Right4Staff Limited

Directors' report and financial statements

Registered number 1949160

31 December 2009

Contents

Directors' report

The directors present their report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2009

Principal activities

The principal activity of the company is that of an employment agency

Results and dividends

The audited financial statements for the year ended 31 December 2009 are set out on pages 6 to 17 The profit for the year after taxation was £1,020,346 (*2008 £2,303,613)* The directors did not pay and do not propose a dividend for the financial year (*2008 £nil*)

Business Review

Financial Results - 2009

The company has had another profitable year creating an operating profit of £1 6m *(2008 £4 1m)*, a decrease of 60% on 2008, resulting in a profit before tax of £1,574,614 (a decrease of 58% on 2008)

On 1 January 2009 trade and fixed assets of Protemp Limited were transferred into the company at book value

Risks & Uncertainties / Business Development

We continue to operate in a highly competitive market place, but by concentrating on our service levels and responding to our client's individual needs we have been able to retain several large customers on extended long term contracts

New entrants to the market are common but an increasingly regulated market means many clients seek the reassurance of an experienced provider and as such the group has maintained a strong pipeline of new business to complement our existing base

Legislation concerning right to work, for both employer and contractor, minimum pay levels and health and safety are all of paramount importance to the board

The Directors therefore remain optimistic about the future performance of the Group

Operating Systems

The Directors recognise the need to be at the forefront of technology and have continued to commit to the latest IT and software in both the front and back office

Key Performance Indicators

The company has a number of Key Performance Indicators, both financial and non financial, that are used to manage the business recognising that success will be achieved through stretching targets on new sales, control of working capital requirements and retaining a stable and motivated workforce These measures were achieved during the year

Directors

The directors who served during the year were as follows

J Hardy
P Smith
J Watts

None of the directors who held office at the end of the year had any disclosable interests in the shares of the company Their interests in the shares of the ultimate parent company are disclosed in that company's accounts

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Employees

The company's aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity, regardless of sex, religion or ethnic origin The company does all that is practicable to meet its responsibilities towards the employment and training of disabled people In the event that an employee becomes disabled, every effort will be made to provide continuity of employment in the same job or a suitable alterative

The company involves staff in the decision making process and communicates regularly with them during the year Their involvement in the company's performance is encouraged with an employee bonus scheme

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board

J Watts
Director

Draefern House
Dunston Court
Dunston Road
Chesterfield
Derbyshire
S41 8NL

23 April 2010

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 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

KPMG

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Right4Staff Limited

We have audited the financial statements of Right4Staff Limited for the year ended 31 December 2009 set out on pages 6 to 17 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP.

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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

Independent auditors' report to the members of Right4Staff Limited

(Continued)

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

Jeremy Gledhill

Jeremy Gledhill (Senior Statutory Auditor)

For and on behalf of

KPMG LLP
Statutory Auditor

Chartered Accountants
1 The Embankment
Leeds
West Yorkshire
LS1 4DW

23 April 2010

Profit and loss account
for the year ended 31 December 2009

	Notes	**Year ended 31 December 2009 £**	Year ended 31 December 2008 £
Turnover	*1,2*	**88,197,080**	91,561,170
Cost of sales		**(77,503,397)**	(78,569,402)
Gross profit		**10,693,683**	12,991,768
Administrative expenses		**(9,072,184)**	(8,918,586)
Operating profit before non-recurring costs and goodwill amortisation		**1,840,631**	4,659,241
Non recurring costs	*3*	**-**	(366,927)
Goodwill amortisation		**(219,132)**	(219,132)
Operating profit		**1,621,499**	4 073,182
Interest payable and similar charges		**(46,885)**	(256,473)
Profit on ordinary activities before taxation	*3*	**1,574,614**	3,816,709
Tax on profit on ordinary activities	*7*	**(554,268)**	(1,513,096)
Profit for the financial period	*15*	**1,020,346**	2,303,613

The accompanying notes are an integral part of these financial statements

There are no other recognised gains or losses in either year other than the profit for that year

Balance sheet
at 31 December 2009

	Note	2009 £	2008 £
Fixed assets			
Intangible assets	8	2,848,727	3,067,859
Tangible fixed assets	9	252,417	399,362
		3,101,144	3,467,221
Current assets			
Debtors	10	17,592,881	18,396,249
Cash and bank		2,627,284	
		20,220,165	18,396,249
Creditors amounts falling due within one year	11	(6,581,520)	(6,144,027)
Net current assets		13,638,645	12,252,222
Net assets		16,739,789	15,719,443
Capital and reserves			
Called up share capital	13	20,200	20,200
Profit and loss account	14	16,719,589	15,699,243
Equity shareholders' funds	15	16,739,789	15,719,443

The financial statements on pages 6 to 17 were approved by the board of directors on 23 April 2010 and signed on its behalf by

J Watts
Director

The accompanying notes are an integral part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of accounting

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

The company has taken advantage of the exemption of preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Right4Staff Holdings Limited, which prepares consolidated accounts which are publicly available

Going Concern

The directors have prepared the accounts on the basis of a going concern as both the company has net current assets and sufficient funds to continue to operate for the foreseeable future

Goodwill

During 2002 the trade and net assets of subsidiary undertakings were transferred to the company at their book value which was less than their fair value The cost of the company's investments in those subsidiary undertakings reflected the underlying fair value of their net assets and goodwill at the time of acquisition As a result of this transfer, the value of the company's investments in those subsidiary undertakings fell below the amount at which it was stated in the company's accounting records Schedule 4 to the Companies Act 1985 requires that the investment be written down accordingly and that the amount be charged as a loss in the company's profit and loss account However, the directors consider that, as there has been no overall loss to the company, it would fail to give a true and fair view to charge that diminution to the company's profit and loss account for the year and it should instead be re-allocated to goodwill and the identifiable net assets transferred, so as to recognise in the company's individual balance sheet the effective cost to the company of those net assets and goodwill The effect of this departure is to decrease the profit by £219,133 being the amortisation of the goodwill *(2008 £219,133)*, and to increase the value of intangible assets in the holding company's balance sheet by £2,848,727 *(2008 £3,067,859)*

The goodwill arising on the transfer of trade and net assets is capitalised and amortised to nil over its useful economic life, being 20 years

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value of each asset on a straight line basis, over it's useful economic life, as follows

Leasehold improvements	20% per annum
Fixtures, fittings and office equipment	20% to 33% per annum

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

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

Investments

Investments are included at cost less provision for impairment

Pension costs

Company contributions to the group personal pension scheme are charged against the profit in the period the contributions are payable

Leases

Assets held under finance leases are initially reported at the fair value of the assets, with an equivalent liability categorised as appropriate under creditors due within or after one year The asset is depreciated over the shorter of its useful economic life or the lease term Finance costs are allocated to accounting periods over the period of the lease to produce a constant rate of charge on the outstanding balance Rentals are apportioned between finance costs and capital repayments

Rentals 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

Cash flow

Under the provision of FRS 1 (Revised) "Cash flow statements", the company has not prepared a cash flow statement because its ultimate parent undertaking, Right4Staff Holdings Limited, a company incorporated in the United Kingdom, has prepared consolidated financial statements which are publicly available

Related parties

As a subsidiary undertaking of Right4Staff Holdings Limited the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Right4Staff Holdings Limited

2 Turnover

Turnover is attributable to one class of business All turnover arose within the United Kingdom

Notes *(continued)*

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2009 £	2008 £
Depreciation and amounts written off tangible fixed assets	**249,984**	384,305
Amortisation charge	**219,132**	219,132
Operating lease costs – land and buildings	**398,505**	390,355
Operating lease costs – plant and machinery	**109,122**	287,613
Audit fees – for the audit of the financial statements	**40,000**	25,000
Non-audit fees – for corporation tax advice and submissions	**20,000**	20,000
Non-recurring costs	**-**	366,927

Non-recurring costs incurred in 2008 principally relate to the costs of a strategic review

4 Staff costs

The average monthly number of permanent employees (including executive directors) was

	2009	2008
Operational staff	**5,346**	5,237
Permanent administration staff	**129**	136

Their aggregate remuneration including directors' emoluments comprised

	2009 £	2008 £
Salaries	**73,983,553**	74,469,491
Social security costs	**8,363,929**	9,298,215
Other pension costs	**70,630**	108,027
	82,418,112	83,875,733

Notes *(continued)*

5 Directors' remuneration

The remuneration of the directors was as follows:

	2009 £	2008 £
Emoluments	**521,045**	643,271
Contributions to money purchase pension schemes	**43,500**	38,765
	564,545	682,036

No directors exercised share options in the year *(2008 nil)*

The aggregate of emoluments and other amounts receivable of the highest paid director was £221,493 and company pension contributions of £18,500 were made to a money purchase scheme on his behalf

	Number of directors 2009	Number of directors 2008
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	**2**	2

6 Interest payable and similar charges

	2009 £	2008 £
Bank interest	**46,885**	256,473

Notes *(continued)*

7 Tax on profit on ordinary activities

Analysis of charge in period	**2009**	2008
	£	£
UK corporation tax		
Current tax on income for the period	**591,042**	1,343,936
Adjustments in respect of prior periods	**4,227**	152,742
Total current tax	**595,269**	1,496,678
Deferred tax		
Origination of timing differences	**(36,827)**	(34,612)
Adjustment in respect of previous years	**(4,174)**	51,030
Total deferred tax	**(41,001)**	16,418
Tax on profit on ordinary activities	**554,268**	1,513,096

Factors affecting the tax charge for the current year

The current tax charge for the year is higher than the standard rate of corporation tax in the UK (28% *2008 28%)* The differences are explained below

	2009	2008
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	**1,574,614**	3,816,709
Current tax at 28%	**440,892**	1,068,679
Effects of		
Expenses not deductible for tax purposes	**74,377**	234,789
Imputed interest	**55,934**	
Fixed asset timing differences	**27,414**	36,713
Other short term timing differences	**11,155**	(2,100)
UK Tax not at standard rate	**-**	5,856
Adjustments to tax charge in respect of previous periods	**4,227**	152,742
Tax on transfer of assets	**(18,730)**	-
Total current tax charge (see above)	**595,269**	1,496,679

Notes *(continued)*

8 Intangible fixed asset

	Goodwill £
Cost	
At 31 December 2008 and 31 December 2009	4,382,656
Amortisation	
At 31 December 2008	1,314,797
Charge for year	219,132
At 31 December 2009	1,533,929
Net book value	
At 31 December 2009	**2,848,727**
At 31 December 2008	3,067,859

Notes *(continued)*

9 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings and office equipment £	Total £
Cost			
At 31 December 2008	46,272	1,624,612	1,670,884
Additions	-	45,497	45,497
Assets transferred in	-	57,542	57,542
Fully depreciated items	(28,669)	(494,879)	(523,548)
At 31 December 2009	17,603	1,232,772	1,250,375
Depreciation			
At 31 December 2008	37,943	1,233,579	1,271,522
Charge for year	3,079	246,905	249,984
Fully depreciated items	(28,669)	(494,879)	(523,548)
At 31 December 2009	12,353	985,605	997,958
Net book value			
At 31 December 2009	**5,250**	**247,167**	**252,417**
At 31 December 2008	8,329	391,033	399,362

10 Debtors

	2009 £	2008 £
Trade debtors	**12,035,839**	10,543,734
Amounts owed by group undertakings	**4,907,229**	7,354,322
Prepayments and accrued income	**321,558**	356,981
Deferred tax asset (note 12)	**182,213**	141,212
Corporation tax	**146,042**	-
	17,592,881	18,396,249

Notes *(continued)*

11 Creditors: amounts falling due within one year

	2009 £	2008 £
Bank loans and overdraft	-	1,385,765
Trade creditors	**1,597,402**	1,231,665
Other taxes and social security	**4,656,071**	2,927,759
Other creditors	**86,606**	398,404
Accruals and deferred income	**241,441**	114,815
Corporation tax	-	85,619
	6,581,520	6,144,027

12 Deferred tax

There is a deferred tax asset of £182,213 *(2008 £141,212)* The elements of deferred tax are as follows

	2009 £	2008 £
Accelerated capital allowances	**137,560**	107,714
Other	**44,653**	33,498
	182,213	141,212

13 Called up share capital

	2009 £	2008 £
Authorised		
25,000 ordinary shares of £1 each	**25,000**	25,000
Allotted, called up and fully paid		
20,200 ordinary shares of £1 each	**20,200**	20,200

Notes *(continued)*

14 Reserves

	Profit and loss account £
At 31 December 2008	15,699,243
Profit for the financial period	1,020,346
At 31 December 2009	**16,719,589**

15 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial period	**1,020,346**	2,303,613
Opening shareholders' funds	**15,719,443**	13,415,830
Closing shareholders' funds	**16,739,789**	15,719,443

16 Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	2009		2008	
	Land and buildings £	**Other £**	Land and buildings £	Other £
Expiry date				
- within one year	**102,595**	**87,921**	8,250	174,051
- between two and five years	**126,510**	**21,201**	231,105	113,562
- after five year	**169,400**	**-**	151,000	-
Total	**398,505**	**109,122**	390,355	287,613

Notes *(continued)*

17 Pension Scheme

The company operates a defined contribution pension scheme The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £70,630 *(2008 £108,027)*

At 31 December 2009 contributions amounting to £17,489 *(2008 £15,282)* were payable to the scheme and are included in creditors

18 Ultimate controlling party

The company is a subsidiary undertaking of Epoch 2 Limited incorporated in the UK

The largest group in which the results of the company are consolidated is Right4Staff Holdings Limited, a company incorporated in the UK, which is also the ultimate parent undertaking and controlling party, and whose financial statements are available to the public Copies can be requested from the Company Secretary at Draefern House, Dunston Court, Dunston Road, Chesterfield, Derbyshire S41 8NL

As a subsidiary undertaking of Right4Staff Holdings Limited the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Right4Staff Holdings Limited