Registration number: 1142361

Chrysalis Community Care Group Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2008

Chrysalis Community Care Group Limited

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Chrysalis Community Care Group Limited

Company Information

Directors	D M C Doyle	(resigned 14 May 2009)
	A Burchall	
	L J Healey	(resigned 30 December 2008)
	N P Marsh	
	J Rowley	(resigned 7 October 2008)
	R J Watson	
	R K Olney	(appointed 10 December 2008)

Secretary R J Watson

Registered office
800 The Boulevard
Capability Green
Luton
LU1 3BA

Bankers
Barclays Bank plc
1 Churchill Place
London
E14 5HP

Auditors
PricewaterhouseCoopers LLP
10 Bricket Road
St Albans
AL1 3JX

The directors present their report and the audited financial statements for the year ended 31 December 2008.

Directors' responsibilities

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). The financial statements are required by law to 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, 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

Directors' statement regarding disclosure of information to auditors

The directors who held office at the date of the approval of this directors' report confirm that they have taken all 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, as far as they are aware, there is no relevant audit information of which the company's auditors are unaware of.

Principal activity

The principal activity of the company is that of a domiciliary care provider to local authorities and private clients in their own homes.

The nursing and social care business was transferred to Medacs Healthcare plc on 5 March 2008.

Business review and future developments

The domiciliary care business of Celsian Care (a trading name of Carlisle Staffing plc) was transferred to Chrysalis on 1 December 2008. In addition, the business of the company's wholly owned subsidiary, Chrysalis Community Care (Bristol) Limited, was transferred to the company on 1 November 2008. The enlarged business is committed about standards and its position as a quality partner in the delivery of care.

The company monitors its performance using the following key performance indicators.

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Year ended 31 December	**2008**	**2007**	**Change**
Continuing operations only	**£000**	**£000**	**%**
Turnover	4,955	4,905	1.0
Gross profit	1,634	1,569	4.1
Administrative expenses (excluding exceptional items)	1,455	1,516	(4.0)
Operating profit before exceptional items	179	53	237.7
Gross profit percentage %	33.0	32.0	
EBITDA return on sale %	2.6	0.8	
Conversion rate % (EBIT)	11.0	3.4	
Permanent fees % GP	0.6	1.9	

Turnover from the provision of domiciliary care (continuing operations) were 1.0% higher in 2008 at £4,955,000 (2007: £4,905,000). Gross profit increased 4.1% to £1,634,000 (2007: £1,569,000). The overall gross margin percentage increased 100 basis points. Pre-exceptional administrative expenses were reduced by 4.0% to £1,455,000 in the year (2007: £1,569,000). Pre-exceptional operating profit increased to £179,000 (2007: £53,000) reflecting a conversion rate of gross profit to EBIT of 11.0%, a significant improvement on the previous year.

The combined domiciliary care business is well placed to benefit from the trend towards more community supported living and an ageing population.

Results and dividends

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

The directors do not recommend the payment of a dividend (2007: none).

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.

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.

Principal risks facing the business

The principal risks and uncertainties of the Impellam Group plc ("the Group"), which include those of the company, are discussed in the Group Financial Director's Report in the group's annual report which does not form part of this report. The group's Business and financial risks are managed at a group level, rather than at an individual company level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of the company.

Technology systems

The company is reliant on a number of technology systems in providing its services to clients. These systems are hosted both in-house and in various data centres. 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.

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.

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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.

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 and provides an increasingly important communication tool for polices and procedures as well as the sharing of information, document storage and specific news. Meetings are held between management and employees to allow sharing of information and consultation. Employees participate directly in the performance of the business through the Company's bonus arrangements.

Donations

There were no charitable or political donations made by the company in either 2008 or 2007.

Directors

The directors who held office during the year under review and up to the date of signing the financial statements were as follows:

- D M C Doyle (resigned 14 May 2009)
- A Burchall
- L J Healey (resigned 30 December 2008)
- N P Marsh
- J Rowley (resigned 7 October 2008)
- R J Watson
- R K Olney (appointed 10 December 2008)

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.

Retirement of directors

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

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Auditors

During the year, Ernst & Young LLP resigned as auditors to the Company and PricewaterhouseCoopers LLP were appointed in their place. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and so are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985.

Election to dispense laying accounts

In accordance with s.252, Companies Act 1985, the company has elected to dispense with laying accounts before the members in general meeting. Members, however, may by notice in writing to the company at its registered office require that accounts are laid before the members in general meeting.

By order of the Board:

A Burchall
Director

Date: 31 July 2009

Independent Auditors' Report to the Members of

Chrysalis Community Care Group Limited

We have audited the Annual Report and financial statements of Chrysalis Community Care Group Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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. This other information comprises only the Directors' Report and all of the other information listed on the contents page. 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
St Albans

Date: 31 July 2009

Chrysalis Community Care Group Limited

Profit and Loss Account for the Year Ended 31 December 2008

	Note	2008 £ 000	2008 £ 000	2007 £ 000
Turnover				
- continuing operations	2	4,955		4,905
- acquisitions	2	-		-
		4,955		4,905
- discontinued operations	2	828		5,523
			5,782	10,428
Cost of sales			(3,987)	(7,634)
Gross profit			1,795	2,794
Administrative expenses *including exceptional items of £241,000 (2007: £0)*			(1,797)	(2,833)
Operating profit/(loss):				
Excluding exceptional items			239	(39)
Exceptional costs	5		(241)	-
Operating loss	3			
- continuing operations	2	57		53
- acquisitions	2	-		-
		57		53
- discontinued operations	2	(59)		(92)
			(2)	(39)
Interest receivable	4		17	190
Interest payable and similar charges	7		(11)	(11)
Profit on ordinary activities before taxation			4	140
Tax on profit on ordinary activities	8		48	4
Profit for the financial year	18		52	144

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

There is no difference between the results reported above and their historical cost equivalents.

Chrysalis Community Care Group Limited

Balance Sheet as at 31 December 2008

	Note	2008 £ 000	2008 £ 000	2007 £ 000	2007 £ 000
Fixed assets					
Intangible assets	9		1,101		83
Tangible assets	10		297		184
Investments	11		436		1,466
			1,834		1,733
Current assets					
Debtors	12	2,246		1,985	
Cash at bank and in hand		232		4	
		2,478		1,989	
Creditors: Amounts falling due within one year	13	(2,297)		(2,180)	
Net current assets/(liabilities)			181		(191)
Total assets less current liabilities			2,015		1,542
Creditors: Amounts falling due after more than one year	14		(917)		(481)
Provisions for liabilities	16		(91)		(105)
Net assets			1,007		956
Capital and reserves					
Profit and loss reserve	18		1,007		956
Shareholders' funds	19		1,007		956

The financial statements on pages 7 to 20 were approved by the Board of Directors on 3 July 2009 and were signed on its behalf by:

A Burchall
Director

The notes on pages 9 to 20 form an integral part of these financial statements.

1 Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985.

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:

Fixed asset investments
Fixed asset investments are stated at cost less a provision for impairment. The carrying values of investments are reviewed for impairment at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the assets are allocated. Estimating the value in use requires the company 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.

Recoverability of debtors
The company determines whether debtors are impaired if events or changes in circumstances indicate that the carrying value may not be recoverable at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the debtor is attached.

Turnover

Turnover, which is stated exclusive of value added tax, comprises amounts receivable for employment services, rebates and discounts provided within the United Kingdom. The nature of the company's activities is such that revenue is recognised when a written agreement, terms and conditions or an approved customer order is in place and the services have been fully rendered. At that time, pricing is then fixed and determinable. The company's procedures require review of a customer's ability to pay prior to a service provision, at the time of such provision, and at the time of billing, such that collectibility is reasonably assured.

Depreciation of tangible fixed assets

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.

.... *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.

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.

Operating leases

Rentals payable under operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial assets and financial liabilities are recorded on the company's balance sheet when the company has become a party to the contractual provisions of the instrument and derecognised when this is no longer the case.

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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.

Cash flow statement

The company has taken advantage of the exemption under Financial Reporting Standard No. 1 (revised 1996) not to publish a cash flow statement as it is a wholly owned subsidiary of Impellam Group plc, which has prepared consolidated financial statements which are publicly available.

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.

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 Impellam Group plc which prepares consolidated accounts which are publicly available. Accordingly, these accounts are those of the company and not of its group.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

2 Analysis of cost of sales and net operating expenses

	Continuing operations £ 000	Discontinued operations £ 000	2008 £ 000	Continuing operations £ 000	Discontinued operations £ 000	2007 £ 000
Cost of sales	3,321	666	3,987	3,336	4,298	7,634
Admin expenses	1,577	221	1,797	1,516	1,317	2,833

.... continued

3 Operating loss

Operating loss is stated after charging:

	2008 £ 000	2007 £ 000
Hire of land and buildings (Operating leases)	44	209
The audit of the company's financial statements	8	6
Depreciation of tangible fixed assets	44	121
Amortisation of intangible fixed assets	11	7

Included within Exceptional costs is an amount of £ 26,006 relating to extra depreciation charged on the changing of depreciation policy of various items of Fixtures and Fittings from 10 years to 5 years.

4 Interest receivable

	2008 £ 000	2007 £ 000
Interest from fellow group companies	17	190

5 Exceptional items

	2008 £ 000	2007 £ 000
Exceptional costs	241	-

Exceptional costs relate to various provisions set up as a result of the purchase of The Corporate Services Group plc by Impellam Group plc. These provisions mainly relate to property provisions on empty office and branch space following the re-organisation within the enlarged group. There is also an element of provision for redundancy costs coming from the merger of branches and the consoloidation of back office workers.

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6 Particulars of employees

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

	2008 No.	2007 No.
Directors	6	5
Employment services	39	39
	45	44

The aggregate payroll costs of these persons were as follows:

	2008 £ 000	2007 £ 000
Wages and salaries	994	1,251
Social security	91	181
Other pension costs	18	16
	1,103	1,448

The seven (2007: six) 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 totalled £1,789,054 (2007: £1,645,281) paid by the ultimate parent company or by other subsidiaries. Seven of these directors were members of money purchase schemes in 2008 (2007: six). 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 (2007: nil) exercised options over shares in the ultimate parent company during their tenure.

7 Interest payable and similar charges

	2008 £ 000	2007 £ 000
Interest payable to group undertakings	5	-
On revolving credit facilities	4	11
Other interest	2	-
	11	11

.... *continued*

8 Taxation

Analysis of current period tax credit

	2008 £ 000	2007 £ 000
Current tax		
Group relief payable/(receivable)	(48)	(4)

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:

	2008 %	2007 %
Standard rate of tax	28.5	30.0
Transfer pricing adjustments (see below)	(869.3)	(55.6)
Other permanently disallowable/taxable items	78.4	3.1
Group relief surrendered for less than the standard rate	22.0	41.7
Timing differences:		
Capital allowances in excess of depreciation and similar charges	(434.6)	(22.1)
Effective current tax rate	(1,175.0)	(2.9)

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at the standard rate in the future.

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 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.

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9 Intangible fixed assets

	Goodwill £ 000
Cost	
As at 1 January 2008	130
Additions	1,030
As at 31 December 2008	1,160
Amortisation	
As at 1 January 2008	48
Charge for the year	11
As at 31 December 2008	59
Net book value	
As at 31 December 2008	1,101
As at 31 December 2007	82

The additions relate to reallocation of investment value to goodwill following the transfer of trade on 1 November 2008 (as shown in note 11).

10 Tangible fixed assets

	Fixtures and fittings £ 000	Short leasehold properties £ 000	Total £ 000
Cost			
As at 1 January 2008	776	14	790
Additions	204	6	210
Disposals	(255)	-	(255)
Inter group transfers	(49)	-	(49)
As at 31 December 2008	676	20	696
Depreciation			
As at 1 January 2008	600	6	606
Eliminated on disposals	(255)	-	(255)
Charge for the year	69	1	70
Inter group transfers	(22)	-	(22)
As at 31 December 2008	392	7	399
Net book value			
As at 31 December 2008	284	13	297
As at 31 December 2007	176	8	184

.... *continued*

11 Investments

	Group shares £ 000
Cost	
As at 1 January 2008	1,466
Reallocation to goodwill	(1,030)
As at 31 December 2008	436
Net book value	
As at 31 December 2008	436
As at 31 December 2007	1,466

Following the transfer of trade on 1 November 2008 of Chrysalis Community Care (Bristol) Limited part of the investment value has been reclassified to goodwill (as shown in note 9).

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

	Country of incorporation	Principal activity	Class	%
Subsidiary undertakings				
Chrysalis Community Care (Bristol) Limited	England & Wales	Dormant	Ordinary shares	100

12 Debtors

	2008 £ 000	2007 £ 000
Trade debtors	1,493	1,739
Amounts owed by group undertakings	538	157
Other debtors	108	45
Prepayments and accrued income	107	44
	2,246	1,985

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

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.

.... continued

13 Creditors: Amounts falling due within one year

	2008 £ 000	2007 £ 000
Bank loans and overdrafts	26	63
Other loans	8	480
Trade creditors	119	-
Amounts owed to group undertakings	304	658
Corporation tax	5	4
Social security and other taxes	1,415	633
Other creditors	171	48
Accruals and deferred income	249	294
	2,297	2,180

a) Bank overdrafts are secured by cross guarantees across all major UK trading subsidiaries of the company's ultimate parent undertaking; Impellam 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.
c) Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

14 Creditors: Amounts falling due after more than one year

	2008 £ 000	2007 £ 000
Amounts owed to group undertakings	917	481

Amounts owed to group companies due after more than one year relate to long term loans from group companies where the company holding the loan has no intention of calling the loan in over the medium to long term. These loans are unsecured and interest free.

15 Maturation of borrowings

Amounts repayable:

	Bank loans & overdrafts £ 000	Other loans £ 000	Total £ 000
As at 31 December 2008			
In one year or less on demand	26	8	34
	26	8	34
As at 31 December 2007			
In one year or less on demand	63	480	543
	63	480	543

.... *continued*

16 Provisions for liabilities

	Vacant property provision £ 000
As at 1 January 2008	105
Increase in provision	(43)
Utilised in year	29
As at 31 December 2008	91

The property provisions are in respect of the expected holding costs to the estimated disposal dates on vacant properties under leases expiring between one and ten years.

Deferred taxation

The total recognised and unrecognised deferred tax liability/(asset) is as follows:	Recognised 2008 £ 000	Recognised 2007 £ 000	Unrecognised 2008 £ 000	Unrecognised 2007 £ 000
Accelerated / (deferred) capital allowances	-	-	(51)	(18)
Short term timing differences	-	-	(14)	(13)
Tax losses	-	-	(14)	(46)
	-	-	(79)	(77)

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.

17 Share capital

	2008 £	2007 £
Authorised		
Equity		
100 Deferred shares of £1 each	100	100
30 Ordinary shares of US$1 each	19	19
	119	119
Allotted, called up and fully paid		
Equity		
30 Deferred shares of £1 each	30	30
30 Ordinary shares of US$1 each	19	19
	49	49

.... continued

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.

18 Reserves

	Profit and loss reserve £ 000
Balance at 1 January 2008	955
Transfer from profit and loss account for the year	52
Balance at 31 December 2008	1,007

19 Reconciliation of movements in shareholders' funds

	2008 £ 000	2007 £ 000
Profit attributable to members of the company	52	144
Opening shareholders' funds	956	812
Closing shareholders' funds	1,007	956

20 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 2008 was £47,626,508 (2007: £25,289,039).
b) As part of the overdraft facility; the net aggregate amount outstanding against this facility at 31 December 2008 was £2,628,040 (2007: £2,279,855).
c) In respect of the £45 million 10 per cent Guaranteed secured notes due 2011; the net aggregate amount outstanding at 31 December 2008 was £20,000,000 (2007: £20,000,000).

21 Operating lease commitments

As at 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	Land and buildings	
	2008 £ 000	2007 £ 000
Within one year	-	27
Within two and five years	38	159
Over five years	-	13
	38	199

.... *continued*

22 Pension scheme

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £18,000 (2007 - £16,000).

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.

The directors regard Impellam Group plc, a company incorporated in Great Britain, as the ultimate parent undertaking. At 31 December 2008, Lord Ashcroft, KCMG was interested in and controlled 59.1% of Impellam Group plc. 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 Impellam Group plc will be delivered to, and be available from, the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF14 3UZ.

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".