

**Gi Recruitment Limited (formerly Draefern
Holdings Limited)**

**Directors' report and consolidated
financial statements**

Registered number 02836088

31 December 2011

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities

The company's principal activity during the year was that of an investment company

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

On 7 February 2011 the Company issued 20,000 shares to Epoch 2 Limited in exchange for 100% of the issued share capital of G1 Group Recruitment Limited (formerly Right4staff Limited) and Protemp Recruitment Limited

On 25 March 2011 the Company was bought by G1 Group Holdings Recruitment Limited

On 8 March 2012 the company changed its name to G1 Recruitment Limited

Business review

Financial results – 2011

The Group has had another profitable year creating an operating profit before depreciation of £4.0m (2010 £3.7m), resulting in an operating profit of £3.8m (2010 £3.5m) before exceptional items. The Group incurred £2,877,782 of costs in relation to the acquisition of the company by G1 Group Holdings Recruitment Limited

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 clients needs we continue to achieve very high levels of key client retention

Our new business sales activity remained high throughout the year and we achieved considerable success in this area, adding a higher than average number of new on sites to our SMS division

Legislation concerning right to work, for both employer and contractor, minimum pay levels and health and safety continue to be of paramount importance to the board which regards compliance as a key strength of the company

The directors therefore remain optimistic about the future performance of the Group, particularly as economic conditions continue to improve

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

Proposed dividend

The directors do not recommend the payment of a dividend (2010 £1,607,793)

Directors

The directors who held office during the year were as follows

J Hardy

J Watts

S Bodger (resigned 6/10/11)

M Ulboldi (appointed 25/03/11)

P Ghizzoni (appointed 25/03/11)

SLO Colli-Lanzi (appointed 25/03/11)

Directors' report *(continued)*

Disclosure of information to auditors

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

Employees

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

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

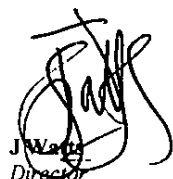
Political and charitable contributions

The group made no political contributions during the period or any donations to UK charities (2010 £nil)

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

14 May 2012

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 group and parent company 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 group and parent company and of the profit or loss for that period

In preparing each of the group and parent company 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 group 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 Gi Recruitment Limited
(formerly Draefern Holdings Limited)**

We have audited the financial statements of Gi Recruitment Limited (formerly Draefern Holdings Limited) for the year ended 31 December 2011 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

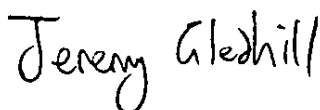
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditors' report to the members of Gi Recruitment Limited
(formerly Draefern Holdings 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Jeremy Gledhill (Senior Statutory Auditor)

for and on behalf of

KPMG LLP
Statutory Auditor

Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

14 May 2012

Consolidated profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	<i>1</i>	173,180	164,434
Cost of sales		(154,174)	(146,826)
Gross profit		19,006	17,608
Administrative expenses		(18,298)	(14,067)
Operating profit before non-recurring costs		3,759	3,541
Disposal related costs	<i>3</i>	(3,051)	-
Operating profit		708	3,541
Interest receivable	<i>6</i>	39	-
Interest payable and similar charges	<i>7</i>	(63)	(45)
Profit on ordinary activities before taxation	<i>2-5</i>	684	3,496
Tax on profit on ordinary activities	<i>8</i>	1	(650)
Profit for the financial year	<i>15</i>	685	2,846


There were no recognised gains or losses in either year other than as disclosed above

The accompanying notes are an integral part of these financial statements

Consolidated balance sheet
at 31 December 2011

	<i>Note</i>	2011 £000	2011 £000	2010 £000	2010 £000
Fixed assets					
Tangible assets	9		484		225
			<u>484</u>		<u>225</u>
Current assets					
Debtors (includes £7,539 000 due after more than one year)	11	28,997		27,051	
Cash at bank and in hand		-		1,226	
		<u>28,997</u>		<u>28,277</u>	
Creditors' amounts falling due within one year	12	<u>(14,999)</u>		<u>(16,676)</u>	
Net current assets			<u>13,998</u>		<u>11,601</u>
Total assets less current liabilities			<u>14,482</u>		<u>11,826</u>
Creditors: amounts falling due after more than one year	12		<u>(1,971)</u>		<u>-</u>
Net assets			<u>12,511</u>		<u>11,826</u>
Capital and reserves					
Called up share capital	14		70		70
Share premium account	15		-		-
Merger reserve	15		583		583
Profit and loss account	15		<u>11,858</u>		<u>11,173</u>
Equity shareholders' funds			<u>12,511</u>		<u>11,826</u>

The financial statements on pages 6 to 20 were approved by the board of directors on 14 May 2012 signed on its behalf by



J Watts
Director

The accompanying notes are an integral part of these financial statements

Balance sheet
at 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Fixed assets			
Investments	10	20	-
		<hr/>	<hr/>
		20	-
Current assets			
Debtors	11	139	139
Cash at bank and in hand		-	-
		<hr/>	<hr/>
		139	139
Net current assets		<hr/>	<hr/>
		139	139
Net assets		<hr/>	<hr/>
		159	159
Capital and reserves			
Called up share capital	14	70	50
Share premium account	15	-	-
Profit and loss account	15	89	89
		<hr/>	<hr/>
Equity shareholders' funds		<hr/>	<hr/>
		159	139

The financial statements on pages 6 to 20 were approved by the board of directors on 14 May 2012 and signed on its behalf by



J Watts
 Director

The accompanying notes are an integral part of these financial statements

Consolidated cash flow statement
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Cash (outflow)/inflow from operating activities	18	(1,928)	13,528
Returns on investments and servicing of finance	19	(63)	(45)
Taxation		(727)	156
Capital expenditure	19	(479)	(74)
Dividends paid		-	(12,972)
		<hr/>	<hr/>
Cash inflow before financing		(3,197)	593
Financing	19	7,500	-
		<hr/>	<hr/>
Increase in cash in the period		4,303	593
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		4,303	593
Cash inflow from increase in debt		(7,500)	-
		<hr/>	<hr/>
(Increase)/decrease in net debt resulting from cash flows		(3,197)	593
		<hr/>	<hr/>
Movement in net debt in the period		(3,197)	593
Net debt at the start of the period	20	1,226	633
		<hr/>	<hr/>
Net debt at the end of the period	20	(1,971)	1,226
		<hr/>	<hr/>

Reconciliations of movements in shareholders' funds
for the year ended 31 December 2011

	Group 2011 £000	Company 2011 £000	Group 2010 £000	Company 2010 £000
Profit for the financial year	685	-	2,846	1 608
Dividend paid	-	-	(12,972)	(1,608)
	<hr/>	<hr/>	<hr/>	<hr/>
	685	-	(10,126)	-
Share capital issued	-	20	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	685	20	(10,126)	-
Opening shareholders' funds	11,826	139	21,952	139
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	12,511	159	11,826	139
	<hr/>	<hr/>	<hr/>	<hr/>

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

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

Going Concern

The directors have prepared the accounts on the basis of a going concern

Turnover

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

Turnover for the period was derived from the group's principal activity. The whole of the turnover is attributable to the UK market

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2011. The merger method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the period are included in the consolidated profit and loss account from the beginning of the financial year in which the combination occurred, adjusted so as to achieve uniformity of accounting policies. The corresponding figures have been restated by including the results for all the combining entities for the previous period and their balance sheets for the previous balance sheet date.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

On the subsequent disposal or termination of a business acquired, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill.

In the company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

Tangible fixed assets

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

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

Investments

Investments are included at cost less provision for impairment

Notes (continued)

1 Accounting policies (continued)

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

Group contributions to the group's defined contribution pension schemes are charged against the profit and loss account in the period the contributions are payable

Leases

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

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

2 Profit on ordinary activities before taxation

	2011 £000	2010 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
Group		
- audit of financial statements	45	40
- fees paid to the auditors and its associates in respect of corporation tax advice and submissions	21	25
Company		
- audit of financial statements	5	5
Depreciation and other amounts written off tangible fixed assets	220	200
Operating leases rentals – land and buildings	688	750
Operating leases rentals – plant and machinery	339	450
	<u> </u>	<u> </u>

Notes (continued)

3 Disposal related costs

Costs incurred by the company in relation to the acquisition of the parent company, G1 Recruitment Limited (formerly Draefern Holdings Limited) totalled £3,051,000

4 Remuneration of directors

No directors were remunerated by G1 Group Recruitment Limited (formerly Draefern Holdings Limited) in both the current and prior year

During the year, costs of £nil (2010 £42,684) were incurred from third parties for the services of directors

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period was as follows

	Number of employees 2011	Number of employees 2010
Operational staff	11,065	10,155
Permanent administration staff	283	255
	<u>11,348</u>	<u>10,410</u>

The aggregate payroll costs of these persons were as follows

	2011 £000	2010 £000
Salaries	147,295	138,170
Social security costs	19,959	17,686
Other pension costs	114	110
	<u>167,368</u>	<u>155,966</u>

6 Interest receivable

	2011 £000	2010 £000
Interest charged on loan to parent company	39	-

Notes (continued)

7 Interest payable and similar charges

	2011 £000	2010 £000
On bank loans and overdrafts	63	45
	<u>63</u>	<u>45</u>

8 Taxation

Analysis of (credit)/charge in period	2011 £000	2010 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	626
Adjustments in respect of prior periods	(5)	(4)
Total current tax	<u>(5)</u>	<u>622</u>
<i>Deferred tax</i>		
Origination of timing differences	(14)	20
Effect of decreased tax rate	4	10
Adjustments in respect of prior periods	14	(2)
Total deferred tax	<u>4</u>	<u>28</u>
Tax on profit on ordinary activities	<u>(1)</u>	<u>650</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 26.49% (2010 28%). The differences are explained below

	2011 £000	2010 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	684	3,496
Current tax at 26.49% (2010 28%)	<u>181</u>	<u>979</u>
<i>Effects of</i>		
Expenses not deductible for tax purposes	16	93
Fixed asset timing differences	(22)	(27)
Other short term timing differences	37	7
Losses not paid for	(211)	(426)
Adjustments to tax charge in respect of prior periods	(5)	(4)
Utilisation of tax losses and other deductions	(1)	-
Total current tax charge (see above)	<u>(5)</u>	<u>622</u>

Notes (continued)

9 Tangible fixed assets

Group	Short Leasehold Land & buildings £000	Fixtures & fittings £000	Total £000
Cost			
At 31 December 2010	51	1,568	1 619
Additions	-	479	479
Disposals	(7)	(824)	(831)
	<hr/>	<hr/>	<hr/>
At 31 December 2011	44	1,223	1 267
	<hr/>	<hr/>	<hr/>
Depreciation			
At 31 December 2010	43	1,351	1 394
Charge for period	7	213	220
Disposals	(7)	(824)	(831)
	<hr/>	<hr/>	<hr/>
At 31 December 2011	43	740	783
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2011	1	483	484
	<hr/>	<hr/>	<hr/>
At 31 December 2010	8	217	225
	<hr/>	<hr/>	<hr/>

10 Fixed asset investments

Company	Investment in subsidiary undertakings £
Cost	
At beginning of period	-
Additions	20
	<hr/>
At end of period	20
	<hr/>
Provisions	
At beginning and end of period	-
	<hr/>
Net book value	
At 31 December 2011	20
	<hr/>
At 31 December 2010	-
	<hr/>

On 7 February 2011 the company issued 20,000 shares to Epoch 2 Limited in exchange for 100% of the issued share capital of G1 Recruitment and Protemp Recruitment Limited

Notes (continued)

10 Fixed asset investments (continued)

The undertakings in which the group's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Percentage of ordinary shares held Group	Company
<i>Subsidiary undertakings</i>				
Draefern Limited	UK	Supplying personnel	100%	100%
Gi Group Recruitment Limited (formerly Right4Staff Limited)	UK	Supplying personnel	100%	100%
Protemp Recruitment Limited	UK	Supplying personnel	100%	100%
Excel Resourcing (Recruitment Consultants) Limited	UK	Supplying personnel	100%	-
Excel Resourcing (Recruitment Consultants) Bournemouth Limited	UK	Supplying personnel	100%	-
Total Work Services Limited	UK	Supplying personnel	100%	-

11 Debtors

	Group 2011 £000	Company 2011 £000	Group 2010 £000	Company 2010 £000
Trade debtors	20,614	-	26,321	-
Amounts owed by group undertakings	7,539	139	-	139
Corporation tax	100	-	-	-
Other debtors	-	-	-	-
Prepayments and accrued income	490	-	473	-
Deferred tax asset (note 12)	254	-	257	-
	<u>28,997</u>	<u>139</u>	<u>27,051</u>	<u>139</u>

The debtors above include £7,539,000 receivable from group undertakings which is due 30 September 2013

12 Creditors: amounts falling due within one year

	Group 2011 £000	Company 2011 £000	Group 2010 £000	Company 2010 £000
Trade creditors	3,718	-	4,562	-
Corporation tax	-	-	632	-
Taxation and social security	10,183	-	10,349	-
Other creditors	283	-	287	-
Amounts owed to group undertakings	33	-	-	-
Accruals and deferred income	782	-	846	-
	<u>14,999</u>	<u>-</u>	<u>16,676</u>	<u>-</u>
Amounts falling due after more than one year				
Bank loans and overdraft	1,971	-	-	-

Notes (continued)

13 Deferred tax

There is a deferred tax asset of £254,000 (2010 £257,000). The elements of deferred tax are as follows:

	Provided		Provided	
	Group	Company	Group	Company
	2011	2011	2010	2010
	£000	£000	£000	£000
Capital allowances	133	-	164	-
Other	121	-	92	-
Tax losses	-	-	1	-
	<u>254</u>	<u>-</u>	<u>257</u>	<u>-</u>
Total	254	-	257	-

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. A further reduction in the UK corporation tax rate from 27% to 25% was substantively enacted 5 July 2011 and will be effective from that date. Deferred tax has therefore been recalculated to reflect this reduction.

14 Called-up share capital

	2011	2010
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	100,000	100,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	70,000	50,000

The company issued 20,000 £1 Ordinary shares during the year (see note 9). For the purposes of merger accounting the consolidated balance sheet shows share capital of £70,000 in 2010.

15 Reserves

	Merger reserve	Share premium account*	Profit and loss account
	£000	£000	£000
Group			
At beginning of period	583	-	11,173
Profit for the financial year	-	-	685
	<u>583</u>	<u>-</u>	<u>11,858</u>
At end of period	583	-	11,858
	<u>583</u>	<u>-</u>	<u>11,858</u>
Company			
At beginning of period	-	-	-
Profit for the financial year	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
At end of period	-	-	-

*The balance on the share premium account for both group and company at all period ends is £20

Notes (continued)

16 Commitments

Annual commitments under non-cancellable operating leases are as follows

Group	2011 Land and Buildings £000	2011 Other £000	2010 Land and Buildings £000	2010 Other £000
Operating leases which expire				
Within one year	49	24	146	21
In the second to fifth years inclusive	329	300	302	235
Over five years	246	-	302	-
	<u>625</u>	<u>324</u>	<u>750</u>	<u>256</u>

At 31 December 2010 the company has no operating lease commitments

17 Pension scheme

The group operates 3 defined contribution pension schemes. The pension cost charge for the period represents contributions payable by the group to the schemes and amounted to £114,000 (2010 £110,000).

At 31 December 2011 contributions amounting to £24,478 (2010 £19,415) were payable to the schemes and are included in creditors.

18 Reconciliation of operating profit to operating cash flows

	2011 £000	2010 £000
Operating profit	708	3,541
Depreciation	220	200
(Increase)/decrease in debtors	(1,850)	1,896
(Decrease)/increase in creditors	(1,006)	7,891
Net cash (outflow)/inflow from operating activities	<u>(1,928)</u>	<u>13,528</u>

Notes (continued)

19 Analysis of cash flows

	2011 £000	2011 £000	2010 £000	2010 £000
Returns on investment and servicing of finance				
Interest paid	(63)		(45)	
	<u> </u>		<u> </u>	
		(63)		(45)
		<u> </u>		<u> </u>
Capital expenditure				
Purchase of tangible fixed assets	(479)		(74)	
	<u> </u>		<u> </u>	
		(479)		(74)
		<u> </u>		<u> </u>
Financing				
Drawdown of bank loan facility	7,500		-	
	<u> </u>		<u> </u>	
		7,500		-
		<u> </u>		<u> </u>

20 Analysis of net debt

	At start of year £000	Cash flow £000	At end of year £000
Cash at bank and in hand	1,226	(1,226)	-
	<u> </u>	<u> </u>	<u> </u>
	1,226	(1,226)	-
Debt due in greater than one year	-	(1,971)	(1,971)
	<u> </u>	<u> </u>	<u> </u>
Total	1,226	(3,197)	(1,971)
	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

21 Merger accounting

On 7 February 2011 the Company issued 20,000 of £1 Ordinary shares to Epoch 2 Limited in exchange for 100% of the issued share capital of Right4Staff Limited and Protemp Recruitment Limited

As this is a group reconstruction with no change in ultimate shareholding, merger accounting has been applied

The issued share capital of these entities totalled £45,400 and consequently the difference of £25,400 was transferred to the merger reserve, in addition to the net difference of £557,703 in accumulated reserves at that point

No significant accounting adjustments were made to the net assets of any party to the merger to achieve consistency of accounting policies

22 Ultimate controlling party

The company is a subsidiary undertaking of G1 Recruitment Limited (formerly Draefern Holdings Limited), a company incorporated in the UK

The smallest group in which the results of the company are consolidated is G1 Recruitment Limited (formerly Draefern Holdings Limited), a company incorporated in the UK, and whose financial statements are available from the public. Copies can be requested from the Company Secretary at Draefern House, Dunston Court, Dunston Road, Chesterfield, Derbyshire S41 8NL

The largest group in which the results of the company are consolidated is SCL Holdings S p A a company incorporated in Italy, which is also the ultimate parent undertaking and controlling party, and whose financial statements are available to the public. Copies can be requested from Milano via Cosimo del Fante 4 – 20122

As a subsidiary undertaking of SCL Holdings S p A 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 SCL Holdings S p A