

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

**Directors' report and consolidated  
financial statements**

**Registered number 02836088**

**31 December 2012**

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## Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of G1 Recruitment Limited	4
Consolidated profit and loss account	6
Consolidated balance sheet	7
Balance sheet	8
Consolidated cash flow statement	9
Reconciliations of movements in shareholders' funds	10
Notes	11

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

### **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 8 March 2012 the company changed its name to Gi Recruitment Limited

### **Business review**

#### *Financial results – 2012*

The Group has had another profitable year creating an operating profit before depreciation of £2.2m (2011 £4.0m), resulting in an operating profit of £2.0m (2011 £3.8m) before exceptional items

#### *Risks & Uncertainties / Business Development*

Our business continues to benefit from strong long-term relationships with major blue chip clients and these once again provided the foundation for the company's performance during the year, with new clients being added to our already strong portfolio. Now part of a large multi-national group we have the opportunity moving forward to develop more relationships of this kind, including with companies operating on an international footing. The groundwork for such approaches was laid during the course of 2012.

Our reputation as an established, legally compliant, ethical and reliable supplier is important in reassuring major companies that we are a qualified, suitable partner for the supply of temporary labour – particularly in our increasingly regulated environment. The introduction of the new AWR legislation was handled successfully during the year. Compliance with all relevant regulations continues to be a high priority for the Board.

With a robust sales pipeline, The Directors remain optimistic about the future performance of the Group.

#### *Operating Systems*

Progress was made during the year, in the development of plans for improving our front and back office operating systems and the supply of higher quality management information to our clients. The Board sees this as a key area of importance going forward.

#### *Key Performance Indicators*

The company continues to operate a number of Key Performance Indicators, both financial and non financial, and all key goals in this arena were again achieved during the year.

### **Directors**

The directors who held office during the year were as follows

J Hardy

J Watts

## 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 (2011 £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

20/3/2013

## **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 2012 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 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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 2012 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

20<sup>th</sup> March 2013

**Consolidated profit and loss account**  
*for the year ended 31 December 2012*

	<i>Note</i>	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
<b>Turnover</b>	<i>1</i>	<b>177,575</b>	173,180
Cost of sales		<b>(161,017)</b>	(154,174)
<b>Gross profit</b>		<b>16,558</b>	19,006
Administrative expenses		<b>(14,599)</b>	(18,298)
<b>Operating profit before non-recurring costs</b>		<b>1,958</b>	3,759
Disposal related costs	<i>3</i>	<b>(18)</b>	(3,051)
<b>Operating profit</b>		<b>1,940</b>	708
Interest receivable	<i>6</i>	<b>153</b>	39
Interest payable and similar charges	<i>7</i>	<b>(135)</b>	(63)
<b>Profit on ordinary activities before taxation</b>	<i>2-5</i>	<b>1,959</b>	684
Tax on profit on ordinary activities	<i>8</i>	<b>(292)</b>	1
<b>Profit for the financial year</b>	<i>15</i>	<b>1,667</b>	685

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 2012*

	<i>Note</i>	<b>2012</b> <b>£000</b>	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>	<b>2011</b> <b>£000</b>
<b>Fixed assets</b>					
Tangible assets	9		396		484
			<u>396</u>		<u>484</u>
<b>Current assets</b>					
Debtors (includes £8,692,000 due after more than one year)	11	33,328		28,997	
		<u>33,328</u>		<u>28,997</u>	
<b>Creditors' amounts falling due within one year</b>	12	<b>(19,546)</b>		<b>(14,999)</b>	
			<u>13,728</u>		<u>13,998</u>
<b>Net current assets</b>					
			<u>14,178</u>		<u>14,482</u>
<b>Total assets less current liabilities</b>					
<b>Creditors' amounts falling due after more than one year</b>	12		-		(1,971)
			<u>14,178</u>		<u>12,511</u>
<b>Net assets</b>					
			<u>14,178</u>		<u>12,511</u>
<b>Capital and reserves</b>					
Called up share capital	14		70		70
Share premium account	15		-		-
Merger reserve	15		583		583
Profit and loss account	15		13,525		11,858
			<u>14,178</u>		<u>12,511</u>
<b>Equity shareholders' funds</b>					
			<u>14,178</u>		<u>12,511</u>

The financial statements on pages 6 to 20 were approved by the board of directors on 20/3/2013 signed on its behalf by



**J Watts**  
Director

The accompanying notes are an integral part of these financial statements

**Balance sheet**  
*at 31 December 2012*

	<i>Note</i>	<b>2012 £000</b>	<b>2011 £000</b>
<b>Fixed assets</b>			
Investments	<i>10</i>	<b>20</b>	20
		<hr/>	<hr/>
		<b>20</b>	20
<b>Current assets</b>			
Debtors	<i>11</i>	<b>139</b>	139
Cash at bank and in hand		-	-
		<hr/>	<hr/>
		<b>139</b>	139
<b>Net current assets</b>		<b>139</b>	139
		<hr/>	<hr/>
<b>Net assets</b>		<b>159</b>	159
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	<i>14</i>	<b>70</b>	70
Share premium account	<i>15</i>	-	-
Profit and loss account	<i>15</i>	<b>89</b>	89
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		<b>159</b>	159
		<hr/>	<hr/>

The financial statements on pages 6 to 20 were approved by the board of directors on behalf by

2013 and signed on its

**J Watts**  
*Director*

The accompanying notes are an integral part of these financial statements

**Consolidated cash flow statement**  
*for the year ended 31 December 2012*

	<i>Note</i>	<b>2012 £000</b>	<b>2011 £000</b>
<b>Cash (outflow)/inflow from operating activities</b>	<i>18</i>	<b>(446)</b>	<b>(1,928)</b>
<b>Returns on investments and servicing of finance</b>	<i>19</i>	<b>(135)</b>	<b>(63)</b>
<b>Taxation</b>		<b>(252)</b>	<b>(727)</b>
<b>Capital expenditure</b>	<i>19</i>	<b>(122)</b>	<b>(479)</b>
		<hr/>	<hr/>
Cash inflow before financing		<b>(954)</b>	<b>(3,197)</b>
<b>Financing</b>	<i>19</i>	<b>1,000</b>	<b>7,500</b>
		<hr/>	<hr/>
<b>Increase in cash in the period</b>		<b>46</b>	<b>4,303</b>
		<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net debt</b>			
<b>Increase in cash in the period</b>		<b>46</b>	<b>4,303</b>
Cash inflow from increase in debt		<b>(1,000)</b>	<b>(7,500)</b>
		<hr/>	<hr/>
(Increase)/decrease in net debt resulting from cash flows		<b>(954)</b>	<b>(3,197)</b>
		<hr/>	<hr/>
<b>Movement in net debt in the period</b>		<b>(954)</b>	<b>(3,197)</b>
<b>Net debt at the start of the period</b>	<i>20</i>	<b>(1,971)</b>	<b>1 226</b>
		<hr/>	<hr/>
<b>Net debt at the end of the period</b>	<i>20</i>	<b>(2,925)</b>	<b>(1,971)</b>
		<hr/>	<hr/>

**Reconciliations of movements in shareholders' funds**  
*for the year ended 31 December 2012*

	<b>Group 2012 £000</b>	<b>Company 2012 £000</b>	<b>Group 2011 £000</b>	<b>Company 2011 £000</b>
<b>Profit for the financial year</b>	<b>1,667</b>	<b>-</b>	<b>685</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>1,667</b>	<b>-</b>	<b>685</b>	<b>-</b>
Share capital issued	-	-	-	20
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net addition to shareholders' funds</b>	<b>1,667</b>	<b>-</b>	<b>685</b>	<b>20</b>
Opening shareholders' funds	12,511	159	11,826	139
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>14,178</b>	<b>159</b>	<b>12,511</b>	<b>159</b>
	<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 2012. 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

	2012 £000	2011 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration		
Group		
- audit of financial statements	47	45
- fees paid to the auditors and its associates in respect of corporation tax advice and submissions	20	21
Depreciation and other amounts written off tangible fixed assets	210	220
Operating leases rentals – land and buildings	718	688
Operating leases rentals – plant and machinery	351	339
	<hr/>	<hr/>

## Notes (continued)

### 3 Disposal related costs

Costs incurred by the company in relation to the closure of a related party in the year totalled £18,210 (costs incurred in 2011 by the company in relation to the acquisition of the parent company, G1 Recruitment Limited (formerly Draefern Holdings Limited) totalled £3,050,564)

### 4 Remuneration of directors

No directors were remunerated by the Company in both the current and prior year

During the year, costs of £nil (2011 £nil) 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 2012	Number of employees 2011
Operational staff	9,426	11,065
Permanent administration staff	268	283
	<u>9,694</u>	<u>11,348</u>

The aggregate payroll costs of these persons were as follows

	2012 £000	2011 £000
Salaries	160,384	156,745
Social security costs	11,653	10,509
Other pension costs	136	114
	<u>172,173</u>	<u>167,368</u>

The prior year staff costs disclosures have been restated to correct the allocation of social security costs. There is no impact on total staff costs.

### 6 Interest receivable

	2012 £000	2011 £000
Interest charged on loan to parent company	<u>153</u>	<u>39</u>

## Notes (continued)

### 7 Interest payable and similar charges

	2012 £000	2011 £000
On bank loans and overdrafts	135	63

### 8 Taxation

Analysis of (credit)/charge in period	2012 £000	2011 £000
<i>UK corporation tax</i>		
Current tax on income for the period	299	-
Adjustments in respect of prior periods	-	(5)
<b>Total current tax</b>	<b>299</b>	<b>(5)</b>
<i>Deferred tax</i>		
Origination of timing differences	46	(14)
Effect of decreased tax rate	17	4
Adjustments in respect of prior periods	(70)	14
<b>Total deferred tax</b>	<b>(7)</b>	<b>4</b>
<b>Tax on profit on ordinary activities</b>	<b>292</b>	<b>(1)</b>

#### *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 24.5% (2011 26.49%). The differences are explained below

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,959	684
<b>Current tax at 24.5% (2011 26.49%)</b>	<b>480</b>	<b>181</b>
<i>Effects of</i>		
Capital Allowances in excess of depreciation	(9)	-
Expenses not deductible for tax purposes	62	16
Group relief (claimed) / surrendered	(143)	-
Depreciation in excess of capital allowances	1	-
Fixed asset timing differences	1	(22)
Other short term timing differences	3	37
Losses not paid for	-	(211)
Adjustments to tax charge in respect of prior periods	-	(5)
Utilisation of tax losses and other deductions	(96)	(1)
<b>Total current tax charge (see above)</b>	<b>299</b>	<b>(5)</b>



## Notes (continued)

### 9 Tangible fixed assets

Group	Short Leasehold Land & buildings £000	Fixtures & fittings £000	Total £000
<b>Cost</b>			
At 31 December 2011	44	1,224	1,268
Additions	-	122	122
Disposals	-	(348)	(348)
At 31 December 2012	44	998	1,042
<b>Depreciation</b>			
At 31 December 2011	43	740	783
Charge for period	1	209	210
Disposals	-	(348)	(348)
At 31 December 2012	44	602	646
<b>Net book value</b>			
At 31 December 2012	-	396	396
At 31 December 2011	1	484	484

### 10 Fixed asset investments

Company	Investment in subsidiary undertakings £
<b>Cost</b>	
At beginning of period	20
Additions	-
At end of period	20
<b>Provisions</b>	
At beginning and end of period	-
<b>Net book value</b>	
At 31 December 2012	20
At 31 December 2011	20

## 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
<b>Subsidiary undertakings</b>				
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 2012 £000	Company 2012 £000	Group 2011 £000	Company 2011 £000
Trade debtors	23,789	-	20,614	-
Amounts owed by group undertakings	8,692	139	7,539	139
Corporation tax	53	-	100	-
Prepayments and accrued income	533	-	490	-
Deferred tax asset (note 13)	261	-	254	-
	<b>33,328</b>	<b>139</b>	<b>28,997</b>	<b>139</b>

The debtors above include £8,692,000 receivable from group undertakings which is due after more than one year

### 12 Creditors, amounts falling due within one year

	Group 2012 £000	Company 2012 £000	Group 2011 £000	Company 2011 £000
Trade creditors	3,772	-	3,718	-
Taxation and social security	11,389	-	10,183	-
Other creditors	295	-	283	-
Amounts owed to group undertakings	332	-	33	-
Accruals and deferred income	832	-	782	-
Bank loans and overdraft	2,925	-	1,971	-
	<b>19,546</b>	<b>-</b>	<b>14,999</b>	<b>-</b>
<b>Amounts falling due after more than one year</b>				
Bank loans and overdraft	-	-	1,971	-

## Notes (continued)

### 13 Deferred tax

There is a deferred tax asset of £261,000 (2011 £254,000) The elements of deferred tax are as follows

	Provided		Provided	
	Group	Company	Group	Company
	2012	2012	2011	2011
	£000	£000	£000	£000
Capital allowances	110	-	133	-
Other	151	-	121	-
Tax losses			-	-
Total	261	-	254	-

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 25% to 24% was substantively enacted 3 July 2012 and will be effective from that date. Deferred tax has therefore been recalculated to reflect this reduction.

### 14 Called-up share capital

	2012	2011
	£	£
<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	70,000

### 15 Reserves

	Merger reserve	Share premium account*	Profit and loss account
	£000	£000	£000
<b>Group</b>			
At beginning of period	583	-	11,858
Profit for the financial year	-	-	1,667
At end of period	583	-	13,525
		Share premium account*	Profit and loss account
		£000	£000
<b>Company</b>			
At beginning of period		-	-
Profit for the financial year		-	-
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

<b>Group</b>	<b>2012 Land and Buildings £000</b>	<b>2012 Other £000</b>	<b>2011 Land and Buildings £000</b>	<b>2011 Other £000</b>
Operating leases which expire				
Within one year	178	219	49	24
In the second to fifth years inclusive	299	113	329	300
Over five years	256	-	246	-
	<u>733</u>	<u>332</u>	<u>624</u>	<u>324</u>

At 31 December 2012 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 £136,000 (2011 £114,000)

At 31 December 2012 contributions amounting to £25,513 (2011 £24,478) were payable to the schemes and are included in creditors

### 18 Reconciliation of operating profit to operating cash flows

	<b>2012 £000</b>	<b>2011 £000</b>
Operating profit	1,940	708
Depreciation	210	220
(Increase)/Decrease in debtors	(4,371)	(1,850)
Increase/(Decrease) in creditors	1,775	(1,006)
<b>Net cash (outflow)/inflow from operating activities</b>	<u><b>(446)</b></u>	<u><b>(1,928)</b></u>

## Notes (continued)

### 19 Analysis of cash flows

	2012 £000	2012 £000	2011 £000	2011 £000
<b>Returns on investment and servicing of finance</b>				
Interest paid	(135)		(63)	
		(135)		(63)
<b>Capital expenditure</b>				
Purchase of tangible fixed assets	(122)		(479)	
		(122)		(479)
<b>Financing</b>				
Drawdown of bank loan facility	1,000		7,500	
		1,000		7,500

### 20 Analysis of net debt

	At start of year £000	Cash flow £000	At end of year £000
Cash at bank and in hand	-	-	-
Bank loans and overdraft	(1,971)	(954)	(2,925)
<b>Total</b>	<b>(1,971)</b>	<b>(954)</b>	<b>(2,925)</b>

## **Notes** *(continued)*

### **21 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.