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Company Registration Number 02630522

ChantreyVellacott DFK LLP

CommsResources Limited

Financial statements

31 December 2006

CommsResources Limited

Financial statements

Year ended 31 December 2006

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Company information

Board of directors	D G Seddon A R Ford
Company secretary	James Clusker
Registered office	1 Sherman Road Bromley Kent BR1 3JH
Auditor	Chantrey Vellacott DFK LLP Chartered Accountants Registered Auditor Russell Square House 10 - 12 Russell Square London WC1B 5LF

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 31 December 2006

Principal activities and business review
The principal activity of the company during the year was in recruitment consultancy, specialising in information technology and telecommunications

The board is satisfied with the sales growth of the company during the year but cumulative profits and cashflows continued to be affected by irrecoverable withholding tax for which steps are being taken to reduce this exposure

Results and dividends
The profit for the year, after taxation, amounted to £314,681 Particulars of dividends paid are detailed in note 8 to the financial statements

Financial instruments
Details of the company's financial risk management objectives and policies are included in note 17 to the accounts

Directors
The directors who served the company during the year were as follows

D G Seddon
A R Ford

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor
During the year, Messrs BDO Stoy Hayward LLP resigned as auditor and Chantrey Vellacott DFK LLP was appointed Chantrey Vellacott LLP has indicated its willingness to be re-appointed at the Annual General Meeting

Signed on behalf of the directors

D G Seddon
Director

Approved by the directors on 29 February 2008

CommsResources Limited

Independent auditor's report to the shareholders of CommsResources Limited

Year ended 31 December 2006

We have audited the financial statements of CommsResources Limited for the year ended 31 December 2006 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes These financial statements have been prepared on the basis of the accounting policies set out therein

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
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)

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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and 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 2006 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

Emphasis of matter - Going concern

Without qualifying our opinion, we draw attention to Note 1 to the financial statements 'Going concern' which explains the company's dependence upon the existing banking facilities and the continued support of the bank

Chantrey Vellacott DFK LLP

CHANTREY VELLACOTT DFK LLP

Chartered Accountants
Registered Auditor

London

29 February 2008

ChantreyVellacottDFKLLP

Profit and loss account

Year ended 31 December 2006

	Note	2006 £	2005 *(restated)* £
Turnover	2	19,008,965	15,854,597
Cost of sales		15,192,493	12,760,701
Gross profit		3,816,472	3,093,896
Distribution costs		1,120,029	919,347
Administrative expenses		1,884,218	1,587,486
Operating profit	3	812,225	587,063
Interest receivable		25,140	17,638
Interest payable and similar charges	6	(378,253)	(319,514)
Profit on ordinary activities before taxation		459,112	285,187
Tax on profit on ordinary activities	7	144,431	290,415
Profit/(loss) for the financial year		314,681	(5,228)

All of the activities of the company are classed as continuing

There is no difference between the profits shown above and their historical cost equivalents

Statement of total recognised gains and losses

Year ended 31 December 2006

	2006	2005 *(restated)*
	£	£
Profit/(loss) for the financial year attributable to the shareholders	**314,681**	(5,228)
Total recognised gains and losses relating to the year	**314,681**	(5,228)
Prior year adjustment (see note 9)	**(319,165)**	–
Total gains and losses recognised since the last annual report	**(4,484)**	(5,228)

The notes on pages 9 to 18 form part of these financial statements.

CommsResources Limited

Balance sheet

As at 31 December 2006

	Note	2006 £	2005 (restated) £
Fixed assets			
Intangible assets	10	–	1,886
Tangible assets	11	230,805	236,001
		230,805	237,887
Current assets			
Debtors	12	7,035,793	5,701,629
Cash at bank and in hand		1,221,776	1,018,748
		8,257,569	6,720,377
Creditors amounts falling due within one year	13	7,666,920	6,144,496
Net current assets		590,649	575,881
Total assets less current liabilities		821,454	813,768
Creditors amounts falling due after more than one year	14	168,068	191,063
		653,386	622,705
Capital and reserves			
Called-up equity share capital	18	100,000	100,000
Profit and loss account	19	553,386	522,705
Shareholders' funds	20	653,386	622,705

These financial statements were approved by the Board and authorised for issue on 29 February 2008 and were signed on its behalf by

D G Seddon

The notes on pages 9 to 18 form part of these financial statements.

1 Accounting policies

Basis of accounting
The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments

Going concern
During the year it has been recognised that withholding tax suffered which had previously been regarded as recoverable was, in fact, not recoverable As a result, a prior year adjustment has been made to reflect the irrecoverable tax into the correct period

The company continues to suffer withholding tax in various jurisdictions and is making strenuous efforts to ensure that this tax is recovered in future The company is affected by the related cash outflow and, while the management accounts for 2007 indicate increased profits, there is a net cash outflow because of this issue Efforts to assist with future tax recoverability include a review of the various jurisdictions that the company operates in and a structural group review

Working capital requirements are met principally out of floating rate overdrafts and invoice discounting as well as retained profits The company has arrangements with its bankers for the provision of finance, which it expects to continue and which it expects to be sufficient to enable it to meet its plan for the current year

The directors monitor the liquidity and cash flow of the company carefully and have an agreed overdraft limit with the company's bankers to help manage fluctuations in cash flow The directors on a regular basis monitor cash flow and appropriate action is taken where additional funds are required

Cash flow statement
The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

Turnover
The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Amortisation
Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Trademarks	-	33% straight line

Fixed assets
All fixed assets are initially recorded at cost

Depreciation
Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Website and Software	-	33% straight line
Fixtures & Fittings	-	25% reducing balance
Motor Vehicles	-	25% reducing balance
Equipment	-	33% straight line

Hire purchase agreements
Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

1 Accounting policies *(continued)*

Finance lease agreements
Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies Future instalments under such leases, net of finance charges, are included within creditors Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax

Deferred tax is measured on an undiscounted 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

Foreign currencies
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined Non-monetary items that are measured at historical cost in a foreign currency are not retranslated Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account Exchange differences arising on non-monetary items, carried at fair value, are included in the profit and loss account, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either 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

* Trade and other debtors

  Trade and other debtors are recognised and carried forward at invoices amounts less provisions for any doubtful debts Bad debts are written off when identified

* Cash and cash equivalents

  Cash and cash equivalents are included in the balance sheet at cost Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less

* Interest-bearing loans and borrowings

  All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing

  After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process

2 Turnover

The analysis of turnover by geographical market required by paragraph 55 of Schedule 4 of the Companies Act 1985 has not been provided because the directors consider that the disclosure would be seriously prejudicial to the interests of the company

3 Operating profit

Operating profit is stated after charging

	2006	2005 *(restated)*
	£	£
Amortisation	**1,886**	1,800
Depreciation of owned fixed assets	**20,278**	4,575
Depreciation of assets held under hire purchase agreements	**80,000**	76,224
Loss on disposal of fixed assets	**10,634**	992
Auditor's remuneration		
- as auditor	**28,500**	24,000
Net loss on foreign currency translation	**145,450**	40,055

4 Particulars of employees

The average number of staff, including executive directors, employed by the company during the financial year can be analysed as follows

	2006	2005 *(restated)*
	No	No
Directors, management and administration	**23**	24
Sales	**20**	20
Contractors	**75**	55
	118	99

The aggregate payroll costs of the above were

	2006	2005 *(restated)*
	£	£
Wages and salaries	**1,583,026**	1,346,909
Social security costs	**155,651**	126,036
Other pension costs	**16,412**	(324)
	1,755,089	1,472,621

5 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2006	2005 *(restated)*
	£	£
Emoluments receivable	55,001	21,053
Value of company pension contributions to money purchase schemes	7,766	–
	62,767	21,053

The number of directors who accrued benefits under company pension schemes was as follows

	2006	2005 *(restated)*
	No	No
Money purchase schemes	1	1

6 Interest payable and similar charges

	2006	2005 *(restated)*
	£	£
Interest payable on bank borrowing	115,235	85,424
Finance charges	34,428	20,180
Other similar charges payable	228,590	213,910
	378,253	319,514

In addition to the above charges, administrative expenses include factoring charges of £159,034 (2005 £181,919)

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2006 £	2005 *(restated)* £
Current tax		
UK taxation		
In respect of the year		
UK Corporation tax based on the results for the year	7,518	8,175
Foreign tax		
Current tax on income for the year	136,913	211,934
Total current tax (note 7 (b))	144,431	220,109
Deferred tax		
Origination and reversal of timing differences	-	70,306
Tax on profit on ordinary activities	144,431	290,415

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	2006 £	2005 *(restated)* £
Profit on ordinary activities before taxation	459,112	285,187
Profit on ordinary activities multiplied by rate of tax	137,734	85,556
Expenses not deductible for tax purposes	2,445	7,759
Capital allowances for period in excess of depreciation	4,720	(10,855)
Tax chargeable at lower rates	(468)	-
Adjustments to tax charge in respect of previous periods	-	2,899
Irrecoverable withholding tax	-	134,750
Total current tax (note 7(a))	144,431	220,109

8 Dividends

Equity dividends

	2006 £	2005 *(restated)* £
Paid		
Equity dividends	284,000	246,000

9 Prior year adjustment

During the year it has been recognised that withholding tax suffered which had previously been regarded as recoverable was, in fact, not recoverable As a result a prior year adjustment has been made to reflect the irrecoverable tax into the correct period

10 Intangible fixed assets

	Patents and Trademarks £
Cost	
At 1 January 2006 and 31 December 2006	9,000
Amortisation	
At 1 January 2006	7,114
Charge for the year	1,886
At 31 December 2006	9,000
Net book value	
At 31 December 2006	–
At 31 December 2005	1,886

11 Tangible fixed assets

	Plant & Machinery £	Furniture and Equipment £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 January 2006	51,878	195,343	36,435	486,939	770,595
Additions	–	–	65,449	40,267	105,716
Disposals	–	–	(36,435)	–	(36,435)
At 31 December 2006	51,878	195,343	65,449	527,206	839,876
Depreciation					
At 1 January 2006	51,878	102,082	24,054	356,580	534,594
Charge for the year	–	21,081	9,106	70,091	100,278
On disposals	–	–	(25,801)	–	(25,801)
At 31 December 2006	51,878	123,163	7,359	426,671	609,071
Net book value					
At 31 December 2006	–	72,180	58,090	100,535	230,805
At 31 December 2005	–	93,261	12,381	130,359	236,001

Hire purchase agreements

Included within the net book value of £230,805 is £200,805 (2005 - £207,432) relating to assets held under hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £80,000 (2005 - £76,224)

12 Debtors

	2006	2005 *(restated)*
	£	£
Trade debtors (see below)	5,826,918	5,171,946
Amounts owed by group undertakings	887,084	478,565
Other debtors	307,072	17,451
Prepayments and accrued income	14,719	33,667
	7,035,793	5,701,629

The debtors above include the following amounts falling due after more than one year

	2006	2005 *(restated)*
	£	£
Amounts owed by group undertakings	443,397	210,279

All amounts shown under debtors fall due for payment within one year

Included in trade debtors are factored debts amounting to £5,517,229 (2005 £4,695,212)

Included in other debtors is recoverable withholding tax of £228,846 (2005 £162,712)

13 Creditors amounts falling due within one year

	2006	2005 *(restated)*
	£	£
Bank loans and overdrafts (see below)	1,031,173	944,536
Trade creditors	5,191,147	4,287,677
Taxation and social security	814,285	302,694
Hire purchase agreements (note 15)	128,703	78,073
Other creditors	408,942	473,199
Director's current account	–	902
Accruals and deferred income	92,670	57,415
	7,666,920	6,144,496

The bank overdraft facility is secured by a floating charge over the assets of the company, a fixed charge over a designated cash deposit, a personal guarantee from a director for £300,000 and by set off against all other accounts At 31 December 2006 and December 2005 the company had net cash

The obligations under finance lease and hire purchase contracts are secured on the underlying assets

Amounts owed under the invoice discounting facility are secured by a first charge over the book debts and a floating charge over the company's assets

14 Creditors amounts falling due after more than one year

	2006	2005 *(restated)*
	£	£
Hire purchase agreements (note 15)	**168,068**	191,063

15 Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows

	2006	2005 *(restated)*
	£	£
Amounts payable within one year	**128,703**	78,073
Amounts payable between one and two years	**128,703**	78,073
Amounts payable between three and five years	**39,365**	112,990
	296,771	269,136

16 Pensions

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company and independently administered fund The pension charge represents contributions payable by the company to the fund and amounted to £16,412 (2005 £NIL) There were no outstanding or prepaid contributions at either the beginning or end of the financial year

17 Financial risk management objectives and policies

Financial Instruments and Risk Management

A mixture of retained profits, bank borrowings and invoice discounting are used to finance operations Long-term finance leases are used to finance capital expenditure Working capital requirements are met principally out of floating rate overdrafts and invoice discounting as well as retained profits In addition, various financial instruments such as trade debtors and trade creditors arise directly from the company's operations The company does not enter into any hedging arrangements but matches its currency for sales and costs

The company is mainly exposed to credit risk from credit sales It is company policy to assess the credit risk of new customers and to take out credit insurance on nearly all of its business and then factor the information from these credit ratings into future dealings with the customers At the balance sheet date there were no significant concentrations of credit risk The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet

The directors monitor the liquidity and cash flow risk of the company carefully The company has an agreed overdraft limit with the company's bankers to help manage fluctuations in cash flow The directors on a regular basis monitor cash flow and appropriate action is taken where additional funds are required, for example the arrangement of a new lease finance in the year to purchase a large piece of capital equipment

18 Share capital

Authorised share capital

	2006 £	2005 *(restated)* £
1,000,000 Ordinary shares of £1 each	**1,000,000**	1,000,000

Allotted, called up and fully paid

	2006 No	2006 £	2005 *(restated)* No	2005 *(restated)* £
Ordinary shares of £1 each	**100,000**	**100,000**	100,000	100,000

19 Profit and loss account

	2006 £	2005 *(restated)* £
Balance brought forward as previously reported	**841,870**	773,933
Prior year adjustment (see note 9)	**(319,165)**	–
Balance brought forward restated	**522,705**	773,933
Profit/(loss) for the financial year	**314,681**	(5,228)
Equity dividends paid (FRS 25)	**(284,000)**	(246,000)
Balance carried forward	**553,386**	522,705

20 Reconciliation of movements in shareholders' funds

	2006 £	2005 *(restated)* £
Profit/(Loss) for the financial year	**314,681**	(5,228)
Equity dividends paid (FRS 25)	**(284,000)**	(246,000)
Net addition to/(reduction of) shareholders' funds	**30,681**	(251,228)
Opening shareholders' funds	**941,870**	873,933
Prior year adjustment (see note 9)	**(319,165)**	–
Closing shareholders' funds	**653,386**	622,705

21 Ultimate parent company and parent undertaking of larger group

At 31 December 2006 the company's ultimate parent company was The Comms Group Limited, a company incorporated in the UK This is the parent of both the smallest and largest groups of which the company is a member

Copies of the financial statements of The Comms Group Limited are available from Companies House

22 Related party transactions

During the year the company charged other group companies £197,959 (2005 £178,143) for management services Amounts due from group undertakings are disclosed in note 12