Gi Recruitment Limited (formerly Draefern Holdings Limited)

Directors' report and consolidated financial statements

Registered number 02836088

31 December 2013

Contents

Strategic Report

Principal activities

The group's principal activity is that of an employment agency

Business model

The company provides services to its clients through two principal delivery channels -

1. A nationwide network of (predominantly) high street based branches supplying temporary and permanent staff to a combination of local businesses and larger corporate clients
2. Its SMS (Site Managed Services) division within which large numbers of temporary workers are supplied and managed through teams of Gi Group people situated permanently on the client's own premises This model mainly serves the needs of larger, corporate clients with significant year round requirements for temporary labour

Value is added to the basic recruitment services provided in a range of ways, dependent on the requirements of the client Typically these might include provision of management information, HR consultancy services, shift planning, skills training and provision of Apprenticeships

Business review and results

The company has had another profitable year delivering an operating profit before depreciation of £2 8m *(2012 £2 2m)* resulting in an operating profit of £2 6m *(2012 £2 0m)*

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 2013

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

Continuing 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 area were again achieved this year

The usual financial KPIs and ratios are carefully measured in the business, with key improvements this year versus last being accounted for both by improving economic conditions and keener efficiencies in our operating divisions

Non financial KPIs embrace the normal measures used in managing a predominantly sales focused organisation activity levels, sales conversion ratios, sales volumes and values, client retention statistics etc All these improved again on prior year – largely for the reasons already noted above

Strategic Report *(continued)*

Principal risks and uncertainties

Our business continues to benefit from strong long-term relationships with major clients and these continue to underpin the company's strong trading results Now part of a large international group the company is well-placed to add to its portfolio of such clients, though this of course is accompanied by the risks attendant in any competitive, tender based business, subject to increasing attention by professional procurement departments

Compliance with all relevant regulations continues to be a high priority for the Board, and the company's reputation as an ethical, reliable and substantial entity continue to make it an attractive partner for major – often international – clients

Future developments

The Board anticipates a period ahead in which the economic situation will continue to improve and in which, with its robust pipeline of prospective business, the company should continue to enjoy solid growth

Investment will continue to be made in the IT infrastructure of the company to ensure its systems meet the increasing demands of the market in this important area

Following the winning of a prestigious BITC (Business in the Community) Award in 2013, the company has designed a fully-fledged Corporate Social Responsibility programme for 2014 This is seen by the Board as an increasingly important focus as clients place more emphasis on this in choosing suppliers

By order of the board

J Watts
Director

Draefern House
Dunston Court
Dunston Road
Chesterfield
Derbyshire
S41 8NL

21 March 2014

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013

Directors

The directors who held office during the year were as follows
J Hardy
J Watts

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 *(2012 £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

21 March 2014

Statement of directors' responsibilities in respect of the Directors' Report and Strategic Report and the financial statements

The directors are responsible for preparing the Directors' Report and Strategic 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

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's 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 2013 set out on pages 7 to 21 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 4, 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 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 Financial Reporting Council's website at 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 2013 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 and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's 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

Jeremy Gledhill (Senior Statutory Auditor)

for and on behalf of

KPMG LLP
Statutory Auditor

Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

21 March 2014

Consolidated profit and loss account

for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Turnover	*1*	**204,974**	177,575
Cost of sales		**(186,538)**	(161,017)
Gross profit		**18,436**	16,558
Administrative expenses		**(15,866)**	(14,599)
Operating profit before non-recurring costs		**2,570**	1,958
Disposal related costs	*3*	**-**	(18)
Operating profit		**2,570**	1,940
Interest receivable	*6*	**205**	153
Interest payable and similar charges	*7*	**(208)**	(135)
Profit on ordinary activities before taxation	*2-5*	**2,567**	1 959
Tax on profit on ordinary activities	*8*	**(575)**	(292)
Profit for the financial year	*15*	**1,992**	1,667

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 2013

	Note	**2013 £000**	**2013 £000**	2012 £000	2012 £000
Fixed assets					
Tangible assets	*9*		**583**		396
Current assets					
Debtors (includes £11,897,000 *(2012 £8,692,000)* due after more than one year)	*11*	**51,061**		33,328	
		51,061		33,328	
Creditors, amounts falling due within one year	*12*	**(35,474)**		(19,546)	
Net current assets			**15,587**		13,782
Net assets			**16,170**		14 178
Capital and reserves					
Called up share capital	*14*		**70**		70
Share premium account	*15*		**-**		-
Merger reserve	*15*		**583**		583
Profit and loss account	*15*		**15,517**		13,525
Equity shareholders' funds			**16,170**		14,178

The financial statements on pages 7 to 21 were approved by the board of directors on 21 March 2014 signed on its behalf by

J Watts
Director

The accompanying notes are an integral part of these financial statements

Balance sheet
at 31 December 2013

	Note	**2013** **£000**	2012 £000
Fixed assets			
Investments	*10*	**20**	20
		20	20
Current assets			
Debtors	*11*	**139**	139
Cash at bank and in hand		**-**	-
		139	139
Net current assets		**139**	139
Net assets		**159**	159
Capital and reserves			
Called up share capital	*14*	**70**	70
Share premium account	*15*	**-**	-
Profit and loss account	*15*	**89**	89
Shareholders' funds		**159**	159

The financial statements on pages 7 to 21 were approved by the board of directors on 21 March 2014 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 2013

	Note	**2013** **£000**	2012 £000
Cash (outflow)/inflow from operating activities	*18*	**(10,177)**	(446)
Returns on investments and servicing of finance	*19*	**(208)**	(135)
Taxation		**(214)**	(252)
Capital expenditure	*19*	**(435)**	(122)
Cash inflow before financing		**(11,034)**	(954)
Financing	*19*	**2,000**	1,000
Increase / (Decrease) in cash in the period		**(9,034)**	46

Reconciliation of net cash flow to movement in net debt

Increase / (Decrease) in cash in the period		**(9,034)**	46
Cash inflow from increase in debt		**(2,000)**	(1,000)
(Increase)/decrease in net debt resulting from cash flows		**(11,034)**	(954)
Movement in net debt in the period		**(11,034)**	(954)
Net debt at the start of the period	*20*	**(2,925)**	(1,971)
Net debt at the end of the period	*20*	**(13,959)**	(2,925)

Reconciliations of movements in shareholders' funds
for the year ended 31 December 2013

	Group 2013 £000	Company 2013 £000	Group 2012 £000	Company 2012 £000
Profit for the financial year	**1,992**	**-**	1,667	-
	1,992	**-**	1,667	-
Net addition to shareholders' funds	**1,992**	**-**	1,667	-
Opening shareholders' funds	**14,178**	**159**	12,511	159
Closing shareholders' funds	**16,170**	**159**	14,178	159

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 2013 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

Dividends on shares presented within equity

Dividends are only recognised as a liability to the extent that they are declared prior to the year end Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Profit on ordinary activities before taxation

		2013	2012
		£000	£000
Profit on ordinary activities before taxation is stated after charging			
Auditor remuneration			
Group	- audit of financial statements	**44**	47
	- fees paid to the auditor and its associates in respect of corporation tax advice and submissions	**20**	20
Depreciation and other amounts written off tangible fixed assets		**248**	210
Operating leases rentals – land and buildings		**788**	718
Operating leases rentals – plant and machinery		**535**	351

Notes *(continued)*

3 Disposal related costs

Costs incurred in 2012 by the company in relation to the acquisition of the group, Gi Recruitment Limited (formerly Draefern Holdings Limited) totalled £18k

4 Remuneration of directors

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

During the year, costs of £nil *(2012 £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 2013	Number of employees 2012
Operational staff	**11,561**	9,426
Permanent administration staff	**280**	268
	11,841	9,694

The aggregate payroll costs of these persons were as follows

	2013	2012 (Restated)
	£000	£000
Salaries	**183,641**	158,781
Social security costs	**12,980**	11,653
Other pension costs	**534**	136
	197,155	170,570

The staff costs' comparative has been updated to present it on a consistent basis with the current year's disclosure

6 Interest receivable

	2013	2012
	£000	£000
Interest charged on loan to parent company	**205**	153

Notes *(continued)*

7 Interest payable and similar charges

	2013 £000	2012 £000
On bank loans and overdrafts	**208**	135

8 Taxation

Analysis of (credit)/charge in period	2013 £000	2012 £000
UK corporation tax		
Current tax on income for the period	494	299
Total current tax	494	299
Deferred tax		
Origination of timing differences	40	46
Effect of decreased tax rate	41	17
Adjustments in respect of prior periods	-	(70)
Total deferred tax	81	(7)
Tax on profit on ordinary activities	575	292

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 23 25% *(2012 24 5%)* The differences are explained below

	2013 £000	2012 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**2,567**	1,959
Current tax at 23 25 % *(2012 24 5%)*	**597**	480
Effects of		
Capital Allowances in excess of depreciation	**-**	(9)
Expenses not deductible for tax purposes	**22**	62
Group relief (claimed) / surrendered	**(112)**	(143)
Depreciation in excess of capital allowances	**-**	1
Fixed asset timing differences	**(47)**	1
Other short term timing differences	**34**	3
Utilisation of tax losses and other deductions	**-**	(96)
Total current tax charge (see above)	**494**	299

Notes *(continued)*

9 Tangible fixed assets

	Short Leasehold Land & buildings £000	Fixtures & fittings £000	Total £000
Group			
Cost			
At 31 December 2012	44	998	1,042
Additions	-	435	435
Disposals	(44)	-	(44)
At 31 December 2013	-	1,433	1,433
Depreciation			
At 31 December 2012	44	602	646
Charge for period	-	248	248
Disposals	(44)	-	(44)
At 31 December 2013	-	850	850
Net book value			
At 31 December 2013	**-**	**583**	**583**
At 31 December 2012	-	396	396

10 Fixed asset investments

	Investment in subsidiary undertakings £
Company	
Cost	
At beginning of period	20
Additions	-
At end of period	20
Provisions	
At beginning and end of period	-
Net book value	
At 31 December 2013	**20**
At 31 December 2012	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
Subsidiary undertakings				
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 2013 £000	**Company 2013 £000**	Group 2012 £000	Company 2012 £000
Trade debtors	**38,325**	-	23,789	-
Amounts owed by group undertakings	**11,897**	**139**	8 692	139
Corporation tax	-	-	53	-
Prepayments and accrued income	**660**	-	533	-
Deferred tax asset (note 13)	**179**	-	261	-
	51,061	**139**	33,328	139

The debtors above include £11,897,000 *(2012 £8,692,000)* receivable from group undertakings which is due after more than one year

12 Creditors: amounts falling due within one year

	Group 2013 £000	**Company 2013 £000**	Group 2012 £000	Company 2012 £000
Trade creditors	**5,996**	-	3,772	-
Taxation and social security	**13,490**	-	11,389	-
Bank loans and invoice discounting facility	**13,959**	-	2,925	-
Other creditors	**460**	-	295	-
Amounts owed to group undertakings	**522**	-	332	-
Accruals and deferred income	**819**	-	832	-
Corporation tax	**228**	-	-	-
	35,474	-	19,546	-

Amounts due under the income discounting facility are secured on the company's trade debtors

Notes *(continued)*

13 Deferred tax

There is a deferred tax asset of £179,000 *(2012 £260,000)* The elements of deferred tax are as follows

	Provided		Provided	
	Group 2013 £000	**Company 2013 £000**	Group 2012 £000	Company 2012 £000
Capital allowances	**50**	**-**	110	-
Other	**129**	**-**	151	-
Total	**179**	**-**	261	-

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 The Finance Bill 2013—which includes reductions in the UK corporation tax rate to 21%, effective 1 April 2014 and to 20% effective 1 April 2015—completed its final House of Commons Stage (Third Reading) on 2 July 2013

14 Called-up share capital

	2013 £	2012 £
Authorised		
Ordinary shares of £1 each	**100,000**	100,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**70,000**	70,000

15 Reserves

	Merger reserve £000	**Share premium account* £000**	**Profit and loss account £000**
Group			
At beginning of period	583	-	13,525
Profit for the financial year	-	-	1,992
At end of period	583	-	15,517

	Share premium account* £000	**Profit and loss account £000**
Company		
At beginning of period	-	89
Profit for the financial year	-	-
At end of period	-	89

*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	**2013 Land and Buildings £000**	**2013 Other £000**	2012 Land and Buildings £000	2012 Other £000
Operating leases which expire				
Within one year	**72**	**70**	178	219
In the second to fifth years inclusive	**390**	**234**	299	113
Over five years	**151**	**-**	256	-
	613	**304**	733	332

At 31 December 2013 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 £534,000 *(2012 £136,000)*

At 31 December 2013 contributions amounting to £93,457 *(2012 £25,513)* were payable to the schemes and are included in creditors

18 Reconciliation of operating profit to operating cash flows

	2013 £000	2012 £000
Operating profit	**2,570**	1,940
Depreciation	**248**	210
Increase in debtors	**(17,663)**	(4,371)
Increase in creditors	**4,667**	1,775
Net cash outflow from operating activities	**(10,177)**	(446)

Notes *(continued)*

19 Analysis of cash flows

	2013 £000	2013 £000	2012 £000	2012 £000
Returns on investment and servicing of finance				
Interest paid	(208)		(135)	
		(208)		(135)
Capital expenditure				
Purchase of tangible fixed assets	(435)		(122)	
		(435)		(122)
Financing				
Drawdown of parent loan facility	2,000		1,000	
		2,000		1,000

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	(2,925)	(11,034)	(13,959)
Total	**(2,925)**	**(11,034)**	**(13,959)**

Notes *(continued)*

21 Ultimate controlling party

The company is a subsidiary undertaking of Gi Group Holdings Recruitment Limited a company incorporated in the UK

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