

SOCIAL WORK SOLUTIONS LIMITED

Report and Financial Statements

30 April 2004



REPORT AND FINANCIAL STATEMENTS 2004

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REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M P Robertson	(resigned 9 July 2004)
J Fraser	(appointed 30 June 2003)
D Strauss	(appointed 1 September 2003)
R McSweeney	(resigned 23 July 2003)
L Healey	(resigned 30 June 2003)
L Townsend	(resigned 23 July 2003)
P J Hooper	(appointed 19 July 2004)

SECRETARY

P J Hooper

REGISTERED OFFICE

Valentines House
51-69 Ilford Hill
Ilford
Essex
IG1 2DL

SOLICITORS

Osborne Clarke
Apex Plaza
Forbury Road
Reading
RG1 1AX

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Reading

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2004.

ACTIVITIES

The company's principal activity continues to be that of a locum business supplying social workers and teachers to local authorities.

REVIEW OF BUSINESS AND FUTURE PROSPECTS

The results for the period were considered satisfactory with growth in many market sectors which is expected to continue. The company is committed to growth within its sectors, a focus on quality standards and increased partnership with key clients.

DIVIDENDS

The directors have paid a dividend of £nil (2003- £nil).

DIRECTORS AND THEIR INTERESTS

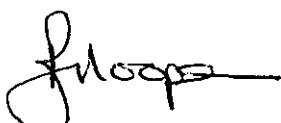
None of the directors who served during the year had beneficial interests in the company's issued share capital.

The interests of the directors in the ultimate parent company are disclosed in the accounts of that company.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



P J Hooper

Director

20 October

2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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; 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOCIAL WORK SOLUTIONS LIMITED

We have audited the financial statements of Social Work Solutions Limited for the year ended 30 April 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

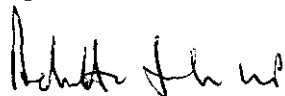
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

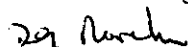
In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors

Reading



2004

SOCIAL WORK SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 April 2004

	Note	2004 £	2003 £
TURNOVER	2	14,137,494	14,458,777
Cost of sales		(9,771,559)	(9,954,283)
Gross profit		4,365,935	4,504,494
Administrative expenses		(3,389,257)	(3,350,042)
OPERATING PROFIT	3	976,678	1,154,452
Interest receivable and similar income	6	406	1,479
Interest payable and similar charges	7	(8,129)	(3,811)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		968,955	1,152,120
Tax credit/(charge) on profit on ordinary activities	8	2,409	(12,369)
Profit retained for the year	16	971,364	1,139,751
Retained profit brought forward		2,028,994	889,243
Retained profit carried forward		3,000,358	2,028,994

All amounts derive from continuing operations.

There have been no recognised gains and losses attributable to the shareholders other than the profit for the current and preceding financial years and accordingly, no statement of total recognised gains and losses is shown.

SOCIAL WORK SOLUTIONS LIMITED

BALANCE SHEET 30 April 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	9	254,245	212,046
CURRENT ASSETS			
Debtors	10	4,700,143	3,879,098
Cash at bank and in hand		5,945	300
		<u>4,706,088</u>	<u>3,879,398</u>
CREDITORS: amounts falling due within one year	11	<u>(1,892,035)</u>	<u>(2,039,217)</u>
NET CURRENT ASSETS		<u>2,814,053</u>	<u>1,840,181</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,068,298	2,052,227
CREDITORS: amounts falling due after more than one year	12	(57,940)	(6,062)
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>-</u>	<u>(7,171)</u>
		<u>3,010,358</u>	<u>2,038,994</u>
CAPITAL AND RESERVES			
Called up share capital	14	10,000	10,000
Profit and loss account		<u>3,000,358</u>	<u>2,028,994</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	16	<u>3,010,358</u>	<u>2,038,994</u>

These financial statements were approved by the Board of Directors on ~~2004~~ 2004.

Signed on behalf of the Board of Directors

P J Hooper
Director



J Fraser
Director



NOTES TO THE ACCOUNTS

Year ended 30 April 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	33% - 50% on a straight line basis
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Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation in each period.

Operating leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Deferred taxation

Deferred taxation is provided in full on material timing differences at the rate of taxation anticipated to apply when these differences crystallise. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

A deferred tax asset is only recognised where it is more likely than not that it will be recoverable in the future. Deferred tax assets and liabilities recognised have not been discounted.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

Turnover comprises the invoiced value of services supplied by the company, exclusive of value added tax and trade discounts. The turnover, all of which arises in the United Kingdom, is attributable to one activity, the supply of social workers and teachers to local authorities.

NOTES TO THE ACCOUNTS
Year ended 30 April 2004

3. OPERATING PROFIT

	2004	2003
	£	£
Operating profit is after charging:		
Depreciation		
Owned assets	88,694	88,745
Assets held under hire purchase	54,717	25,126
Rentals under operating leases		
Other operating leases		338,000
Auditors' remuneration	16,000	15,000
	<u>16,000</u>	<u>15,000</u>

4. EMPLOYEES

The average number of persons employed by the company (including directors) during the year was as follows:

	2004	2003
	No.	No.
Administration	15	17
Sales	32	30
	<u>47</u>	<u>47</u>
	£	£

Employee costs during the year:

Wages and salaries	1,308,925	1,104,579
Social security costs	158,466	142,129
Other pension costs	10,561	16,996
	<u>1,477,952</u>	<u>1,263,704</u>

5. DIRECTORS

Emoluments of the directors of the company included in staff costs are as follows:

	2004	2003
	£	£
Emoluments	256,086	174,555
Pension costs	4,165	-
	<u>260,251</u>	<u>174,555</u>

The highest paid director received emoluments of £58,555 (2003:£80,000) and pension contributions of £2,928 (2003:£nil).

During the year the company paid pension contributions on behalf of three directors (2003 - none).

NOTES TO THE ACCOUNTS
Year ended 30 April 2004

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £	2003 £
Bank interest	406	1,479

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Interest on finance leases	8,129	3,811

8. TAX CREDIT/(CHARGE) ON PROFIT ON ORDINARY ACTIVITIES

	2004 £	2003 £
United Kingdom corporation tax at 19%	18,000	19,000
Deferred taxation	(20,409)	(6,631)
	(2,409)	12,369

Reconciliation to current tax charge:

	2004 %	2003 %
Profit before tax at 19%	19	19
Depreciation in excess of capital allowances	1	3
Group relief	(18)	(20)
Total current tax charge	2	2

NOTES TO THE ACCOUNTS
Year ended 30 April 2004

9. TANGIBLE FIXED ASSETS

	Fixtures & fittings Total £
Cost	
At 1 May 2003	516,173
Additions	185,610
	<hr/>
At 30 April 2004	701,783
	<hr/>
Accumulated depreciation	
At 1 May 2003	304,127
Charge for the year	143,411
	<hr/>
At 30 April 2004	447,538
	<hr/>
Net book value	
At 30 April 2004	254,245
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At 30 April 2003	212,046
	<hr/>

9 TANGIBLE FIXED ASSETS (CONTINUED)

Included above are assets held under finance leases or hire purchase contracts as follows:

	2004 £	2003 £
Fixtures & fittings	121,816	37,085
	<hr/>	<hr/>

10. DEBTORS

	2004 £	2003 £
Due within one year		
Trade debtors	1,872,615	2,090,693
Amounts owed by group undertakings	2,730,292	1,699,542
Deferred tax asset	13,238	-
Other debtors	83,998	88,863
	<hr/>	<hr/>
	4,700,143	3,879,098
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank overdraft	-	420,673
Trade creditors	98,500	170,973
Net obligations under finance lease and hire purchase contracts	49,638	28,043
Amounts owed to group undertakings	1,500	-
Current corporation tax	16,652	173,761
Other creditors including tax and social security	1,725,745	1,245,767
	<u>1,892,035</u>	<u>2,039,217</u>

Included in other creditors are amounts of £783,858 (2003 - £353,449) due under an invoice discounting agreement which are secured on the trade debtors of the company.

12. CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR

	2004 £	2003 £
Net obligations under finance lease and hire purchase contracts	57,940	6,062
Included within the above are amounts falling due as follows: In 2-5 years: Finance lease and hire purchase obligations	<u>57,940</u>	<u>6,062</u>

The finance leases are secured on the related assets.

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

13. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided in the accounts and the amounts not provided are as follows:

Deferred Taxation	Provided 2004 £	Provided 2003 £	Not provided 2004 £	Not provided 2003 £
Capital allowances (less than)/in excess of depreciation	<u>(13,238)</u>	<u>7,171</u>	<u>-</u>	<u>-</u>
				£
At 1 May 2003 - liability				7,171
Credited to the profit and loss in the year				<u>(20,409)</u>
At 30 April 2004 - asset				<u>(13,238)</u>

14. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Called up, allotted and fully paid		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

15. PENSION COSTS

The company operates a money purchase pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £10,561 (2003 - £16,996).

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

16. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2004 £	2003 £
Opening equity shareholders' funds	2,038,994	899,243
Retained profit for the year	971,364	1,139,751
	<u>3,010,358</u>	<u>2,038,994</u>
Closing equity shareholders' funds	<u>3,010,358</u>	<u>2,038,994</u>

17. FINANCIAL COMMITMENTS

Operating lease commitments

At the year-end the company had the following non-cancellable operating lease commitments due within the next twelve months.

	2004		2003	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	67,656	3,636	25,356	-
Within two to five years	148,686	-	13,524	3,636
In more than five years	139,128	-	286,693	-
	<u>355,470</u>	<u>3,636</u>	<u>325,573</u>	<u>3,636</u>

18. ULTIMATE PARENT COMPANY

The immediate parent company and controlling party is Recruitment Solutions Group Limited, a company registered in the Isle of Man. The ultimate parent company and controlling party is Oval (1620) Limited, a company incorporated in the United Kingdom.

The only group in which the results of the company are consolidated is that headed by Oval (1620) Limited. Copies of the group financial statements for Oval (1620) Limited are available from Valentines House, 51-69 Ilford Hill, Ilford, Essex, IG1 2DL.

19. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard Number 8, "Related Party Disclosures", transactions with other group undertakings within, and investee related parties of, the Oval (1620) Limited Group have not been disclosed in these financial statements.