Amounts receivable from group undertakings	3,382	35,529
Corporation Tax	3,616	4,421
Deferred tax	705	1,479
Other debtors	657	2,609
Prepayments and accrued income	6,628	5,175
	<u>89,522</u>	<u>147,537</u>
Amounts falling due after more than one year		
Amounts receivable from Group undertaking	<u>-</u>	<u>10,000</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 30 th June 2010 £'000	At 27 th June 2009 £'000
Trade Creditors	12,680	32,285
Amounts owed to group undertakings	29,476	68,964
Social security costs and other taxes	30,232	16,119
Other creditors	19,829	25,855
Accruals and deferred income	12,108	10,173
	<u>104,325</u>	<u>153,396</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Dilapidations £'000
At 27 th June 2009	2,473
Additional provisions	619
Provision utilised	<u>(203)</u>
At 30th June 2010	<u>2,889</u>

The dilapidations provision arises from the contractual obligation to restore leased premises to their original condition on termination of the lease. These, on average, have four years remaining.

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15. SHARE CAPITAL

	At 30 th June 2010 £	At 27 th June 2009 £
Authorised, issued and fully paid		
Two Ordinary Shares of £1 00 each	<u>2</u>	<u>2</u>

The ordinary shares were issued at par on 12 May 2009

16 RESERVES

	Profit and loss account £'000
At 27 th June 2009	-
Retained profit for the period	<u>5,627</u>
At 30th June 2010	<u>5,627</u>

17. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	At 30 th June 2010 £'000	At 27 th June 2009 £'000
Profit for the period	<u>5,627</u>	-
Net change in shareholders' funds	<u>5,627</u>	-
Opening shareholders' funds	-	-
Closing shareholders' funds	<u>5,627</u>	<u>-</u>

18. PENSION COSTS

The company participates in a pension scheme, providing benefits based on final pensionable pay. This scheme was closed to new members on 4 April 1995. The assets of the scheme are held separately from those of the company and are administered by external pension managers. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent approved valuation was at 4th April 2007. The results of that valuation have been projected to 27th June 2009 by a qualified independent actuary. The contributions are based upon pension costs as a whole, as a result the company is unable to identify its share of the pension scheme's assets or liabilities. As a result the scheme is treated as if it was a defined contribution scheme. The particulars of the latest actuarial valuation of the scheme are available in the financial statements of the company, Reed Executive Ltd.

Supplementary pension disclosures that are required under FRS 17 have been included in the accounts of Reed Executive Ltd.

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19. LEASING COMMITMENTS

The annual commitments under operating leases are as follows

	Land and Buildings £'000	Other £'000	At 30 th June 2010 Total £'000	Land and Buildings £'000	Other £'000	At 27 th June 2009 Total £'000
Expiring within:						
One year	-	2	2	-	-	-
Two to five years	20	-	20	-	2	2
After five years	80	-	80	-	-	-
	100	2	102	-	2	2

No account has been taken of future periodic rent reviews to operating leases for land and buildings

20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available under Financial Reporting Standard 8 Related party Transactions (FRS8) not to disclose transactions occurring within the group

21. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking and controlling party is Reed Global Ltd, a company registered in Malta, whose annual report and financial statements may be obtained from the company's registered office at 171 Old Bakery Street, Valletta, Malta
It is also the parent undertaking for the largest and smallest group for which the group accounts are prepared