

**EDEN BROWN LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2006**

**Company No: 3643845**

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# **EDEN BROWN LIMITED**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006**

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**EDEN BROWN LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2006**

**REGISTERED NUMBER:** 3643845 (England and Wales)

**DIRECTORS:** D V Gibbons  
M Sterling  
I R Wolter  
F Sohail

**SECRETARY:** M Sterling

**REGISTERED OFFICE:** 222 Bishopsgate  
London  
EC2M 4QD

**AUDITORS:** Tenon Audit Limited  
Chartered Accountants  
66 Chiltern Street  
London  
W1U 4JT

**BANKERS:** Barclays Bank PLC  
54 Lombard Street  
London  
EC3P 3AH

Coutts & Co  
440 Strand  
London  
WC2 OQS

## **EDEN BROWN LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2006**

The directors present their report and the financial statements of the company for the year ended 31 March 2006.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company is that of an employment and recruitment agency, a supplier of *vendor management services and a provider of human resource and training solutions.*

#### **BUSINESS REVIEW**

Eden Brown's financial year was most significantly affected by the implementation of the Matrix Vendor Management Service with a further 5 London Borough Councils, to add to the two sites implemented in the previous financial year. The company also prepared a further two implementations which took place shortly after the end of the financial year. This service has doubled the company's turnover. Eden Brown supplied services to Matrix in conjunction with more than 200 other secondary suppliers on standard terms, and Matrix charged the end client an incremental margin for its services. During the course of the year, operational management of the company was re-organised to manage the business as four distinct revenue streams:

Eden Brown Recruitment – contract and permanent recruitment to both private and public sector clients

Eden Brown Consultancy – value added consultancy and training services to both private and public sector

Matrix – *vendor management services to public sector clients*

Executive Selection Associates – search and selection mainly in the private sector

During the year ended 31 March 2006, Eden Brown Recruitment achieved significant growth in contract sales, which was driven primarily by an increase in Public Sector business. The biggest contributor to this increase was the *contract turnover from the Ealing office.* Public Sector supply also expanded significantly in the Northern region and in London. The Defence market was the primary contributor to an improvement in contract sales in the Western region.

The expansion of public sector supply was however achieved at the cost of reducing the company's contract margin. Public Sector markets throughout the country increasingly were affected by the implementation of vendor management solutions, which include renegotiation of margins as one of the primary benefits to the client. Margin reductions of 2% or more are typical in contracts of this nature. In common with most agencies in the industry, Eden Brown's supply to third-party vendor managers increased during the year.

Eden Brown's gross profit percentage also declined due to a substantial fall in permanent fees by comparison to the prior year. The decline was due to weaker performance in all of the company's markets, but most particularly Technical markets where there were clear signs of major employers increasing their reliance on contract staff. The lack of growth in permanent recruitment was an industry-wide trend following a significant increase in permanent revenues in the previous year. The decline in permanent revenues was mitigated slightly by increased fixed term contract and temp-to-perm revenues, thereby emphasising the short-term outlook of the 0506 market. The decline in permanent revenue was also mitigated by an increase in value-added consultancy services during the year. There are now encouraging signs of permanent recruitment recovering in the new year.

The Matrix vendor management service provided its first full year of revenues, albeit at a significantly lower margin than the recruitment business, reflecting the company's charge for the management service only. The company has improved the vendor management margin in the new year, and has

## EDEN BROWN LIMITED

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2006 - continued

fully implemented 10 contracts which generate sufficient revenue to cover their direct costs. The Directors are predicting a full year of profitable trading for the Matrix service in the next financial year.

The company continued to focus on improving operating efficiencies during the year, but incurred significantly higher overhead which arose from the establishment of the new London headquarters and the new Ealing office. This detrimentally affected net profitability by comparison to the previous year.

The growth across most sectors of the company reflects the continued strategy to focus on the supply of contract staff under sustainable contractual relationships, particularly in the Public sector. This is now supported by the vendor management service, which is further enhancing the company's long-term relationships. The 0506 financial year has been a year of considerable investment for Eden Brown, especially with respect to establishing Matrix and ensuring improved facilities for the business. This has had the effect of reducing operating profits for the year, by 17.24% by comparison to the prior year. Nevertheless the Board is confident that the recruitment business is based on sound fundamentals, notably high sales per head in established markets, and is therefore capable of improved profitability in future. In conjunction with profitable trading by Matrix, future profitability should significantly exceed the current year.

The Board was pleased to declare dividends in the current year which were comparable to the previous year, but in view of the need to maintain reserves, does not recommend the declaration of a final dividend.

### FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

The company makes little use of financial instruments other than operational bank accounts and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their shareholding in the company at the beginning of the year and at the end of the year, or on resignation, were as follows:

	Number of ordinary 10 pence shares			
	31 March 2006		31 March 2005	
	Class A	Class B	Class A	Class B
D V Gibbons	30	350	30	350
M Sterling	30	300	30	300
I R Wolter	2,325	-	2,325	-
A Pearce (resigned April 2005)	30	667	30	667
F Sohail	2,325	-	2,325	-

### SHARE OPTIONS

The Board has implemented an Enterprise Management Incentive employee share option plan designed to incentivise key employees and to reward their contribution to building the value of the company. An option pool has been defined and options granted to current employees. Details of options granted and not exercised are disclosed in Note 17 to the financial statements.

## **EDEN BROWN LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2006 – continued**

#### **POST BALANCE SHEET EVENTS**

In April 2006, the company paid £48,000 for the remaining 25% of the shares in Executive Selection Associates Limited.

#### **DONATIONS**

During the year the company and its subsidiary made the following contributions:

Charitable	£882
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#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 for that period. In preparing those 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;
- 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 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.

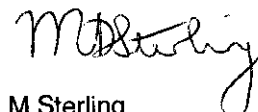
In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### **AUDITORS**

The auditors, Tenon Audit Limited have expressed their willingness to continue in office and will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the Board 23.01.07

  
M Sterling  
Secretary

## **EDEN BROWN LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EDEN BROWN LIMITED**

We have audited the financial statements of Eden Brown Limited for the year ended 31 March 2006, which comprise the Group Profit and Loss Account, the Group Balance Sheet, the Group Cash Flow Statement and the Company's Balance Sheet and the related notes. The financial statements have been prepared under the historical cost convention and 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 Directors' Report, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards. 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 are 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 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of 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 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.

**EDEN BROWN LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EDEN BROWN LIMITED -  
continued**

**Opinion**

In our opinion:

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

66 Chiltern Street  
London  
W1U 4JT

23 January 2007

*Tenon Audit Limited*

**TENON AUDIT LIMITED**  
Registered Auditor  
Chartered Accountants



# EDEN BROWN LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 restated £
<b>TURNOVER</b>	3	118,034,744	57,847,516
Cost of sales		(104,379,341)	(45,605,807)
<b>GROSS PROFIT</b>		13,655,403	12,241,709
Administrative expenses		(12,212,935)	(10,367,092)
<b>OPERATING PROFIT</b>	5	1,442,468	1,874,617
Interest receivable	6	2,444	852
Interest payable and similar charges	7	(373,669)	(225,790)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,071,243	1,649,679
Tax on profit on ordinary activities	8	(393,700)	(522,257)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		677,543	1,127,422
Goodwill on acquired subsidiary amortized		(8,823)	(8,823)
Minority Interests		(3,728)	(14,840)
<b>PROFIT FOR FINANCIAL YEAR</b>		664,992	1,103,759

None of the group's activities were discontinued during the above two financial years.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		2006 £	2005 restated £
Profit for financial year		664,992	1,103,759
Total recognised gains and losses for the year		664,992	1,103,759
Prior year adjustment	2	40,000	
<b>Total recognised gain since the last report</b>		704,992	

The notes on pages 11 to 24 form part of the financial statements.

# EDEN BROWN LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2006

		2006		2005 restated	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11		573,916		355,410
Intangible assets	12		158,804		167,627
			<hr/>		<hr/>
			732,720		523,037
<b>CURRENT ASSETS</b>					
Debtors	14	25,654,862		9,175,484	
Cash at bank and in hand		2,928		548	
		<hr/>		<hr/>	
		25,657,790		9,176,032	
<b>CREDITORS: Amounts falling due within one year</b>	15	(23,460,072)		(7,410,012)	
		<hr/>		<hr/>	
<b>NET CURRENT ASSETS</b>			2,197,718		1,766,020
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<hr/>		<hr/>
			2,930,438		2,289,057
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	16		(109,000)		-
<b>MINORITY INTERESTS</b>			(13,089)		(9,360)
			<hr/>		<hr/>
<b>NET ASSETS</b>			2,808,349		2,279,697
			<hr/>		<hr/>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		861		861
Capital redemption reserve	18		154		154
Other reserve	18		119,991		116,331
Consolidated Profit and loss account	18		2,687,343		2,162,351
			<hr/>		<hr/>
<b>Equity shareholders' funds</b>	19		2,808,349		2,279,697
			<hr/>		<hr/>

The financial statements were approved by the Board on 23 January 2006 and signed on its behalf by:

  
M Sterling  
Director

The notes on pages 11 to 24 form part of the financial statements.

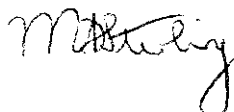
# EDEN BROWN LIMITED

## BALANCE SHEET AS AT 31 MARCH 2006

		2006		2005 restated	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11		573,916		355,410
Investments	13		144,025		144,025
			<hr/>		<hr/>
			717,941		499,435
<b>CURRENT ASSETS</b>					
Debtors	14	25,655,622		9,157,834	
Cash at bank and in hand		2,928		532	
		<hr/>		<hr/>	
		25,658,550		9,158,366	
<b>CREDITORS: Amounts falling due within one year</b>	15	(23,500,928)		(7,417,531)	
		<hr/>		<hr/>	
<b>NET CURRENT ASSETS</b>			2,157,622		1,740,835
			<hr/>		<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,875,563		2,240,270
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	16		(109,000)		-
			<hr/>		<hr/>
<b>NET ASSETS</b>			2,766,563		2,240,270
			<hr/>		<hr/>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		861		861
Capital redemption reserve	18		154		154
Other reserve	18		119,991		116,331
Profit and loss account	18		2,645,557		2,122,924
			<hr/>		<hr/>
<b>Equity shareholders' funds</b>			2,766,563		2,240,270
			<hr/>		<hr/>

The financial statements were approved by the Board on 23 January 2006 and signed on its behalf by:

M Sterling  
Director



The notes on pages 11 to 24 form part of the financial statements.

# EDEN BROWN LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

		2006		2005 restated	
	Notes	£	£	£	£
<b>NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES</b>	22		(3,491,492)		2,390,972
<b>Returns on investment and Servicing of finance:</b>					
Interest receivable		2,444		852	
Bank and finance interest paid		(373,669)		(225,790)	
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>			(371,225)		(224,938)
<b>Taxation:</b>					
Corporation tax			(519,476)		(692,077)
<b>Dividends paid</b>			(130,409)		(275,000)
<b>Capital expenditure and Financial investment:</b>					
Purchase of tangible fixed assets		(432,450)		(226,000)	
			(432,450)		(226,000)
<b>Financing:</b>					
(Decrease) / Increase in debt	23	4,985,574		(1,066,016)	
Proceeds from issue of Shares		-		40	
Payments to Shareholders Loan Account		(2,500)		-	
			4,983,074		(1,065,976)
<b>INCREASE / (DECREASE) IN CASH</b>			38,022		(93,019)

The notes on pages 11 to 24 form part of the financial statements.

## **EDEN BROWN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006**

#### **1. ACCOUNTING POLICIES**

The accounting policies of the company conform to generally accepted practice in the United Kingdom.

In accordance with Financial Reporting Standard 18 - Accounting Policies, the directors have reviewed the company's accounting policies and satisfied themselves as to their appropriateness. No changes to the company's accounting policies were required.

The more significant of these policies are referred to below:-

##### **1.1 Accounting convention**

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

##### **1.2 Basis of consolidation**

These accounts incorporate the accounts of Eden Brown Limited and its subsidiary undertaking. The company's subsidiary has been consolidated using acquisition accounting. No profit or loss account is presented for the holding company as permitted by section 230 of the Companies Act 1985.

##### **1.3 Goodwill**

Goodwill represents the excess of the cost of acquisition over the fair value of the separable net assets of the business acquired. Goodwill has been capitalised and will be amortised through the profit and loss account over 20 years.

No goodwill was amortised in the year of acquisition.

##### **1.4 Turnover**

Turnover represents amounts receivable for the provision of contract staff and related services.

##### **1.5 Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Furniture and equipment	- 10%- 20% on reducing balance
Computer equipment	- 25% - 33% on reducing balance
Leasehold improvements )	- over term of lease
Fixtures and fittings )	

##### **1.6 Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or less tax in the future have occurred by the balance sheet date.

## **EDEN BROWN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 - continued**

#### **1. ACCOUNTING POLICIES - continued**

##### **1.6 Deferred taxation - continued**

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

##### **1.7 Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **1.8 Pensions**

The company does not operate a pension scheme but makes defined contributions into personal pension plans for selected employees. Contributions payable for the year are charged in the profit and loss account.

##### **1.9 Operating leases**

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

##### **1.10 Employee Share Scheme**

In accordance with UITF Abstract 17, "Employee Share Schemes", the difference between the exercise price of share options granted under the company's share option scheme and the fair market value of the underlying ordinary shares at the date of grant is charged to the profit and loss account over the period in which the options vest.

##### **1.11 Changes in Accounting Policies**

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

###### **FRS 21 'Events after the balance sheet date' (IAS 10)**

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognize those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

This change in accounting policy has resulted in a prior year adjustment for the company. For the year ended 31 March 2005, the change in accounting policy has resulted in a net increase in retained profit for the year of £40,000. The balance sheet at 31 March 2005 has been restated to reflect the de-recognition of a liability for proposed equity dividends of £40,000.

## EDEN BROWN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 - continued

#### 1. ACCOUNTING POLICIES - continued

##### 1.11 Changes in Accounting Policies - continued

FRS 25 Financial Instruments: Disclosure and Presentation

The adoption of FRS 25 has not resulted in a change in accounting policy.

#### 2. PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to the change in accounting policy as a result of the adoption of FRS 21 'Events after the Balance Sheet date (IAS 10)'.

FRS 21 affects the treatment of equity dividends proposed after the year-end. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognize those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before the approval of financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

#### 3. TURNOVER

Turnover is attributable to the principal activity of the company and arises in the United Kingdom.

#### 4. DIRECTORS AND EMPLOYEES

	2006	2005 restated
	£	£
4.1 Staff costs (including directors)		
Wages and salaries	7,221,645	6,317,451
Social security costs	859,434	721,635
Pension contributions	109,139	115,315
	<hr/>	<hr/>
	8,190,218	7,154,401
	<hr/>	<hr/>

# EDEN BROWN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 - continued

### 4. DIRECTORS AND EMPLOYEES – continued

#### 4.2 The average monthly number of employees during the year was made up as follows:-

	2006 Number	2005 Number
Operations	52	39
Sales	142	119
	<hr/>	<hr/>
	194	158
	<hr/>	<hr/>

Number of directors in money purchase pension scheme

2	2
<hr/>	<hr/>

#### 4.3 Directors' emoluments

	2006 £	2005 restated £
Remuneration for management services	638,574	634,478
	<hr/>	<hr/>
Contributions paid to money purchase pension scheme	9,994	14,100
	<hr/>	<hr/>
Emoluments of the highest paid director excluding pension contributions	158,566	140,396
	<hr/>	<hr/>
Contributions to money purchase pension scheme	-	-
	<hr/>	<hr/>

### 5. OPERATING PROFIT

	2006 £	2005 restated £
This is stated after charging:-		
Operating leases rentals - land and building	138,414	363,041
- plant and machinery	1,856	1,770
Depreciation	176,185	151,508
Amortisation of goodwill	8,823	8,823
Auditors' remuneration		
(Company: £19,300, 2005: £10,500)	25,100	15,000
	<hr/>	<hr/>



# EDEN BROWN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 – continued

### 6. INTEREST RECEIVABLE

	2006	2005 restated
	£	£
Other interest receivable	2,444	852

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005 restated
	£	£
Bank interest	1,141	103
Invoice discounting interest	370,895	225,687
Other interest	1,633	-
	<u>373,669</u>	<u>225,790</u>

### 8. TAXATION

	2006	2005 restated
	£	£
The taxation charge comprises:		
Corporation tax at 30% (2005 - 30%)	393,700	522,257
Deferred tax (note 16)	-	-
	<u>393,700</u>	<u>522,257</u>

The tax assessed for the year differs from that calculated when using the company's corporation tax rate of 30% (2005 – 30%). The differences are explained below:

	2006	2005 restated
	£	£
Profit on ordinary activities before tax	1,180,243	1,649,679
Current tax on profit on ordinary activities calculated at the company's rate of corporation tax of 30%	354,073	494,904
Small companies relief	(36)	(6,530)
Expenses not deductible for tax purposes	29,202	16,918
Depreciation in excess of capital allowances	2,410	7,599
Other differences	8,051	9,366
	<u>393,700</u>	<u>522,257</u>

## EDEN BROWN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 - continued

9. DIVIDENDS	2006 £	2005 restated £
Paid during the year		
Equity dividends on 'A' ordinary shares	112,056	60,030
Equity dividends on 'B' ordinary shares	27,944	14,970
	<hr/>	<hr/>
<b>Equity dividends paid in the year</b>	<b>140,000</b>	<b>75,000</b>
	<hr/>	<hr/>
Proposed after the year-end (not recognized as a liability)		
Equity dividends on 'A' ordinary shares	-	32,016
Equity dividends on 'B' ordinary shares	-	7,984
	<hr/>	<hr/>
<b>Equity dividends proposed after the year end</b>	<b>-</b>	<b>40,000</b>
	<hr/>	<hr/>

#### 10. PROFIT AND LOSS OF THE HOLDING COMPANY

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own profit and loss account. The company's profit for the year was £662,633 (2005; £965,320)

# EDEN BROWN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 - continued

### 11. TANGIBLE FIXED ASSETS - GROUP

	Furniture and Equipment £	Computer Equipment £	Fixtures and Fittings £	Leasehold Improvements £	Total £
<b>Cost</b>					
At 1 April 2005	132,318	448,753	236,136	47,774	864,981
Additions	38,402	142,970	14,331	236,747	432,450
Disposals	-	(73,364)	(88,308)	(3,840)	(165,512)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	170,720	518,359	162,159	280,681	1,131,919
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 April 2005	37,415	271,631	158,521	42,004	509,571
Charge for year	13,392	105,136	36,901	20,756	176,185
Disposals	-	(62,724)	(62,042)	(2,987)	(127,753)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	50,807	314,043	133,380	59,773	558,003
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>					
<b>At 31 March 2006</b>	119,913	204,316	28,779	220,908	573,916
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>					
<b>At 31 March 2005</b>	94,903	177,122	77,615	5,770	355,410
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# EDEN BROWN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 - continued

### 11. TANGIBLE FIXED ASSETS - COMPANY

	Furniture and Equipment £	Computer Equipment £	Fixtures and Fittings £	Leasehold Improvements £	Total £
<b>Cost</b>					
At 1 April 2005	132,318	427,533	233,777	47,774	841,402
Additions	38,402	142,970	14,331	236,747	432,450
Disposals	-	(73,364)	(88,308)	(3,840)	(165,512)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	170,720	497,139	159,800	280,681	1,108,340
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 April 2006	37,415	250,411	156,162	42,004	485,992
Charge for year	13,392	105,136	36,901	20,756	176,185
Disposals	-	(62,724)	(62,042)	(2,987)	(127,753)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	50,807	292,823	131,021	59,773	534,424
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>					
At 31 March 2006	119,913	204,316	28,779	220,908	573,916
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>					
At 31 March 2005	94,903	177,122	77,615	5,770	355,410
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### 12. INTANGIBLE FIXED ASSETS - GROUP

	Goodwill £
<b>Cost</b>	
At 1 April 2005 and 31 March 2006	176,450
	<hr/>
<b>Amortisation</b>	
At 1 April 2005	8,823
Charge for year	8,823
	<hr/>
At 31 March 2006	17,646
	<hr/>
<b>Net book value:</b>	
At 31 March 2006	158,804
	<hr/>
<b>Net book value:</b>	
At 31 March 2005	167,627
	<hr/>

# EDEN BROWN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 - continued

### 13. INVESTMENTS - COMPANY

Throughout the year Eden Brown Limited owned 75% of the shares in Executive Selection Associates Limited, a company registered in England and Wales.

In April 2006 the company acquired the remaining 25% of the Shares of Executive Selection Associates Limited for £48,000.

### 14. DEBTORS: amounts falling due within one year

	2006 Group £	2006 Company £	2005 restated Group £	2005 restated Company £
Trade debtors	16,679,606	16,533,208	8,664,499	8,534,278
Other debtors	991,088	988,387	127,724	126,715
Deferred tax	10,315	10,315	10,315	10,315
Prepayments and accrued income	7,973,853	7,973,748	372,946	372,946
Due from subsidiary undertaking	-	149,964	-	113,580
	<u>25,654,862</u>	<u>25,655,622</u>	<u>9,175,484</u>	<u>9,157,834</u>

Included in other debtors is a loan to a shareholder of the company. Details of the loan are as follows:

	Amount outstanding At 31 March 2005 £	Amount outstanding At 31 March 2006 £	Maximum amount outstanding during the year £
C Sohail	<u>24,868</u>	<u>19,395</u>	<u>27,368</u>

The loan carries interest at 2% above the company's banker's base rate. Included in the amounts outstanding at 31 March 2006 is interest due but unpaid of £1,617 in respect of the loan.

# EDEN BROWN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 - continued

### 15. CREDITORS: Amounts falling due within one year

	2006	2006	2005	2005
	Group	Company	restated	restated
	£	£	Group	Company
			£	£
Bank overdraft (secured)	30,507	107,160	66,149	123,813
Payments received on account (secured)	6,648,105	6,648,105	1,662,532	1,662,532
Trade creditors	12,923,875	12,922,598	3,150,364	3,148,702
Corporation tax	117,020	109,820	242,796	230,539
Other taxes and social security	2,263,962	2,239,589	1,598,371	1,564,284
Other creditors	822,812	822,802	203,404	203,404
Accruals	653,791	650,854	486,396	484,257
	<u>23,460,072</u>	<u>23,500,928</u>	<u>7,410,012</u>	<u>7,417,531</u>

The payments received on account and the bank overdraft are secured by a debenture incorporating a fixed and floating charge over the assets and undertaking of the company.

### 16. PROVISION FOR LIABILITIES AND CHARGES

#### Deferred taxation

The company and the group has a deferred tax asset of £10,315 (see note 14).

	Company & Group	
	2006	2005
	£	£
Other Provision	109,000	-

During the year Eden Brown Limited made a voluntary disclosure to the Office of Fair Trading (OFT) following discovery of a breach of regulations by a former director. The OFT has the right to levy a penalty on the company. The company is co-operating in full with the OFT. The provision included in these accounts has been made following advice taken by the company's legal representatives.

# EDEN BROWN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 - continued

### 17. CALLED UP SHARE CAPITAL

	2006 £	2005 £
<b>Authorised</b>		
16,000 'A' Ordinary shares of 10 pence each	1,600	1,600
4,000 'B' Ordinary shares of 10 pence each	400	400
	<hr/>	<hr/>
	2,000	2,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
6,885 'A' Ordinary shares of 10 pence each	689	689
1,717 'B' Ordinary shares of 10 pence each	172	172
	<hr/>	<hr/>
	861	861
	<hr/>	<hr/>

The rights of the 'B' ordinary shares are identical to those of the 'A' ordinary shares, except that the 'B' ordinary shares are non-voting, and thus both categories are treated as Equity Share Capital.

### Share Option Plan

The company has a share option plan under which options have been granted to certain directors and employees. No options were issued or exercised during the year. An option over 100 'B' ordinary shares of 10 pence each was cancelled. The options granted but not exercised at the balance sheet date are as follows:

Number of 'B' Ordinary shares	Option Price £	Dates exercisable
800	£0.10 to £370	21 November 2003 to 31 March 2014

# EDEN BROWN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 – continued

### 18. RESERVES - GROUP

	Capital Redemption Reserve £	Other Reserve £	Profit & Loss Account £	Total £
Balance brought forward	154	116,331	2,122,351	2,238,836
Prior year adjustment (note 2)			40,000	40,000
	<hr/>	<hr/>	<hr/>	<hr/>
Re-stated balance brought forward	154	116,331	2,162,351	2,278,836
Profit for the year	-	-	664,992	664,992
Equity Dividends			(140,000)	(140,000)
Other movements:				
- Arising on issue of share options	-	3,660	-	3,660
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	154	119,991	2,687,343	2,807,488
	<hr/>	<hr/>	<hr/>	<hr/>

The "other reserve" arising on the issue of the share options is non-distributable.

### RESERVES - COMPANY

	Capital Redemption Reserve £	Other Reserve £	Profit & Loss Account £	Total £
Balance brought forward	154	116,331	2,082,924	2,199,409
Prior year adjustment (note 2)			40,000	40,000
	<hr/>	<hr/>	<hr/>	<hr/>
Re-stated balance brought forward	154	116,331	2,122,924	2,239,409
Profit for the year	-	-	662,633	662,633
Equity Dividends	-	-	(140,000)	(140,000)
Other movements:				
- Arising on issue of share options	-	3,660	-	3,660
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	154	119,991	2,645,557	2,765,702
	<hr/>	<hr/>	<hr/>	<hr/>

The "other reserve" arising on the issue of the share options is non-distributable.



## EDEN BROWN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 – continued

#### 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS - GROUP

	2006 £
Opening shareholders' funds	2,239,697
Prior year adjustment (note 2)	40,000
	<hr/>
Restated opening shareholders' funds	2,279,697
Consolidated Profit for the financial year	664,992
Reserve arising on issue of share options	3,660
Dividend	(140,000)
	<hr/>
<b>Closing shareholders' funds</b>	<b>2,808,349</b>
	<hr/>

#### 20. FINANCIAL COMMITMENTS

At 31 March 2006 the group had annual commitments under non-cancellable operating leases which expire as follows:-

	Within 1 yr	1-2 yrs	2-5 yrs
Land and Buildings	-	19,550	476,407
Other	-	-	1,856
	<hr/>	<hr/>	<hr/>
	-	19,550	478,263
	<hr/>	<hr/>	<hr/>

#### Derivatives

The company has no financial instruments that fall to be classified as derivatives.

#### 21. CONTINGENT LIABILITIES

As detailed in note 13 a further consideration has been paid in acquiring the remaining shares in Executive Selection Associates Limited.

# EDEN BROWN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 – continued

### 22. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating profit	1,442,468	1,874,617
Depreciation	176,185	151,508
Loss on disposal of fixed assets	37,759	43,170
Provision for Bad Debts & Write Offs	48,577	-
Increase in debtors	(16,533,429)	(2,048,574)
Increase in creditors	11,225,906	2,366,491
Increase in provisions	109,000	-
Share option charge	3,660	3,760
Interest receivable on Shareholders Loan treated as notional	(1,618)	-
	<u>(3,491,492)</u>	<u>2,390,972</u>

### 23. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2005	Acquired in Year	Cash flow	At 31 March 2006
Cash at bank and in hand	548	-	2,380	2,928
Bank overdraft	(66,149)	-	35,642	(30,507)
	<u>(65,601)</u>	<u>-</u>	<u>38,022</u>	<u>(27,579)</u>
Invoice discount facility	(1,662,532)	-	(4,985,573)	(6,648,105)
Net debt	<u>(1,728,133)</u>	<u>-</u>	<u>(4,947,551)</u>	<u>(6,675,684)</u>

### 24. RELATED PARTY TRANSACTIONS

During the year the company paid a dividend of £100,000, of which £9,591 was applied in reduction of a shareholder's loan account (Note 14).

### 25. ULTIMATE CONTROLLING PARTY

At the beginning and end of the year the company did not have an ultimate controlling party as no single shareholder held a controlling interest.