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Company Number 04896166

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**Orange Genie Cover Limited**  
**Financial Statements**  
**For the year ended 31st March 2007**

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**Orange Genie Cover Limited**  
**Financial Statements**  
**For the year ended 31st March 2007**

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**Orange Genie Cover Limited**  
**Officers and Professional Advisers**

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<b>The board of directors</b>	C Graham G Fisher R Baker
<b>Company secretary</b>	Marches Secretarial Limited
<b>Registered office</b>	Unit 2, The Hay Barn, Church House Farm, Yarpole, Leominster, Herefordshire, HR6 0BB
<b>Registered number</b>	04896166
<b>Auditor</b>	Benjamin, Taylor & Co , Chartered Accountants & Registered Auditors 5, Wigmore Street, London W1U 1HY

# **Orange Genie Cover Limited**

## **The Directors' Report**

**For the year ended 31st March 2007**

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2007

### **Principal activities and business review**

The company's principal business activity is the employment of professional freelance contractors in the UK. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The company intends to continue to grow its' market share and is making significant investments in new systems, web services and staff development to provide a highly scalable, consistent and reliable solution.

Currently we provide contracting services to over 400 recruitment agencies. Our aim over the next 12 months is to consolidate and deepen those relationships in order to grow our contractor base.

The company operates within an industry sector which is subject to legislative controls, and as such compliance is a major issue with our customers. The company retains the services of employment and taxation specialists who constantly monitor changes in legislation and case law to ensure our operation is at the forefront of both corporate governance and legislative compliance.

As shown in the company's profit and loss account on page 7, in the year of trading, the company has recorded sales of £35,534,613.

### **Commercial Risk**

Competitive pressures and government legislation within the industry in which the company operates are a continuing risk for the company, which could result in it losing sales to its key competitors and those companies offering alternative services. The company manages this risk by providing value added services to its customers, having fast response times not only in supplying services but in handling all customer and contractor queries and offering value for money.

### **Results and dividends**

The profit for the year amounted to £16,110. The directors have not recommended a dividend.

### **Financial risk management objectives and policies**

The company's principal financial instruments comprise bank balances, bank overdraft, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. The company makes use of a deposit account with a higher rate of interest where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditor liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

**Orange Genie Cover Limited**  
**The Directors' Report** *(continued)*  
**For the year ended 31st March 2007**

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**Directors**

The directors who served the company during the year were as follows

C Graham  
G Fisher  
R Baker

(Appointed 8th November 2006)

The company is a wholly owned subsidiary of Genie Management Group Limited and the interests of the group directors are disclosed in the financial statements of the parent company

**Policy on the payment of creditors**

It is the company's policy to maintain good relationships with its contractors. Contractors are made aware of the terms of payment, which are agreed with them in advance and these terms are adhered to. Trade creditors of the company at 31st March 2007 were equivalent to 21 (2006 - 23) days based on the average daily amount invoiced by the contractors during the year.

**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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

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 that 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 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Orange Genie Cover Limited**

**The Directors' Report *(continued)***

**For the year ended 31st March 2007**

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**Disabled employees**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

**Employee involvement**

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between management and employees to allow a free flow of information and ideas.

**Auditor**

A resolution to re-appoint Benjamin, Taylor & Co, as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors

X  X

G Fisher  
Director

Approved by the directors on 30th January 2008

**Independent Auditor's Report to the Shareholders of  
Orange Genie Cover Limited**

**For the year ended 31st March 2007**

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We have audited the financial statements of Orange Genie Cover Limited for the year ended 31st March 2007 on pages 7 to 16, which have been prepared on the basis of the accounting policies set out on page 10

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 auditor's 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 auditor**

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 Auditor's Report to the Shareholders of  
Orange Genie Cover Limited**

**For the year ended 31st March 2007**

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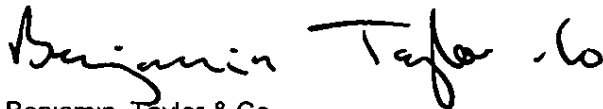
**Opinion**

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 31st March 2007 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



Benjamin, Taylor & Co ,  
Chartered Accountants  
& Registered Auditors

5, Wigmore Street,  
London W1U 1HY

30th January 2008



**Orange Genie Cover Limited**  
**Profit and Loss Account**  
**For the year ended 31st March 2007**

		Year to 31 Mar 07 £	Period from 1 Dec 05 to 31 Mar 06 £
<b>Turnover</b>	Note <b>2</b>	35,534,613	12,205,585
Cost of sales		(34,628,309)	(11,865,986)
<b>Gross Profit</b>		906,304	339,599
Administrative expenses		(910,676)	(284,514)
<b>Operating (Loss)/Profit</b>	<b>3</b>	(4,372)	55,085
Interest receivable		20,482	3,306
<b>Profit on Ordinary Activities Before Taxation</b>		16,110	58,391
Tax on profit on ordinary activities	<b>5</b>	–	(5,379)
<b>Profit for the Financial Year</b>		16,110	53,012
Balance brought forward		29,453	(23,559)
Balance carried forward		<u>45,563</u>	<u>29,453</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

*The notes on pages 10 to 16 form part of these financial statements*

Orange Genie Cover Limited

Balance Sheet

As at 31st March 2007

	Note	2007 £	£	2006 £	£
<b>Fixed Assets</b>					
Intangible assets	6		419,600		468,000
<b>Current Assets</b>					
Debtors	7	3,262,699		2,871,613	
Cash at bank		994,115		1,878,848	
		<u>4,256,814</u>		<u>4,750,461</u>	
<b>Creditors</b> Amounts Falling due Within One Year	8	<u>4,630,849</u>		<u>5,189,006</u>	
<b>Net Current Liabilities</b>			(374,035)		(438,545)
<b>Total Assets Less Current Liabilities</b>			<u>45,565</u>		<u>29,455</u>
<b>Capital and Reserves</b>					
Called-up equity share capital	10		2		2
Profit and loss account			<u>45,563</u>		<u>29,453</u>
<b>Shareholders' Funds</b>	11		<u>45,565</u>		<u>29,455</u>

These financial statements were approved by the directors on the 30th January 2008 and are signed on their behalf by

G Fisher X

X R Baker X

The notes on pages 10 to 16 form part of these financial statements

**Orange Genie Cover Limited**  
**Cash Flow Statement**  
**For the year ended 31st March 2007**

		<b>Year to</b>		<b>Period from</b>	
		<b>31 Mar 07</b>		<b>1 Dec 05 to</b>	
	<b>Note</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>	<b>12</b>		(959,406)		2,229,663
<b>Returns on Investments and Servicing of Finance</b>					
Interest received		20,482		3,306	
<b>Net Cash Inflow from Returns on Investments and Servicing of Finance</b>			20,482		3,306
<b>Taxation</b>			(5,379)		—
<b>Capital Expenditure</b>					
Payments to acquire intangible fixed assets		—		(484,156)	
<b>Net Cash Outflow from Capital Expenditure</b>			—		(484,156)
<b>(Decrease)/Increase in Cash</b>	<b>13</b>		<u>(944,303)</u>		<u>1,748,813</u>

*The notes on pages 10 to 16 form part of these financial statements*

**Orange Genie Cover Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2007**

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**1. Accounting Policies**

**Basis of Accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

**Amortisation**

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

Goodwill - 10% Straight line

**Fixed Assets**

All fixed assets are initially recorded at cost

**Financial Instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

**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

	<b>Year to 31 Mar 07 £</b>	<b>Period from 1 Dec 05 to 31 Mar 06 £</b>
United Kingdom	<u>35,534,613</u>	<u>12,205,585</u>

**Orange Genie Cover Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2007**

**3. Operating (Loss)/Profit**

Operating (loss)/profit is stated after charging

	Year to 31 Mar 07 £	Period from 1 Dec 05 to 31 Mar 06 £
Directors' emoluments	—	—
Amortisation	48,400	16,156
Auditor's remuneration - audit of the financial statements	7,500	6,000
Auditor's remuneration - other fees	<u>4,920</u>	<u>2,000</u>
	<b>2007 £</b>	<b>2006 £</b>
Auditor's remuneration - audit of the financial statements	<u>7,500</u>	<u>6,000</u>
Auditor's remuneration - other fees		
- Taxation services	500	500
- Accountancy services	<u>4,420</u>	<u>1,500</u>
	<u>4,920</u>	<u>2,000</u>

**4 Particulars of Employees**

The average number of staff employed by the company during the financial year amounted to

	Year to 31 Mar 07 No	Period from 1 Dec 05 to 31 Mar 06 No
Professional freelance contractors	<u>1,019</u>	<u>1,129</u>

The aggregate payroll costs of the above were

	Year to 31 Mar 07 £	Period from 1 Dec 05 to 31 Mar 06 £
Wages and salaries	31,871,354	10,903,745
Social security costs	<u>2,739,874</u>	<u>962,116</u>
	<u>£34,611,228</u>	<u>£11,865,861</u>

**Orange Genie Cover Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2007**

**5. Taxation on Ordinary Activities**

**(a) Analysis of charge in the year**

	Year to 31 Mar 07 £	Period from 1 Dec 05 to 31 Mar 06 £
Current tax		
UK Corporation tax based on the results for the year at 19% (2006 - 30%)	-	5,379
Total current tax	<u>-</u>	<u>£5,379</u>

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2006 - 30%)

	Year to 31 Mar 07 £	Period from 1 Dec 05 to 31 Mar 06 £
Profit on ordinary activities before taxation	16,110	58,391
Profit/(loss) on ordinary activities by rate of tax	3,061	17,517
Utilisation of tax losses	(3,061)	(8,982)
Tax chargeable at lower rates	-	(3,156)
Total current tax (note 5(a))	<u>-</u>	<u>£5,379</u>

**6. Intangible Fixed Assets**

	Goodwill £
<b>Cost</b>	
At 1st April 2006 and 31st March 2007	<u>484,156</u>
<b>Amortisation</b>	
At 1st April 2006	16,156
Charge for the year	48,400
At 31st March 2007	<u>64,556</u>
<b>Net Book Value</b>	
At 31st March 2007	<u>419,600</u>
At 31st March 2006	<u>468,000</u>

**Orange Genie Cover Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2007**

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**7. Debtors**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,372,967	2,763,376
Amounts owed by group undertakings	823,843	3,029
Other debtors	64,846	105,208
Prepayments and accrued income	1,043	—
	<u>£3,262,699</u>	<u>£2,871,613</u>

**8. Creditors: Amounts Falling due Within One Year**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	189,605	130,035
Trade creditors	2,146,350	2,349,183
Amounts owed to group undertakings	17,941	40,058
Other creditors including taxation and social security	—	5,379
Corporation tax	1,999,957	2,626,225
Other taxation and social security	262,051	27,008
Other creditors	4,615,904	5,177,888
	<u>14,945</u>	<u>11,118</u>
Accruals and deferred income	<u>£4,630,849</u>	<u>£5,189,006</u>

**Orange Genie Cover Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2007**

**9. Related Party Transactions**

During the year the company had the following transactions with its fellow subsidiary companies

	<b>2007</b> <b>£</b>	<b>2006</b> <b>£</b>
Genie Services Limited expenses / (receipts), paid / (received) by Orange Genie Cover Limited	(18,500)	681
Genie Corporate Limited (receipts), received by Orange Genie Cover Limited	(121)	–
Management charges payable to Orange Genie Admin Limited	(808,420)	(254,589)
Orange Genie Admin Limited expenses paid by Orange Genie Cover Limited	1,669,973	204,674
	<u>842,932</u>	<u>(49,234)</u>

At the year end the company was owed the following amounts by its fellow subsidiary companies

	<b>2007</b> <b>£</b>	<b>2006</b> <b>£</b>
Genie Management Group Limited	2,348	2,348
Genie Services Limited	–	681
Orange Genie Admin Limited	821,495	–
	<u>823,843</u>	<u>3,029</u>

At the year end the company owed the following amounts to its fellow subsidiary companies

	<b>2007</b> <b>£</b>	<b>2006</b> <b>£</b>
Genie Corporate Limited	121	–
Orange Genie Admin Limited	–	40,058
Genie Services Limited	17,820	–
	<u>17,941</u>	<u>40,058</u>

The above loans are interest free and repayable on demand



**Orange Genie Cover Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2007**

**10. Share Capital**

**Authorised share capital**

	2007 £	2006 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

**Allotted, called up and fully paid.**

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

**11 Reconciliation of Movements in Shareholders' Funds**

	2007 £	2006 £
Profit for the financial year	16,110	53,012
Opening shareholders' funds/(deficit)	<u>29,455</u>	<u>(23,557)</u>
Closing shareholders' funds	<u>45,565</u>	<u>29,455</u>

**12. Reconciliation of Operating (Loss)/Profit to Net Cash (Outflow)/Inflow from Operating Activities**

	Year to 31 Mar 07 £	Period from 1 Dec 05 to 31 Mar 06 £
Operating (loss)/profit	(4,372)	55,085
Amortisation	48,400	16,156
Increase in debtors	(391,086)	(2,870,666)
(Decrease)/increase in creditors	<u>(612,348)</u>	<u>5,029,088</u>
Net cash (outflow)/inflow from operating activities	<u>(959,406)</u>	<u>2,229,663</u>

**13 Reconciliation of Net Cash Flow to Movement in Net Funds**

	2007 £	2006 £
(Decrease)/Increase in cash in the period	<u>(944,303)</u>	<u>1,748,813</u>
Movement in net funds in the period	<u>(944,303)</u>	<u>1,748,813</u>
Net funds at 1 April 2006	1,748,813	—
Net funds at 31 March 2007	<u>804,510</u>	<u>1,748,813</u>

**Orange Genie Cover Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2007**

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**14. Analysis of Changes in Net Funds**

	At 1 Apr 2006 £	Cash flows £	At 31 Mar 2007 £
Cash in hand and at bank	1,878,848	(884,733)	994,115
Overdrafts	(130,035)	(59,570)	(189,605)
Net funds	<u>1,748,813</u>	<u>(944,303)</u>	<u>804,510</u>

**15. Ultimate Parent Company**

The directors regard Genie Management Group Limited, a company incorporated in England as being the ultimate holding company and controlling party