

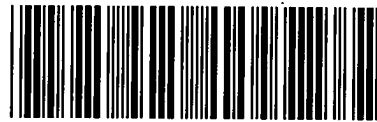
**Resource Solutions Group Plc**

**Annual report and financial statements**

Registered number 01617971

30 June 2014

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## Strategic report

The directors present their Annual report and financial statements for the year ended 30 June 2014.

### Business review

On the back of slight improvements in trading conditions within the recruitment sector during 2014, Resource Solutions Group Plc further consolidated its position in the market and built on an already strong financial position, despite ongoing economic uncertainty.

Competition in the IT industry within the UK remains strong and client requirements have increased during the latter part of the year. As a result, turnover increased from £157.6 million in 2013 to £176.2 million, an increase of 11.8%.

Competition and economic conditions saw margins come under pressure in the core and managed services areas of the business, while specialist recruiters saw an improvement in margins. Overall, gross profit margins showed increased from 11.5% to 12.7%.

The group balance sheet continues to improve with good cash reserves and no external debt; the group debt comprises entirely of shareholders' long term loans.

### Key performance indicators

The directors consider a number of key performance indicators (KPIs) across the business, these include both financial and non-financial indicators such as the level of prospective client vacancies and candidate flows.

The group's principal KPIs are outlined below:

	2014	2013
Turnover (£000)	176,174	157,563
Turnover per employee (£000)	922	895
Gross profit (£000)	22,310	18,101
Gross profit per £1 payroll cost (£)	2.13	1.99
Gross profit per employee (£000)	117	103

The analysis above shows that while the group has increased staffing levels during the year, there has been a corresponding boost to productivity.

These KPIs are monitored closely by the directors to ensure the group is operating effectively and at the optimum level.

### Principal risks and uncertainties

The directors continually monitor the risks and uncertainties in our operations. The main area of operation is within the financial services sector which demands very high standards of compliance, efficiency, cost controls and continual monitoring of operations.

The group is well placed and experienced to deliver these requirements with further investment in back office automation. The continued computerisation of compliance, HR and marketing is increasingly desirable in today's recruitment environment, and the directors are confident that the group can deliver.

## Strategic report (continued)

### Future outlook

The group's strong capital base and cash reserves place the company in a strong position amongst its competitors in the recruitment industry. Further growth by acquisition remains an option being considered by the directors.

Investment in our Scottish office has brought significant returns, lending confidence that similar returns can be achieved in Cardiff, Manchester and London.

Organic growth options remain high on the agenda and overseas trading remains a viable option; economic progress is sought in the European theatre. The market in IT services continues to improve slowly and confidence remains high; which the directors expect to translate into further improvements in financial performance.

The continued implementation of enhanced IT systems should further bring cost savings and enhance profitability across the group.

By order of the board

  
KW Dawe  
Director

First Floor  
Clifton Down House  
54 Whiteladies Road  
Clifton  
Bristol  
BS8 2NH

16th December 2014

## Directors' report

### Principal activities

The principal activity of the company during the year continued to be the provision of management services to group companies. The principal activities of the group's subsidiaries are set out in note 12 to the financial statements.

### Proposed dividend

The directors have not recommended the payment of a dividend in the year (2013: £nil).

### Directors

The directors who held office during the year were as follows:

MA Beesley  
JP Dawe  
KW Dawe  
MW Griffiths

### Political contributions

The group made no political contributions in either year.

### Charitable donations

During the year, the Group made charitable donations of £455,629 (2013: £145,227).

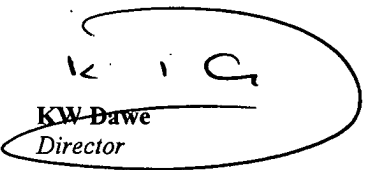
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

  
KW Dawe  
Director

First Floor  
Clifton Down House  
54 Whiteladies Road  
Clifton  
Bristol  
BS8 2NH

16th December 2014

## **Statement of directors' responsibilities in respect of the Annual report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Resource Solutions Group Plc**

We have audited the financial statements of Resource Solutions Group Plc for the year ended 30 June 2014 set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 4 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.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

## Independent auditor's report to the members of Resource Solutions Group Plc *(continued)*

### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Hall (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
100 Temple Street  
Bristol  
BS1 6AG

14th December 2014

**Consolidated Profit and Loss Account**  
*for the year ended 30 June 2014*

	<i>Note</i>	<b>2014</b> <b>£000</b>	2013 £000
<b>Turnover</b>	2	<b>176,174</b>	157,563
Cost of sales		<b>(153,864)</b>	(139,462)
<b>Gross profit</b>		<b>22,310</b>	18,101
Administrative expenses		<b>(14,437)</b>	(11,220)
<b>Operating profit</b>	3-5	<b>7,873</b>	6,881
Income from other fixed asset investments	6	<b>24</b>	9
Other interest receivable and similar income	7	<b>18</b>	1
Interest payable and similar charges	8	<b>(548)</b>	(537)
<b>Profit on ordinary activities before taxation</b>		<b>7,367</b>	6,354
Tax on profit on ordinary activities	9	<b>(1,837)</b>	(1,643)
<b>Profit on ordinary activities after taxation</b>		<b>5,530</b>	4,711
Minority interests	25	<b>(78)</b>	(16)
<b>Profit for the financial year</b>	23	<b>5,452</b>	4,695

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Notes on pages 11 to 26 form part of these financial statements.



**Consolidated Balance Sheet**  
*at 30 June 2014*

	<i>Note</i>	<b>2014</b> <b>£000</b>	2013 £000
<b>Fixed assets</b>			
Intangible assets	<i>10</i>	<b>66</b>	149
Tangible assets	<i>11</i>	<b>1,028</b>	1,039
Investments	<i>12</i>	<b>34</b>	34
		<u><b>1,128</b></u>	<u>1,222</u>
<b>Current assets</b>			
Debtors	<i>13</i>	<b>29,173</b>	21,584
Cash at bank and in hand		<b>20,607</b>	19,702
		<u><b>49,780</b></u>	<u>41,286</u>
<b>Creditors: amounts falling due within one year</b>	<i>15</i>	<b>(28,288)</b>	(25,268)
<b>Net current assets</b>		<u><b>21,492</b></u>	<u>16,018</u>
<b>Total assets less current liabilities</b>		<u><b>22,620</b></u>	<u>17,240</u>
<b>Creditors: amounts falling due after one year</b>	<i>16</i>	<b>(6,000)</b>	(6,000)
<b>Net assets</b>		<u><u><b>16,620</b></u></u>	<u><u>11,240</u></u>
<b>Capital and reserves</b>			
Called up share capital	<i>22</i>	<b>50</b>	50
Other reserves	<i>23</i>	<b>39</b>	39
Profit and loss account	<i>23</i>	<b>16,261</b>	10,959
		<u><b>16,350</b></u>	<u>11,048</u>
Minority interests	<i>25</i>	<b>270</b>	192
<b>Equity</b>		<u><u><b>16,620</b></u></u>	<u><u>11,240</u></u>

These financial statements were approved by the board of directors on *16th December* 2014 and were signed on its behalf by:

*KW*  
*Director*  
KW Dawc  
Director

Company registered number: 01617971

**Company Balance Sheet**  
*at 30 June 2014*

	<i>Note</i>	<b>2014</b> <b>£000</b>	2013 £000
<b>Fixed assets</b>			
Tangible assets	<i>11</i>	144	204
Investments	<i>12</i>	408	408
		<u>552</u>	<u>612</u>
<b>Current assets</b>			
Debtors	<i>13</i>	27,294	22,369
Cash at bank and in hand		886	1,518
		<u>28,180</u>	<u>23,887</u>
<b>Creditors: amounts falling due within one year</b>	<i>15</i>	<u>(7,427)</u>	<u>(8,620)</u>
<b>Net current assets</b>		<u>20,753</u>	<u>15,267</u>
<b>Total assets less current liabilities</b>		<u>21,305</u>	<u>15,879</u>
<b>Creditors: amounts falling due after one year</b>	<i>16</i>	<u>(6,000)</u>	<u>(6,000)</u>
<b>Net assets</b>		<u>15,305</u>	<u>9,879</u>
<b>Capital and reserves</b>			
Called up share capital	<i>22</i>	50	50
Profit and loss account	<i>23</i>	15,255	9,829
		<u>15,305</u>	<u>9,879</u>
<b>Shareholders' funds</b>	<i>24</i>	<u>15,305</u>	<u>9,879</u>

These financial statements were approved by the board of directors on *16th December* 2014 and were signed on its behalf by:

*K I G*  
KW Dawe  
Director

**Consolidated Cash Flow Statement**  
*for the year ended 30 June 2014*

	<i>Note</i>	<b>2014</b> <b>£000</b>	2013 £000
<b>Cash flow from operating activities</b>	26	5,237	8,761
Returns on investments and servicing of finance	27	(506)	(527)
Taxation	27	(1,632)	(1,718)
Capital expenditure and financial investment	27	(148)	(88)
Dividends paid to minority interests		(150)	-
<b>Cash inflow before financing</b>		<u>2,801</u>	<u>6,428</u>
Financing	27	(1,896)	(1,900)
<b>Increase in cash in the year</b>		<u>905</u>	<u>4,528</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year		905	4,528
Net cash outflow from directors' loan account		1,181	1,791
Reduction in overdraft		715	109
Reclassification of merger reserve to creditors	23	-	(200)
<b>Movement in net funds in the year</b>	27	<u>2,801</u>	<u>6,228</u>
Net funds at the start of the year	27	5,961	(267)
<b>Net funds at the end of the year</b>	27	<u>8,762</u>	<u>5,961</u>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below:

During the period the group's freehold investment property was reclassified as land and buildings. The carrying value at transfer was equal to the historic cost of the property and as such no gain arises on reclassification.

#### *Basis of preparation*

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

#### *Going concern*

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the company, its subsidiary undertakings and related companies managed on a unified basis made up to 30 June 2014. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. The group's share of the profits less losses of associates is included in the consolidated profit and loss account and its interest in their net assets, is included in investments in the consolidated balance sheet.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

#### *Turnover*

Turnover represents amounts receivable for services net of VAT and trade discounts. Turnover in group companies is fees for services at an agreed rate for a specified period of time, invoiced in arrears. Turnover is therefore time-apportioned fees earned. Amounts not invoiced for periods before the balance sheet dates are recorded as accrued income.

#### *Goodwill*

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The estimated useful life of the group's goodwill is 20 years.

#### *Investments*

In the company's financial statements, investments in subsidiary undertakings and associates are stated at cost less amounts written off.

#### *Tangible fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold improvements	- life of lease
Plant and machinery	- 3 to 7 years
Motor vehicles	- 25% reducing balance
Computer equipment	- 3 years
Fixtures and fittings	- 5 years
Land and buildings	- not depreciated as wholly land

## Notes (continued)

### 1 Accounting policies (continued)

#### Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 Accounting for Investment Properties which, unlike the Companies Act, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

#### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### Post retirement benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### 2 Turnover

Turnover is derived from the principal activity of the group and arises wholly within the United Kingdom.

### 3 Notes to the profit and loss account

Profit on ordinary activities before taxation is stated after charging:

	2014 £000	2013 £000
Amortisation of goodwill	83	83
Depreciation and other amounts written off tangible fixed assets	91	97
Loss on disposal of fixed assets	67	-
Net loss on foreign currency translation	44	10
Hire of other assets – operating leases	438	449
Hire of plant and machinery – operating leases	23	-

**Notes (continued)**

**3 Notes to the profit and loss account (continued)**

<i>Auditor's remuneration:</i>	2014 £000	2013 £000
Audit of these financial statements	7	6
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	70	69
Taxation compliance services	23	18
	<u>93</u>	<u>87</u>

**4 Staff numbers and costs**

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	2014 No.	2013 No.
Consultancy staff	123	113
Administrative staff	68	63
	<u>191</u>	<u>176</u>

The aggregate payroll costs of these persons were as follows:

	2014 £000	2013 £000
Wages and salaries	9,066	7,925
Social security costs	1,072	899
Other pension costs	318	250
	<u>10,456</u>	<u>9,074</u>

**5 Directors' remuneration**

	2014 £000	2013 £000
Directors' emoluments	607	551
Company contributions to money purchase pension schemes	40	40
	<u>647</u>	<u>591</u>

**Notes (continued)**

**5 Directors' remuneration (continued)**

The aggregate of emoluments of the highest paid director was £557,000 (2013: £465,000). One (2013: one) director was accruing retirement benefits under money purchase pension schemes.

**6 Income from other fixed asset investments**

	2014 £000	2013 £000
Income from other fixed assets	24	9

**7 Other interest receivable and similar income**

	2014 £000	2013 £000
Other interest	18	1

**8 Interest payable and similar charges**

	2014 £000	2013 £000
On bank loans and overdrafts	9	10
Other interest	139	127
Finance costs on shares classified as liabilities	400	400
	<u>548</u>	<u>537</u>

**9 Taxation on ordinary activities**

*Analysis of charge in the year:*

	2014 £000	2013 £000
<i>UK corporation tax</i>		
Current tax on income for the period	1,813	1,634
Adjustments in respect of prior periods	4	10
Total current tax	<u>1,817</u>	<u>1,644</u>
Deferred tax (note 14)		
Origination and reversal of timing differences	-	(7)
Effect of tax rate change on opening balance	18	6
Adjustments in respect of prior periods	2	-
Total deferred tax charge/(credit)	<u>20</u>	<u>(1)</u>
Tax on profit on ordinary activities	<u>1,837</u>	<u>1,643</u>

## Notes (continued)

### 9 Taxation on ordinary activities (continued)

#### Factors affecting current tax charge for the current period

The current tax charge for the period is higher (2013: higher) than the standard rate of UK corporation tax of 22.5% (2013: 23.75%). The differences are explained below.

	2014 £000	2013 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	7,367	6,354
Current tax at 22.5% (2013: 23.75%)	1,658	1,509
<i>Effects of:</i>		
Expenses not deductible for tax purposes	157	155
Depreciation in excess of capital allowances	(8)	7
Utilisation of tax losses	(10)	(10)
Marginal relief	(2)	(8)
Adjustments to tax charge in respect of previous periods	4	10
Income not chargeable for tax purposes	(5)	(13)
Short term timing differences	18	1
Sundry tax adjusting items	-	(7)
Fixed asset difference	5	-
Total current tax (see above)	1,817	1,644

#### Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

The deferred tax asset at 30 June 2014 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.



Notes (continued)

10 Intangible fixed assets

Group	Goodwill £000
<i>Cost</i>	
At beginning of year	1,208
Additions	-
At end of year	1,208
<i>Amortisation</i>	
At beginning of year	1,059
Charge in year	83
At end of year	1,142
<i>Net book value</i>	
At 30 June 2014	66
At 30 June 2013	149

11 Tangible fixed assets

Group	Freehold investment properties £000	Short leasehold improvements £000	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Land and buildings £000	Plant and machinery £000	Total £000
<i>Cost</i>								
At beginning of year	700	235	349	123	107	-	-	1,514
Additions	-	8	46	7	17	-	69	147
Disposals	-	-	(217)	(107)	-	-	-	(324)
Transfers	(700)	-	-	-	-	700	-	-
At end of year	-	243	178	23	124	700	69	1,337
<i>Depreciation</i>								
At beginning of year	-	82	239	115	39	-	-	475
Charge in year	-	23	41	4	23	-	-	91
On disposals	-	-	(150)	(107)	-	-	-	(257)
At end of year	-	105	130	12	62	-	-	309
<i>Net book value</i>								
At 30 June 2014	-	138	48	11	62	700	69	1,028
At 30 June 2013	700	153	110	8	68	-	-	1,039

During the period the group's freehold investment property was reclassified as land and buildings. The carrying value at transfer was equal to the historic cost of the property and as such no gain arises on reclassification.

Notes (continued)

11 Tangible fixed assets (continued)

Company	Short leasehold improvements £000	Computer equipment £000	Fixtures fittings £000	Motor vehicles £000	Total £000
<i>Cost</i>					
At 1 July 2013	68	349	105	107	629
Additions	8	46	7	16	77
Disposals	-	(217)	(107)	-	(324)
At 30 June 2014	<u>76</u>	<u>178</u>	<u>5</u>	<u>123</u>	<u>382</u>
<i>Depreciation</i>					
At 1 July 2013	42	239	105	39	425
Charge for the year	6	41	-	23	70
On disposals	-	(150)	(107)	-	(257)
At 30 June 2014	<u>48</u>	<u>130</u>	<u>(2)</u>	<u>62</u>	<u>238</u>
<i>Net book value</i>					
At 30 June 2014	<u>28</u>	<u>48</u>	<u>7</u>	<u>61</u>	<u>144</u>
At 30 June 2013	<u>26</u>	<u>110</u>	<u>-</u>	<u>68</u>	<u>204</u>

12 Fixed asset investments

Group	Listed investments £000
<i>Cost</i>	
At beginning and end of year	<u>95</u>
<i>Amounts written off</i>	
At beginning and end of year	<u>61</u>
<i>Net book value</i>	
At 30 June 2014 and 30 June 2013	<u>34</u>

Notes (continued)

12 Fixed asset investments (continued)

Principal subsidiary undertakings (excluding dormant companies)

	Country of incorporation	Class of shares held	Proportion of voting rights and shares held	Principal activity
Bristol Jobmarket Limited	England and Wales	Ordinary	100%	Provision of IT support staff
Intelligent Consulting (UK) Limited	England and Wales		88%	Provision of IT consultancy
Intelligent Resource Limited	England and Wales	Ordinary	100%	Management of IT contracts, projects, systems and consultancy
ITF Solutions Limited	England and Wales	Ordinary	76%	Provision of contract IT personnel
Jackson Milne Limited	England and Wales		60%	Provision of management for IT contractors
Recruitment Partnership (Bristol) Limited	England and Wales		75%	Management of IT contractors
RSG (International) Limited	England and Wales		80%	Provision and management of IT contracts
RSG Management Limited	England and Wales	Ordinary	100%	Management of IT contractors
RSG Property (Bristol) Limited	England and Wales		75%	Provision of contract IT personnel
Sanderson Government and Defence Limited*	England and Wales	Ordinary	100%	Provision of IT support staff
Sanderson Recruitment Plc	England and Wales		80%	Provision of contract IT personnel
Sterling Manhattan (Bristol) Limited	England and Wales		80%	Provision of contract IT personnel
Sterling Manhattan Limited	England and Wales	Ordinary	60%	Provision of contract IT personnel
VFM Resource Limited	England and Wales	Ordinary	100%	Provision of management for IT contractors
Westek IT Recruitment Limited	England and Wales	Ordinary	100%	Provision of contract IT personnel
Critical Path (London) Limited	England and Wales	Limited	50%	Provision of contract IT personnel

\*formerly Sanderson ISS Limited

Other investments

	Country of incorporation	Class of shares held	Proportion of voting rights and shares held	Principal activity
Sanderson Contract Management Limited	England and Wales	Ordinary	20%	Provision of management for IT contractors

Undertakings included in the consolidation of the basis of unified management

	Country of incorporation	Principal activity
Call Resourcing Limited	England and Wales	Provision and management of IT contracts
Resource Management (Solutions) Limited	England and Wales	Recruitment process outsourcing solutions
Resource Management (Services) Limited	England and Wales	Provision of professional contract personnel

On 9 September 2014 Bristol Jobmarket Limited, Call Resourcing Limited and Instow Limited were dissolved as companies.

## Notes (continued)

### 12 Fixed asset investments (continued)

Company	Investments in associated undertakings £000	Other investments £000	Total £000
<i>Cost</i>			
At beginning and end of year	374	95	469
<i>Provisions</i>			
At beginning and end of year	-	61	61
<i>Net book value</i>			
At 30 June 2014 and 30 June 2013	374	34	408

Included in other investments are listed investments amounting to £34,000 (2013: £34,000). At 30 June 2014 the market value of these investments, was £54,000 (2013: £23,000).

### 13 Debtors

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Trade debtors	20,332	11,577	2,340	2
Amounts owed by group undertakings	-	-	16,141	22,108
Amounts owed by associated companies	95	45	-	-
Other debtors	63	84	24	26
Deferred taxation (note 14)	115	135	44	26
Prepayments and accrued income	8,568	9,743	8,745	207
	<u>29,173</u>	<u>21,584</u>	<u>27,294</u>	<u>22,369</u>

### 14 Deferred taxation

The movement in the deferred taxation asset during the year was:

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
At beginning of year	135	134	26	-
(Credit)/charge to the profit and loss for the year (note 9)	(20)	1	18	26
At end of year	<u>115</u>	<u>135</u>	<u>44</u>	<u>26</u>

Notes (continued)

14 Deferred taxation (continued)

Deferred taxation consists of the tax effect of timing differences in respect of:

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Accelerated capital allowances	-	25	20	-
Tax losses carried forward and other deductions	-	101	-	26
Short term timing differences	-	9	24	-
	<u>115</u>	<u>135</u>	<u>44</u>	<u>26</u>

15 Creditors: amounts falling due within one year

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Directors' loan account	5,846	7,026	4,761	6,532
Bank loans and overdrafts	-	715	-	-
Trade creditors	7,795	3,499	139	77
Amounts owed to group undertakings	-	-	-	38
Taxation and social security	3,224	2,672	1,199	913
Other creditors	1	-	50	50
Accruals and deferred income	11,422	11,356	1,278	1,010
	<u>28,288</u>	<u>25,268</u>	<u>7,427</u>	<u>8,620</u>

Of the directors' loan account balance, £4,861,000 (2013: £6,114,000) is interest-bearing at 1.5% above the prevailing National Westminster Bank Plc base rate; £Nil (2013: £417,000) is interest-bearing at 3.5% p.a; and £35,000 (2013: £59,000) is interest-bearing at 2.0% above the prevailing National Westminster Bank Plc base rate. The remaining balances are interest-free.

The bank overdrafts are secured by fixed and floating charges over the assets of the group.

Notes (continued)

16 Creditors: amounts falling due after more than one year

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Shares classed as financial liabilities	6,000	6,000	6,000	6,000
	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>

The shares classed as financial liabilities were issued on 7 June 2006 (£2 million), 25 June 2007 (£2 million) and 11 May 2012 (£2 million). Those issued in 2006 and 2007 are redeemable at par after ten years, at the shareholders' option, and carry a fixed coupon rate of 5.75%. Those issued in 2012 are also redeemable at par after ten years, but carry a fixed coupon rate of 2.5%.

17 Maturity of directors' loan account

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Amounts repayable:				
In one year or less or on demand	5,846	7,026	4,761	6,532
	<u>5,846</u>	<u>7,026</u>	<u>4,761</u>	<u>6,532</u>

18 Pensions

Companies in the group operate defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £318,000 (2013: £250,000).

19 Commitments

At 30 June 2014, the group had annual commitments under non-cancellable operating leases as set out below:

Group	2014		2013	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	55	4	46	7
In the second to fifth years inclusive	384	19	389	-
	<u>439</u>	<u>23</u>	<u>435</u>	<u>7</u>

## Notes (continued)

### 19 Commitments (continued)

At 30 June 2014, the company had annual commitments under non-cancellable operating leases as set out below:

Company	2014		2013	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	9	4	-	7
In the second to fifth years inclusive	365	19	370	-
Over five years	14	-	14	-
	<u>388</u>	<u>23</u>	<u>384</u>	<u>7</u>

### 20 Contingent liabilities

#### Company

The company is a party to a composite guarantee dated 30 October 2007 given to the Royal Bank of Scotland Plc in respect of the following group entities: Intelligent Consulting (UK) Limited, Intelligent Resource Limited, Resource Solutions Group Plc, RSG (International) Limited, RSG Management Limited, RSG Property (Bristol) Limited, Sanderson Contract Management Limited, Sanderson Government and Defence Limited, Sanderson Recruitment Plc, Sterling Manhattan (Bristol) Limited and Westek IT Recruitment Ltd. At the year end the potential liability stood at £Nil (2013: £715,000).

The company has given a limited guarantee dated 23 November 2001 to National Westminster Bank Plc to secure the liabilities of Westek IT Recruitment Ltd up to a maximum of £200,000.

### 21 Related party transactions

#### Transactions with directors

During the year KW Dawe and his wife J Dawe received ordinary dividends of £Nil (2013: £Nil) and £Nil (2013: £Nil) respectively consistent with their interests in the issued ordinary share capital of the company. Also during the year KW Dawe received preference dividends of £400,000 (2013: £400,000) consistent with his interest in the issued preference share capital of the company.

#### Transactions with other parties

The group has taken advantage of the exemption available under Financial Reporting Standard 8 and has not disclosed details of transactions or balances between group entities that have been eliminated on consolidation.

Details of transactions with other parties related on the grounds the KW Dawe is the ultimate controlling party are as follows:

## Notes (continued)

### 21 Related party transactions (continued)

	2014 £000	2013 £000
<i>Costs incurred with related parties:</i>		
Sanderson Contract Management Limited	150	83
<i>Amounts owed by/(to) related parties:</i>		
Sanderson Contract Management Limited	(30)	(10)

The company also received dividend income of £24,000 (2013: £9,000) from Sanderson Contract Management Limited in the year ended 30 June 2014.

### 22 Share capital

	2014 £000	2013 £000
<i>Allotted, called up and fully paid</i>		
50,000 ordinary shares of £1 each (2013: 50,000 ordinary shares of £1)	50	50
<i>Amounts presented in liabilities (note 16)</i>		
4,000,000 (2013: 4,000,000) 'A' preference shares of £1 each	4,000	4,000
2,000,000 (2013: 2,000,000) 'B' preference shares of £1 each	2,000	2,000
	6,000	6,000

### 23 Reserves

Group	Capital redemption reserve £000	Total other reserves £000	Profit and loss account £000
At beginning of the year	39	39	10,959
Profit for the year	-	-	5,452
Reclassification of merger reserve	-	-	-
Dividends paid to minority interests	-	-	(150)
<b>At end of year</b>	<b>39</b>	<b>39</b>	<b>16,261</b>
Company			<b>Profit and loss account £000</b>
At beginning of the year			9,829
Profit for the year			5,426
<b>At end of year</b>			<b>15,255</b>



Notes (continued)

24 Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Group		
Profit for the financial year	5,452	4,695
Net addition to shareholders' funds	5,452	4,695
Dividends paid to minority interests	(150)	-
Opening shareholders' funds	11,048	6,553
Reclassification of merger reserve to liabilities	-	(200)
<b>Closing shareholders' funds</b>	<b>16,350</b>	<b>11,048</b>
Company		
Profit for the financial year	5,426	4,382
Net addition to shareholders' funds	5,426	4,382
Opening shareholders' funds	9,879	5,497
<b>Closing shareholders' funds</b>	<b>15,305</b>	<b>9,879</b>

25 Minority interests

	2014 £000	2013 £000
Group		
At beginning of the year	192	176
Retained profit for year	78	16
<b>At end of year</b>	<b>270</b>	<b>192</b>

26 Cash flows

Reconciliation of operating profit to operating cash flows:

	2014 £000	2013 £000
Operating profit	7,873	6,881
Amortisation and depreciation	175	180
Loss on disposal of fixed assets	67	-
(Increase)/decrease in debtors	(7,608)	2,466
Increase/(decrease) in creditors	4,730	(766)
<b>Net cash inflow from continuing activities</b>	<b>5,237</b>	<b>8,761</b>

**Notes (continued)**

**27 Analysis of cash flows**

**Returns on investment and servicing of finance**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Income from other fixed asset investments	24	9
Interest received	18	1
Interest paid	(148)	(137)
Finance paid on shares classed as liabilities	(400)	(400)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(506)</b>	<b>(527)</b>

**Taxation**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Taxation	(1,632)	(1,718)

**Capital expenditure and financial investment**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Payments to acquire tangible fixed assets	(148)	(98)
Receipts from sale of fixed assets	-	10
<b>Net cash outflow from capital expenditure</b>	<b>(148)</b>	<b>(88)</b>

**Financing**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Repayment of borrowings	(1,181)	(1,791)
Decrease in overdrafts	(715)	(109)
<b>Net cash outflow from financing</b>	<b>(1,896)</b>	<b>(1,900)</b>

**Notes (continued)**

**27 Analysis of cash flows (continued)**

**Analysis of net funds**

	At beginning of the year £000	Cash flows £000	At end of the year £000
Cash in hand and at bank	19,702	905	20,607
Overdrafts	(715)	715	-
	<u>18,987</u>	<u>1,620</u>	<u>20,607</u>
Debt due within one year	(7,026)	1,181	(5,845)
Debt due after one year	(6,000)	-	(6,000)
	<u>(13,026)</u>	<u>1,181</u>	<u>(4,865)</u>
<b>Balance carried forward</b>	<u><u>5,961</u></u>	<u><u>2,801</u></u>	<u><u>8,762</u></u>

The debts due with one year of £5,845,000 are entirely comprised of Directors' loans with no set repayment date. The debts due after one year of £6,000,000 are preference shares of £1 each which the directors consider to be part of the capital base of the group.

**28 Controlling party**

The ultimate controlling party is KW Dawe by virtue of his interests in the issued share capital of the company.