

**Right4Staff Limited**

**Directors' report and financial  
statements**

Registered number 1949160

31 December 2010

WEDNESDAY



\*A02YKSAW\*

A23

09/03/2011

178

COMPANIES HOUSE

## Contents

Directors' report	1
Statement of directors' responsibilities	3
Independent auditors' report to the members of Right4Staff Limited	4
Profit and loss account	6
Balance sheet	7
Notes	8

## 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 2010

### 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 2010 are set out on pages 6 to 17. The profit for the year after taxation was £2,680,270 (2009 £1,020,346). The directors paid a dividend for the financial year of £9,070,730 (2009 £nil).

### Business Review

#### *Financial Results - 2010*

The company has had another profitable year resulting in an operating profit of £3.3m (2009 £1.6m), a increase of 105% on 2009, with profit before tax of £3.3m (a increase of 109% on 2009).

#### *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 alternative.

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. Watt  
Director

Draefern House  
Dunston Court  
Dunston Road  
Chesterfield  
Derbyshire  
S41 8NL

2 March 2011

## **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 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 2010 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditor**

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, and express an opinion on, 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 website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 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.

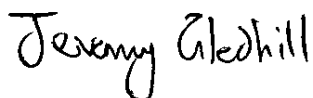
## **Independent auditors' report to the members of Right4Staff Limited**

*(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 (Senior Statutory Auditor)**

for and on behalf of

**KPMG LLP**  
**Statutory Auditor**

*Chartered Accountants*  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

2 March 2011

**Profit and loss account**  
*for the year ended 31 December 2010*

	<i>Notes</i>	<b>Year ended 31 December 2010 £</b>	<b>Year ended 31 December 2009 £</b>
<b>Turnover</b>	<i>1 2</i>	<b>133,635,333</b>	<b>88 197,080</b>
Cost of sales		<b>(120,427,128)</b>	<b>(77 503,397)</b>
<b>Gross profit</b>		<b>13,208,205</b>	<b>10,693,683</b>
Administrative expenses		<b>(9,882,100)</b>	<b>(9 072,184)</b>
<b>Operating profit before non-recurring costs and goodwill amortisation</b>		<b>3,545,237</b>	<b>1 840,631</b>
Goodwill amortisation		<b>(219,132)</b>	<b>(219,132)</b>
<b>Operating profit</b>		<b>3,326,105</b>	<b>1,621,499</b>
Interest payable and similar charges	<i>6</i>	<b>(27,953)</b>	<b>(46,885)</b>
<b>Profit on ordinary activities before taxation</b>	<i>3</i>	<b>3,298,152</b>	<b>1,574,614</b>
Tax on profit on ordinary activities	<i>7</i>	<b>(617,882)</b>	<b>(554 268)</b>
<b>Profit for the financial period</b>	<i>15</i>	<b>2,680,270</b>	<b>1 020,346</b>

The accompanying notes are an integral part of these financial statements

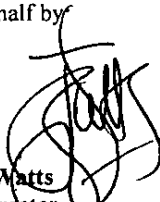
There are no other recognised gains or losses in either year other than the profit for that year



**Balance sheet**  
*at 31 December 2010*

	<i>Note</i>	<b>2010</b> £	<b>2009</b> £
<b>Fixed assets</b>			
Intangible assets	8	2,629,595	2,848,727
Tangible fixed assets	9	163,483	252,417
		<u>2,793,078</u>	<u>3,101,144</u>
<b>Current assets</b>			
Debtors	10	21,664,843	17,592,881
Cash and bank		2,591,964	2,627,284
		<u>24,256,807</u>	<u>20,220,165</u>
<b>Creditors</b> amounts falling due within one year	11	(16,700,556)	(6,581,520)
<b>Net current assets</b>		<u>7,556,251</u>	<u>13,638,645</u>
<b>Net assets</b>		<u>10,349,329</u>	<u>16,739,789</u>
<b>Capital and reserves</b>			
Called up share capital	13	20,200	20,200
Profit and loss account	14	10,329,129	16,719,589
<b>Equity shareholders' funds</b>	15	<u>10,349,329</u>	<u>16,739,789</u>

The financial statements on pages 6 to 17 were approved by the board of directors on 2 March 2011 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

#### ***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 £219,132 being the amortisation of the goodwill £219,132 (2009 £219,132), and to increase the value of intangible assets in the holding company's balance sheet by £2,629,595 (2009 £2,848,727).

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 its 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.

#### *Dividends on shares presented within shareholders' funds*

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### 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

	2010 £	2009 £
Depreciation and amounts written off tangible fixed assets	139,900	249,984
Amortisation charge	219,132	219,132
Operating lease costs – land and buildings	434,691	398,505
Operating lease costs – plant and machinery	305,130	109,122
Audit fees – for the audit of the financial statements	45,250	44,500
Non-audit fees – for corporation tax advice and submissions	25,000	20,000
	<u>1,269,103</u>	<u>1,061,243</u>

### 4 Staff costs

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

	2010	2009
Operational staff	7558	5,346
Permanent administration staff	147	129
	<u>7705</u>	<u>5475</u>

Their aggregate remuneration including directors' emoluments comprised

	2010 £	2009 £
Salaries	111,951,206	73,983,553
Social security costs	14,329,755	8,363,929
Other pension costs	83,266	70,630
	<u>126,364,227</u>	<u>82,418,112</u>

**Notes** *(continued)*

**5 Directors' remuneration**

The remuneration of the directors was as follows:

	2010 £	2009 £
Emoluments	659,087	521,045
Contributions to money purchase pension schemes	44,820	43,500
	<u>703,907</u>	<u>564,545</u>

No directors exercised share options in the year (2009 nil)

The aggregate of emoluments and other amounts receivable of the highest paid director was £305,236 and company pension contributions of £19,400 were made to a money purchase scheme on his behalf

	Number of directors 2010	Number of directors 2009
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	<u>2</u>	<u>2</u>

**6 Interest payable and similar charges**

	2010 £	2009 £
Bank interest	<u>27,953</u>	<u>46,885</u>

## Notes (continued)

### 7 Tax on profit on ordinary activities

Analysis of charge in period	2010 £	2009 £
<i>UK corporation tax</i>		
Current tax on income for the period	625,525	591,042
Adjustments in respect of prior periods	-	4,227
	<hr/>	<hr/>
Total current tax	625,525	595,269
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination of timing differences	(8,684)	(36,827)
Effect of increased/decreased tax rate	7,032	-
Adjustment in respect of previous years	(5,991)	(4,174)
	<hr/>	<hr/>
Total deferred tax	(7,643)	(41,001)
	<hr/>	<hr/>
Tax on profit on ordinary activities	617,882	554,268
	<hr/>	<hr/>

#### *Factors affecting the tax charge for the current year*

The current tax charge for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £	2009 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,298,152	1,574,614
	<hr/>	<hr/>
Current tax at 28%	923,483	440,892
	<hr/>	<hr/>
<i>Effects of</i>		
Expenses not deductible for tax purposes	132,797	74,377
Imputed interest	-	55,934
Fixed asset timing differences	(20,962)	27,414
Other short term timing differences	29,645	11,155
Group loss not paid for	(439,438)	-
Adjustments to tax charge in respect of previous periods	-	4,227
Tax on transfer of assets	-	(18,730)
	<hr/>	<hr/>
Total current tax charge (see above)	625,525	595,269
	<hr/>	<hr/>

**Notes** *(continued)*

**8 Intangible fixed asset**

	<b>Goodwill</b> <b>£</b>
<b>Cost</b>	
At 31 December 2009 and 31 December 2010	4 382 656
	<hr/>
<b>Amortisation</b>	
At 31 December 2009	1,533 929
Charge for year	219 132
	<hr/>
At 31 December 2010	1,753,061
	<hr/>
<b>Net book value</b>	
At 31 December 2010	2,629,595
	<hr/> <hr/>
At 31 December 2009	2,848 727
	<hr/> <hr/>

## Notes (continued)

### 9 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings and office equipment £	Total £
<b>Cost</b>			
At 31 December 2009	17,603	1,232,772	1,250,375
Additions	-	50,953	50,953
	<hr/>	<hr/>	<hr/>
At 31 December 2010	17,603	1,283,725	1,301,328
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 31 December 2009	12,353	985,605	997,958
Charge for year	2,421	137,479	139,900
	<hr/>	<hr/>	<hr/>
At 31 December 2010	14,774	1,123,084	1,137,858
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2010	<b>2,829</b>	<b>160,641</b>	<b>163,470</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2009	5,250	247,167	252,417
	<hr/>	<hr/>	<hr/>

### 10 Debtors

	2010 £	2009 £
Trade debtors	21,180,993	12,035,839
Amounts owed by group undertakings	-	4,907,229
Prepayments and accrued income	293,994	321,558
Deferred tax asset (note 12)	189,856	182,213
Corporation tax	-	146,042
	<hr/>	<hr/>
	<b>21,664,843</b>	<b>17,592,881</b>
	<hr/>	<hr/>



## Notes (continued)

### 11 Creditors amounts falling due within one year

	2010 £	2009 £
Trade creditors	3,743,093	1,597,402
Other taxes and social security	8,509,395	4,656,071
Other creditors	273,148	86,606
Accruals and deferred income	652,459	241,441
Corporation Tax	629,778	-
Amounts owed to group undertakings	2,892,683	-
	<u>16,700,556</u>	<u>6,581,520</u>

### 12 Deferred tax

There is a deferred tax asset of £189,856 (2009 £182,213). The elements of deferred tax are as follows:

	2010 £	2009 £
Accelerated capital allowances	118,211	137,560
Other	71,645	44,653
	<u>189,856</u>	<u>182,213</u>

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted in July 2010 and will be effective from 1 April 2011. Deferred tax has therefore been recalculated to reflect this first reduction.

### 13 Called up share capital

	2010 £	2009 £
<i>Authorised</i>		
25,000 ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
<i>Allotted, called up and fully paid</i>		
20,200 ordinary shares of £1 each	<u>20,200</u>	<u>20,200</u>

## Notes (continued)

### 14 Reserves

	Profit and loss account £
At 31 December 2009	16,719 589
Profit for the financial period	2,680 270
Dividend paid	(9,070 730)
	<hr/>
At 31 December 2010	10,329,129
	<hr/>

### 15 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial period	2,680,270	1,020 346
Dividend paid	(9,070,730)	-
Opening shareholders' funds	16,739,789	15,719 443
	<hr/>	<hr/>
Closing shareholders' funds	10,349,329	16,739 789
	<hr/>	<hr/>

### 16 Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	2010		2009	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date				
- within one year	91,750	14,646	102 595	87 921
- between two and five years	117,096	142,396	126 510	21 201
- after five years	225,845	-	169,400	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	434,691	157,042	398 505	109,122
	<hr/>	<hr/>	<hr/>	<hr/>

## **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 £3,266 (2009 £70,630)

At 31 December 2010 contributions amounting to £19,415 (2009 £17,489) 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