

**Supply Desk Limited**

Report and Financial Statements

Year Ended

31 December 2006



# **Supply Desk Limited**

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

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### **Directors**

D McLaney  
N J Williams

### **Secretary and registered office**

K Spedding, Fives Court, Hillsborough Barracks, Penistone Road, Sheffield, S6 2GZ

### **Company number**

03725732

### **Auditors**

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, KT17 1HS

### **Bankers**

Barclays Bank Plc, PO Box 378, 71 Grey Street, Newcastle upon Tyne, NE99 1JP

## **Supply Desk Limited**

### **Report of the directors for the year ended 31 December 2006**

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

#### **Principal activities**

The company's principal activity is the supply of permanent and temporary teaching staff to schools

#### **Review of the business and future developments**

The profit and loss account is set out on page 5 and shows the turnover for the year of £21.1m and an operating profit of £1.5m

The company is now working closely with its fellow subsidiaries in the social work sector in response to the Children Act 2004, and falls under the same central management. This strategic move places the company in an excellent position to capitalise on the potential opportunities which should arise.

An interim dividend of £15,875 per share (2005: £nil per share) was paid during the year. The directors do not recommend payment of a final dividend (2005: £nil per share).

There have been no events since the balance sheet date which materially affect the position of the company.

#### **Key performance indicators**

In 2006 turnover decreased by 10% to £21.1m (2005: £23.4m). The company achieved margins of 25.7% (2005: 23.7%) which helped to offset some of the revenue shortfall.

The market is still being affected by the use of non-qualified teaching assistants rather than qualified teachers, but good teachers are still in demand and are commanding higher margins. This area remains a key focus point for the government and many of the changes and investments being made should benefit us in the long term.

In 2006 the average number of clients has increased by 7% and the average number of candidates has increased by 10%.

#### **Principal risks and uncertainties**

The company is focused on schools in the public sector and is therefore exposed to changes in government funding targets.

#### **Financial instruments**

The company holds financial instruments to finance its operations. Operations are financed by floating rate invoice discounting and overdraft facilities. In addition various financial instruments such as trade debtors and trade creditors arise directly from the company's operations. The company does not enter into any hedging arrangements.

The company utilises a centralised treasury service which monitors the liquidity and interest rate risk. The company has access to the invoice discounting and overdraft facilities of its group. Cash flow is monitored on a regular basis and appropriate action is taken where additional funds are required. Based on our experience to date and knowledge of our customer base, there is a minimal credit risk from credit sales.

## Supply Desk Limited

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

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#### Directors

The directors of the company during the year were

D McLaney  
N Williams

No director had any beneficial interest in the issued share capital of the company. D McLaney and N Williams are also directors of the ultimate parent company, Public Recruitment Group PLC, and their interests in the share capital of that company are shown in its financial statements.

#### Statement of 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 year. 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.

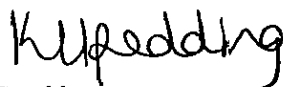
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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



K Spedding  
Secretary

Date 23/3/07

## **Supply Desk Limited**

### **Report of the independent auditors**

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#### **To the shareholders of Supply Desk Limited**

We have audited the financial statements of Supply Desk Limited for the year ended 31 December 2006, which comprise the profit and loss account, the balance sheet 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 and whether the information given in the directors' report is consistent with those financial statements. We also 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.

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.

**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 31 December 2006 and of its profit 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



**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors*  
Epsom

Date 28 February 2007

# Supply Desk Limited

## Profit and loss account for the year ended 31 December 2006

	Note	2006 £	2005 £
<b>Turnover</b>	2	21,078,828	23,434,652
Cost of sales		(15,660,862)	(17,880,517)
<b>Gross profit</b>		5,417,966	5,554,135
Administrative expenses		(3,939,719)	(3,887,894)
Operating profit before exceptional administrative expenses		1,560,211	1,688,696
Exceptional administrative expenses	4	(81,964)	(22,455)
<b>Operating Profit</b>	3	1,478,247	1,666,241
Interest payable and similar charges	6	(128,345)	(120,178)
<b>Profit on ordinary activities before taxation</b>		1,349,902	1,546,063
Taxation on profit on ordinary activities	7	(303,453)	(484,632)
<b>Profit on ordinary activities after taxation</b>		1,046,449	1,061,431

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

Movements in shareholders' funds are shown in note 13

The notes on pages 7 to 13 form part of these financial statements

# Supply Desk Limited

## Balance sheet at 31 December 2006

	Note	2006 £	2006 £	2005 £	2005 £
<b>Fixed assets</b>					
Tangible assets	9		101,040		157,091
<b>Current assets</b>					
Debtors	10	2,191,586		3,510,762	
Cash at bank and in hand		2,028,228		3,231,622	
		<u>4,219,814</u>		<u>6,742,384</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(3,609,701)</u>		<u>(4,059,771)</u>	
<b>Net current assets</b>			610,113		2,682,613
<b>Total assets less current liabilities</b>			<u>711,153</u>		<u>2,839,704</u>
<b>Capital and reserves</b>					
Called up share capital	12		200		200
Profit and loss account	13		710,953		2,839,504
<b>Shareholders' funds</b>			<u>711,153</u>		<u>2,839,704</u>

The financial statements were approved by the Board and authorised for issue on 23/3/07



N J Williams  
Director

The notes on pages 7 to 13 form part of these financial statements



## Supply Desk Limited

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

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#### 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

##### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Public Recruitment Group PLC and the company is included in consolidated financial statements

##### *Turnover*

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

##### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates

Motor vehicles	- 25% per annum
Fixtures, fittings and equipment	- 15 - 33 3% per annum

##### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

##### *Leased assets*

Where assets are held on operating leases their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease

##### *Pension costs*

Contributions were made by the company to the individual money purchase plans of employees during the year. Contributions to these plans are charged to the profit and loss account in the period in which they become payable

##### *Equity Dividends*

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting

## Supply Desk Limited

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

#### 1 Accounting policies (continued)

##### *Related party disclosure*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by Public Recruitment Group PLC on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

#### 2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

#### 3 Operating profit

	2006 £	2005 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	66,839	81,538
Hire of land and buildings - operating leases	62,604	61,660
Hire of other assets - operating leases	103,821	105,139
Auditors remuneration		
- audit services	18,000	15,000
- other services - taxation services	-	1,000
Profit on disposal of fixed assets	(1,000)	-

#### 4 Exceptional administrative expenses

During the year, the company incurred redundancy and office closure costs of £81,964 (2005 £22,455) as part of a reorganisation. Tax relief of £24,589 (2005 £6,737) is available in respect of the costs

#### 5 Employees

Staff costs (including directors) consist of

	2006 £	2005 £
Wages and salaries	1,723,551	1,659,527
Social security costs	204,938	195,781
Other pension costs	28,489	21,603
	<u>1,956,978</u>	<u>1,876,911</u>

No remuneration has been paid to directors in the current or prior year

## Supply Desk Limited

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

#### 5 Employees (continued)

The average number of employees (including directors) during the year was as follows

	2006 Number	2005 Number
Office and management	12	11
Selling	45	47
	<hr/>	<hr/>
	57	58
	<hr/>	<hr/>

#### 6 Interest payable and similar charges

	2006 £	2005 £
Bank loans, overdrafts and invoice discounting	128,345	120,178
	<hr/>	<hr/>

# Supply Desk Limited

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

### 7 Taxation on profit on ordinary activities

	2006 £	2006 £	2005 £	2005 £
<i>UK Corporation tax</i>				
Current tax on profits of the year	142,090		313,837	
Adjustment in respect of previous periods	(69,476)		(23,837)	
Amounts paid for group relief	238,625		198,580	
Total current tax		311,239		488,580
<i>Deferred taxation</i>				
Origination and reversal of timing differences (note 10)		(7,786)		(3,948)
		303,453		484,632

The tax assessed for the period is lower (2005 higher) than the standard rate of corporation tax in the UK. The differences are explained below

	2006 £	2005 £
Profit on ordinary activities before tax	1,349,902	1,546,063
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 30%)	404,971	463,816
Effect of		
Expenses not deductible for tax purposes	23,556	8,058
Depreciation for the year in excess of capital allowances	6,130	2,715
Group relief claimed	(238,625)	(210,029)
Adjustment to tax charge in respect of previous periods	(69,476)	(23,837)
Profit on sale of fixed assets	(300)	-
Other timing differences	(53,642)	49,277
Payment for group relief	238,625	198,580
Current tax charge for period	311,239	488,580

### 8 Dividends

	2006 £	2005 £
Ordinary Shares		
Interim paid of £15,875 (2005 £nil) per share	3,175,000	-

## Supply Desk Limited

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

#### 9 Tangible fixed assets

	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>			
At 1 January 2006	14,179	344,384	358,563
Additions	-	12,626	12,626
Disposals	(14,179)	(1,838)	(16,017)
At 31 December 2006	-	355,172	355,172
<i>Depreciation</i>			
At 1 January 2006	14,179	187,293	201,472
Provided for the year	-	66,839	66,839
Disposals	(14,179)	-	(14,179)
At 31 December 2006	-	254,132	254,132
<i>Net book value</i>			
At 31 December 2006	-	101,040	101,040
At 31 December 2005	-	157,091	157,091

#### 10 Debtors

	2006 £	2005 £
Trade debtors	2,000,194	2,502,173
Amounts owed by group undertakings	31,344	875,781
Other debtors	14,996	10,722
Prepayments and accrued income	133,318	118,138
Deferred taxation	11,734	3,948
	2,191,586	3,510,762

All amounts shown under debtors fall due for payment within one year

In accordance with FRS 5, trade debtors include an amount of £1,717,483 (2005 £ 2,107,867) which are used as security for advances under an invoice discounting facility

## Supply Desk Limited

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

#### 10 Debtors (continued)

	Deferred tax £
At 1 January 2006	3,948
Credited to profit and loss account (note 7)	7,786
	<hr/>
At 31 December 2006	11,734
	<hr/>

The deferred tax asset relates to decelerated capital allowances

#### 11 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	124,345	121,596
Amounts owed to group undertakings	147,575	95,450
Corporation tax	225,630	200,566
Other taxation and social security	1,220,718	1,441,197
Invoice discounting advances (secured)	1,717,483	2,107,867
Other creditors	11,217	6,024
Accruals and deferred income	162,733	87,071
	<hr/>	<hr/>
	3,609,701	4,059,771
	<hr/>	<hr/>

The invoice discounting advances are secured by way of first fixed and floating charges over the present and future assets of the company

#### 12 Share capital

	2006 £	2005 £
<i>Authorised Share capital</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
	2006 £	2005 £
<i>Allotted, called up and fully paid Share capital</i>		
200 Ordinary shares of £1 each	200	200
	<hr/>	<hr/>

## Supply Desk Limited

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

#### 13 Summary of reserve movements and reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Shareholders' funds £
At 1 January 2006	200	2,839,504	2,839,704
Profit for the year	-	1,046,449	1,046,449
Dividends	-	(3,175,000)	(3,175,000)
	<u>200</u>	<u>710,953</u>	<u>711,953</u>

#### 14 Contingent liabilities

The company has guaranteed bank borrowings of other group companies. At 31 December 2006 amounts outstanding in respect of these borrowings were £27,922,241 (2005 £20,321,041).

#### 15 Pensions

The company has made contributions to the individual money purchase plans of employees during the year. The assets of these plans are held separately from those of the company in independently administered funds.

The pension charge for the year amounted to £28,489 (2005 £21,603). There were outstanding prepaid contributions of £4,533 (2005 £nil) at the end of the financial year.

#### 16 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2006 Land and buildings £	2006 Other £	2005 Land and buildings £	2005 Other £
Operating leases which expire				
Within one year	7,180	33,910	22,527	8,859
In two to five years	56,450	106,046	30,192	167,710
	<u>63,630</u>	<u>139,956</u>	<u>52,719</u>	<u>176,569</u>

#### 17 Ultimate parent company and parent undertaking of larger group

At 31 December 2006 the company's ultimate parent company was Public Recruitment Group PLC which is the parent of both the smallest and largest groups in which the results of the company are consolidated.

Copies of the consolidated financial statements of Public Recruitment Group PLC are available from Companies House.