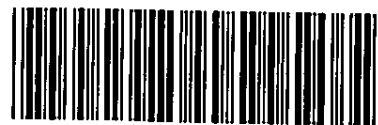


Chrysalis Community Care Group Limited

formerly
Blue Arrow Care Limited

Directors' Report and Financial Statements
for the Year Ended 31 December 2007

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Chrysalis Community Care Group Limited

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Chrysalis Community Care Group Limited
Officers and Advisers

Directors	D M C Doyle
	A Burchall
	L J Healey
	N P Marsh (appointed 14 November 2007)
	J Rowley
	R J Watson
Secretary	R J Watson
Registered office	800 The Boulevard Capability Green Luton LU1 3BA
Auditors	Ernst & Young LLP 400 Capability Green Luton LU1 3LU

Chrysalis Community Care Group Limited
Directors' Report for the Year Ended 31 December 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to

- select suitable accounting policies and 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,
- prepare the financial statements on a 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 the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of

Principal activity and business review

The principal activity of the company is that of a domiciliary care, nursing and social care employment agency, placing care staff with local authority, NHS, private and voluntary sector clients

The directors consider that the results for the year and the financial position at the end of the year were satisfactory

The business continues to supply health, social care and domiciliary care staff to a range of local authority, NHS, private and voluntary settings and directly to individuals in their own homes. The company is committed about standards and its position as a quality partner in the delivery of care

Year ended 31 December	2007	2006	Change
	£000	£000	%
Turnover	10,427	10,910	(4.4)%
Gross profit	2,794	3,210	(13.0)%
Administrative expenses	2,833	3,238	(12.5)%
EBIT	(39)	(28)	39.3%
Gross profit percentage %	26.8%	29.4%	
EBITDA return on sales %	0.8%	(0.6)%	
Conversion rate % (EBIT)	(1.4)%	(0.9)%	
Permanent fees % GP	1.9%	2.1%	

Chrysalis Community Care Group Limited
Directors' Report for the Year Ended 31 December 2007

continued

Turnover decreased by 4.4% to £10,427,000 in 2007 (2006 £10,910,000) reflecting challenging market conditions in the social care sector in particular. Gross profit for the year decreased by 13.0%. The decrease in gross profit margin percentage of 260 basis points reflects the continuing impact of vendor neutral procurement providers in the social care sector.

However, the domiciliary care business has performed well as the trend towards more community supported living and an ageing population continues.

The business is also actively seeking acquisition opportunities in the domiciliary care market. In June 2007, the company acquired 100% of the share capital of a profitable domiciliary care business in Bristol, Chrysalis Community Care Limited. Further opportunities continue to be pursued.

Insurance

The group, of which the company is a member, maintains a comprehensive insurance programme with a number of reputable third party underwriters. These insurance policies are reviewed annually to ensure that there is adequate cover for insurable risks and that the terms of those policies are optimised.

Post balance sheet events

On 5 March 2008 the company changed its name from Blue Arrow Care Limited to Chrysalis Community Care Group Limited.

Also on this date certain elements of the trade were transferred into Medacs Healthcare Plc to bring all of the social care activities of the group under the control of a single entity. This will allow Chrysalis Community Care Group Limited to concentrate on the provision of domiciliary care. The assets of the trade have been transferred at their book value, whilst the trade was transferred at a nil value as it is not a profitable business at the current time.

On 14 March 2008 the company's ultimate parent company, The Corporate Services Group plc, announced that agreement had been reached regarding a proposed merger of the company with Carlisle Group Limited. It is proposed that a new company, Impellam Group plc, will acquire the entire issued and to be issued ordinary share capital of The Corporate Services Group plc. It is anticipated that this merger will be completed on 7 May 2008.

Results and dividend

The results for the company are set out in the financial statements.

The directors do not recommend the payment of a dividend.

Principal risks facing the business

Economic environment

The performance of the company has a very close relationship and dependence on the underlying growth of the economy and government funding of health and social care.

Competitive environment

In the United Kingdom the markets for the provision of permanent and temporary recruitment are highly competitive and fragmented. In this market competitor risk manifests itself in increased competition for clients and candidates and in pricing pressures.

Competitors in the staffing markets range from large multi-national organisations to small privately-owned businesses. We are continually subject to both existing and new competitors entering into the markets in which we operate, both geographically across the country and by specialist activity. The competitive threat is from both small start-up operations and also from large multi-nationals, as the costs of entry into specialist recruitment can be relatively low although increasing compliance requirements are increasing the barriers to entry into the market place.

Commercial relationships

The company benefits from close commercial relationships with key clients in both the public and private sectors. The company is not dependent on any single key client in either sector.

Chrysalis Community Care Group Limited
Directors' Report for the Year Ended 31 December 2007

continued

Fixed assets

In the opinion of the directors no fixed assets have a significant difference in value between the book value reported and the market value

Technology systems

The company is increasingly supported by technology systems in providing its services to clients. These systems are hosted in-house. The business continues to review and enhance its ability to cope with the loss of a technology system as a result of a significant event.

Regulatory environment

The staffing industry is governed by an increasing level of compliance which varies from market to market. Additionally our clients require more complex levels of compliance in their contractual arrangements. The company takes its responsibilities seriously, is committed to meeting all of its regulatory responsibilities, and continues to strengthen its internal controls and processes with respect to legal and contractual obligations.

Directors

The directors who held office during the year were as follows

- D M C Doyle
- A Burchall
- L J Healey
- N P Marsh (appointed 14 November 2007)
- J Rowley
- R J Watson

Retirement of directors

In accordance with the Articles of Association, directors are not required to retire from the board on a rotational basis.

Directors' indemnity provisions

During the year and to the date of these accounts, the group had in force an indemnity provision in favour of one or more Directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985.

Supplier payment policy

The company's policy, which is also applied by the group of which the company is a member, is to settle terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment. The company abides by the terms of payment. The company's trade creditors are settled by another group company.

Chrysalis Community Care Group Limited
Directors' Report for the Year Ended 31 December 2007

continued

Employees

The company recognises that it is essential to maintain a highly skilled workforce. To this end the policy of training and development is incorporated in the company plan. It is the policy to promote from within the organisation wherever the possibility exists.

Health and safety measures are given particular attention by the directors and a written policy exists and is known throughout the company.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the candidate concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company recognises the need for employees to be informed of the company's activities and performance. A corporate intranet for all employees provides a wide range of information.

Auditors

The auditors, Ernst & Young LLP, are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985.

Approved by the Board and signed on its behalf by



A Burchall
Director

Date **28 APR 2008**

**Independent Auditors' Report to the Members of
Chrysalis Community Care Group Limited**

We have audited the company's accounts for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet and related notes 1 to 23. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

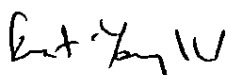
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


Ernst & Young LLP
Registered Auditors
Luton

Date 28 April 2008

Chrysalis Community Care Group Limited
Profit and Loss Account for the Year Ended 31 December 2007

	Note	2007 £	2006 £
Turnover	1	10,427,334	10,910,223
Cost of sales		(7,633,577)	(7,700,030)
Gross profit		<u>2,793,757</u>	<u>3,210,193</u>
Administrative expenses		(2,832,336)	(3,238,563)
Operating loss	2	<u>(38,579)</u>	<u>(28,370)</u>
Interest receivable	3	189,748	-
Interest payable and similar charges	6	(11,499)	(2,971)
Profit/(loss) on ordinary activities before taxation		<u>139,670</u>	<u>(31,341)</u>
Tax on profit/(loss) on ordinary activities	7	4,000	-
Profit/(loss) for the financial year	17	<u><u>143,670</u></u>	<u><u>(31,341)</u></u>

Turnover and operating loss derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

There is no material difference between the result reported above and the result on an unmodified historical cost basis

The notes on pages 9 to 19 form an integral part of these financial statements

Chrysalis Community Care Group Limited

Balance Sheet as at 31 December 2007

		2007		2006	
	Note	£	£	£	£
Fixed assets					
Intangible assets	8		82,333		88,833
Tangible assets	9		184,049		198,518
Investments	10		<u>1,466,280</u>		<u>-</u>
			<u>1,732,662</u>		<u>287,351</u>
 Current assets					
Debtors	11	1,985,638		13,463,931	
Cash at bank and in hand		<u>3,522</u>		<u>3,268</u>	
		<u>1,989,160</u>		<u>13,467,199</u>	
 Creditors Amounts falling due within one year	12	<u>(2,180,007)</u>		<u>(12,410,971)</u>	
Net current (liabilities)/assets			<u>(190,847)</u>		<u>1,056,228</u>
 Total assets less current liabilities			<u>1,541,815</u>		<u>1,343,579</u>
 Creditors Amounts falling due after more than one year	13		(480,864)		(480,864)
Provisions for liabilities	15		<u>(105,294)</u>		<u>(50,728)</u>
 Net assets			<u>955,657</u>		<u>811,987</u>
 Capital and reserves					
Called up share capital	16		49		49
Profit and loss reserve	17		<u>955,608</u>		<u>811,938</u>
Equity shareholders' funds	18		<u>955,657</u>		<u>811,987</u>

Approved by the Board of Directors on 28 APR 2008 and signed on its behalf by



A Burchall
Director

The notes on pages 9 to 19 form an integral part of these financial statements

Chrysalis Community Care Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Significant accounting judgements

In applying the company's accounting policies the following judgements have been made that may have a significant effect on the amounts recognised in the financial statements

Impairment of goodwill

The company determines whether goodwill is impaired if events or changes in circumstances indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Going concern

These financial statements have been prepared on a going concern basis.

The company had net current liabilities amounting to £190,847. The company is dependent, in the absence of other funding, on the continued support of the ultimate parent company, The Corporate Services Group plc. The ultimate parent company has confirmed that it will continue to support the company for a period of at least twelve months from the date the accounts are signed. On this basis, the directors consider it appropriate to prepare the accounts on the going concern basis. The accounts do not include any adjustments that might be necessary if The Corporate Services Group plc were not to provide further support.

Turnover

Turnover represents amounts receivable, net of value added tax, in respect of employment services within the United Kingdom.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, less depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life, as follows:

Short leasehold properties	over the lease term
Fixtures, fittings and equipment	between 3 and 10 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Chrysalis Community Care Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

Goodwill

Goodwill arising on the acquisition of businesses, representing any 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 estimated useful economic life, subject to a maximum of 20 years. The carrying value of goodwill is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Goodwill arising on acquisitions in the year ended 31 December 1997 and earlier periods were written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

Investments

Fixed asset investments are stated at cost. The carrying value of investments is reviewed for impairment if events or changed circumstances indicate the carrying value may not be recoverable. Such a review is carried out at the end of each year following the year of acquisition.

Operating leases

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

Pensions

Contributions to defined contribution pension schemes are charged to the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Taxation

Current tax is recognised at the amounts estimated to be payable or recoverable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are recognised, subject to certain exceptions, in respect of all material timing differences between the recognition of gains and losses in the accounts and for tax purposes. Those timing differences recognised may include accelerated capital allowances, unrelieved tax losses and short term timing differences. Timing differences not recognised include those relating to the revaluation of fixed assets in the absence of a commitment to sell the revalued assets and the gain on sale of assets rolled over into replacement assets in the absence of a commitment to sell the replacement assets.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Chrysalis Community Care Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

Vacant property

When a property substantially ceases to be used for the purposes of the business, provision is made to the extent that the recoverable amount of the interest in the property is expected to be insufficient to cover the future obligations relating to the lease

Cashflow statement

The company has not prepared a cashflow statement as it is exempt under the provisions of Financial Reporting Standard No 1 (revised)

Consolidation

The company is exempt under Section 228 of The Companies Act 1985 from the requirement to prepare group accounts because it is a wholly owned subsidiary of The Corporate Services Group plc which prepares consolidated accounts which are publicly available. Accordingly, these accounts are those of the company and not of its group

2 Operating loss

Operating loss is stated after charging

	2007	2006
	£	£
Hire of land and buildings (Operating leases)	208,349	254,324
The audit of the company's financial statements	5,800	5,500
Depreciation of owned tangible fixed assets	120,663	95,360
Amortisation of goodwill	6,500	6,500
	<u> </u>	<u> </u>

3 Interest receivable

	2007	2006
	£	£
Interest from fellow group companies	<u>189,748</u>	<u>-</u>

Chrysalis Community Care Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2007

continued

4 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2007 No	2006 No
Directors	5	5
Employment services	39	42
	<u>44</u>	<u>47</u>

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Wages and salaries	1,251,265	1,525,631
Social security	181,278	141,232
Other pension costs	15,552	18,833
	<u>1,448,095</u>	<u>1,685,696</u>

5 Directors' emoluments

The directors' emoluments for the year are as follows

	2007 £	2006 £
Directors' emoluments (including benefits in kind)	-	107,679
Directors' pension contributions	-	5,100
	<u>-</u>	<u>112,779</u>

During the period the number of directors who were accruing benefits under company pension schemes was as follows

	2007 No	2006 No
Money purchase	-	1

The six (2006 other five) directors who held office during the year were also directors of the ultimate parent company and/or of fellow subsidiaries. Total remuneration, including company contributions to a money purchase pension scheme and compensation for loss of office, received by these directors, but not included above totalled £1,645,281 (2006 £1,821,987) paid by the ultimate parent company or by other subsidiaries. Six of these directors were members of money purchase schemes in 2007 (2006 four). The directors do not believe that it is practicable to apportion this amount between services as directors to the company and services as directors of the ultimate parent company and of fellow subsidiary companies.

During the year no directors (2006 nil) exercised options over shares in the ultimate parent company during their tenure.

Chrysalis Community Care Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2007

continued

6 Interest payable and similar charges

	2007 £	2006 £
On revolving credit facilities	<u>11,499</u>	<u>2,971</u>

7 Taxation

Analysis of current period tax credit

	2007 £	2006 £
Current tax		
Group relief payable/(receivable)	<u>(4,000)</u>	<u>-</u>

Factors affecting current and future tax charges

The effective current tax rate on the loss on ordinary activities before tax can be reconciled to the standard rate of corporation tax (taken to be the standard rate of corporation tax in the UK) as follows

	2007 %	2006 %
Tax charge/credit at UK standard rate	30.0	30.0
Transfer pricing adjustments (see below)	(55.6)	(98.7)
Other permanently disallowable/non-taxable items	3.1	(17.4)
Group relief surrendered for less than the standard rate	41.7	0.0
Timing differences		
Depreciation and similar charges in excess of capital allowances	(22.1)	120.0
Losses arising in the year but not utilised	0.0	(33.9)
Effective current tax rate	<u>(2.9)</u>	<u>0.0</u>

The effective current and total tax rates in 2007 are lower than standard primarily because of current year tax losses not utilised and for which no deferred tax asset had previously been recognised

The timing differences that are carried forward may reduce future tax charges when they are utilised or reversed

UK legislation requiring, in broad terms, that cross-border transactions between most connected parties be at an arm's length price for tax purposes (commonly known as 'transfer pricing'). As a result, this company has become taxable on deemed net interest receivable that has not been recognised in the accounts

The company's ultimate parent undertaking has previously surrendered £100,000 of advance corporation tax ('ACT') to this company for no consideration. This ACT may be used to reduce future tax charges, subject to various restrictions

Chrysalis Community Care Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2007

continued

8 Intangible fixed assets

	Goodwill £
Cost	
As at 1 January 2007 and 31 December 2007	<u>130,000</u>
Amortisation	
As at 1 January 2007	41,167
Charge for the year	<u>6,500</u>
As at 31 December 2007	<u>47,667</u>
Net book value	
As at 31 December 2007	<u>82,333</u>
As at 31 December 2006	<u>88,833</u>

9 Tangible fixed assets

	Fixtures and fittings £	Short leasehold properties £	Total £
Cost			
As at 1 January 2007	671,192	16,623	687,815
Additions	104,650	6,894	111,544
Disposals	-	(9,048)	(9,048)
As at 31 December 2007	<u>775,842</u>	<u>14,469</u>	<u>790,311</u>
Depreciation			
As at 1 January 2007	481,312	7,985	489,297
Eliminated on disposals	-	(3,698)	(3,698)
Charge for the year	118,976	1,687	120,663
As at 31 December 2007	<u>600,288</u>	<u>5,974</u>	<u>606,262</u>
Net book value			
As at 31 December 2007	<u>175,554</u>	<u>8,495</u>	<u>184,049</u>
As at 31 December 2006	<u>189,880</u>	<u>8,638</u>	<u>198,518</u>

Chrysalis Community Care Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2007

continued

10 Investments held as fixed assets

	Group shares £
Cost	
Additions	<u>1,466,280</u>
Net book value	
As at 31 December 2007	<u>1,466,280</u>

In June 2007 the company acquired the entire share capital of Chrysalis Community Care Ltd for a consideration of £1,466,280. The acquisition will expand the existing domiciliary care business and provide a new brand under which to market this activity.

The company holds more than 20% of the share capital of the following company

	Country of incorporation	Principal activity	Class	%	Year end
Subsidiary undertakings					
Chrysalis Community Care (Bristol) Limited (formerly Chrysalis Community Care Limited)	England & Wales	Employment Services	Ordinary shares	100	31 December 2007

11 Debtors

	2007 £	2006 £
Trade debtors	1,739,774	1,496,718
Amounts owed by group undertakings	157,087	11,830,533
Other debtors	44,832	61,529
Prepayments and accrued income	43,945	75,151
	<u>1,985,638</u>	<u>13,463,931</u>

Certain trade debtors are subject to revolving credit facilities (as described in note 13) under which the company receives a substantial proportion of the value of the trade debtors shortly after they have been invoiced.

Chrysalis Community Care Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2007

continued

12 Creditors: Amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	63,293	35,311
Other loans	479,882	995,076
Amounts owed to group undertakings	657,745	9,998,137
Corporation tax	4,246	-
Social security and other taxes	632,349	1,009,683
Other creditors	48,174	-
Accruals and deferred income	294,318	372,764
	<u>2,180,007</u>	<u>12,410,971</u>

a) Bank overdrafts are secured by cross guarantees across all major UK trading subsidiaries of the company's ultimate parent undertaking, The Corporate Services Group plc

b) The other loans relate to revolving credit facilities (invoice discounting) over the trade debtors described in note 12. Any revolving credit liability is secured by a fixed charge over certain assets of the company and by composite guarantees and debentures from fellow group undertakings

13 Creditors: Amounts falling due after more than one year

	2007 £	2006 £
Amounts owed to group undertakings	<u>480,864</u>	<u>480,864</u>

14 Maturation of borrowings

Amounts repayable

	Bank loans & overdrafts £	Other Loans £	Total £
As at 31 December 2007			
In one year or less on demand	63,293	479,882	543,175
	<u>63,293</u>	<u>479,882</u>	<u>543,175</u>
As at 31 December 2006			
In one year or less on demand	35,311	995,076	1,030,387
	<u>35,311</u>	<u>995,076</u>	<u>1,030,387</u>

Chrysalis Community Care Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

15 Provisions for liabilities

	Property provision £
As at 1 January 2007	50,728
Increase in provision	106,300
Utilised in year	<u>(51,734)</u>
As at 31 December 2007	<u>105,294</u>

The property provision is in respect of the expected holding costs to the estimated disposal dates on vacant properties under leases expiring between one and three years

<i>Deferred tax</i>	Recognised		Unrecognised	
The total recognised and unrecognised deferred tax liability/(asset) is as follows	2007	2006	2007	2006
	£	£	£	£
(Deferred)/accelerated capital allowances	-	-	(18,000)	(58,000)
Short term timing differences	-	-	(13,000)	(24,000)
Tax losses	<u>-</u>	<u>-</u>	<u>(46,000)</u>	<u>(46,000)</u>
	<u>-</u>	<u>-</u>	<u>(77,000)</u>	<u>(128,000)</u>

The unrecognised assets relating to deferred capital allowances will be recovered in due course if the company makes sufficient taxable profits of the right type and the depreciation charges no longer exceed the tax allowances available on the relevant assets. The unrecognised assets relating to other short term timing differences will be recoverable when the company incurs allowable expenditure against the provisions in question or releases them, again subject to the company making sufficient taxable profits of the right type

16 Share capital

	2007 £	2006 £
Authorised		
Equity		
100 Deferred shares of £1 each	100	100
30 Ordinary shares of US\$1 each	<u>19</u>	<u>19</u>
	<u>119</u>	<u>119</u>
Allotted, called up and fully paid		
Equity		
30 Deferred shares of £1 each	30	30
30 Ordinary shares of US\$1 each	<u>19</u>	<u>19</u>
	<u>49</u>	<u>49</u>

Chrysalis Community Care Group Limited

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The deferred shares have no rights to dividends before 2020. Thereafter they have a right to 1/24 of the rate of dividend paid on ordinary shares. On a winding up the deferred shares have the right to repayment of capital after the company has paid its liabilities and distributed the amount paid up or credited as paid up on the ordinary shares. The deferred shares carry no right to attend at or vote at general meetings of the company.

17 Reserves

	Profit and loss reserve £
Balance at 1 January 2007	811,938
Transfer from profit and loss account for the year	143,670
Balance at 31 December 2007	<u>955,608</u>

18 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit/(loss) attributable to members of the company	143,670	(31,341)
Opening equity shareholders' funds	811,987	843,328
Closing equity shareholders' funds	<u>955,657</u>	<u>811,987</u>

19 Contingent liabilities

The company has given cross guarantees as follows

- a) As part of the invoice discounting facilities, the net aggregate amount outstanding against these facilities at 31 December 2007 was £25,289,039 (2006 £20,090,328)
- b) As part of the overdraft facility, the net aggregate amount outstanding against this facility at 31 December 2007 was £2,279,855 (2006 £443,905)
- c) In respect of the £45 million 10 per cent Guaranteed secured notes due 2011, the net aggregate amount outstanding at 31 December 2007 was £20,000,000 (2006 £35,000,000)
- d) As part of a group restructuring exercise on 27 April 2007 a new loan due 2010 was taken out by the ultimate parent company with a cross guarantee across all the group companies. The net aggregate amount outstanding at 31 December 2007 was £10,000,000 (2006 £nil)

20 Capital commitments

Expenditure contracted for but not provided in the financial statements

	2007 £	2006 £
Amounts contracted for but not provided	<u>-</u>	<u>7,500</u>

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Notes to the Financial Statements for the Year Ended 31 December 2007

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21 Operating lease commitments

As at 31 December 2007 the company had annual commitments under non-cancellable operating leases which expire as follows

	Land and Buildings	
	2007	2006
	£	£
Within one year	26,899	-
Within two and five years	159,422	124,064
Over five years	12,750	33,500
	<u>199,071</u>	<u>157,564</u>

22 Pension schemes

Defined contribution pension scheme

Pension costs represent contributions made to defined contribution pension schemes on behalf of certain directors and employees of the company. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £15,552 (2006 - £18,833)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

23 Related parties

Controlling entity

The company's immediate parent undertaking is ADG Group Limited, a company incorporated in Great Britain

As at the balance sheet date the directors regarded The Corporate Services Group plc, a company incorporated in Great Britain, as the ultimate parent undertaking and the ultimate controlling party. This is also the parent undertaking of the largest and smallest group which includes the company and for which group accounts are prepared. Copies of the group accounts of The Corporate Services Group plc will be delivered to, and be available from, the Registrar of Companies, Companies Registration Office, Crown Way, Maundy, Cardiff, CF14 3UZ

As disclosed in the directors' report it is anticipated that on 7 May 2008 the ultimate parent company will become Impellam Group plc following the completion of the proposed merger with Carlisle Group Limited. Impellam Group plc is a company formed for the purposes of merging The Corporate Services Group plc and Carlisle Group Limited. As a result of this, from this date, Impellam Group plc will become the ultimate parent company, the ultimate controlling party and parent undertaking of the largest and smallest group which includes the company and for which group accounts are prepared

Related party transactions

The company has taken advantage of the exemption granted to 90% subsidiaries not to disclose transactions with group undertakings under the provisions of Financial Reporting Standard No 8 "Related Party Disclosures"