Company Registration No. 3685554

GCG Plc

Report and Financial Statements

30 June 2008

(- 24/11/2008)
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GCG Plc

REPORT AND FINANCIAL STATEMENTS 2008

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REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Valentine Feerick
Joy Feerick
Nicholas White

SECRETARY

Joy Feerick

BUSINESS ADDRESS

Wrest House
Wrest Park
Silsoe
Bedfordshire
MK45 4HS

REGISTERED OFFICE

Wrest House
Wrest Park
Silsoe
Bedfordshire
MK45 4HS

BANKERS

HSBC Bank plc
20 Eastcheap
EC3M 1ED

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
Cambridge

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2008.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activities of the company during the year were that of management consultancy; non-executive, executive and interim search and selection; the provision of outsourced recruitment services; and the development of senior managers and executives.

During the 12 month period the company continued to invest in the business to broaden the range of services offered to clients. The directors regard this investment as an essential and ongoing component for the continued success and future growth of the business which relies in great part on having strong on-line capabilities. During the year the company has begun to adapt and apply its existing technologies in broader ways. To ensure adequate focus is given to this the company has formed a Ventures division which is its business incubator. As a result of this continued investment, revenue and profit before tax declined slightly during the 12 month period. After tax the company recorded a small loss. However, the directors believe that the company has a strong foundation from which to continue its development and progression. Diversifying the business mix across a greater number of customers continued to be a focus during the year and several new clients were secured.

The company continues to be pleased with the performance of its Outsourced Recruitment service which continues to represent one of the major growth areas for the business. The group remains well placed to provide clients with a complete package of services for permanent and casual recruitment. These developments support the company's continued focus on diversity in its earnings mix.

As shown in the company's profit and loss account on page 7, the company's sales for the year were £1.426 million (2007: £1.504 million). A key measurement of the effectiveness of the company's operations is staff utilisation and efficiency. During the year, the company maintained staff utilisation (as measured by the ratio of staff costs to turnover) at 47% continuing the trend for greater efficiency.

The balance sheet on page 9 shows that the company's financial position at the year end is, in total assets less current liabilities terms, once again broadly consistent with the prior year. The company's tangible assets have increased due to the cost of a number of employees (associated with website development) being capitalised on the balance sheet.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in highly competitive markets which is an ongoing risk to the company and could result in losing sales to its key competitors. The company continues to manage and mitigate this risk by offering differentiated services to its customers, and developing strong relationships with the board directors and senior managers within client organisations.

FUTURE PROSPECTS

Having invested in the business over the last year to enhance the range of services offered to clients, the company has recently secured a number of important new contracts. By focusing on proven service offers, the company is positive about the future prospects of the business. However, the company believes that the general economy may be entering a period of decline which could give rise to increased demand for the company's outsource service offerings. Such demand is often driven by a client's need to reduce processing cost and any deterioration in the economy may offer the company accelerated sales opportunity.

RESULTS AND DIVIDENDS

The loss for the year after taxation was £10,857 (2007: £29,613 profit). The directors do not recommend the payment of a dividend in the current year (2007 - £1.02 per share).

GCG Plc

DIRECTORS' REPORT

DIRECTORS

The following directors served throughout the year:

Valentine Feerick
Joy Feerick
Nicholas White

POLICY ON THE PAYMENT OF CREDITORS

The company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted. It is company policy that payments to suppliers are made in accordance with these terms, provided that the supplier complies with all the relevant terms and conditions. At the year end the company had 98 (2007 - 65) days' costs outstanding in trade creditors.

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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

J. F. Feerick.

Joy Feerick
Director
25 November 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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;
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GCG Plc

We have audited the financial statements of GCG Plc for the year ended 30 June 2008 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the statement of movement on reserves, the balance sheet, the cash flow statement and the related notes 1 to 20. 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

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GCG Plc (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 the company's affairs as at 30 June 2008 and of its loss for the year then ended;
- 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.

Deloitte LLP

Deloitte ~~LLP~~
Chartered Accountants and Registered Auditors
Cambridge, United Kingdom

On 1 December 2008 the Company's auditors changed their name from Deloitte & Touche LLP to Deloitte LLP. Accordingly, they have signed the report in their new name.

3 December 2008

PROFIT AND LOSS ACCOUNT
Year ended 30 June 2008

	Note	2008 £	2007 £
TURNOVER	2	1,425,536	1,504,034
Staff costs	4	(665,581)	(760,829)
Depreciation		(184,381)	(141,035)
Other operating charges		(535,663)	(575,855)
OPERATING PROFIT	3	39,911	26,315
Interest receivable and similar income		119	1,324
Interest payable and similar charges	5	(17,410)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		22,620	27,639
Tax on profit on ordinary activities	6	(33,477)	1,974
(LOSS) PROFIT FOR THE FINANCIAL YEAR		(10,857)	29,613

All activities derive from continuing operations

There are no recognised gains and losses other than the loss for the financial year and the profit for the preceding financial year. Accordingly, no statement of total recognised gains and losses is given.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 30 June 2008

	2008 £	2007 £
Opening shareholders' funds	291,432	316,559
(Loss) profit attributable to the members	(10,857)	29,613
Dividends (note 7)	-	(54,740)
Closing shareholders' funds	280,575	291,432

STATEMENT OF MOVEMENT ON RESERVES
Year ended 30 June 2008

	Share premium account £	Profit and loss account £
At 1 July 2007	236,382	1,383
Loss for the year	-	(10,857)
At 30 June 2008	236,382	(9,474)

BALANCE SHEET
30 June 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Intangible assets	8	291,312	311,062
Tangible assets	9	487,393	322,134
Investments	10	5,098	5,098
		783,803	638,294
CURRENT ASSETS			
Debtors	11	251,815	180,697
Cash at bank and in hand		632	40,232
		252,447	220,929
CREDITORS: amounts falling due within one year	12	(724,111)	(566,696)
NET CURRENT LIABILITIES		(471,664)	(345,767)
TOTAL ASSETS LESS CURRENT LIABILITIES		312,139	295,527
PROVISIONS FOR LIABILITIES AND CHARGES	13	(31,564)	(1,095)
NET ASSETS		280,575	291,432
CAPITAL AND RESERVES			
Called up share capital	16	53,667	53,667
Share premium account		236,382	236,382
Profit and loss account		(9,474)	1,383
SHAREHOLDERS' FUNDS		280,575	291,432

These financial statements were approved by the Board of Directors and authorised for issue on 25 November 2008.

Signed on behalf of the Board of Directors

V Feerick
Director

CASH FLOW STATEMENT
Year ended 30 June 2008

	Note	2008 £	2007 £
Net cash inflow from operating activities	17	107,336	326,931
Returns on investments and servicing of finance			
Interest received		119	1,324
Interest paid		(17,410)	-
Net cash (outflow) inflow from returns on investments and servicing of finance		(17,291)	1,324
Taxation paid		-	(60,320)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(329,890)	(146,396)
Net cash outflow from capital expenditure and financial investment		(329,890)	(146,396)
Management accounts of liquid resources and financing			
New unsecured loan		120,000	-
Dividend paid		(54,740)	(89,087)
		65,260	(89,087)
(Decrease) increase in cash	18/19	(174,585)	32,452

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Basis of consolidation

In the opinion of the directors, the subsidiary undertakings of the company are immaterial to consolidate. The company has therefore taken advantage provided by section 229 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents work carried out during the period, exclusive of Value Added Tax.

Goodwill

Purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life of 20 years from the date of acquisition. Goodwill is reviewed for impairment at the end of the first full financial period following each acquisition and subsequently as and when necessary, if circumstances emerge that indicate that the carrying value may not be recoverable.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Website	33% straight line
Equipment	33% straight line
Fixtures and fittings	25% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. 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 financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Share-based payments

The company has applied the requirements of FRS 20 (IFRS 2) Share-based Payment. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2006.

The company issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted to the effect of non market-based vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

1. ACCOUNTING POLICIES (continued)

Share-based payments (continued)

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2008 £	2007 £
United Kingdom	1,425,536	1,504,034

3. OPERATING PROFIT

Operating profit is after charging:	2008 £	2007 £
Amortisation	19,750	19,750
Depreciation of owned fixed assets	164,631	121,285
Rentals under operating leases		
Land and buildings	36,238	38,049
Other operating leases	1,730	1,730
Auditors' remuneration		
Audit	9,450	9,100
Taxation	6,663	11,951
Other services	5,000	-

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008 £	2007 £
Directors' remuneration		
Emoluments	435,504	149,000
	£	£
Highest paid director's remuneration	161,750	149,000

Average number of persons employed by the company during the year was:	No	No
Directors	3	3
Consultancy staff	5	7
Recruiting and administrative staff	8	9
	16	19

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2008 £	2007 £
Staff costs during the year (including directors)		
Wages and salaries	599,754	688,049
Social security costs	65,827	72,780
	665,581	760,829

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Loan interest	13,633	-
Bank interest	3,777	-
	17,410	-

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
Current tax		
United Kingdom corporation tax based on the result for the year	3,008	15,982
Deferred taxation (note 13)		
Origination and reversal of timing differences	9,774	(17,956)
Adjustment in respect of prior periods	20,695	-
Tax on profit on ordinary activities	33,477	(1,974)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 21% (2007: 20%). The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2008 £	2007 £
Profit on ordinary activities before tax	22,620	27,639
Tax on profit on ordinary activities at standard rate	4,750	5,528
Disallowed expenses	8,143	11,994
Capital allowances for period in excess of depreciation	(9,774)	(60)
Revenue losses	-	(1,480)
Change in tax rate	(111)	-
Total actual amount of current tax	3,008	15,982

7. DIVIDENDS

	2008 £	2007 £
£nil per share (2007 - £1.02 per share declared)	-	54,740

8. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 July 2007 and 30 June 2008	395,000
Amortisation	
At 1 July 2007	83,938
Charge for the year	19,750
At 30 June 2008	103,688
Net book value	
At 30 June 2008	291,312
At 30 June 2007	311,062

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

9. TANGIBLE FIXED ASSETS

	Website £	Equipment £	Fixtures and fittings £	Total £
Cost				
At 1 July 2007	406,663	79,509	19,959	506,131
Additions	328,679	1,211	-	329,890
At 30 June 2008	735,342	80,720	19,959	836,021
Depreciation				
At 1 July 2007	110,783	63,799	9,415	183,997
Charge for the year	145,210	14,431	4,990	164,631
At 30 June 2008	255,993	78,230	14,405	348,628
Net book value				
At 30 June 2008	479,349	2,490	5,554	487,393
At 30 June 2007	295,880	15,710	10,544	322,134

10. INVESTMENTS HELD AS FIXED ASSETS

	Shares in group companies £
Cost	
At 1 July 2007 and 30 June 2008	5,098
Net book value	
At 30 June 2008	5,098
At 30 June 2007	5,098

The company has an interest in the issued share capital of the following companies:

Name of company	Nature of business	Country of registration	Class of shares held	% of shares held
Non Executive Register Limited	Dormant	England and Wales	Ordinary	100
Candidate One Limited	Dormant	England and Wales	Ordinary	100
FindMe Limited	Dormant	England and Wales	Ordinary	100
Global Consulting Group Limited	Dormant	England and Wales	Ordinary	100
Professional Associates Limited	Dormant	England and Wales	Ordinary	100
Bloodstock Exchange Limited	Dormant	England and Wales	Ordinary	100

All of the above subsidiary undertakings remained dormant throughout the year.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

11. DEBTORS

	2008 £	2007 £
Trade debtors	169,956	155,456
Other debtors	56,324	15,324
Prepayments and accrued income	25,535	9,917
	251,815	180,697

All debtors are due within one year.

Included within other debtors for the 2008 year end is the director's current account, which currently owes money to the company. The closing balance at 30 June 2008 was £41,000. The highest balance during the year was £83,881.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Bank overdraft	134,985	-
Director's current account	-	198,842
Trade creditors	162,233	86,531
Amounts owed to group undertakings	10	10
Corporation tax	18,989	15,981
Other tax and social security	234,840	139,732
Other creditors	120,000	-
Accruals and deferred income	53,054	70,860
Dividend declared	-	54,740
	724,111	566,696

Included within other creditors are loans from employees of £120,000.

13. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

The movement in the deferred taxation account during the year was:

	2008 £	2007 £
Balance brought forward	1,095	19,051
Profit and loss account charge (credit)	30,469	(17,956)
Balance carried forward	31,564	1,095

The amounts of deferred taxation provided in the financial statements and the amounts not provided are set out below:

	Unprovided		Provided	
	2008 £	2007 £	2008 £	2007 £
Accelerated capital allowances	-	-	31,564	1,095

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

14. OPERATING LEASE COMMITMENTS

At 30 June 2008 the company had no annual commitments under non-cancellable operating leases (2007 – none).

15. RELATED PARTY TRANSACTIONS

As at 30 June 2008 £41,000 was due from (2007 - £198,842 due to) Valentine Feerick, a director of the company. The amount is unsecured, interest free and repayable upon demand. During the year this director introduced £374,700 (2007 - £265,829) and withdrew £614,542 (2007 - £254,213).

16. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised 100,000 ordinary shares of £1 each	10,000	100,000
Allotted called up and fully paid 53,667 ordinary shares of £1 each	53,667	53,667

Options were granted over £1 shares under an Enterprise Management Incentive Scheme as follows:

Date granted	As at 1 July 2007	Number granted	Lapsed in year	As at 30 June 2008	Exercise price
11 January 2007	6,744	-	-	6,744	£11.24
11 January 2007	3,380	-	(1,625)	1,755	£19.16
11 January 2007	1,000	-	-	1,000	£38.33
11 January 2007	1,000	-	-	1,000	£57.50
29 February 2008	-	250	-	250	£19.00
29 February 2008	-	2,450	-	2,450	£6.90
29 February 2008	-	1,500	-	1,500	£13.00

All of the above options granted are exercisable 18 months from the date granted.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

17. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	39,911	26,315
Amortisation	19,750	19,750
Depreciation	164,631	121,285
(Increase) decrease in debtors	(71,118)	207,261
(Decrease) in creditors	(45,838)	(47,680)
Net cash inflow from operating activities	107,336	326,931

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT) FUNDS

	2008 £	2007 £
(Decrease) increase in cash in the year	(174,585)	32,452
Movement in net funds in the year	(174,585)	32,452
Net funds at 1 July 2007	40,232	7,780
Net (debt) funds at 30 June 2008	(134,353)	40,232

19. ANALYSIS OF CHANGES IN NET (DEBT) FUNDS

	At 1 July 2007 £	Cash flows £	At 30 June 2008 £
Net cash:			
Cash in hand and at bank	40,232	(39,600)	632
Bank overdraft	-	(134,985)	(134,985)
Net (debt) funds	40,232	(174,585)	(134,353)

20. CONTROLLING PARTY

The ultimate controlling party is V Feerick.