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The Appointment Group Limited

Report and Financial Statements

Year Ended

31 December 2006

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BDO Stoy Hayward
Chartered Accountants

The Appointment Group Limited

Annual report and financial statements for the year ended 31 December 2006

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Directors

M A Veronique
J Gianquitto

Secretary and registered office

A Taiwo, The Linen House, 253 Kilburn Lane, London, W10 4BQ

Company number

3228538

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

The Appointment Group Limited

Report of the directors for the year ended 31 December 2006

The directors present their report together with the audited financial statements for the year ended 31 December 2006

Principal activity

The principal activity of the company in the year under review was that of a travel management group of companies

Business Review

The profit and loss account is set out on page 6 and shows the profit for the year. The group profit for the year, after taxation, amounted to £24,821 (2005 - £90,929)

We are delighted with the group's performance throughout the year and of the individual business results that show some significant increases in both sales and profitability

Our corporate business travel division "Travel by Appointment" has successfully streamlined its client base to reflect the strategic move away from a volume driven business to a more high level service provider. This has been further endorsed with the supplier relationships that exist which ensure that our clients receive the attention to detail they demand.

"Music by Appointment" has had an exceptional year handling the touring travel requirements of some of the world's greatest artists including Madonna, Il Divo, Coldplay, Elton John to name but a few. The demands of these clients when touring from city to city and country to country creates a huge pressure on our booking agents, but with the investment made in technology, system development and training it has enabled us to provide the support on a day to day basis that has ensured the smooth running and success of each tour.

The strategic approach of "Events by Appointment" over the past few years has been to concentrate on the handling of larger and more complex events, which require a high level of expertise and on-site support. This move has resulted in a transitional period which has affected turnover and profitability in the short-term, but one that will result in a far greater return on our investment in the future.

"Leisure by Appointment" continues to grow in reputation and is very proud of its repeat business percentage. The client database is growing all the time and the personalised approach results in many referrals from satisfied customers.

Key Performance Indicators

The group uses a range of performance measures to monitor and manage the business.

The key performance indicators used are gross sales value, turnover and turnover to gross sales margin.

The key performance indicators for the year ended 31 December 2006, with the previous years comparatives are set out below:

	2006	2005
	£	£
Gross Sale Value	31,488,742	25,475,270
Turnover margin to gross sales	3,768,897	3,022,243
Turnover margin to gross sales margin (%)	11.97	11.86

The Appointment Group Limited

Report of the directors for the year ended 31 December 2006

Financial risk management objectives and policies

The group mainly uses cash, trade debtors and trade creditors that arise directly from its operations to finance the day to day running the business. The existence of these instruments exposes the group to a number of financial risk, which are described in more detail below.

The main risks are currency risk, credit risk and liquidity risks. The directors review and agree policies for managing these risk and they are summarised below.

Currency risk:

The group has a minimal exposure to translation and transaction foreign exchange risk. This is achieved by charging all client transactions in Sterling apart from the Joint Venture, whose functional currency is US Dollars.

Credit risk:

The group's main credit risk relates to the recovery of amounts owed by trade debtors. The directors set credit limits and terms for all trade debtors based on third party references and payment history of the new and existing trade debtors. These are reviewed on a day to day basis.

Liquidity risk:

Current and projected working capital demand is periodically reviewed in conjunction with existing bank balances to determine cash requirements as part of the routine reporting process.

Dividends

The directors do not recommend the payment of a dividend (2005 - £70,000).

Directors

The directors of the company during the year were

	Ordinary shares	
	2006	2005
M A Veronique	40,000	40,000
J Gianquitto	40,000	40,000

The Appointment Group Limited

Report of the directors for the year ended 31 December 2006 (*Continued*)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 of the profit or loss of the company 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

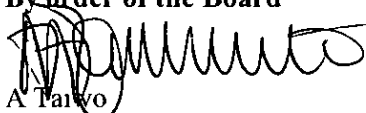
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board


A. Taiwo

15/04/2007

Secretary

The Appointment Group Limited

Report of the independent auditors

To the shareholders of The Appointment Group Limited

We have audited the group and parent company financial statements (the "financial statements") of The Appointment Group Limited for the year ended 31 December 2006 which comprise the group profit and loss account, the group and company balance sheets, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with those 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 other transactions is not disclosed.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

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

The Appointment Group Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2006 and of its profit for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2006,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

 LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

The Appointment Group Limited

Group profit and loss account for the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover: group and share of joint venture		4,060,068	3,297,654
Less share of joint venture turnover		(291,171)	(275,411)
Group turnover	2	3,768,897	3,022,243
Administrative expenses		3,777,856	2,937,728
Group operating (loss)/profit	5	(8,959)	84,515
Share of joint venture profit		45,709	17,848
Total operating profit – group and share of joint venture		36,750	102,363
Interest receivable and similar income	6	11,842	15,316
Interest payable and similar charges	7	(1,471)	(1,503)
Profit on ordinary activities before taxation		47,121	116,176
Taxation on profit from ordinary activities	8	(22,300)	(25,247)
Profit for the financial year		24,821	90,929

All amounts relate to continuing activities

There are no recognised gains or losses other than the result for the year

The notes on pages 9 to 22 form part of these financial statements

The Appointment Group Limited

Group balance sheet at 31 December 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	9		180,113		169,673
Investment in joint venture					
Share of gross assets		115,133		104,212	
Share of gross liabilities		<u>(7,887)</u>		<u>(21,173)</u>	
			107,246		83,039
Current assets					
Debtors	11	1,206,764		1,099,020	
Cash at bank and in hand		<u>666,187</u>		<u>259,703</u>	
		1,867,951		1,358,723	
Creditors: amounts falling due within one year	12	<u>1,601,957</u>		<u>1,082,655</u>	
Net current assets			270,994		276,068
Total assets less current liabilities			558,353		528,780
Creditors: amounts falling due after more than one year	13		2,756		-
			<u>555,597</u>		<u>528,780</u>
Capital and reserves					
Called up share capital	14		50,000		50,000
Capital reserve	15		50,000		50,000
Share premium	15		9,727		9,727
Capital redemption reserve	15		1,031		1,031
Profit and loss account	15		444,839		418,022
Shareholders' funds	15		<u>555,597</u>		<u>528,780</u>

The financial statements were approved by the Board of Directors and authorised for issue on

Director

10/04/2007

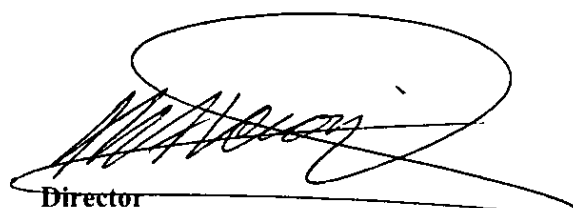
The notes on pages 10 to 22 form part of these financial statements

The Appointment Group Limited

Company balance sheet at 31 December 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Investments	10		119,502		141,002
Creditors: amounts falling due within one year	12	51,964		79,924	
Net current liabilities			51,964		79,924
Total assets less current liabilities			67,538		61,078
Capital and reserves					
Called up share capital	14		50,000		50,000
Share premium	15		9,727		9,727
Capital redemption reserve	15		1,031		1,031
Profit and loss account	15		6,780		320
Shareholders' funds			67,538		61,078

The financial statements were approved by the Board of Directors and authorised for issue on


Director

10/04/2007

The notes on pages 10 to 22 form part of these financial statements

The Appointment Group Limited

Cash flow statement for the year ended 31 December 2006

	Note	2006 £	2006 £	2005 £	2005 £
Net cash inflow from operating activities	19		499,872		201,857
Returns on investments and servicing of finance					
Interest received		11,842		15,316	
Interest paid		(595)		(709)	
Interest element of finance lease rental payments		(876)		(794)	
Dividend received		1,997		12,532	
Net cash inflow from returns on investments and servicing of finance			12,368		26,345
Taxation					
UK corporation tax paid			(16,861)		(5,017)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(102,880)		(73,434)	
Repayment of capital from Joint Venture		21,500		-	
			(81,380)		(73,434)
Equity dividend paid			-		(70,000)
Cash inflow before financing			413,999		79,751
Financing					
Share premium and capital redemption reserve			-		10,758
Share Option Buy Back			-		(24,258)
Repayments of capital element of finance leases and hire purchase contracts			(7,515)		(5,816)
Increase in cash and cash equivalents	20		406,484		60,435

The notes on pages 10 to 22 form part of these financial statements

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied.

Basis of consolidation

The group financial statements consolidate the financial statements of The Appointment Group Limited and all its subsidiary undertakings.

No profit and loss account is presented for The Appointment Group Limited as permitted by section 230 of the Companies Act 1985. The company does not trade in its own right, a loss of £Nil has been made in the year (2005 - £Nil).

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Fixed assets

Fixed assets are initially stated at cost.

Depreciation

Depreciation is provided at the following annual rates in order to write off each tangible fixed asset over its useful life.

Computer software	-	33% per annum on a straight line basis
Leasehold improvements	-	20% per annum on a straight line basis
Computer equipment	-	25% per annum on written down value
Fixtures and fittings	-	15% per annum on written down value

The carrying values of tangible fixed asset are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments held as fixed assets are stated at cost less provisions for permanent diminution in value.

The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

1 Accounting policies (*Continued*)

Deferred taxation

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

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred

Pensions

The group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. These contributions are invested separately from the group's assets

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

2 Turnover

Turnover has been stated net on the face of the profit and loss per the requirements of FRS 5. The gross sales value of all bookings made through the group are

	2006 £	2005 £
Group and share of joint venture	31,599,742	25,475,270
Less: share of joint venture	291,171	275,411
	<hr/>	<hr/>
Cost of sales	31,308,571	25,199,859
	27,539,674	22,177,616
	<hr/>	<hr/>
Turnover	3,768,897	3,022,243
	<hr/>	<hr/>

These include pay direct bookings, which amount to sales of £10,226,212 (2005 - £7,067,225) with corresponding cost of sales of £9,410,653 (2005 - £6,672,635)

The income from the joint venture is generated in the United States of America. All other income is generated in the United Kingdom.

In the opinion of the directors, the disclosure of separate segmental information would be prejudicial to the interests of the company.

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

3 Employees

	2006 £	2005 £
Staff costs consist of		
Wages and salaries	2,184,480	1,771,048
Social security costs	239,357	193,822
Other pension costs	161,013	55,260
	<u>2,584,850</u>	<u>2,020,130</u>

	2006 Number	2005 Number
The average number of employees during the year was		
Office and management	<u>59</u>	<u>60</u>

4 Directors

	2006 £	2005 £
Directors' remuneration consists of		
Emoluments	<u>614,238</u>	<u>343,336</u>
Company contributions paid to money purchase pension schemes	<u>100,500</u>	<u>19,753</u>
	Number	Number
Members of money purchase pension schemes	<u>4</u>	<u>4</u>
The amounts in respect of the highest paid director are as follows	£	£
Emoluments	<u>307,119</u>	<u>150,000</u>
Company contributions paid to money purchase pension schemes	<u>50,000</u>	<u>7,500</u>

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

5 Operating profit

	2006 £	2005 £
This has been arrived at after charging		
Depreciation of owned fixed assets	57,273	70,424
Depreciation of assets held under finance leases and hire purchase contracts	2,758	2,729
Auditors' remuneration	30,075	25,028
Operating lease rentals - land and buildings	97,979	102,991
- equipment rentals	31,168	30,511
Loss on disposal of fixed assets	46,198	-
	<u>57,273</u>	<u>70,424</u>

6 Interest receivable and similar charges

	2006 £	2005 £
Bank interest	11,842	5,716
Interest on loan to joint venture	-	-
Rental income	-	9,600
	<u>11,842</u>	<u>15,316</u>

7 Interest payable and similar charges

	2006 £	2005 £
Bank interest	595	709
Finance lease charges and hire purchase interest	876	794
	<u>1,471</u>	<u>1,503</u>

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

8 Taxation on profit from ordinary activities

	2006 £	2005 £
(a) Analysis of charge in year		
<i>Current tax</i>		
UK corporation tax on profits for the period	12,301	20,506
Adjustment in respect of previous periods	(3,646)	-
US withholding tax	13,645	4,740
	<hr/>	<hr/>
Total current tax (note 9(c))	22,300	25,247
	<hr/>	<hr/>
(b) <i>Deferred tax</i>		
The unrecognised deferred taxation asset comprises the following		
Capital allowances in advance of depreciation	912	7,412
Tax losses	(14,317)	(7,495)
	<hr/>	<hr/>
	(13,405)	(83)
	<hr/>	<hr/>

(c) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below

	2006 £	2005 £
Profit on ordinary activities before tax	47,121	116,176
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30 % (2005 – 30%)	14,136	34,853
Effects of		
Disallowed expenses and non-taxable income	12,575	9,140
Depreciation in (excess)/arrears of capital allowances	6,499	2,225
Utilisation of tax losses	-	(15,053)
Difference in tax rates	(608)	(6,196)
Income not assessable to tax	-	(1)
Adjustment to tax charge in respect of previous periods	(3,646)	-
Marginal relief	(6,656)	-
	<hr/>	<hr/>
Current tax charge for the year	22,300	24,968
	<hr/>	<hr/>

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

9 Tangible assets

Group	Leasehold improvements £	Computer software £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>					
At 1 January 2006	60,400	194,908	166,988	551,215	973,511
Additions	17,850	21,041	37,138	37,882	113,911
Disposals	-	(190,998)	(166,988)	-	(357,986)
At 31 December 2006	78,250	24,951	37,138	589,097	729,436
<i>Depreciation</i>					
At 1 January 2006	12,080	175,080	138,112	478,566	803,838
Disposal	-	(173,676)	(138,112)	-	(311,788)
Charge for the year	15,652	8,417	5,571	27,633	57,273
At 31 December 2006	27,732	9,821	5,571	506,199	549,323
<i>Net book value</i>					
At 31 December 2006	50,518	15,130	31,567	82,898	180,113
At 1 January 2006	48,320	19,828	28,876	72,649	169,673

The net book value of tangible fixed assets includes an amount of £8,273 (2005 - £10,917) in respect of assets held under finance leases. The related depreciation charge on these assets for the year was £2,758 (2005 - £2,729).

10 Investments

Company	Subsidiary undertakings £
<i>Cost</i>	
At 1 January 2006	141,002
Repayment of capital from joint venture	(21,500)
On 31 December 2006	119,502

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006 *(Continued)*

10 Investments *(Continued)*

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

Name	Holding	Proportion of voting rights and shares held	Nature of business
<i>Subsidiaries</i>			
Travel By Appointment Limited	Ordinary shares	100%	Travel agent
Events By Appointment Limited	Ordinary shares	100%	Travel agent
Leisure By Appointment Limited	Ordinary shares	100%	Travel agent
Music By Appointment Limited	Ordinary shares	100%	Travel agent
<i>Joint venture</i>			
Ascot Travel By Appointment LLC	Ordinary shares	50%	Travel agent

Ascot Travel By Appointment LLC is incorporated in the USA

11 Debtors

	Group 2006 £	Group 2005 £
Trade debtors	966,221	968,695
Other debtors	148,687	3,095
Prepayments and accrued income	91,856	127,230
	<hr/>	<hr/>
	1,206,764	1,099,020
	<hr/>	<hr/>

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

12 Creditors: amounts falling due within one year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Net obligations under finance leases and hire purchase contracts (note 18)	4,153	3,393	-	-
Amounts owed to group undertakings	-	-	51,962	75,460
Trade creditors	877,815	789,215	-	-
Corporation tax	30,408	24,969	-	4,462
Other taxes and social security costs	86,178	86,990	-	-
Directors' current accounts	390	261	-	-
Other creditors	2	3	2	2
Accruals and deferred income	603,011	177,824	-	-
	<u>1,601,957</u>	<u>1,082,655</u>	<u>51,964</u>	<u>79,924</u>

The bank overdrafts are secured by unlimited debentures over all the group's assets and are repayable upon demand

13 Creditors: amounts falling due after more than one year

	Group 2006 £	Group 2005 £
Net obligations under finance leases and hire purchase contracts (note 18)	2,756	-

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

14 Share capital

	2006 Number	Authorised 2005 Number	2006 £	2005 £
Ordinary shares of 62 5p each	80,000	80,000	50,000	50,000
'B' ordinary shares of 62 5p each	20,000	20,000	12,500	12,500
	<u>100,000</u>	<u>100,000</u>	<u>62,500</u>	<u>62,500</u>
	2006 Number	Allotted and called up 2005 Number	2006 £	2005 £
Ordinary shares of 62 5p each	80,000	80,000	50,000	50,000
'B' ordinary shares of 62 5p each	-	-	-	-
	<u>80,000</u>	<u>80,000</u>	<u>50,000</u>	<u>50,000</u>

The rights attaching to the 'B' ordinary shares differ from the ordinary shares and are subject to the following restrictions

- i) a right to receive 0.01p per share held on the winding up of the company
- ii) no right to attend or vote at a general meeting
- iii) no right to receive any dividend from the company
- iv) the shares are non-transferable except immediately prior to and conditional upon a change of control of the company or upon the holder ceasing to hold employment
- v) the shares shall not be convertible into ordinary shares

As regards any 'B' ordinary share, the above rights shall cease to have effect on the date on which a 'B' ordinary share becomes registered in the name of any person other than employee. Upon this coming into effect the 'B' ordinary shares shall rank pari passu with the ordinary shares except that a 'B' ordinary share shall have 0.99 of a vote for each one vote attached to an ordinary share.

The company has a share option scheme under which options to subscribe for the Company's shares have been granted to senior management.

At 31 December 2006, options outstanding under this scheme were 6,000 options which are exercisable between 1 July 2008 and 30 June 2015.

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

15 Reconciliation of shareholders' funds and movements on reserves

Group	Share capital £	Share premium £	Capital reserve £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2006	50,000	9,727	50,000	1,031	418,021	528,779
Profit for year	-	-	-	-	24,821	24,821
Dividend received	-	-	-	-	1,997	1,997
At 31 December 2006	50,000	9,727	50,000	1,031	444,839	555,597

Company	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £
At 1 January 2006	50,000	9,727	1,031	320
Profit for the year	-	-	-	6,460
At 31 December 2006	50,000	9,727	1,031	6,780

16 Pensions

The pensions charge to the groups defined contributions scheme amounts to £161,013 (2005 - £55,260)
There were no outstanding or prepaid contributions at either the beginning or end of the financial year

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

17 Obligations under finance leases and hire purchase contracts

The company's net obligations under finance leases and hire purchase contracts are repayable as follows

	2006 £	2005 £
Within one year	4,153	3,393
In two to five years	2,756	-
	<u>6,909</u>	<u>3,393</u>

18 Commitments under operating leases

As at 31 December 2006, the company had annual commitments under non-cancellable operating leases as set out below

	2006 Land and buildings £	2006 Computer equipment £	2005 Land and buildings £	2005 Computer equipment £
Operating leases which expire				
Within one year	-	-	-	-
In two to five years	97,982	23,182	97,982	23,182
	<u>97,982</u>	<u>23,182</u>	<u>97,982</u>	<u>23,182</u>

19 Reconciliation of operating profit to net cash inflow from operating activities

	2006 £	2005 £
Operating profit	36,750	102,363
Depreciation of tangible fixed assets	57,273	70,424
Loss on disposal of fixed asset	46,198	-
(Increase) in debtors	(107,745)	(132,682)
Increase in creditors	513,105	199,552
Share of joint venture profits	(45,709)	(17,848)
	<u>499,872</u>	<u>201,857</u>
Net cash inflow from operating activities		

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006 *(Continued)*

20 Reconciliation of net cash inflow to movement in net debt

	2006 £	2005 £
Increase in cash in the year	406,484	60,435
Cash outflow from decrease in debt and lease financing	(7,515)	5,816
Change in net debt resulting from cash flows	402,968	66,251
Inception of finance leases	(11,031)	-
Movement in net debt in the year	402,968	66,251
Opening net debt	256,310	190,059
Closing net debt	659,278	256,310

21 Analysis of net debt

	At 1 January 2006 £	Other non- cash items £	Cash flow £	At 31 December 2006 £
Cash in hand and at bank	259,703	-	406,484	666,187
Cash	259,703	-	406,484	666,187
Finance lease obligations	(3,393)	(11,031)	7,515	(6,909)
Total	256,310	(11,031)	413,999	659,278

The non-cash movement relates to the inception of a finance lease in the year

The Appointment Group Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

22 Related parties

At 31 December 2006, the joint venture owed The Appointment Group Limited £Nil (2005 - £Nil) in relation to funds advanced

The directors were owed the following amounts in respect of their current accounts

	2006 £	2005 £
M A Veronique	193	129
J Gianquitto	197	133
	<hr/>	<hr/>
	390	261
	<hr/>	<hr/>

During the year, the highest balances owed were

M A Veronique	-
J Gianquitto	-
	<hr/>
	-
	<hr/>