

Registered number  
03725732

Supply Desk Limited  
Annual Report and Financial Statements  
For the year ended 31 December 2011



**Supply Desk Limited**  
**Annual Report and Financial Statements**  
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## **Supply Desk Limited**

### **Company Information**

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#### **Directors**

D Kelly

D Urmson

#### **Secretary**

K Spedding

#### **Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Benson House

33 Wellington Street

Leeds

LS1 4JP

#### **Bankers**

Barclays Bank plc

Business Services Team

Level 27

1 Churchill Place

London

E14 5HP

#### **Registered office**

Second Floor, Sir Wilfrid Newton House, Thorncliffe Park

Chapelton

Sheffield

South Yorkshire

S35 2PH

#### **Registered number**

03725732

**Supply Desk Limited****Registered number:****03725732****Directors' Report**

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The directors present their report and audited financial statements for the year ended 31 December 2011

**Principal activities**

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

**Review of the business**

The profit and loss account is set out on page 5 and shows the turnover for the year of £15.8m (2010 £18.5m) and an operating profit of £0.9m (2010 £1.6m)

Trading conditions continued to be challenging throughout 2011. The public sector as a whole had to address the Government's austerity requirements. In addition to cuts schools also had to work with a new funding mechanism, material changes to their targets and future structures, plus for many a conversion to an Academy Trust. Turnover dropped 15% on last year to £15.8m, however gross margins improved to 31.6% (2010 30.6%), resulting in a gross margin fall of only 12% overall.

An interim dividend of £5,000 (2010 £12,500) per share was paid during the year. The total dividend paid was £1,000,000 (2010 £2,500,000). The directors do not recommend payment of a final dividend (2010 £nil per share).

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

**Principal risks and uncertainties**

As with all public sector bodies education and therefore schools are experiencing financial constraints, structural changes and an enhanced focus on performance. Further material changes to funding or schools strategy could lead to an extended hiatus, a change in the recruitment levels and margin obtainable.

Many of the recent changes presented by the Government, DfE and Ofsted have resulted in challenges from the main teacher unions. Strikes, walkouts and long spells of discontent could lead to a drop in the level of ad-hoc supply requirements.

The Group's activities are exposed to any changes in government policy and changes in legislation. In particular the introduction of the Agency Workers Directive (AWD) in October 2011 could still see a change in the way in which ad-hoc or contract recruitment delivered. Education still awaits a test case.

The market for the provision of temporary and permanent recruitment services to the public sector remains highly competitive. The competitive risk arising from the activities of our competitors and new entrants manifests itself in increased competition for staff, candidates and clients, service development and in pricing pressures.

**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.

The Company is mainly exposed to credit risk from credit sales. An allowance for impairment is made where there is evidence of a likely reduction in the recoverability of the cash flows. Given the nature of its operations the Company's credit risk is concentrated in public sector clients. It is company policy to assess the credit risk of new customers before entering contracts. The Company does not enter into derivatives to manage credit risk.

**Supply Desk Limited****Registered number:****03725732****Directors' Report**

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**Directors**

The following persons served as directors during the year

D Kelly  
D Urmson

**Statement of Directors' responsibilities**

The directors are responsible for preparing the annual report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

**Disclosure of information to auditors**

Each person who was a director at the time this report was approved confirms that

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 26 April 2012 and signed on its behalf



D Urmson  
Director

**Supply Desk Limited**  
**Independent auditors' report**  
**to the shareholder of Supply Desk Limited**

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We have audited the financial statements of Supply Desk Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

**Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Nicholas Cook  
(Senior Statutory Auditor)  
for and on behalf of  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
26 April 2012

Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

**Supply Desk Limited**  
**Profit and Loss Account**  
**for the year ended 31 December 2011**

	Notes	2011 £	2010 £
Turnover	2	15,749,294	18,495,704
Cost of sales		(10,770,964)	(12,840,801)
<b>Gross profit</b>		<b>4,978,330</b>	<b>5,654,903</b>
Administrative expenses		(4,082,136)	(4,070,374)
<b>Operating profit before exceptional administrative expenses</b>		<b>927,542</b>	<b>1,584,529</b>
Exceptional administrative expenses	4	(31,348)	-
<b>Operating profit</b>	3	<b>896,194</b>	<b>1,584,529</b>
Interest payable	6	(10,803)	(6,123)
<b>Profit on ordinary activities before taxation</b>		<b>885,391</b>	<b>1,578,406</b>
Tax on profit on ordinary activities	7	(88,270)	(457,766)
<b>Profit for the financial year</b>		<b>797,121</b>	<b>1,120,640</b>

All results derive from continuing operations

The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historic cost equivalents

Movement in shareholders' funds are shown in note 14

**Supply Desk Limited**  
**Balance Sheet**  
**as at 31 December 2011**

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	8	21,456	22,593
<b>Current assets</b>			
Debtors	9	1,155,831	1,362,710
Cash at bank and in hand		<u>1,929,418</u>	<u>2,286,661</u>
		3,085,249	3,649,371
<b>Creditors amounts falling due within one year</b>	10	(2,156,451)	(2,518,831)
<b>Net current assets</b>		<u>928,798</u>	<u>1,130,540</u>
<b>Net assets</b>		<u><u>950,254</u></u>	<u><u>1,153,133</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	200	200
Profit and loss account	12	950,054	1,152,933
<b>Shareholder's funds</b>	14	<u><u>950,254</u></u>	<u><u>1,153,133</u></u>

The financial statements on pages 5 to 13 were approved by the board and authorised for issue on 26 April 2012

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



D Urmson  
Director

**Supply Desk Limited Registered Number 03725732**



**Supply Desk Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2011**

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**1 Accounting policies**

***Accounting convention***

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, and the Companies Act 2006. The accounts have also been prepared on the basis the Company is a going concern. The following principal accounting policies have been consistently applied over both periods.

***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 Synarbor PLC and the Company is included within Synarbor PLC's publically available consolidated financial statements.

***Basis of preparation***

The validity of the going concern assumption depends on the Group being able to manage its finances within its own available funding.

In their consideration of going concern the directors have taken account of the financial forecasts for the next 12 months. In particular they have considered both the sufficiency of the Group's current banking facilities and its ability to meet the banking covenants associated with these facilities. As a result of this review the directors consider that the facilities available are adequate and that compliance with covenants can be managed.

***Turnover***

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Income from temporary placements is recognised over the period of the placement. Income from permanent placements is recognised at the point of acceptance by both parties when the Company's contractual obligations have been fulfilled.

***Deferred Income***

Deferred Income represents income where the customer has paid in advance for the services, but which has not yet been used at the balance sheet date. This income is recognised in the profit and loss account only when the services have been supplied.

***Tangible Assets and Depreciation***

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation.

Cost includes the original purchase price of the asset plus the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided to write off all the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery	15% - 33 3% per annum
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**Supply Desk Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2011**

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***Deferred taxation***

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

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

***Leasing***

Payments made under operating leases, net of any incentives received from the lessor, are charged to the profit and loss account on a straight line basis over the period of the lease

***Pensions***

The Company made contributions 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 year 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 shareholders at an annual general meeting

***Related party disclosures***

The Company has taken advantage of the exemption conferred by paragraph 3(c) of Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with members of the Group headed by Synarbor PLC on the grounds that 100% of the voting rights in the Company are controlled within that Group and the Company is included in consolidated financial statements

**2 Turnover**

The Company's activities consist solely of the supply of permanent and temporary teaching staff to schools and nurseries in the UK

**Supply Desk Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2011**

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<b>3 Operating profit</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
This is stated after charging		
Depreciation of tangible fixed assets	<b>9,440</b>	12,915
Operating lease rentals - plant and machinery	<b>136,225</b>	93,781
Operating lease rentals - land and buildings	<b>82,715</b>	121,107
Auditors' remuneration for audit services	<b>14,400</b>	14,400

**4 Exceptional administrative expenses**

During the year the Company incurred redundancy and reorganisation costs of £31,348 (2010 £nil) Tax relief of £8,307 (2010 £nil) is available in respect of these costs

<b>5 Staff costs</b>	<b>2011</b>	<b>2010</b>
<b>(including directors)</b>	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,339,518</b>	1,556,085
Social security costs	<b>141,508</b>	157,146
Other pension costs	<b>8,119</b>	12,486
	<b>1,489,145</b>	1,725,717

**Average monthly number of employees during the year**  
**(including directors)**

	<b>Number</b>	<b>Number</b>
Administration	<b>4</b>	6
Sales	<b>49</b>	54
	<b>53</b>	60

No remuneration has been paid to the directors in the current or prior year All directors' emoluments have been borne by the ultimate parent company, Synarbor PLC The Directors did not receive any emoluments in respect of their services to the company (2010 £nil)

<b>6 Interest payable</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank loans, overdrafts and invoice discounting	<b>10,803</b>	6,123

**Supply Desk Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2011**

<b>7 Taxation</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in period</b>		
Current tax		
UK corporation tax on profits of the period	<b>99,482</b>	268,264
Amounts claimed for group relief	<b>134,137</b>	189,502
Adjustments in respect of previous periods	<b>(148,424)</b>	-
	<b>85,195</b>	457,766
Deferred tax		
Origination and reversal of timing differences	<b>3,075</b>	-
	<b>3,075</b>	-
Tax on profit on ordinary activities	<b>88,270</b>	457,766

**Factors affecting tax charge for period**

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<b>885,391</b>	1,578,406
Standard rate of corporation tax in the UK	<b>26.5%</b>	28%
	<b>£</b>	<b>£</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax	<b>234,629</b>	441,954
Effects of		
Expenses not deductible for tax purposes	<b>2,342</b>	4,200
Capital allowances for period in excess of depreciation	<b>(3,352)</b>	1,107
Adjustments to tax charge in respect of previous periods	<b>(148,424)</b>	-
Overprovision in current year	-	10,505
Current tax charge for period	<b>85,195</b>	457,766

During the year, as a result of the change in the UK corporation tax rate to 25% that was substantively enacted on 5 July 2011 and that will be effective from 1 April 2012, the relevant deferred tax balances have been re-measured

Further reductions to the UK corporation tax rate were announced in the March 2012 budget. The changes, which are expected to be enacted separately each year, propose to reduce the main rate to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

**Supply Desk Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2011**

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**8 Tangible fixed assets**

	<b>Plant and machinery £</b>
<b>Cost</b>	
At 1 January 2011	36,335
Additions	8,303
Disposals	<u>(5,620)</u>
At 31 December 2011	<u><b>39,018</b></u>
<b>Depreciation</b>	
At 1 January 2011	13,742
Charge for the year	9,440
On disposals	<u>(5,620)</u>
At 31 December 2011	<u><b>17,562</b></u>
<b>Net book value</b>	
At 31 December 2011	<u><b>21,456</b></u>
At 31 December 2010	<u><b>22,593</b></u>

<b>9 Debtors</b>	<b>2011 £</b>	<b>2010 £</b>
Trade debtors	<b>1,047,434</b>	1,247,353
Amounts owed by group undertakings	<b>105</b>	1,694
Other debtors	<b>17,670</b>	23,903
Prepayments and accrued income	<b>81,963</b>	78,026
Deferred taxation	<b>8,659</b>	11,734
	<u><b>1,155,831</b></u>	<u><b>1,362,710</b></u>

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

Trade debtors includes an amount of £538,022 (2010 £147,848) which are used as security for advances under an invoice discounting facility

The deferred tax relates to decelerated capital allowances. The Directors consider that it is more likely than not that there will be sufficient taxable profits in the future such to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements

**Supply Desk Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2011**

<b>10 Creditors: amounts falling due within one year</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank loans, overdrafts and invoice discounting advances (secured)	<b>538,022</b>	147,848
Trade creditors	<b>44,929</b>	53,050
Amounts owed to group undertakings	<b>435,649</b>	445,532
Corporation tax	<b>325,623</b>	1,207,349
Other taxes and social security costs	<b>409,189</b>	394,870
Other creditors	<b>33,113</b>	34,972
Accruals and deferred income	<b>369,926</b>	235,210
	<b><u>2,156,451</u></b>	<b><u>2,518,831</u></b>

Invoice discounting advances are secured by way of first fixed and floating charges over the present and future assets of the Company

<b>11 Share capital</b>	<b>Nominal value</b>	<b>Number</b>	<b>2011</b>	<b>2010</b>
			<b>£</b>	<b>£</b>
Allotted, called up and fully paid Ordinary shares	£1 each	200	<b><u>200</u></b>	<b><u>200</u></b>

<b>12 Profit and loss account</b>	<b>2011</b>
	<b>£</b>
At 1 January 2011	1,152,933
Profit for the financial year	797,121
Dividends	(1,000,000)
	<b><u>950,054</u></b>
At 31 December 2011	

<b>13 Dividends</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Dividends for which the company became liable during the year		
Dividends paid	<b><u>1,000,000</u></b>	<b><u>2,500,000</u></b>

<b>14 Reconciliation of movement in shareholder's funds</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
At 1 January	1,153,133	2,532,493
Profit for the financial year	797,121	1,120,640
Dividends	(1,000,000)	(2,500,000)
	<b><u>950,254</u></b>	<b><u>1,153,133</u></b>
At 31 December		

**Supply Desk Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2011**

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**15 Pension commitments**

The Company has made contributions to the individual money purchase pension plans of employees during the year

The pension charge for the year amounted to £8,119 (2010 £12,486) There were no outstanding or prepaid contributions at either the beginning or end of the financial year

**16 Other financial commitments**

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £	Land and buildings 2010 £	Other 2011 £	Other 2010 £
Operating leases which expire within one year	9,074	19,278	5,753	18,393
within two to five years	<u>26,414</u>	<u>36,452</u>	<u>53,082</u>	<u>45,618</u>
	<u><u>35,488</u></u>	<u><u>55,730</u></u>	<u><u>58,835</u></u>	<u><u>64,011</u></u>

**17 Contingent liabilities**

The Company has guaranteed bank borrowings of other group companies At 31 December 2011 amounts outstanding in respect of these borrowings were £9,316,230 (2010 £11,643,959) In the directors' opinion, no outflow will occur in respect of this guarantee

**18 Ultimate controlling party**

At 31 December 2011 the Company's ultimate parent company and controlling party was Synarbor PLC which is the parent of both the smallest and largest group in which the results of the Company are consolidated

Copies of the consolidated financial statements of Synarbor PLC, a company incorporated in the UK, are available from Companies House