

REGISTERED NUMBER: 02631340 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004
FOR
ACTION FOR EMPLOYMENT LIMITED**



ACTION FOR EMPLOYMENT LIMITED

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FOR THE YEAR ENDED 31 MARCH 2004**

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ACTION FOR EMPLOYMENT LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2004**

DIRECTORS:

E L Harrison
M Lovell
N M Watson
S A Boyfield
R Newey

SECRETARY:

N M Watson

REGISTERED OFFICE:

Bessemer Road
Attercliffe
Sheffield
South Yorkshire
S9 3XN

REGISTERED NUMBER:

02631340 (England and Wales)

AUDITORS:

Rees Wallis
Chartered Certified Accountants
Registered Auditors
Cathedral Chambers
18-24 Campo Lane
Sheffield
S1 2EF

BANKERS:

National Westminster Bank Plc
244 Fulwood Road
Broomhill
Sheffield
S10 3AA

ACTION FOR EMPLOYMENT LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2004

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2004.

PRINCIPAL ACTIVITY

The principal activity of the group (A4E) in the year under review was that of an outsourced supplier of services to the commercial and public sectors. A4e's operational and development activity with government departments and agencies includes work with JobCentre Plus, Regional Development Agencies, Local Learning and Skills Councils, the Department for Work and Pensions, the Department for Education and Skills, the Office for the Deputy Prime Minister, the Department for Trade and Industry and the Department for Culture Media and Sport.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

A4e maintains a strategy of securing new business opportunities with long term revenue and growth potential. The company and the group continue to introduce services across the business where the ability to deliver high quality services that drive social change can make a significant impact for customers and clients.

Strong revenue and profit growth have been achieved this year.

DIVIDENDS

Interim dividends paid during the year are set out in note 8 to the financial statements.

The directors propose payment of final dividends for the year ended 31 March 2004 as detailed in note 8 to the financial statements.

FUTURE DEVELOPMENTS

Additional turnover and profit growth is anticipated again next year and continued investment is being made in the personnel and technical infrastructure of the business. Business opportunities continue to grow in government markets - these include employment, welfare, training, regeneration, business support, education, workforce development and managing agency markets.

A significant range of opportunities exist in markets with both current and new customers, enabling A4e to continue to look forward to profitable growth for the foreseeable future.

ACTION FOR EMPLOYMENT LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2004

DIRECTORS

The names of the directors who held office during the year and their interests in the shares of the company are shown below:-

	31 March 2004			
	25p ordinary	25p ordinary 'A'	25p ordinary 'B'	25p ordinary 'C'
E L Harrison	180,000	400	-	-
M Lovell	-	-	244	-
N M Watson	-	-	-	176
S A Boyfield (appointed 10.02.04)	-	-	-	-
R Newey (appointed 10.02.04)	-	-	-	-

	31 March 2003			
	25p ordinary	25p ordinary 'A'	25p ordinary 'B'	25p ordinary 'C'
E L Harrison	180,000	400	-	-
M Lovell	-	-	244	-
N M Watson	-	-	-	176
S A Boyfield (appointed 10.02.04)	-	-	-	-
R Newey (appointed 10.02.04)	-	-	-	-

In addition to the above beneficial interests in the company's shares, the directors are regarded for Companies Act purposes as having non-beneficial interests in 20,000 ordinary shares of the company held by The Action For Employment Limited Employee Share Trust, which was established on 30 April 2002. The purposes of the trust include the granting of options over the shares in order to promote wider employee share ownership in the company. Consequently, all employees (including directors) are potential beneficiaries of the trust, which is referred to in more detail in Note 9 to the Financial Statements.

CHARITABLE DONATIONS

During the course of delivering its services A4e works with thousands of charitable, voluntary and community sector organisations. Formal donations for charitable purposes during the course of the year amounted to £35,040 and A4e is developing formal relations with the NSPCC as A4e's 'sponsored charity' on a national basis.

DISABLED PEOPLE AND DIVERSITY

The group's policy is to ensure that every individual applying to and working within A4e is judged solely on their aptitude and ability in relation to their role. A4e holds the 'Positive about Disabled People' award and the 'Investor in People' standard and is proactive in supporting staff with specific training requirements.

A4e has a core set of values about the positive contribution people bring to their work. This is based on the fundamental belief that to deliver successful services, the business needs to be able to enthuse, empathise and energise the communities within which A4e operates. This can only be accomplished if the workforce reflects the communities it serves. A4e's directors are firmly committed to ensuring that a diverse workforce, reflecting its values, are employed across the business.

EMPLOYEE INVOLVEMENT

A4e's mission is to 'Improve People's Lives'. This applies equally to the people to whom we deliver services, those on whose behalf we deliver those services and the tremendous people within A4e who take those services to market.

The directors are committed to achieving the highest standards in the workplace. There will be continued development of our policies and procedures to ensure A4e offers a superb work environment for its employees. As a large business, communication continues to be a top priority ensuring everyone in the business is well informed. The extension of consultation processes with staff across the entire business will continue to be a key development.

ACTION FOR EMPLOYMENT LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

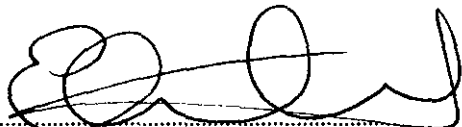
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on 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 which disclose with reasonable accuracy at any time the financial position of the company and the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Rees Wallis, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
E L Harrison - Director

Date: 8/12/2004

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ACTION FOR EMPLOYMENT LIMITED

We have audited the financial statements of Action for Employment Limited for the year ended 31 March 2004 on pages six to twenty nine. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditors' 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 described on page four the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Report of the Directors is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the Report of the Directors 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 United Kingdom Auditing Standards 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 of the state of affairs of the company and the group as at 31 March 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rees Wallis
Chartered Certified Accountants
Registered Auditors
Cathedral Chambers
18-24 Campo Lane
Sheffield
S1 2EF

13 December 2004

ACTION FOR EMPLOYMENT LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2004**

	Notes	2004 £	2003 £
TURNOVER	2	55,943,429	41,401,332
Cost of sales		13,473,976	8,706,229
GROSS PROFIT		42,469,453	32,695,103
Administrative expenses		38,952,372	30,204,685
		3,517,081	2,490,418
Other operating income		26,058	70,756
OPERATING PROFIT	4	3,543,139	2,561,174
Interest receivable and similar income		27,554	40,080
		3,570,693	2,601,254
Interest payable and similar charges	5	182,241	223,443
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,388,452	2,377,811
Tax on profit on ordinary activities	6	1,034,253	860,021
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		2,354,199	1,517,790
Non equity		560,000	-
Dividends	8	897,990	1,200,000
RETAINED PROFIT FOR THE YEAR FOR THE GROUP		896,209	317,790

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

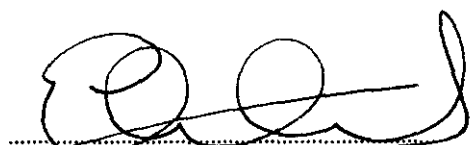
The group has no recognised gains or losses other than the profits for the current and previous years.

ACTION FOR EMPLOYMENT LIMITED

**CONSOLIDATED BALANCE SHEET
31 MARCH 2004**

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	9	3,476,964	2,562,112
Investments	10	2,480,000	2,480,000
		<u>5,956,964</u>	<u>5,042,112</u>
CURRENT ASSETS			
Debtors	11	9,949,200	7,084,458
Cash at bank and in hand		1,459,422	1,359,060
		<u>11,408,622</u>	<u>8,443,518</u>
CREDITORS			
Amounts falling due within one year	12	11,254,722	5,630,600
NET CURRENT ASSETS		<u>153,900</u>	<u>2,812,918</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,110,864</u>	<u>7,855,030</u>
CREDITORS			
Amounts falling due after more than one year	13	(1,300,000)	(2,400,000)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(15,300)	(1,300)
ACCRUALS AND DEFERRED INCOME	18	(840,356)	(2,394,747)
MINORITY INTERESTS (including non-equity interests)	19	(100)	-
		<u>3,955,108</u>	<u>3,058,983</u>
CAPITAL AND RESERVES			
Called up share capital	20	50,316	50,400
Capital redemption reserve	21	584	500
Profit and loss account	21	3,904,208	3,008,083
SHAREHOLDERS' FUNDS (including non-equity interests)	25	<u>3,955,108</u>	<u>3,058,983</u>

ON BEHALF OF THE BOARD:



E.L. Harrison - Director

Approved by the Board on 8/12/2004

The notes form part of these financial statements

ACTION FOR EMPLOYMENT LIMITED

**COMPANY BALANCE SHEET
31 MARCH 2004**

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	9	3,098,664	2,425,293
Investments	10	2,480,101	2,480,101
		<u>5,578,765</u>	<u>4,905,394</u>
CURRENT ASSETS			
Debtors	11	5,044,523	3,884,553
Cash at bank and in hand		52,358	765,647
		<u>5,096,881</u>	<u>4,650,200</u>
CREDITORS			
Amounts falling due within one year	12	5,517,967	4,090,345
NET CURRENT (LIABILITIES)/ASSETS		<u>(421,086)</u>	<u>559,855</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,157,679</u>	<u>5,465,249</u>
CREDITORS			
Amounts falling due after more than one year	13	(1,300,000)	(2,400,000)
ACCRUALS AND DEFERRED INCOME	18	(142,385)	(215,374)
		<u>3,715,294</u>	<u>2,849,875</u>
CAPITAL AND RESERVES			
Called up share capital	20	50,316	50,400
Capital redemption reserve	21	584	500
Profit and loss account	21	3,664,394	2,798,975
SHAREHOLDERS' FUNDS (including non-equity interests)	25	<u>3,715,294</u>	<u>2,849,875</u>

ON BEHALF OF THE BOARD:



E L Harrison - Director

Approved by the Board on 8/12/2004

The notes form part of these financial statements

ACTION FOR EMPLOYMENT LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2004**

	Notes	2004 £	2003 £
Net cash inflow from operating activities	1	5,200,779	2,002,448
Returns on investments and servicing of finance	2	(1,138,427)	(303,363)
Taxation		(936,486)	(888,506)
Capital expenditure and financial investment	2	(1,970,780)	(3,533,247)
Equity dividends paid		-	(850,000)
		<u>1,155,086</u>	<u>(3,572,668)</u>
Financing	2	(1,108,030)	3,161,154
Increase/(Decrease) in cash in the period		<u>47,056</u>	<u>(411,514)</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase/(Decrease) in cash in the period		47,056	(411,514)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>1,108,046</u>	<u>(3,161,154)</u>
Change in net debt resulting from cash flows		<u>1,155,102</u>	<u>(3,572,668)</u>
Movement in net debt in the period		<u>1,155,102</u>	<u>(3,572,668)</u>
Net (debt)/funds at 1 April		<u>(1,848,986)</u>	<u>1,723,682</u>
Net debt at 31 March		<u>(693,884)</u>	<u>(1,848,986)</u>

The notes form part of these financial statements

ACTION FOR EMPLOYMENT LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2004**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating profit	3,543,139	2,561,174
Depreciation charges	1,050,231	869,612
Loss/(Profit) on disposal of fixed assets	5,700	(5,388)
Government grants	(26,058)	(70,756)
Increase in debtors	(2,864,742)	(1,484,604)
Increase in creditors	3,492,509	132,410
Net cash inflow from operating activities	5,200,779	2,002,448

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest received	27,554	40,080
Interest paid	(181,823)	(221,172)
Interest element of hire purchase payments	(418)	(2,271)
Dividends paid on non-equity shares	(923,740)	(120,000)
Dividends paid to minority interests	(60,000)	-
Net cash outflow for returns on investments and servicing of finance	(1,138,427)	(303,363)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,016,976)	(1,150,224)
Purchase of fixed asset investments	-	(2,480,000)
Sale of tangible fixed assets	46,196	96,977
Net cash outflow for capital expenditure and financial investment	(1,970,780)	(3,533,247)
Financing		
New loans in year	-	4,000,000
Loan repayments in year	(1,100,000)	(800,000)
Minority interest	100	-
Redemption of non-equity shares	(84)	-
Capital repayments in year	(8,046)	(38,846)
Net cash (outflow)/inflow from financing	(1,108,030)	3,161,154

The notes form part of these financial statements

ACTION FOR EMPLOYMENT LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2004**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.03 £	Cash flow £	Other non-cash changes £	At 31.3.04 £
Net cash:				
Cash at bank and in hand	1,359,060	100,362		1,459,422
Bank overdraft	-	(53,306)		(53,306)
	<u>1,359,060</u>	<u>47,056</u>		<u>1,406,116</u>
Debt:				
Hire purchase	(8,046)	8,046	-	-
Debts falling due within one year	(800,000)	800,000	(800,000)	(800,000)
Debts falling due after one year	(2,400,000)	300,000	800,000	(1,300,000)
	<u>(3,208,046)</u>	<u>1,108,046</u>	<u>-</u>	<u>(2,100,000)</u>
Total	<u>(1,848,986)</u>	<u>1,155,102</u>	<u>-</u>	<u>(693,884)</u>

The notes form part of these financial statements

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES

Basis of preparation

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

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all its subsidiary undertakings drawn up to 31 March each year. Inter-company sales are eliminated on consolidation so that the group financial statements relate to external transactions only.

The profits and losses of subsidiary undertakings are consolidated from the date of acquisition to the date of disposal.

Turnover

Turnover, excluding VAT where applicable, is recognised during the period in which funding is received or invoices are raised in respect of work and training programmes and trainee placements, unless the amounts concerned are in respect of services to be delivered in a later accounting period. In such cases revenue received in advance is carried forward as deferred income and released in the subsequent accounting period in which the services are delivered and the related costs are incurred.

In accordance with FRS5 Application Note G68, turnover includes managing agent fees received or receivable in return for the performance of duties as agent under certain contractual arrangements. Amounts received or receivable from the customer which are payable to or on behalf of the principal under these arrangements are not included in turnover.

Tangible fixed assets

Tangible fixed assets are included at cost less accumulated depreciation.

Depreciation is provided on tangible fixed assets on a straight line or reducing balance basis over their estimated useful economic lives or, if held under a finance lease, over the lease term, whichever is the shorter.

Useful economic lives are principally as follows:

Freehold land & buildings	- 50 years
Short-term leasehold improvements	- over the lease term
Fixtures & fittings	- 5-10 years
Motor vehicles & plant	- 6-10 years
Computer equipment & software	- 3-5 years

Costs incurred in establishing a new or changed operation or branch, following the award of a contract but before delivery of the outsourced service, which meet the criteria for recognition as tangible fixed assets under FRS15 'Tangible Fixed Assets' are capitalised as tangible fixed assets. Such costs are amortised over the life of the asset, in order to match these costs against the associated contract revenues. Those costs which do not meet the criteria set out in FRS15, such as the repair element of establishing a new branch are recognised as an expense in the period when they are incurred.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Investments

As permitted, the group has decided not to adopt UITF abstract 38, Accounting for ESOP trusts in these financial statements. The abstract deals with the recognition of investments in employee benefit trusts. The investment in the Action for Employment Employee Benefit Trust is held on the balance sheet as a fixed asset investment at historic cost, less provision for any permanent diminution in value.

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

Government grants

Grants related to expenditure on tangible assets are credited to profit at the same rate as the depreciation on the assets to which the grants relate. The amounts shown in the balance sheet in respect of grants consist of the total grants receivable to date, less the amounts so far credited to profit. Grants of a revenue nature are credited to income in the period to which they relate.

Repairs and renewals

Expenditure on repairs and renewals is written off in the period during which the expense is incurred. Expenditure on new branches and new or changed operations which meets the criteria for recognition as tangible fixed assets under FRS 15 'Tangible Fixed Assets' was written off in previous periods when it was incurred and the cost was adjusted for corporation tax purposes. Such expenditure is now capitalised as tangible fixed assets in accordance with the accounting policy for tangible fixed assets

The reason for the change in accounting policy is the recognition that such costs are more appropriately written off over the life of the asset acquired in a manner which is also consistent with the associated contract revenues and the taxation treatment of such expenditure. The effect of the change in policy on the previous year's results is not considered to be material and no adjustment has been made.

2. TURNOVER

The turnover, profit after taxation and net assets are attributable to the principal activities of the group as described on page 2.

The group operates in the United Kingdom and the whole of its turnover is to the United Kingdom market.

The gross value of sales throughput receivable by the group during the year as agent under certain contractual arrangements was £5,232,076 of which £1,485,711 are managing agent fees which have been recognised in turnover in accordance with the accounting policy for turnover (see note 1).

3. STAFF COSTS

	2004	2003
	£	£
Wages and salaries	23,230,222	18,884,022
Social security costs	1,823,385	1,633,727
Other pension costs	388,268	332,401
	<u>25,441,875</u>	<u>20,850,150</u>

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

3. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	2004	2003
Management	163	155
Administration	981	837
	<u>1,144</u>	<u>992</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2004 £	2003 £
Hire of plant and machinery	854,615	146,142
Depreciation - owned assets	1,046,113	859,667
Depreciation - assets on hire purchase contracts	4,118	9,945
Loss/(Profit) on disposal of fixed assets	5,700	(5,388)
Auditors' remuneration	44,600	36,000
Auditors' remuneration for non audit work	20,127	21,158
Operating leases - land and buildings	3,117,272	2,571,407
Release of government grant	<u>(26,058)</u>	<u>(70,755)</u>
Directors' emoluments	658,039	695,697
Directors' pension contributions to money purchase schemes	<u>37,600</u>	<u>39,419</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>4</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2004 £	2003 £
Emoluments etc	281,933	296,588
Pension contributions to money purchase schemes	<u>24,000</u>	<u>24,000</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Bank interest	9,856	3,827
Bank loan interest	167,336	212,126
Interest on tax paid late	4,631	5,219
Hire purchase interest	<u>418</u>	<u>2,271</u>
	<u>182,241</u>	<u>223,443</u>

ACTION FOR EMPLOYMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2004****6. TAXATION****Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2004 £	2003 £
Current tax:		
UK corporation tax	1,052,500	832,500
Adjustment in respect of prior years	(32,247)	31,821
Total current tax	1,020,253	864,321
Deferred taxation	14,000	(4,300)
Tax on profit on ordinary activities	1,034,253	860,021

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	3,388,452	2,377,811
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	1,016,536	713,343
Effects of:		
Expenses not deductible for tax purposes	37,951	84,397
Depreciation for period in excess of capital allowances	(1,987)	41,203
Adjustment in respect of prior years	(32,247)	31,821
Adjustment for small company rate applied to subsidiary undertaking	-	(6,443)
Current tax charge	1,020,253	864,321

7. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £1,763,493 (2003 - £1,468,045).

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

8. DIVIDENDS

	2004	2003
Ordinary dividends	£	£
Interim dividends paid on equity shares:		
£4.25 per 25p ordinary share on 8 April 2002	-	850,000
Interim dividends paid on non-equity shares:		
£375.00 per 25p ordinary 'A' redeemable share on 11 August 2003	150,000	-
£375.00 per 25p ordinary 'A' redeemable share on 19 November 2003	150,000	
£250.00 per 25p ordinary 'C' redeemable share on 19 November 2003	47,500	
£48.56 per 25p ordinary 'D' redeemable share on 19 November 2003	8,740	-
£79.55 per 25p ordinary 'E' redeemable share on 19 November 2003	17,500	-
£204.92 per 25p ordinary 'B' redeemable share on 28 November 2003	50,000	-
£375.00 per 25p ordinary 'A' redeemable share on 13 February 2004	150,000	-
	<hr/>	<hr/>
	573,740	850,000
	<hr/>	<hr/>
Proposed final dividends on non-equity shares:		
£375.00 (2003, £750.00) per 25p ordinary 'A' redeemable share	150,000	300,000
£285.86 (2003, £Nil) per 25p ordinary 'B' redeemable share	69,750	-
£192.81 (2003, £87.50) per 25p ordinary 'C' redeemable share	77,125	35,000
£124.43 (2003, £68.182) per 25p ordinary 'E' redeemable share	27,375	15,000
	<hr/>	<hr/>
	324,250	350,000
	<hr/>	<hr/>
	897,990	1,200,000
	<hr/>	<hr/>

The holders of 210, 25p ordinary 'C' redeemable shares waived their rights to receive the dividend paid on 19 November 2003.

ACTION FOR EMPLOYMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2004**

9. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Short-term leasehold improvements £	Fixtures and fittings £
COST			
At 1 April 2003	296,658	-	1,588,740
Additions	126,267	476,501	463,934
Disposals	-	-	(49,517)
Reclassification/transfer	-	-	2,300
At 31 March 2004	422,925	476,501	2,005,457
DEPRECIATION			
At 1 April 2003	29,609	-	679,483
Charge for year	14,039	64,138	282,872
Eliminated on disposal	-	-	(48,952)
At 31 March 2004	43,648	64,138	913,403
NET BOOK VALUE			
At 31 March 2004	379,277	412,363	1,092,054
At 31 March 2003	267,049	-	909,257
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2003	280,286	2,632,475	4,798,159
Additions	37,275	912,999	2,016,976
Disposals	(118,044)	(663,553)	(831,114)
Reclassification/transfer	(2,300)	-	-
At 31 March 2004	197,217	2,881,921	5,984,021
DEPRECIATION			
At 1 April 2003	168,464	1,358,488	2,236,044
Charge for year	32,443	656,739	1,050,231
Eliminated on disposal	(69,333)	(660,933)	(779,218)
At 31 March 2004	131,574	1,354,294	2,507,057
NET BOOK VALUE			
At 31 March 2004	65,643	1,527,627	3,476,964
At 31 March 2003	111,822	1,273,987	2,562,115

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

9. TANGIBLE FIXED ASSETS - continued

Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 April 2003	20,295
Transfer to ownership	(20,295)
At 31 March 2004	-
DEPRECIATION	
At 1 April 2003	7,817
Charge for year	4,118
Transfer to ownership	(11,935)
At 31 March 2004	-
NET BOOK VALUE	
At 31 March 2004	-
At 31 March 2003	12,478

Company

	Freehold property £	Short-term leasehold improvements £	Fixtures and fittings £
COST			
At 1 April 2003	296,658	-	1,526,033
Additions	126,267	425,657	328,963
Disposals	-	-	(49,517)
Reclassification/transfer	-	-	2,300
At 31 March 2004	422,925	425,657	1,807,779
DEPRECIATION			
At 1 April 2003	29,609	-	649,282
Charge for year	14,039	61,663	262,360
Eliminated on disposal	-	-	(48,952)
At 31 March 2004	43,648	61,663	862,690
NET BOOK VALUE			
At 31 March 2004	379,277	363,994	945,089
At 31 March 2003	267,049	-	876,751

ACTION FOR EMPLOYMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2004**

9. TANGIBLE FIXED ASSETS - continued

Company

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2003	261,219	2,468,422	4,552,332
Additions	37,275	739,997	1,658,159
Disposals	(98,977)	(661,990)	(810,484)
Reclassification/transfer	(2,300)	-	-
At 31 March 2004	197,217	2,546,429	5,400,007
DEPRECIATION			
At 1 April 2003	158,659	1,289,489	2,127,039
Charge for year	29,641	572,805	940,508
Eliminated on disposal	(56,726)	(660,526)	(766,204)
At 31 March 2004	131,574	1,201,768	2,301,343
NET BOOK VALUE			
At 31 March 2004	65,643	1,344,661	3,098,664
At 31 March 2003	102,560	1,178,933	2,425,293

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 April 2003	20,295
Transfer to ownership	(20,295)
At 31 March 2004	-
DEPRECIATION	
At 1 April 2003	7,817
Charge for year	4,118
Transfer to ownership	(11,935)
At 31 March 2004	-
NET BOOK VALUE	
At 31 March 2004	-
At 31 March 2003	12,478

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

10. FIXED ASSET INVESTMENTS

Group

	Own shares £
COST	
At 1 April 2003 and 31 March 2004	2,480,000
NET BOOK VALUE	
At 31 March 2004	2,480,000
At 31 March 2003	2,480,000

Company

	Shares in group undertakings £	Own shares £	Totals £
COST			
At 1 April 2003 and 31 March 2004	101	2,480,000	2,480,101
NET BOOK VALUE			
At 31 March 2004	101	2,480,000	2,480,101
At 31 March 2003	101	2,480,000	2,480,101

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

A4e Consult Limited

Country of incorporation: England

Nature of business: Business Support and Consultancy Advice

Class of shares:	%
Ordinary	holding 100.00

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

10. FIXED ASSET INVESTMENTS - continued

Action for Employment Trustees Limited

Country of incorporation: England

Nature of business: Trustee corporation

Class of shares:	%
Ordinary	holding 100.00

Investments - Own Shares

Own shares are represented by 20,000 shares with a nominal value of 25p each held by The Action for Employment Limited Employee Share Trust which was established on 30 April 2002. The directors consider that no provision for permanent reduction in the value of the investment in own shares was required at the balance sheet date.

All expenses incurred by the trust are settled by the company and charged in the financial statements as incurred.

All of the above investments are unlisted.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	7,951,668	6,113,370	4,265,932	2,769,301
Amounts owed by group undertakings	-	-	-	578,324
Other debtors	1,128,514	91,051	79,515	82,976
VAT	35,615	396,031	-	-
Prepayments and accrued income	833,403	484,006	699,076	453,952
	<u>9,949,200</u>	<u>7,084,458</u>	<u>5,044,523</u>	<u>3,884,553</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans and overdrafts (see note 14)	853,306	800,000	853,306	800,000
Hire purchase contracts (see note 15)	-	8,046	-	8,046
Trade creditors	4,926,403	2,211,454	2,107,311	875,797
Amounts owed to group undertakings	-	-	62,523	-
Corporation tax	570,493	486,726	310,756	473,602
Other taxes & social security	1,655,758	1,019,477	1,418,218	926,816
Proposed dividends	324,250	350,000	324,250	350,000
Other creditors	1,793,964	367,568	39,498	360,764
Proposed dividend payable to minority interests	500,000	-	-	-
Accruals	630,548	387,329	402,105	295,320
	<u>11,254,722</u>	<u>5,630,600</u>	<u>5,517,967</u>	<u>4,090,345</u>

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans (see note 14)	<u>1,300,000</u>	<u>2,400,000</u>	<u>1,300,000</u>	<u>2,400,000</u>

14. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	53,306	-	53,306	-
Bank loans	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>
	<u>853,306</u>	<u>800,000</u>	<u>853,306</u>	<u>800,000</u>
Amounts falling due between one and two years:				
Bank loans	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>
Amounts falling due between two and five years:				
Bank loans	<u>500,000</u>	<u>1,600,000</u>	<u>500,000</u>	<u>1,600,000</u>

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2004	2003
	£	£
Gross obligations repayable:		
Within one year	<u>-</u>	<u>8,464</u>
Finance charges repayable:		
Within one year	<u>-</u>	<u>418</u>
Net obligations repayable:		
Within one year	<u>-</u>	<u>8,046</u>

ACTION FOR EMPLOYMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2004**

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

Company

	Hire purchase contracts	
	2004	2003
	£	£
Gross obligations repayable:		
Within one year	-	8,464
Finance charges repayable:		
Within one year	-	418
Net obligations repayable:		
Within one year	-	8,046

The following payments are committed to be paid within one year:

Group

	Operating leases			
	Land and buildings		Other	
	2004	2003	2004	2003
	£	£	£	£
Expiring:				
Within one year	500,968	432,093	4,757	17,623
Between one and five years	1,476,097	1,334,279	27,250	6,723
	<u>1,977,065</u>	<u>1,766,372</u>	<u>32,007</u>	<u>24,346</u>

Company

	Operating leases			
	Land and buildings		Other	
	2004	2003	2004	2003
	£	£	£	£
Expiring:				
Within one year	399,540	408,593	4,757	17,623
Between one and five years	1,275,985	1,334,279	27,250	6,723
	<u>1,675,525</u>	<u>1,742,872</u>	<u>32,007</u>	<u>24,346</u>

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank overdraft	53,306	-	53,306	-
Bank loans	2,100,000	3,200,000	2,100,000	3,200,000
	<u>2,153,306</u>	<u>3,200,000</u>	<u>2,153,306</u>	<u>3,200,000</u>

17. PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2004	2003
	£	£
Accelerated capital allowances	<u>15,300</u>	<u>1,300</u>
Group		
		Deferred tax
		£
Balance at 1 April 2003		1,300
Transfer from profit & loss account		<u>14,000</u>
Balance at 31 March 2004		<u>15,300</u>

18. ACCRUALS AND DEFERRED INCOME

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Deferred government grants	17,898	43,957	-	-
Deferred income	822,458	2,350,790	142,385	215,374
	<u>840,356</u>	<u>2,394,747</u>	<u>142,385</u>	<u>215,374</u>

During the year, the group released deferred government grants of £26,058 (2003:£70,755) to the profit for the year. No government grants were received during the year. Of these amounts, the company released deferred government grants of £nil (2003:£35,697) to the profit for the year.

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

19. MINORITY INTERESTS

Included in the non-equity share capital of A4e Consult Limited (see note 10) are 50 £1 ordinary 'A' redeemable shares held by Mrs E L Harrison and 50 £1 ordinary 'B' redeemable shares held by Mr M Lovell.

These shares have no rights against any other group company, no voting rights and no rights to dividends other than those that may be recommended by the members of A4e Consult Limited in general meeting. The shares are redeemable at par value, at any time, at the option of the holders of 30% of the ordinary shares.

Dividends paid and proposed on these shares, disclosed as minority interests in the group profit and loss account are made up as follows:-

	2004 £	2003 £
Interim dividends paid :		
£600 per £1 ordinary 'A' redeemable share on 19 November 2003	30,000	-
£600 per £1 ordinary 'B' redeemable share on 19 November 2003	30,000	-
	<hr/>	<hr/>
	60,000	-
	<hr/>	<hr/>
Proposed final dividend :		
£10,000 per £1 ordinary 'A' redeemable share	500,000	-
	<hr/>	<hr/>
	560,000	-
	<hr/>	<hr/>

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

20. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised:		
9,997,600 ordinary shares of 25p each	2,499,400	2,499,400
Redeemable shares:		
400 ordinary 'A' of 25p each	100	100
400 ordinary 'B' of 25p each	100	100
400 ordinary 'C' of 25p each	100	100
400 ordinary 'D' of 25p each	100	100
400 ordinary 'E' of 25p each	100	100
400 ordinary 'F' of 25p each	100	100
	<hr/>	<hr/>
	2,500,000	2,500,000
	<hr/>	<hr/>
	2004 £	2003 £
Allotted, issued & fully paid:		
200,000 ordinary shares of 25p each	50,000	50,000
Redeemable shares:		
400 ordinary 'A' of 25p each	100	100
244 (2003, 400) ordinary 'B' of 25p each	61	100
400 ordinary 'C' of 25p each	100	100
Nil (2003, 180) ordinary 'D' of 25p each	-	45
220 ordinary 'E' of 25p each	55	55
	<hr/>	<hr/>
	50,316	50,400
	<hr/>	<hr/>

On 15 July 2004 the company, by ordinary resolution, subdivided its ordinary shares of 25p each into ordinary shares of 5p each. On the same day the issued ordinary share capital of the company was increased to £100,000, made up of 2,000,000 ordinary shares of 5p each, by the capitalisation of the whole of the capital redemption reserve of £584 and the capitalisation of distributable profits of £49,416 on the basis of one bonus share for every share held by members on the register on 15 July 2004.

Summary of class rights

The ordinary 'A', 'B', 'C', 'D', 'E' and 'F' redeemable shares have no voting rights and no rights to dividends other than those that may be recommended by the company in general meeting. The shares are redeemable, if fully paid, at par, at any time, at the option of the holders of 30% of the ordinary shares.

The whole of the outstanding redeemable shares will be redeemable on 1 January 2050 or as soon as possible thereafter.

In the event of a winding up of the company, the shares will not participate in the assets of the company except to the extent of par value, but repayment of these shares shall be made, in alphabetical order, in priority to the ordinary shares.

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

21. RESERVES

Group

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 April 2003	3,008,083	500	3,008,583
Retained profit for the year	896,209	-	896,209
Redemption of non-equity shares	(84)	84	-
At 31 March 2004	<u>3,904,208</u>	<u>584</u>	<u>3,904,792</u>

Company

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 April 2003	2,798,975	500	2,799,475
Retained profit for the year	865,503	-	865,503
Redemption of non-equity shares	(84)	84	-
At 31 March 2004	<u>3,664,394</u>	<u>584</u>	<u>3,664,978</u>

Of the total group reserves, £239,819 attributable to funding from the Small Business Service of The Department of Trade and Industry is not available for distribution.

The company redeemed 156 ordinary 'B' redeemable shares of 25p each on 7 April 2003 and 180 ordinary 'D' redeemable shares of 25p each on 19 November 2003. The shares were redeemed at their nominal amount of £84, which has been credited to capital redemption reserve.

22. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The unpaid contributions outstanding at the year end, included in other creditors (see note 12), are £39,498 (2003:£Nil).

23. TRANSACTIONS WITH DIRECTORS

The following loan to a director subsisted during the year ended 31 March 2004:

	£
E L Harrison	
Balance outstanding at start of year	625
Balance outstanding at end of year	-
Maximum balance outstanding during year	<u>625</u>

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

24. RELATED PARTY DISCLOSURES

Andromeda Park Limited

The group is provided with conference facilities and services on normal commercial terms by Andromeda Park Limited, which is controlled by Mrs E L Harrison and her husband, Mr J R Harrison, who are both directors of that company. The value of such facilities and services provided during the year was £153,640 (2003:£11,660). The balance due to Andromeda Park Limited at the balance sheet date was £21,385 (2003:£Nil).

During the year, the group provided Andromeda Park Limited with plant hire and other services totalling £1,635 (2003:£1,341) on normal commercial terms. The balance owed to the group by Andromeda Park Limited at the balance sheet date was £Nil (2003:£270).

Novantia Limited

The group is provided with goods on normal commercial terms by Novantia Limited, of which Mrs E L Harrison's husband, Mr J R Harrison, is a shareholder and director. The value of goods provided during the year was £15,501. The balance due to Novantia Limited at the balance sheet date was £398 (2003:Nil).

During the year, the group provided Novantia Limited with plant hire of £1,379 (2003:£Nil) on normal commercial terms. The balance owed to the group by Novantia Limited at the balance sheet date was £Nil (2003:£Nil)

Cavendish Consultants Limited

The group is provided with professional and consultancy services by Cavendish Consultants Limited, which is controlled by Mr S A Boyfield, who is a director of that company. The value of services provided during the year was £218,941. The balance due to Cavendish Consultants Limited at the balance sheet date was £40,140.

Mr S A Boyfield was appointed as a director of Action for Employment Limited on 10 February 2004.

Oak Projects Limited

The group is provided with professional and consultancy services by Oak Projects Limited, which is controlled by Mr R Newey, who is a director of that company. The value of services provided during the year was £94,200. The balance due to Oak Projects Limited at the balance sheet date was £16,568.

Mr R Newey was appointed as a director of Action for Employment Limited on 10 February 2004.

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2004

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2004 £	2003 £
Profit for the financial year	1,794,199	1,517,790
Dividends	(897,990)	(1,200,000)
	<hr/> 896,209	<hr/> 317,790
Redemption of non-equity shares	(84)	-
	<hr/> 896,125	<hr/> 317,790
Net addition to shareholders' funds	3,058,983	2,741,193
Opening shareholders' funds	<hr/> 3,955,108	<hr/> 3,058,983
Closing shareholders' funds	3,955,108	3,058,983
	<hr/> <hr/>	<hr/> <hr/>
Equity interests	3,954,792	3,058,583
Non-equity interests	316	400
	<hr/> 3,955,108	<hr/> 3,058,983
	<hr/> <hr/>	<hr/> <hr/>

Company

	2004 £	2003 £
Profit for the financial year	1,763,493	1,468,045
Dividends	(897,990)	(1,200,000)
	<hr/> 865,503	<hr/> 268,045
Redemption of non-equity shares	(84)	-
	<hr/> 865,419	<hr/> 268,045
Net addition to shareholders' funds	2,849,875	2,581,830
Opening shareholders' funds	<hr/> 3,715,294	<hr/> 2,849,875
Closing shareholders' funds	3,715,294	2,849,875
	<hr/> <hr/>	<hr/> <hr/>
Equity interests	3,714,978	2,849,475
Non-equity interests	316	400
	<hr/> 3,715,294	<hr/> 2,849,875
	<hr/> <hr/>	<hr/> <hr/>