

**Direct Resources (Scotland) Limited**

Accounts for the year ended 31 December 2001  
together with directors' and independent auditors' reports

Registered number: SC159019



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**Directors' report**

For the year ended 31 December 2001

The directors present their annual report on the affairs of the company, together with the accounts and independent auditors' report for the year ended 31 December 2001.

**Principal activity and business review**

The principal activity of the company continues to be a recruitment agency specialising in IT personnel.

The directors are satisfied with the performance of the company and expect the general level of activity to remain consistent with the performance for the year ended 31 December 2001.

**Results and dividends**

The audited accounts for the year ended 31 December 2001 are set out on pages 4 to 11. The profit for the year after taxation was £216,288 (2000: profit of £78,787).

The accounts presented reflect the year to 31 December 2001.

**Directors and their interests**

The directors who served during the year were as follows:

P Atkinson	(Resigned 23 October 2001)
C Garrett	(Resigned 18 November 2002)
W W Hastings	(Resigned 18 November 2002)
A Trivedi	
S Wadhvani	
C Lyle	(Appointed 18 November 2002)

The directors do not have any interests in the shares or debentures of the company required to be disclosed under Schedule 7 of the Companies Act 1985.

**Directors' responsibilities**

The directors are responsible for the system of internal control. The company is incorporated in Scotland, and is subject to United Kingdom company law.

**Directors' responsibilities**

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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.

**Charitable contributions**

*During the year the company made charitable donations of £609.*

**Auditors**

Since the balance sheet date Arthur Andersen resigned as auditors and Deloitte & Touche were appointed to fill the casual vacancy arising.

20 South St. Andrew Street  
Edinburgh  
EH2 2AZ

**By order of the Board,**



C Lyle  
Director

31 January 2003

**To the Members of Direct Resources (Scotland) Limited**

We have audited the financial statements of Direct Resources (Scotland) Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13.

These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Deloitte & Touche

**Registered Auditors and Chartered Accountants**

Reading

31 January 2003

**Profit and loss account**

For the year ended 31 December 2001

	Notes	Continuing operations	
		2001 £	2000 £
<b>Turnover</b>	2	6,518,322	8,356,457
Cost of sales		(5,249,116)	(6,720,177)
<b>Gross profit</b>		1,269,206	1,636,280
Administrative expenses		(1,080,226)	(1,534,740)
Other operating income		-	1,774
<b>Operating profit</b>	3	188,980	103,314
Investment income		2,270	1,230
<b>Profit on ordinary activities before taxation</b>		191,250	104,544
Tax on profit on ordinary activities	4	25,038	(25,757)
<b>Profit on ordinary activities after taxation, being retained profit for the year</b>	10	216,288	78,787

There were no recognised gains or losses other than the profit for each year. Accordingly, no statement of total recognised gains and losses is presented.

The accompanying notes are an integral part of this profit and loss account.

**Balance sheet**

31 December 2001

	Notes	2001 £	2000 £
<b>Fixed assets</b>			
Tangible assets	6	<u>30,632</u>	<u>59,651</u>
<b>Current assets</b>			
Debtors	7	1,306,813	1,881,185
Cash at bank and in hand		<u>64,961</u>	<u>46,358</u>
		1,371,774	1,927,543
<b>Creditors: Amounts falling due within one year</b>	8	<u>(1,207,492)</u>	<u>(2,008,568)</u>
<b>Net current assets (liabilities)</b>		<u>164,282</u>	<u>(81,025)</u>
<b>Total assets less current liabilities, being net assets (liabilities)</b>		<u>194,914</u>	<u>(21,374)</u>
<b>Capital and reserves</b>			
Called-up share capital	9	1,000	1,000
Profit and loss account	10	<u>193,914</u>	<u>(22,374)</u>
<b>Equity shareholders' funds (deficit)</b>	11	<u>194,914</u>	<u>(21,374)</u>

Signed on behalf of the Board



C Lyle  
Director

31 January 2003

The accompanying notes are an integral part of this balance sheet.

**Notes to the accounts**

31 December 2001

**1 Accounting policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

*a) Basis of accounting*

The accounts have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

The accounts show a profit for the year of £216,288 (2000: £78,787) and net assets of £194,914 (2000: net liabilities £21,374).

The company has taken advantage of the exemption from preparing a cashflow statement conferred by Financial Reporting Standard No 1 (Revised) on the grounds that a consolidated cash flow statement is presented by the ultimate parent company, iGate Capital Corporation (note 13).

*b) Turnover*

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

*c) Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Computer equipment	-	33.3% straight-line method
Fixtures and fittings	-	25% straight-line method

*d) Leases*

Rentals paid under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

*e) Taxation*

UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

*f) Defined contribution pension scheme*

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

# Notes to the accounts (continued)

## 2 Turnover

In the opinion of the directors, only £49,000 (2000: £290,000) of the turnover of the company is attributable to geographical markets outside the UK.

## 3 Operating profit

The operating profit is stated after charging:

	2001 £	2000 £
Depreciation of tangible fixed assets	31,313	34,053
Operating leases:		
- vehicle leases	10,270	17,327
- plant and equipment leases	6,544	6,845
- rent	45,400	47,650
Auditors' remuneration		
- audit fees	17,000	18,000
- non-audit services	1,759	7,000
	<u>1,759</u>	<u>7,000</u>

## 4 Tax on profit on ordinary activities

	2001 £	2000 £
The tax (credit)/charge comprises:		
UK corporation tax at 30% (2000: 30%)	-	25,757
Adjustment in respect of prior years - UK corporation tax	(25,038)	-
	<u>(25,038)</u>	<u>25,757</u>

There are no corporation tax arising on the profit on ordinary activities before taxation due to the availability of group relief.

There are no amounts of deferred tax charged for the year. There are no material deferred tax liabilities.

## 5 Staff costs

Particulars of employees remuneration (including executive directors) are as shown below:

	2001 £	2000 £
Employee costs during the year amounted to:		
Wages and salaries	661,719	947,129
Social security costs	64,887	102,843
Pension costs	11,186	10,856
	<u>737,792</u>	<u>1,060,828</u>



**5 Staff costs (continued)**

The average monthly number of persons employed by the company during the year was as follows:

	2001 Number	2000 Number
Administration	<u>20</u>	<u>23</u>

*Directors' remuneration*

The remuneration of the directors was as follows:

	2001 £	2000 £
Emoluments	4,800	46,050
Company contributions to money purchase pension schemes	<u>-</u>	<u>1,890</u>
	<u>4,800</u>	<u>47,940</u>

*Pensions*

The number of directors who were members of pension schemes was as follows:

	2001 Number	2000 Number
Money purchase schemes	<u>-</u>	<u>1</u>

**6 Tangible fixed assets**

	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>			
1 January 2001	130,835	59,239	190,074
Additions	<u>2,100</u>	<u>194</u>	<u>2,294</u>
31 December 2001	<u>132,935</u>	<u>59,433</u>	<u>192,368</u>
<b>Depreciation</b>			
1 January 2001	94,432	35,991	130,423
Charge	<u>21,533</u>	<u>9,780</u>	<u>31,313</u>
31 December 2001	<u>115,965</u>	<u>45,771</u>	<u>161,736</u>
<b>Net book value</b>			
31 December 2001	<u>16,970</u>	<u>13,662</u>	<u>30,632</u>
31 December 2000	<u>36,403</u>	<u>23,248</u>	<u>59,651</u>

# Notes to the accounts (continued)

## 7 Debtors

Amounts falling due within one year:

	2001 £	2000 £
Trade debtors	803,460	1,317,118
UK corporation tax	82,320	-
Prepayments and accrued income	421,033	564,067
	<u>1,306,813</u>	<u>1,881,185</u>

## 8 Creditors: Amounts falling due within one year

	2001 £	2000 £
Trade creditors	36,634	567,711
Amounts owed to group companies	731,972	1,183,108
UK corporation tax	-	32,718
Other taxation and social security	66,763	54,582
Accruals	372,123	170,449
	<u>1,207,492</u>	<u>2,008,568</u>

The company granted a floating charge on its assets to secure bank loans and overdrafts of £nil (2000: £nil).

## 9 Called-up share capital

	2001 £	2000 £
<i>Authorised</i>		
100,000 ordinary shares of £1 each	100,000	100,000
100,000 'A' Preference shares at £1 each	100,000	100,000
100,000 'B' Preference shares at £1 each	100,000	100,000
	<u></u>	<u></u>
<i>Allotted, called-up and fully paid</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u></u>	<u></u>

Each class of share carries the same rights.

**10 Profit and loss account**

	£
1 January 2001	(22,374)
Profit for the year	216,288
31 December 2001	<u>193,914</u>

**11 Reconciliation of movements in shareholders' funds (deficit)**

	2001 £	2000 £
Profit for the financial year	216,288	78,787
<b>Net additions to shareholders' funds</b>	216,288	78,787
Opening shareholders' deficit	(21,374)	(100,161)
<b>Closing shareholders' funds (deficit)</b>	<u>194,914</u>	<u>(21,374)</u>

**12 Guarantees and other financial commitments***a) Lease commitments*

The company has entered into the following non-cancellable operating leases.

The minimum annual rentals under the foregoing leases are as follows:

	2001		2000	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
- within 1 year	45,400	-	-	2,937
- between 2-5 years	-	11,984	45,400	11,984
	<u>45,400</u>	<u>11,984</u>	<u>45,400</u>	<u>14,921</u>

*b) Pension arrangements*

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £11,186 (2000: £10,856). Contributions totalling £nil (2000: £nil) were payable to the fund at 31 December 2001.

**13 Ultimate parent company**

The ultimate parent company is iGate Capital Corporation, a company incorporated in the State of Pennsylvania, USA, which heads up the largest and smallest group of which the company is a member and for which group accounts have been drawn up. Copies of iGate Capital Corporation consolidated accounts can be obtained from iGate Capital Corporation, 1004 McKee Road, Oakdale, PA 15071 USA.

As a subsidiary of iGate Capital Corporation the company has taken advantage of the exemption in FRS 8 "Related party disclosures" not to disclose transactions with group companies.