

REGISTRAR'S COPY

COMPANY NUMBER 3725732

Supply Desk Limited

Report and Financial Statements

Year Ended

31 December 2003

BDO

BDO Stoy Hayward
Chartered Accountants



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Supply Desk Limited

Annual report and financial statements for the year ended 31 December 2003

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Directors

D McLaney
A Goodman
L Percival

Secretary and registered office

D McLaney, 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

Solicitors

Pincent Curtis Biddle, The Chancery, 58 Spring Gardens, Manchester, M2 1EW

Bankers

Fortis Bank S.A./N.V., Camomile Court, 23 Camomile Street, London, EC3A 7PP

Supply Desk Limited

Report of the directors for the year ended 31 December 2003

The directors present their report together with the audited financial statements for the year ended 31 December 2003.

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 dividend.

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 and expect the level of growth to be maintained for the foreseeable future.

Post balance sheet events

These are detailed in note 21 of the financial statements.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of £1 each	
	31 December	1 January
	2003	2003
D McLaney	-	-
A Goodman	-	-
L Percival	-	-

No director had any interest in the ordinary shares of the company at 31 December 2003.

At 31 December 2003, D McLaney, A Goodman and L Percival were also directors of the ultimate parent company, Public Recruitment Group Holdings Limited, and their interests in the share capital of that company are shown in its financial statements.

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:

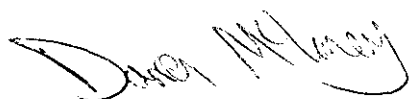
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the board



D McLaney
Secretary

Date: 21 April 2004.

To the shareholders of Supply Desk Limited

We have audited the financial statements of Supply Desk Limited for the year ended 31 December 2003 on pages 5 to 14 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read 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.

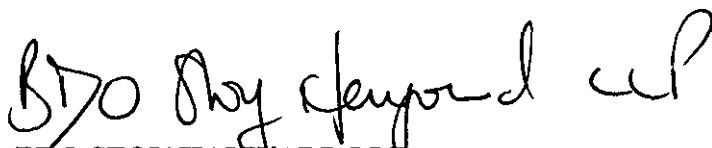
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 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: 21 April 2004

Supply Desk Limited**Profit and loss account for the year ended 31 December 2003**

	Note	2003 £	2002 £
Turnover	2	19,863,630	16,490,162
Cost of sales		15,264,212	12,718,020
		<hr/>	<hr/>
Gross profit		4,599,418	3,772,142
Administrative expenses		3,655,893	3,292,051
		<hr/>	<hr/>
		943,525	480,091
Other operating income		-	55,539
		<hr/>	<hr/>
Operating profit	3	943,525	535,630
Interest payable and similar charges	6	(126,370)	(43,904)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		817,155	491,726
Taxation on profit on ordinary activities	7	224,315	220,855
		<hr/>	<hr/>
Profit on ordinary activities after taxation		592,840	270,871
Dividends	8	-	200,000
		<hr/>	<hr/>
Retained profit	14	592,840	70,871
		<hr/>	<hr/>

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 14 form part of these financial statements.

Supply Desk Limited

Balance sheet at 31 December 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	9		226,488		226,197
Current assets					
Debtors	10	2,472,609		1,885,772	
Cash at bank and in hand		1,241,121		1,187,513	
		<u>3,713,730</u>		<u>3,073,285</u>	
Creditors: amounts falling due within one year	11	<u>2,986,226</u>		<u>2,853,730</u>	
Net current assets			<u>727,504</u>		<u>219,555</u>
Total assets less current liabilities			<u>953,992</u>		<u>445,752</u>
Creditors: amounts falling due after more than one year	12		-		84,600
			<u>953,992</u>		<u>361,152</u>
Capital and reserves					
Called up share capital	13		200		200
Profit and loss account	14		953,792		360,952
Equity shareholders' funds	15		<u>953,992</u>		<u>361,152</u>

The financial statements were approved by the Board on 21 April 2004.

L Percival
Director



The notes on pages 7 to 14 form part of these financial statements.

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 Holdings Limited 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 - 25% 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.

2 Turnover

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

3 Operating profit

	2003 £	2002 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	104,397	81,773
Hire of plant and machinery - operating leases	14,589	10,052
Hire of other assets - operating leases	17,220	10,000
Audit services	18,094	12,025
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	2003 £	2002 £
Wages and salaries	1,951,030	1,491,024
Social security costs	196,522	163,488
Other pension costs	10,232	85,975
	<u> </u>	<u> </u>
	2,157,784	1,740,487
	<u> </u>	<u> </u>

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

	2003 Number	2002 Number
Office and management	23	9
Selling	46	42
	<u> </u>	<u> </u>
	69	51
	<u> </u>	<u> </u>

5 Directors' remuneration

	2003 £	2002 £
Directors' emoluments	198,524	153,831
Company contributions to money purchase pension schemes	-	5,163
	<u>198,524</u>	<u>158,994</u>

6 Interest payable and similar charges

	2003 £	2002 £
Bank loans and overdrafts	126,370	31,777
Interest on 5% Guaranteed Loan Stock	-	12,127
	<u>126,370</u>	<u>43,904</u>

7 Taxation on profit on ordinary activities

	2003 £	2002 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	224,315	220,855
	<u>224,315</u>	<u>220,855</u>

The tax assessed for the period is lower (2002: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	817,155	491,726
	<u>817,155</u>	<u>491,726</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002 - 30%)	245,147	147,518
Effect of:		
Expenses not deductible for tax purposes	4,763	83,298
Depreciation for the year in excess of capital allowances	6,839	1,889
Utilisation of group tax losses	-	(11,850)
Other timing differences	(32,434)	-
	<u>224,315</u>	<u>220,855</u>
Current tax charge for period	224,315	220,855
	<u>224,315</u>	<u>220,855</u>

8 Dividends

	2003 £	2002 £
<i>Equity shares</i>		
Ordinary shares		
Interim paid of Nil (2002 - £1,000) per share	-	200,000
	<u> </u>	<u> </u>

9 Tangible fixed assets

	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>			
At 1 January 2003	263,379	102,670	366,049
Additions	28,970	80,384	109,354
Disposals	(15,000)	-	(15,000)
Transfers	-	(916)	(916)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2003	277,349	182,138	459,487
	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation</i>			
At 1 January 2003	99,488	40,364	139,852
Provided for the year	72,174	32,223	104,397
Disposals	(11,250)	-	(11,250)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2003	160,412	72,587	232,999
	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>			
At 31 December 2003	116,937	109,551	226,488
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2002	163,891	62,306	226,197
	<u> </u>	<u> </u>	<u> </u>

10 Debtors

	2003 £	2002 £
Trade debtors	2,212,877	1,806,293
Amounts owed by group undertakings	104,387	-
Other debtors	44,859	41,508
Prepayments and accrued income	110,486	37,971
	<u>2,472,609</u>	<u>1,885,772</u>

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

11 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank overdraft	-	20,034
Trade creditors	168,072	32,822
Amounts owed to group undertakings	1,504,655	1,642,781
Corporation tax	85,170	40,854
Other taxation and social security	936,786	775,616
Other creditors	221,483	154,379
Accruals and deferred income	70,060	187,244
	<u>2,986,226</u>	<u>2,853,730</u>

12 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Accruals and deferred income	-	84,600
	<u>-</u>	<u>84,600</u>

Supply Desk Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

13 Share capital

	2003 £	2002 £
<i>Authorised</i>		
<i>Equity share capital</i>		
1000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
	2003 £	2002 £
<i>Allotted, called up and fully paid</i>		
<i>Equity share capital</i>		
200 Ordinary shares of £1 each	200	200
	<u> </u>	<u> </u>

14 Reserves

	Profit and loss account £
At 1 January 2003	360,952
Profit for the year	592,840
	<u> </u>
At 31 December 2003	953,792
	<u> </u>

15 Reconciliation of movements in shareholder's funds

	2003 £	2002 £
Profit for the year	592,840	270,871
Dividends	-	(200,000)
	<u> </u>	<u> </u>
	592,840	70,871
Opening shareholder's funds	361,152	290,281
	<u> </u>	<u> </u>
Closing shareholder's funds	953,992	361,152
	<u> </u>	<u> </u>

16 Contingent liabilities

The company has provided security against the bank borrowings of other group companies. This security takes the form of first fixed and floating charges over the company's assets. At 31 December 2003 amounts outstanding in respect of these borrowings were £3,270,000 (2002 - £2,850,000).

17 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 an independently administered funds.

The pension cost charge for the year represents contributions payable by the company to the above plans and an accrual for contributions of £nil (2002 - £75,000), which is included in accruals & deferred income falling due after more than one year, relating to other post-retirement benefits.

18 Commitments under operating leases

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

	2003 Land and buildings £	2003 Other £	2002 Land and buildings £	2002 Other £
Operating leases which expire:				
Within one year	-	-	10,000	-
In two to five years	33,160	39,201	-	10,857
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

19 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Public Recruitment Group Holdings Limited 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.

Related party transactions and balances

During the year the company was charged £20,711 (2002: £nil) for the provision of consultancy services, by The Drew Goodman Partnership, a company in which Mr A Goodman is a partner.

At the year end there were no amounts due to The Drew Goodman Partnership (2002: £nil).

20 Ultimate parent company and parent undertaking of larger group

At 31 December 2003 the company's ultimate parent company was Public Recruitment Group Holdings Limited which is the parent of both the smallest and largest groups of which the company is a member.

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

21 Post balance sheet events

On 19 April 2004 following a group reconstruction the company's former ultimate parent company, Public Recruitment Group Holdings Limited, was acquired by Public Recruitment Group Plc.