

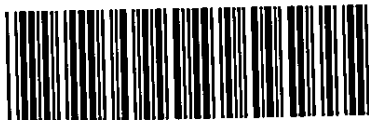
Draefern Limited

**Directors' report and financial
statements**

Registered number 2066103

31 December 2009

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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

Results and dividends

The loss for the year, after taxation, amounted to £ 469,659 (2008 £228,071)

The directors did not pay and do not propose a dividend for the year (2008 £nil)

Principal activities and review of business

The principal activity of the company during the year was the supply of industrial and technical contract personnel

Business Review

Financial Results – 2009

The Group has made an operating loss of £568,554 (2008 £259,173 profit before non recurring costs of £160,300), resulting in a loss before tax of £595,117 (2008 £31,247 loss)

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 year end had any disclosable interest in the shares of the company. Their interest in the shares of the ultimate parent company are disclosed in the accounts of that company

Directors' report *(continued)*

Share capital

86% of the issued share capital of the company is held by Alchemy Partners Nominees Limited on behalf of investors in the Alchemy Investment Plan. The Alchemy Investment Plan is managed by Alchemy Partners (Guernsey) Limited.

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. 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 LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Draefern Limited

We have audited the financial statements of Draefern Limited for the year ended 31 December 2009 set out on pages 6 to 15. 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 loss 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 Draefern 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
Leeds
West Yorkshire
LS1 4DW

23 April 2010

Profit and loss account
for the year ended 31 December 2009

	<i>Notes</i>	2009 £	2008 £
Turnover	<i>1,2</i>	24,185,970	26,917,048
Cost of sales		(20,435,932)	(21,679,127)
Gross profit		3,750,038	5,237,921
Administrative expenses		(4,318,592)	(5,139,048)
Operating loss before non-recurring costs	<i>3</i>	(568,554)	259,173
Non recurring costs		-	(160,300)
Operating (loss)/profit		(568,554)	98,873
Interest payable and similar items	<i>6</i>	(26,563)	(130,120)
Loss on ordinary activities before taxation		(595,117)	(31,247)
Tax on loss on ordinary activities	<i>7</i>	125,458	(196,824)
Loss for the financial period	<i>15</i>	(469,659)	(228,071)

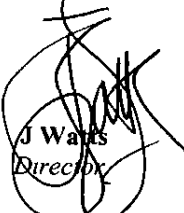
The accompanying notes are an integral part of these financial statements

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

Balance sheet
at 31 December 2009

	<i>Note</i>	2009 £	2008 £
Fixed assets			
Tangible fixed assets	8	99,036	164,435
Investments	9	1,770	1,770
		<u>100,806</u>	<u>166,205</u>
Current assets			
Debtors	10	8,195,697	8,406,940
		<u>8,195,697</u>	<u>8,406,940</u>
Creditors: amounts falling due within one year	11	<u>(3,467,723)</u>	<u>(3,274,706)</u>
Net current assets		<u>4,727,974</u>	<u>5,132,234</u>
Net assets		<u>4,828,780</u>	<u>5,298,439</u>
Capital and reserves			
Called up share capital	13	10,000	10,000
Profit and loss account	14	4,818,780	5,288,439
Equity shareholders' funds	15	<u>4,828,780</u>	<u>5,298,439</u>

The financial statements on pages 6 to 15 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 preparation of financial statements

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

Turnover

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

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
Computer equipment	33% per annum
Fixtures, fittings and office equipment	20% per annum
Motor vehicles	25% per annum

Investments

Investments are included at cost less provision for impairment

Taxation

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

Pension costs

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

Notes (continued)

1 Accounting policies (continued)

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, 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.

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	2009 £	2008 £
Depreciation and amounts written off tangible fixed assets	90,143	127,366
Operating lease rentals		
- land and buildings	312,486	226,100
- plant and machinery	85,951	165,734
Non recurring costs	-	160,300
	<u> </u>	<u> </u>

Audit fees are paid by another group company.

Non recurring costs on the prior year principally relate to an individual debt write-off.

Notes (continued)

4 Directors' remuneration

Three directors (2008 *three*) were remunerated by another group undertaking

5 Staff costs

Staff costs, including directors' emoluments were as follows

	2009 £	2008 £
Salaries	20,837,843	22,581,544
Social security costs	2,681,167	2,436,785
Other pension costs	26,457	17,927
	<u>23,545,467</u>	<u>25,036,256</u>

The average monthly number of employees (including executive directors) during the period was

	2009	2008
Operational staff	2,543	2,465
Permanent administration staff	116	129
	<u>2,659</u>	<u>2,594</u>

6 Interest payable and similar items

	2009 £	2008 £
Bank loans and overdrafts	26,563	130,120
	<u>26,563</u>	<u>130,120</u>

Notes (continued)

7 Taxation

Analysis of charge in period	2009 £	2008 £
<i>UK corporation tax</i>		
Current tax on loss for the period	(104,798)	87,597
Adjustments in respect of prior periods	-	109,553
	<hr/>	<hr/>
Total current tax	(104,798)	197,150
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination of timing differences	(21,024)	(26,851)
Effect of change in deferred tax rate	-	-
Adjustments in respect of previous years	364	26,525
	<hr/>	<hr/>
Total deferred tax	(20,660)	(326)
	<hr/>	<hr/>
Tax on loss on ordinary activities	(125,458)	196,824
	<hr/>	<hr/>

Factors affecting the tax (credit)/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 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(595,117)	(31,247)
	<hr/>	<hr/>
Current tax at 28%	(166,632)	(8,749)
	<hr/>	<hr/>
<i>Effects of</i>		
Expenses not deductible for tax purposes	8,224	69,496
Imputed interest	32,587	-
Fixed asset timing differences	(1,859)	9,052
Other short term timing differences	13,230	17,798
Adjustments in respect of prior periods	-	109,553
Tax losses carried forward	9,653	-
	<hr/>	<hr/>
Total current tax (credit)/charge (see above)	(104,798)	197,150
	<hr/>	<hr/>

Notes (continued)

8 Tangible fixed assets

	Land & building £	Fixture & fittings £	Total £
Cost			
At 31 December 2008	156,974	616,800	773,774
Additions	-	32,987	32,987
Disposals	-	(8,243)	(8,243)
Fully depreciated items	(114,786)	(102,198)	(216,984)
	<hr/>	<hr/>	<hr/>
As 31 December 2009	42,188	539,346	581,534
	<hr/>	<hr/>	<hr/>
Depreciation			
At 31 December 2008	138,194	471,145	609,339
Charge for year	7,435	82,708	90,143
Fully depreciated items	(114,786)	(102,198)	(216,984)
	<hr/>	<hr/>	<hr/>
At 31 December 2009	30,845	451,655	482,498
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2009	<u>11,344</u>	<u>87,691</u>	<u>99,036</u>
	<hr/>	<hr/>	<hr/>
At 31 December 2008	<u>18,780</u>	<u>145,655</u>	<u>164,435</u>
	<hr/>	<hr/>	<hr/>
The net book value of land and buildings comprises			
		2009 £	2008 £
Short leaseholds and improvements		<u>11,344</u>	<u>18,780</u>
		<hr/>	<hr/>

Notes (continued)

9 Fixed asset investments

	Listed investment £
Cost	
At 31 December 2008 and 2009	1,770

10 Debtors

	2009 £	2008 £
Trade debtors	3,335,876	5,025,315
Amounts due from group undertakings	4,595,321	3,125,260
Other debtors	3,154	10,423
Prepayments and accrued income	158,665	163,921
Deferred tax asset (see note 12)	102,681	82,021
	<u>8,195,697</u>	<u>8,406,940</u>

11 Creditors, amounts falling due within one year

	2009 £	2008 £
Bank loans and overdrafts	1,968,849	1,279,900
Trade creditors	390,781	573,466
Other taxes and social security	1,020,658	1,381,278
Other creditors	43,411	27,243
Accruals and deferred income	44,024	12,819
	<u>3,467,723</u>	<u>3,274,706</u>

At 31 December 2009 the entire cash overdraft is secured on the company's trade debtors

Notes (continued)

12 Provisions for liabilities and charges

There is a deferred tax asset of £102,681 (2008 £82,021) The elements of deferred tax are as follows

	Provided 31 December 2009 £	Provided 31 December 2008 £
Accelerated capital allowances	48,383	50,606
Other	44,645	31,415
Tax losses	9,653	-
	<u>102,681</u>	<u>82,021</u>

13 Called up share capital

	2009 £	2008 £
<i>Authorised</i> 1,300,000 ordinary shares of 1p each	<u>13,000</u>	<u>13,000</u>
<i>Allotted, called up and fully paid</i> 1,000,000 ordinary shares of 1p each	<u>10,000</u>	<u>10,000</u>

14 Reserves

	Profit and loss account £
At 31 December 2008	5,288,439
Loss for the financial period	(469,659)
	<u>4,818,780</u>
At 31 December 2009	<u>4,818,780</u>

Notes (continued)

15 Equity shareholders' funds

	2009 £	2008 £
Loss for the financial period	(469,659)	(228,071)
Net reduction in shareholders' funds	(469,659)	(228,071)
Opening shareholders' funds	5,298,439	5,526,510
Closing shareholders' funds	4,828,780	5,298,439

16 Other commitments

At 31 December 2009 the company had annual commitments under operating leases as follows

	Land and buildings		Motor vehicles	
	2009 £	2008 £	2009 £	2008 £
Expiry date				
Within 1 year	84,000	92,500	63,434	109,760
Between 2 and 5 years	98,386	66,000	22,517	55,974
In more than 5 years	130,100	67,600	-	-
	312,486	226,100	85,951	165,734

17 Ultimate controlling party

The company is a subsidiary undertaking of Draefern Holdings Limited, a company 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