

REGISTRAR'S COPY

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**Supply Desk Limited**

Report and Financial Statements

Year Ended

31 December 2005



## **Supply Desk Limited**

### **Annual report and financial statements for the year ended 31 December 2005**

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#### **Contents**

##### **Page:**

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

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#### **Directors**

D McLaney  
N J Williams

#### **Secretary and registered office**

K Spedding, Fives Court, Hillsbrough Barracks, Penistone Road, Sheffield, South Yorkshire, S6 2GZ

#### **Company number**

03725732

#### **Auditors**

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

#### **Bankers**

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

## **Supply Desk Limited**

### **Report of the directors for the year ended 31 December 2005**

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The directors present their report together with the audited financial statements for the year ended 31 December 2005.

#### **Results and dividends**

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend the payment of a final dividend (2004: £Nil per share).

#### **Principal activities, review of business and future developments**

The company's principal activity is that of a staff agency for supply teachers.

The directors are pleased with both the level of business achieved and the year end financial position of the company. The company is expected to maintain this level of business in the coming year.

#### **Directors**

The directors of the company during the year were:

D McLaney	
A Goodman	(resigned 29 September 2005)
N Williams	(appointed 11 January 2005)

No director had any beneficial interest in the share capital of the company.

At 31 December 2005, D McLaney and N Williams were 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.

## Supply Desk Limited

### Report of the directors for the year ended 31 December 2005 (*Continued*)

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#### 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 and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

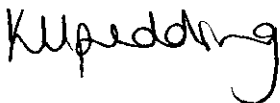
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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

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: 20 October 2006.

## **Supply Desk Limited**

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

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#### **Independent Auditor's Report to the Shareholders of Supply Desk Limited**

We have audited the financial statements of Supply Desk Limited for the year ended 31 December 2005 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**

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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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.

**Supply Desk Limited**


**Report of the independent auditors (*Continued*)**

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**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 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

  
**BDO STOY HAYWARD LLP**  
*Chartered Accountants  
and Registered Auditors*  
Epsom

Date: 24 October 2006

**Supply Desk Limited****Profit and loss account for the year ended 31 December 2005**

	Note	2005 £	2004 £
<b>Turnover</b>	2	23,434,652	22,421,803
Cost of sales		(17,880,517)	(17,162,751)
<b>Gross profit</b>		5,554,135	5,259,052
Administrative expenses		(3,865,439)	(3,913,806)
<b>Operating profit</b>	3	1,688,696	1,345,246
Reorganisation costs	4	(22,455)	(177,256)
<b>Profit on ordinary activities before interest and other income</b>		1,666,241	1,167,990
Other interest receivable and similar income		-	3,000
Interest payable and similar charges	7	(120,178)	(168,502)
<b>Profit on ordinary activities before taxation</b>		1,546,063	1,002,488
Taxation on profit on ordinary activities	8	(484,632)	(178,207)
<b>Profit on ordinary activities after taxation</b>		1,061,431	824,281
Retained profit brought forward	13	1,778,073	953,792
<b>Retained profit carried forward</b>	13	2,839,504	1,778,073

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.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

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

# Supply Desk Limited

## Balance sheet at 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
<b>Fixed assets</b>					
Tangible assets	9		157,091		209,495
<b>Current assets</b>					
Debtors	10	3,510,562		5,187,572	
Cash at bank and in hand		3,231,622		25,913	
			6,742,184	5,213,485	
<b>Creditors: amounts falling due within one year</b>	11	(4,059,771)		(3,644,707)	
<b>Net current assets</b>			2,682,413		1,568,778
<b>Total assets less current liabilities</b>			2,839,504		1,778,273
<b>Capital and reserves</b>					
Called up share capital	12		200		200
Profit and loss account	13		2,839,504		1,778,073
<b>Shareholders' funds</b>			2,839,704		1,778,273

The financial statements were approved by the Board and authorised for issue on 20 Oct. 2006



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 2005

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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.

## Supply Desk Limited

### Notes forming part of the financial statements for the year ended 31 December 2005 (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

	2005 £	2004 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	81,538	94,658
Hire of land and buildings - operating leases	61,660	173,739
Hire of other assets - operating leases	105,139	57,920
Audit services	15,000	23,785
Non-audit services	1,000	1,750

#### 4 Reorganisation costs

Following a group reorganisation during the year, the company incurred redundancy costs of £22,455 (2004: £177,256). Tax relief of £6,737 (2004: £53,000) is available in respect of the costs.

As the reorganisation had a material effect on the nature and focus of the company's operations the costs have been charged after operating profit in accordance with FRS 3, Reporting Financial Performance.

#### 5 Employees

Staff costs (including directors) consist of:

	2005 £	2004 £
Wages and salaries	1,659,527	2,179,752
Social security costs	195,781	212,911
Other pension costs	21,603	7,937
	<u>1,876,911</u>	<u>2,400,600</u>

**Supply Desk Limited****Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)****5 Employees (continued)**

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

	<b>2005 Number</b>	<b>2004 Number</b>
Office and management	11	25
Selling	47	48
	<hr/>	<hr/>
	58	73
	<hr/>	<hr/>

**6 Directors' remuneration**

	<b>2005 £</b>	<b>2004 £</b>
Directors' emoluments	-	131,413
Compensation for loss of office	-	80,000
	<hr/>	<hr/>

**7 Interest payable and similar charges**

	<b>2005 £</b>	<b>2004 £</b>
Bank loans, overdrafts and invoice discounting	120,178	164,912
Other interest	-	3,590
	<hr/>	<hr/>
	120,178	168,502
	<hr/>	<hr/>

# Supply Desk Limited

## Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

### 8 Taxation on profit on ordinary activities

	2005 £	2005 £	2004 £	2004 £
<i>UK Corporation tax</i>				
Current tax on profits of the year	313,837		195,082	
Adjustment in respect of previous periods	(23,837)		(16,875)	
Amounts paid for group relief	198,580		-	
Total current tax		488,580		178,207
<i>Deferred taxation</i>				
Origination and reversal of timing differences (note 10)		(3,948)		-
		484,632		178,207

The tax assessed for the period is higher (2004: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	1,546,063	1,002,488
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 - 30%)	463,816	300,746
Effect of:		
Expenses not deductible for tax purposes	8,058	17,145
Depreciation for the year in excess of capital allowances	2,715	547
Group relief claimed	(210,029)	(118,612)
Adjustment to tax charge in respect of previous periods	(23,837)	(16,875)
Profit on sale of fixed assets	-	(4,762)
Other timing differences	49,277	18
Payment for group relief	198,580	-
Current tax charge for period	488,580	178,207

# Supply Desk Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

## 9 Tangible fixed assets

	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>			
At 1 January 2005	109,211	306,030	415,241
Additions	-	45,586	45,586
Disposals	(95,032)	(7,232)	(102,264)
At 31 December 2005	14,179	344,384	358,563
<i>Depreciation</i>			
At 1 January 2005	82,297	123,449	205,746
Provided for the year	11,536	70,002	81,538
Disposals	(79,654)	(6,158)	(85,812)
At 31 December 2005	14,179	187,293	201,472
<i>Net book value</i>			
At 31 December 2005	-	157,091	157,091
At 31 December 2004	26,914	182,581	209,495

## 10 Debtors

	2005 £	2004 £
Trade debtors	2,501,973	2,550,268
Amounts owed by group undertakings	875,781	2,544,746
Other debtors	10,722	11,021
Prepayments and accrued income	118,138	81,537
Deferred taxation	3,948	-
	3,510,562	5,187,572

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

In accordance with FRS 5, trade debtors include an amount of £2,107,867 (2004: £2,041,521) 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 2005 (Continued)

### 10 Debtors (continued)

	Deferred tax £
At 1 January 2005	-
Credited to profit and loss account (note 8)	3,948
	<hr/>
At 31 December 2005	3,948
	<hr/> <hr/>

The deferred tax asset relates to decelerated capital allowances.

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

	2005 £	2004 £
Trade creditors	121,596	150,382
Amounts owed to group undertakings	95,450	212,874
Corporation tax	200,566	125,237
Other taxation and social security	1,441,197	952,237
Invoice discounting advances (secured)	2,107,867	2,041,521
Other creditors	6,024	142,452
Accruals and deferred income	87,071	20,004
	<hr/>	<hr/>
	4,059,771	3,644,707
	<hr/> <hr/>	<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

	2005 £	2004 £
<i>Authorised</i>		
<i>Equity share capital</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
	<hr/>	<hr/>
	2005 £	2004 £
<i>Allotted, called up and fully paid</i>		
<i>Equity share capital</i>		
200 Ordinary shares of £1 each	200	200
	<hr/>	<hr/>
	<hr/>	<hr/>

## Supply Desk Limited

### Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

#### 13 Reserves

	Profit and loss account £
At 1 January 2005	1,778,073
Profit for the year	1,061,431
	<hr/>
At 31 December 2005	2,839,504
	<hr/>

#### 14 Contingent liabilities

The company has guaranteed bank borrowings of other group companies. At 31 December 2005 amounts outstanding in respect of these borrowings were £20,321,041 (2004 - £6,532,458).

#### 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 £21,603 (2004 - £7,937). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

#### 16 Commitments under operating leases

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

	2005 Land and buildings £	2005 Other £	2004 Land and buildings £	2004 Other £
Operating leases which expire:				
Within one year	22,527	8,859	-	2,937
In two to five years	30,192	167,710	33,160	66,309
	<hr/>	<hr/>	<hr/>	<hr/>
	52,719	176,569	33,160	69,246
	<hr/>	<hr/>	<hr/>	<hr/>

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

At 31 December 2005 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.

The pages which follow do not  
form part of the statutory  
financial statements of the company



# Supply Desk Limited

## Detailed profit and loss account for the year ended 31 December 2005

	2005		2004	
	£	£	£	£
<b>Turnover</b>		23,434,652		22,421,803
<b>Cost of sales</b>		(17,880,517)		(17,162,751)
		<hr/>		<hr/>
<b>Gross profit</b>		5,554,135		5,259,052
<b>Administrative expenses</b>				
Directors' salaries	-		131,413	
Staff salaries	1,659,527		1,871,083	
National insurance	195,781		212,911	
Staff pensions	21,603		7,937	
Depreciation - fixtures, fittings and equipment	70,002		50,862	
Depreciation - motor vehicles	11,536		43,796	
Auditors remuneration	16,000		25,535	
Profit on disposal of fixed assets	(9,115)		(15,876)	
Rent	137,783		174,823	
Rates	17,181		14,709	
Insurance	39,823		37,638	
Light and heat	8,088		5,714	
Repairs and maintenance	15,147		38,725	
Printing postage and stationary	155,376		194,905	
Advertising	216,045		296,985	
Telephone	130,666		154,196	
Hire of equipment	14,059		47,407	
Motor expenses	143,095		103,654	
Entertaining	27,070		26,850	
Legal and professional	56,253		98,747	
Staff training and recruitment	35,774		61,006	
General expenses	2,729		9,694	
Bank charges	15,085		21,638	
Travelling and subsistence	51,284		34,482	
Management charges	834,647		264,972	
		<hr/>	<hr/>	
		(3,865,439)		(3,913,806)
<b>Operating profit</b>		1,688,696		1,345,246
Reorganisation costs		(22,455)		(177,256)
		<hr/>		<hr/>
<b>Profit on ordinary activities before interest</b>		1,666,241		1,167,990
Interest receivable		-		3,000
Interest payable and similar charges		(120,178)		(168,502)
		<hr/>		<hr/>
<b>Profit on ordinary activities</b>		1,546,063		1,002,488
		<hr/>		<hr/>