

HR GO PLC

Annual Report and Financial Statements 2009



For further information regarding the
HR GO Group or its
services please contact:

| | |
|-----------|--|
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ANNUAL REPORT AND FINANCIAL STATEMENTS 2009

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HR GO PLC

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

| | |
|---------------|-------------------------------|
| J C Parkinson | <i>Non-Executive Chairman</i> |
| C R Harvey | <i>Managing Director</i> |
| M A Kingston | <i>Finance Director</i> |
| H E Billot | <i>HR Director</i> |
| S M Carter | <i>Director</i> |
| C G Vidler | <i>Non-Executive Director</i> |

SECRETARY

M A Kingston

REGISTERED IN ENGLAND AND WALES

No. 924542

REGISTERED OFFICE

Wellington House
Church Road
Ashford
Kent
TN23 1RE

AUDITOR

Chantrey Vellacott DFK LLP
Chartered Accountants
Statutory Auditor
London

BANKERS

National Westminster Bank Plc

CORPORATE ADVISER

St Helens Capital Partners LLP

REGISTRARS AND TRANSFER OFFICE

Capita IRG plc
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

SOLICITORS

Miller & Co
Ashford

Olswang
London



HR GO PLC

INTRODUCTION TO HR GO PLC

HR GO plc is one of the UK's leading independent suppliers of temporary and permanent staff. It has developed by the continual establishment of many companies in which the Group has a majority shareholding.

The HR GO Group's key activity is providing first class recruitment services to its industrial, commercial and public sector clients. The Group is well supported by the considerable specialist skills and in-depth knowledge of its many operating company directors, consultants and support staff. The sectors covered by the Group are diverse and include financial and business services, information technology, engineering and sales (construction, oil, gas, food, processing and automotive industries) and high street (commercial, technical, public sector, semi-skilled and unskilled staff). HR GO plc is able to offer staffing solutions that may combine the activities of several of its operating companies working in unison.

SALIENT FEATURES OF THE LAST FIVE YEARS

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|--|--------------|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Turnover | 76,837 | 79,415 | 87,941 | 90,934 | 73,254 |
| Operating profit/(loss) before exceptional items | 549 | 965 | 1,593 | 496 | (486) |
| Operating profit/(loss) after exceptional items | 7 | 752 | 1,593 | 496 | (486) |
| (Loss)/profit on ordinary activities before taxation | (122) | 719 | 1,032 | 1,935 | (1,321) |
| Tax on ordinary activities | (333) | (310) | (317) | (349) | (59) |
| (Loss)/profit for the year | (455) | 409 | 715 | 1,586 | (1,380) |
| Minority interests | (237) | (509) | (401) | (974) | (98) |

CHAIRMAN’S STATEMENT

In line with the recruitment industry in general, the Group has experienced a very difficult trading environment throughout 2009. The first half of 2009, as previously reported in our Interim Accounts, was particularly challenging, with a loss on ordinary activities before tax of £898k. The second half of the year has, however, shown a fundamental improvement, with an operating profit of £208k, a trend which has continued into 2010.

The figures below are on a like for like basis excluding sold operations, exceptional items and profit/(loss) on sale of stakes in subsidiaries:

| | Total | 6 Months To Dec 2009 | 6 Months To June 2009 | Total | 6 Months To Dec 2008 | 6 Months To June 2008 |
|----------------------------|---------------------|-----------------------------|------------------------------|--------------|-----------------------------|------------------------------|
| | £’000 | £’000 | £’000 | £’000 | £’000 | £’000 |
| Turnover | 73,254 | 38,877 | 34,377 | 88,090 | 44,684 | 43,406 |
| Gross Profit | 16,079 | 8,414 | 7,665 | 20,132 | 9,856 | 10,276 |
| Overheads | (16,565) | (8,206) | (8,359) | (20,181) | (10,240) | (9,941) |
| Operating (loss)/profit | (486) | 208 | (694) | (49) | (384) | 335 |
| Interest payable | (230) | | | (516) | | |
| Ordinary loss pre tax | (716) | | | (565) | | |
| (Decrease)/increase | | | | | | |
| Turnover | (14,836) (16.8%) | (5,807) (13.0%) | (9,029) (20.8%) | | | |
| Gross profit | (4,053) | (1,442) | (2,611) | | | |
| Overheads | (3,616) (17.9%) | (2,034) (19.9%) | (1,582) (15.9%) | | | |
| Operating (loss)/profit | (437) | 592 | (1,029) | | | |

You will note that in terms of both turnover and profitability the decline in the first six months of 2009 has been significantly improved in the second half of the year, to the extent that we made an operating profit of £208k in the last six months of 2009 compared to a loss of £384k in the second half of 2008 and a loss of £694k in the first six months of 2009.

We reviewed our trading activities and cost base at the beginning of 2009, closing a number of peripheral operations in order to concentrate on our core recruitment activities and outsourcing businesses going forward. We have significantly reduced our cost base, with a reduction in headcount from 517 in 2008 to 396 in 2009. There are a number of one-off restructuring costs that we have incurred in this process, these exceptional costs equated to £589k, but the net result is that we have been able to reduce the ongoing payroll cost by £2.4m per annum.

We are now focusing on sales activity through a combination of increased sales personnel and investment in new IT systems, our temporary worker activity levels in the first quarter of 2010 have shown an increase of 15% over 2009 and we are now operating at record staff productivity levels.

We retain the full confidence of our funders and are of the opinion that, as the country emerges from recession, we are in a strong position to grow turnover and profitability, both organically and through possible acquisitions.

CHAIRMAN'S STATEMENT (continued)

In the first few months of 2010 the financial improvement has continued, with both revenues and the temporary worker gross profit margin increasing. Given the cost reduction programme that has occurred this led to a £550k improvement in profitability compared to the first quarter of 2009.

Whilst the economic recovery remains fragile at this time, we are optimistic about the future and expect to return the Group to a satisfactory profit level in 2010.

Jack C Parkinson
Chairman

20 May 2010

OPERATING AND FINANCIAL REVIEW

Dealing with the Group's business by its four key sectors, our comments are as follows:

Engineering and Sales

This sector provides technical, scientific, engineering, sales and marketing staff both nationally and internationally through temporary staff contracts as well as direct recruitment placements. It also included the businesses involved in ergonomic consultancy that were sold in July 2008 generating a £1.99m profit for the Group.

Taking account of the sale of the ergonomic businesses in 2008 turnover for the year fell to £11.8m (£15.7m) adjusted, with an operating loss of £90k compared with a comparable operating profit of £43k in 2008. This resulted from an established business in this sector showing a significant reduction in profits as a result of the global economic downturn.

High Street

Companies in this sector provide executive, technical, semi-skilled and unskilled permanent and temporary staff to many forms of businesses.

Turnover fell to £49.5m (£57.7m) with an operating loss of £74k compared with £615k last year. This significant reduction in turnover and operating loss is a result of the rationalisation program introduced at the end of 2008 to address the market downturn.

Information Technology

This sector provides temporary contract and permanent IT staff and other services to diverse business sectors.

This sector, like many, suffered from the global market collapse with turnover falling by £2m to £10.8m and operating profit dropping to £714k (£933k).

Financial and Business Services

Companies in this sector provide permanent and temporary staff to banks, financial institutions, accounting, law and property businesses as well as delivering other business services.

Turnover fell from £1.9m to £1.1m and operating loss rose to £385k compared with £91k last year. The reduction in turnover is in part attributable to the closure of 2 businesses in the year and the long established business in banking closing in the second half of last year.

This market sector suffered more than most with one established business, despite cost cutting, suffering a significant loss in the year.

FINANCIAL REVIEW

The 2009 annual report has been produced in accordance with applicable standards.

Going Concern

After making enquiries, the directors are satisfied that, at the time of approving the financial statements, the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

OPERATING AND FINANCIAL REVIEW (continued)

Capital Expenditure

Capital expenditure on tangible fixed assets amounted to £468k (£1,847k), £158k used for investment properties and the balance for essential replacement of staff vehicles and IT hardware and software.

Acquisitions

Additions to intangible fixed assets includes £15k of goodwill arising from a trade acquisition by a Group company. The remaining £147k relates to goodwill arising on acquisition of further stakes in subsidiaries.

Additions were made to investments in subsidiaries, which in total amounted to £219k, details of which are contained in note 13 to the financial statements.

Disposals

Apart from the disposal of investment properties with a net book value of £761k from a company which subsequently left the Group, there was no material disposal of fixed assets during the year other than normal exchange of staff vehicles due for replacement.

Disposal of investments in subsidiaries amounted to £6k, details of which are contained in note 13 to the financial statements.

Share Capital

200,000 1p ordinary shares were issued during the year at market value of £100k in part consideration for the acquisition of further shares in Eclipse Group Solutions Limited, details of which are contained in note 13 to the financial statements.

Cash Flow and Borrowings

At the end of the year the net borrowings of the Group amounted to £10.4m (£9.4m), an increase of £1m. Further details of the Group's cash flows are contained in the consolidated cash flow statement and in the notes to the financial statements.

The Group continues to operate on a day-to-day basis within its bank finance and invoice discounting facilities and given the reasonable expectation of the business to operate profitably, the directors are confident of the Group's ability to fund its normal future development. Any significant acquisition would, of course, necessitate additional funding.

Financial Costs

Net interest amounted to £230k (£516k) a decrease of £286k reflecting in part a lower level of borrowing over the year as a result of the cash injection following the sale of certain subsidiaries and the lower bank borrowing rate.

Taxation

The tax charge for the year amounted to £59k (£349k) in respect of a pre-tax loss of £1,321k (profit £1,935k). This reflects the Group's inability to fully utilise the losses sustained in 2009 against other Group company profits.

Dividend

The directors do not propose to recommend payment of a dividend (2008: £nil).

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report to the shareholders, together with the audited financial statements for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group, based predominantly within the United Kingdom, is that of a recruitment specialist and supplier of temporary staff at many levels across a broad spectrum of industry and commerce. The Group is also involved in contract personnel management and consultancy.

The Chairman's statement on pages 3 to 4 and the operating and financial review on pages 5 to 6 describe the performance of the Group during the year and its planned future developments.

RESULTS

The Group's loss on ordinary activities before taxation for the year amounted to £1,321k compared with a profit of £1,935k for 2008. The detailed results are set out in the consolidated profit and loss account on page 13.

Retained deficit after minority interests of £1,478k (2008: profits £612k) have been transferred to reserves.

DIVIDEND

The directors are not proposing to recommend payment of a dividend for the year (2008: £nil).

DIRECTORS AND THEIR INTERESTS

The directors in office at 31 December 2009 who served throughout the year and those serving for part of the year, as indicated, and their interests in the share capital of the Company at 31 December 2009 and at 31 December 2008 were as follows:

| | | Ordinary shares of 1p each | |
|---------------|-----------------------------|----------------------------|-----------|
| | | 2009 | 2008 |
| J C Parkinson | - Beneficial | 6,622,120 | 6,567,620 |
| | - Family trust * | 7,087,000 | 7,067,000 |
| | - Family trust ** | 724,200 | 724,200 |
| C R Harvey | | 20,000 | 20,000 |
| H E Billot | | 15,000 | 5,000 |
| M A Kingston | (appointed 12 January 2009) | 10,000 | - |
| C G Vidler | (appointed 12 January 2009) | 10,000 | - |
| S M Carter | (appointed 13 March 2009) | 200,000 | - |

* Held by a family trust of which Mr J C Parkinson is a trustee and has a beneficial interest.

** Held by a family trust of which Mr J C Parkinson is a trustee and has no beneficial interest.

DIRECTORS' REPORT

EMPLOYEE INVOLVEMENT

The Group's policy is to consult with employees and provide information on matters likely to affect their interest.

DISABLED PERSONS

Applications for employment made by disabled persons are given full and fair consideration, having regard to the disabilities of the persons concerned. The Group also makes reasonable effort to help with the rehabilitation of employees disabled in the course of employment and, when appropriate, seeks training opportunities for other positions within the Group. Opportunities for development and promotion are open to all employees.

CREDITOR PAYMENT POLICY

The Group's policy concerning the majority of its trade creditors is to pay as far as practicable on agreed terms of settlement commensurate with normal trading practice.

The Group's creditor days at 31 December 2009 were 39 (2008: 37).

INTEREST RATE RISK

The Group finances its operations by invoice discounting borrowings and long-term loans. The Group borrows at both fixed and floating rates of interest. It also receives interest free loans from some of its minority shareholders. The portfolio of borrowings is managed in order to reduce the Group's exposure to interest rate risk.

LIQUIDITY RISK

The Group's policy is to ensure continuity of funding. Invoice discounting facilities help to achieve short-term flexibility.

FOREIGN CURRENCY RISK

Overseas operations and investments are not material to the Group as a whole and so the Group is not exposed to any significant foreign currency risks. At 31 December 2009 the Group had no forward exchange contracts.

ENVIRONMENTAL POLICY

The Group's policy is to conduct all business in a responsible manner in order to reduce recognised hazards, and respect the environment and the health and safety of its employees, customers and suppliers.

The Group endeavours to ensure that its business complies with all relevant environmental, safety and hygiene legislation.

AUDITOR

Chantrey Vellacott DFK LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

M A Kingston
Secretary

20 May 2010



CORPORATE GOVERNANCE

Although not required by regulation or legislation, the directors have decided to provide the following corporate governance disclosures:

BOARD COMPOSITION

The Board of directors, which meets monthly, comprises four executive directors and two non-executive directors.

The Board establishes the principal aims and strategic business direction of the Group and reviews each individual group company's objectives and guidelines as well as approving any changes that may be proposed. This includes all matters relating to financing, capital expenditure, acquisitions and investments in existing and new companies. Annual operating budgets and the Group's management controls and procedures are subject to direct Board review and approval.

BOARD COMMITTEES

Given the small size of the Board it is not practicable at this stage to establish an Audit, Nomination or Remuneration Committee. However, the non-executive director has full authority to investigate the Group's affairs and may call upon external expertise to assist should the need arise.

SEPARATE MANAGEMENT

Each subsidiary company is managed by a separate board which includes the Group Managing Director. Management accounts and minutes of their meetings are available to members of the Group Board.

INTERNAL CONTROL

The Board is responsible for ensuring that the Group has in place a system of internal control. Any system of internal control can only provide reasonable, not absolute assurance against material misstatement or loss. The key features of the system include a clearly defined structure of responsibility and reporting as well as a system of internal reporting and review.

The Board has reviewed the effectiveness of the internal system of financial control both for the year under review and the period to date of approval of these financial statements and believes that the system provides reasonable assurance that assets are safeguarded, transactions properly authorised and recorded and that material errors and irregularities are either prevented or would be detected within a timely period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' 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). 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 the Group and of the profit or loss of the Group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the directors are aware:

- there is no relevant audit information of which the Group'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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

HR GO PLC

We have audited the financial statements of HR GO plc for the year ended 31 December 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, 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).

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 auditors

As explained more fully in the Directors' Responsibilities Statement, 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 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

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 group's and the parent 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's loss 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 the other matter 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

HR GO 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.

Gareth Jones (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
London
27 May 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2009

| | Note | 2009 £'000 | 2008 £'000 |
|--|------|---------------|---------------|
| TURNOVER | 2 | 73,254 | 90,934 |
| Cost of sales | | (57,175) | (69,285) |
| GROSS PROFIT | | 16,079 | 21,649 |
| Administrative expenses | | (16,799) | (21,400) |
| Other operating income | | 234 | 247 |
| OPERATING (LOSS)/PROFIT | 4 | (486) | 496 |
| Group reorganisation costs | 3 | (589) | - |
| (Loss)/profit on sale of stakes in subsidiaries | 3 | (16) | 1,955 |
| Net interest payable and similar charges | 5 | (230) | (516) |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | (1,321) | 1,935 |
| Tax on ordinary activities | 8 | (59) | (349) |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | (1,380) | 1,586 |
| Minority interests | 21 | (98) | (974) |
| RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES | 20 | (1,478) | 612 |
| Basic and diluted (loss)/earnings per share | 9 | (8.73p) | 3.64p |

All activities of the Group in the current and preceding financial year are continuing with the exception of those disclosed in note 4 of the financial statements, which contains a full statutory breakdown.

The notes on pages 18 to 36 form part of these financial statements.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2009

| | 2009 | 2008 |
|---|----------------|--------------|
| | £'000 | £'000 |
| (Loss)/profit for the financial year | (1,478) | 612 |
| Currency translation differences on foreign currency net investment | (13) | 82 |
| Total recognised gains and losses relating to the year | <u>(1,491)</u> | <u>694</u> |

The notes on pages 18 to 36 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
31 December 2009

| | Note | 2009 £'000 | 2008 £'000 |
|--|------|-----------------|-----------------|
| FIXED ASSETS | | | |
| Intangible fixed assets | 10 | 437 | 381 |
| Tangible fixed assets | 11 | 1,029 | 2,248 |
| | | <u>1,466</u> | <u>2,629</u> |
| CURRENT ASSETS | | | |
| Debtors | 14 | 15,839 | 16,250 |
| Deferred taxation – asset | 15 | 48 | 15 |
| Cash at bank and in hand | | 73 | 64 |
| | | <u>15,960</u> | <u>16,329</u> |
| CREDITORS: amounts falling due within one year | 16 | <u>(15,875)</u> | <u>(15,354)</u> |
| NET CURRENT ASSETS | | <u>85</u> | <u>975</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,551 | 3,604 |
| CREDITORS: amounts falling due after more than one year | 17 | <u>(761)</u> | <u>(1,138)</u> |
| NET ASSETS | | <u>790</u> | <u>2,466</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 19 | 170 | 168 |
| Share premium account | 22 | 760 | 662 |
| Capital reserve | | 7 | 7 |
| Profit and loss account | 20 | <u>(839)</u> | <u>652</u> |
| EQUITY SHAREHOLDERS' FUNDS | 23 | 98 | 1,489 |
| EQUITY MINORITY INTERESTS | 21 | <u>692</u> | <u>977</u> |
| TOTAL EQUITY | | <u>790</u> | <u>2,466</u> |

The notes on pages 18 to 36 form part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 20 May 2010.

Signed on behalf of the Board of directors:

M A Kingston
 Director

HR GO PLC

COMPANY BALANCE SHEET 31 December 2009

| | Note | 2009 £'000 | 2008 £'000 |
|--|------|-----------------|-----------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 11 | 190 | 231 |
| Investments | 12 | 687 | 529 |
| | | <u>877</u> | <u>760</u> |
| CURRENT ASSETS | | | |
| Debtors | 14 | 11,151 | 10,057 |
| Cash at bank and in hand | | 83 | 3 |
| | | <u>11,234</u> | <u>10,060</u> |
| CREDITORS: amounts falling due within one year | 16 | <u>(11,074)</u> | <u>(10,173)</u> |
| NET CURRENT ASSETS/(LIABILITIES) | | <u>160</u> | <u>(113)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,037 | 647 |
| CREDITORS: amounts falling due after more than one year | 17 | <u>(300)</u> | <u>(251)</u> |
| NET ASSETS | | <u>737</u> | <u>396</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 19 | 170 | 168 |
| Share premium account | 22 | 760 | 662 |
| Capital reserve | | 7 | 7 |
| Profit and loss account | 20 | (200) | (441) |
| EQUITY SHAREHOLDERS' FUNDS | 23 | <u>737</u> | <u>396</u> |

The notes on pages 18 to 36 form part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 20 May 2010.

Signed on behalf of the Board of directors:

M A Kingston
Director

Company Number 924542



CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2009

| | Note | 2009 £'000 | 2008 £'000 |
|--|-------|---------------|---------------|
| Net cash (outflow)/inflow from operating activities | 24 | (420) | 1,656 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 3 | 8 |
| Interest paid | | (207) | (481) |
| Interest element of finance lease and hire purchase payments | | (26) | (43) |
| Dividend paid to minority interests | | (452) | (267) |
| Net cash outflow from returns on investments and servicing of finance | | (682) | (783) |
| Taxation | | | |
| UK corporation tax paid | | (147) | (294) |
| Capital expenditure and financial investment | | | |
| Payments to acquire tangible fixed assets | | (437) | (1,467) |
| Receipts from sale of tangible fixed assets | | 848 | 333 |
| Net cash inflow/(outflow) from capital expenditure and financial investment | | 411 | (1,134) |
| Acquisitions and disposals | | | |
| Receipts from decreases in stakes in subsidiaries | | - | 18 |
| Receipts from sale of subsidiary undertakings | 3 | - | 2,391 |
| Net cash disposed of with subsidiary undertakings | 3 | - | (514) |
| Payments to increase stakes in subsidiaries | 13/27 | (119) | (19) |
| Net cash acquired with subsidiary undertaking | 27 | - | 14 |
| Payment to acquire subsidiary | 27 | - | (76) |
| Payments to acquire assets and trades of businesses | 27 | (15) | (6) |
| Net cash (outflow)/inflow from acquisitions and disposals | | (134) | 1,808 |
| Net cash (outflow)/inflow before financing | | (972) | 1,253 |
| Financing | | | |
| Receipt of loans | | 287 | 806 |
| Invoice discounting advances/(repayments) | | 1,672 | (1,664) |
| Repayment of loans | | (383) | (189) |
| Capital element of finance lease and hire purchase payments | | (302) | (379) |
| Net cash inflow/(outflow) from financing | | 1,274 | (1,426) |
| Increase/(decrease) in cash in the year | 25 | 302 | (173) |

The notes on pages 18 – 36 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. A summary of the more important Group accounting policies is set out below. They have all been applied consistently throughout the current and preceding year.

Basis of accounting

The financial statements are prepared under the historical cost convention. At the time of approving the financial statements, the Group, based on projected cash flow forecasts, has adequate resources to continue in operation for the foreseeable future working comfortably on a day to day basis within its finance facilities. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The Group financial statements comprise the statements of the holding company and all its subsidiaries. The principal subsidiaries are listed in note 12. The financial statements of all subsidiaries are made up to 31 December 2009. Intra-Group sales and profits are eliminated on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control is passed. Acquisitions are accounted for under the acquisition method.

Goodwill

Goodwill represents the excess of the consideration paid over the fair value of the identifiable net assets at the date of their acquisition. Goodwill is amortised in equal annual instalments over its useful economic life of between 0 - 20 years.

Turnover

Turnover represents the amounts receivable by the Group in the ordinary course of business, net of Value Added Tax, for services provided.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight line basis in order to write off the cost of the assets, less their estimated residual values, over their estimated useful lives at the following rates:

| | |
|--|--|
| Short-term leasehold improvements | 10% per annum or term of lease if less than 10 years |
| Motor vehicles, office equipment and fixtures and fittings | Between 12.5% - 33% per annum |

Investment properties

In accordance with SSAP19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve, and no depreciation is provided in respect of freehold investment properties.

The requirement of the Companies Act 2006 is to depreciate all properties but that requirement conflicts with the generally accepted accounting principles set out in SSAP19. The directors consider that, as these properties are not held for consumption but for investment, it is necessary to adopt SSAP19 in order to give a true and fair view.

The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of the factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Accrued income

Work completed but not invoiced is included in accrued income at invoice value.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on all material timing differences that result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Leases

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Operating lease rentals are charged to profit and loss in equal amounts over the lease term.

Pension scheme

The assets for the Group employees' money purchase pension scheme are held separately from those of the Group in independently administered funds.

The pension charge for the year is disclosed in note 6 to the financial statements.

Financial Instruments

Financial assets such as cash and debtors are measured at the present value of the amounts receivable, less an allowance for the expected level of doubtful receivables. Financial liabilities such as trade creditors, loans and finance leases are measured at the present value of the obligation. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the exchange rates ruling at the year end. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Exchange differences arising from the above are dealt with in the profit and loss account. Differences on exchange arising from the re-translation of the opening net investment in subsidiary companies, and from translation of results of those companies at the closing rate, are taken to reserves and are reported in the statement of total recognised gains and losses.

2. TURNOVER

| | 2009 | 2008 |
|----------------|---------------|---------------|
| | £'000 | £'000 |
| Total turnover | 73,254 | 90,934 |
| | <u>73,254</u> | <u>90,934</u> |

In the directors' opinion there are no significant trading activities other than recruitment and associated activities within the UK.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

3. EXCEPTIONAL ITEMS

A. Group Reorganisation Costs

During 2009 the group incurred £589k of staff redundancy and reorganisation costs resulting from a fundamental group restructure.

B. (Loss)/profit on sale of stakes in subsidiaries

2008 includes the following exceptional amounts relating to sale of discontinued subsidiary undertakings.

| | Human Engineering Ltd (group) £'000 | Human Factors Engineering Solutions Ltd £'000 | 2008 Total £'000 |
|--|--|--|---------------------------------|
| Date of disposal | 23/07/2008 | 22/02/2008 | |
| Percentage interest in ordinary share capital | 52% | 60% | |
| Profit on ordinary activities after taxation to date of disposal | 387 | - | 387 |
| Profit/(loss) on ordinary activities after taxation in respect of year to 31/12/2007 | 161 | (89) | 72 |

Net assets disposed of and the related sale proceeds were as follows:

| | | | |
|---|------------|-------------|------------|
| Tangible fixed assets | 141 | 1 | 142 |
| Current assets | 1,413 | 38 | 1,451 |
| Creditors due within one year | (717) | (79) | (796) |
| Creditors due outside one year | (13) | - | (13) |
| Net assets/(liabilities) | 824 | (40) | 784 |
| Minority interests | (398) | 16 | (382) |
| Profit on sale | 426 | (24) | 402 |
| | 1,965 | 24 | 1,989 |
| Sale proceeds | 2,391 | - | 2,391 |
| Satisfied by: | | | |
| Cash | 2,391 | - | 2,391 |
| Net cash inflows in respect of the sale comprised: | | | |
| Cash consideration | 2,391 | - | 2,391 |
| Cash at bank and in hand sold | (514) | - | (514) |
| | 1,877 | - | 1,877 |

The profit on sale of discontinued subsidiary undertakings is non-taxable and, therefore, has no effect on the tax charge for 2008.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting) the following items:

| | 2009 | 2008 |
|--|-------------------|-------------------|
| | £'000 | £'000 |
| Auditor's remuneration – audit services | 89 | 93 |
| Operating lease expense | | |
| - land and buildings | 862 | 1,000 |
| - plant and machinery | 27 | 3 |
| Depreciation | | |
| - owned assets | 640 | 467 |
| - assets held under finance leases and hire purchase contracts | 160 | 299 |
| Loss/(profit) on sale of tangible fixed assets | 38 | (15) |
| Amortisation of goodwill | 105 | 127 |
| Impairment of goodwill | - | 89 |
| Foreign exchange loss | - | 8 |
| Rent receivable under operating leases | (79) | (102) |
| | <u> </u> | <u> </u> |

Analysis of continuing activities:

| | Existing | Acquired | Start-up | Sold and | 2009 |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Operations | Operations | Operations | Closed | Total |
| | £'000 | £'000 | £'000 | Operations | £'000 |
| Turnover | 71,424 | - | 40 | 1,790 | 73,254 |
| Cost of sales | (55,542) | - | (33) | (1,600) | (57,175) |
| Administrative expenses | (16,124) | - | (98) | (577) | (16,799) |
| Other operating income | 181 | - | - | 53 | 234 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Operating loss | (61) | - | (91) | (334) | (486) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

| | Existing | Acquired | Start-up | Sold and | 2008 |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Operations | Operations | Operations | Closed | Total |
| | £'000 | £'000 | £'000 | Operations | £'000 |
| Turnover | 87,573 | 65 | 3 | 3,293 | 90,934 |
| Cost of sales | (67,685) | (54) | - | (1,546) | (69,285) |
| Administrative expenses | (19,660) | (31) | (98) | (1,611) | (21,400) |
| Other operating income | 186 | - | 19 | 42 | 247 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Operating profit/(loss) | 414 | (20) | (76) | 178 | 496 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

5. NET INTEREST PAYABLE AND SIMILAR CHARGES

| | 2009 | 2008 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Interest payable and similar charges: | | |
| On bank overdrafts and invoice discounting | 207 | 481 |
| On finance leases and hire purchase contracts | 26 | 43 |
| | <u>233</u> | <u>524</u> |
| Interest receivable and similar income: | | |
| Interest receivable | (3) | (8) |
| | <u>230</u> | <u>516</u> |

6. INFORMATION REGARDING EMPLOYEES

During the year the average monthly number of persons employed by the Group was as follows:

| | 2009 | 2008 |
|--------------------------------|-------------|-------------|
| | No. | No. |
| Recruitment and administration | 396 | 517 |

The aggregate payroll costs of these persons including directors were as follows:

| | 2009 | 2008 |
|-----------------------|---------------|---------------|
| | £'000 | £'000 |
| Wages and salaries | 12,091 | 14,973 |
| Social security costs | 1,247 | 1,554 |
| Other pension costs | 129 | 249 |
| | <u>13,467</u> | <u>16,776</u> |

7. EMOLUMENTS OF DIRECTORS

| | 2009 | 2008 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Aggregate emoluments excluding pension contributions | 633 | 509 |
| Company pension contributions to money purchase scheme | 9 | 20 |

Retirement benefits are accruing to two directors under a money purchase scheme (2008: two).

The highest paid director received remuneration of £186k (2008: £208k). Retirement benefits are accruing to this director.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

8. TAX ON ORDINARY ACTIVITIES

| | 2009 | 2008 |
|--|--------------|--------------|
| | £'000 | £'000 |
| United Kingdom corporation tax payable | 113 | 361 |
| Over provision for corporation tax in prior year | (21) | (5) |
| | <u>92</u> | <u>356</u> |
| Deferred tax asset movement (see note 15) | (33) | (7) |
| | <u>59</u> | <u>349</u> |

The standard rate of tax for the year is 28% (2008: 28.5%). The current tax charge is different from the standard rate for the reasons set out in the following reconciliation:

| | 2009 | 2008 |
|--|--------------|--------------|
| | £'000 | £'000 |
| (Loss)/profit on ordinary activities before taxation | (1,321) | 1,935 |
| Tax on (loss)/profit on ordinary activities at standard rate | (370) | 551 |
| Expenses/(income) disallowed for tax purposes | 51 | (455) |
| Depreciation in excess of capital allowances | 38 | 26 |
| Tax losses not utilised | 394 | 239 |
| Adjustment to tax charge in respect of previous period | (21) | (5) |
| Total current tax charge | <u>92</u> | <u>356</u> |

A deferred tax asset has not been recognised in respect of timing differences relating to certain group companies' tax losses and depreciation in excess of capital allowances, as there is insufficient evidence that the asset will be recovered in the foreseeable future. The amount of the asset not recognised is £1,356k (2008: £1,221k).

9. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. There are no dilutive potential ordinary shares.

| | 2009 | 2008 |
|---|----------------|--------------|
| | £'000 | £'000 |
| (Loss)/profit for the financial year being basic and diluted (loss)/earnings attributable to ordinary shareholders | (1,478) | 612 |
| Weighted average number of ordinary shares ('000) | 16,929 | 16,813 |
| Basic and Diluted (loss)/earnings per share | <u>(8.73p)</u> | <u>3.64p</u> |
| Discontinued operations (loss)/profit for the financial year being Basic and Diluted (loss)/earnings attributable to ordinary shareholders | (537) | 49 |
| Discontinued operations Basic and Diluted (loss)/earnings per share | <u>(3.17p)</u> | <u>0.29p</u> |

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

10. INTANGIBLE FIXED ASSETS

| Group | Positive goodwill £'000 | Negative goodwill £'000 | Total £'000 |
|------------------------------------|--|--|------------------------|
| Cost | | | |
| At 1 January 2009 | 1,312 | (95) | 1,217 |
| Additions | 198 | (36) | 162 |
| Disposals | (116) | 8 | (108) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2009 | 1,394 | (123) | 1,271 |
| | <hr/> | <hr/> | <hr/> |
| Amortisation | | | |
| At 1 January 2009 | 931 | (95) | 836 |
| Amortisation provided for the year | 141 | (36) | 105 |
| Disposals | (115) | 8 | (107) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2009 | 957 | (123) | 834 |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| At 31 December 2009 | 437 | - | 437 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| At 31 December 2008 | 381 | - | 381 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Additions

Included in positive goodwill is purchased goodwill of £15k arising from the acquisition of a trade during the year and £114k arising from an increase in a stake held in a subsidiary company, see notes 13 and 27.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

11. TANGIBLE FIXED ASSETS

Group

| | Investment Properties £'000 | Short-term leasehold improvements £'000 | Motor vehicles, office equipment and fixtures and fittings £'000 | Total £'000 |
|-----------------------|--|--|---|------------------------|
| Cost | | | | |
| At 1 January 2009 | 603 | 377 | 4,475 | 5,455 |
| Additions | 158 | 4 | 306 | 468 |
| Disposals | (761) | - | (579) | (1,340) |
| Exchange adjustment | - | - | (3) | (3) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2009 | - | 381 | 4,199 | 4,580 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Depreciation | | | | |
| At 1 January 2009 | - | 275 | 2,932 | 3,207 |
| Charge for the year | - | 33 | 767 | 800 |
| Disposals | - | - | (454) | (454) |
| Exchange adjustment | - | - | (2) | (2) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2009 | - | 308 | 3,243 | 3,551 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book value | | | | |
| At 31 December 2009 | - | 73 | 956 | 1,029 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| At 31 December 2008 | 603 | 102 | 1,543 | 2,248 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

The net book value of tangible fixed assets includes an amount of £231k (2008: £568k) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

11. TANGIBLE FIXED ASSETS (continued)

| Company | Short-term leasehold improvements £'000 | Motor vehicles, office equipment and fixtures and fittings £'000 | Total £'000 |
|-----------------------|--|--|-----------------|
| Cost | | | |
| At 1 January 2009 | 190 | 1,131 | 1,321 |
| Additions | - | 94 | 94 |
| Disposals | - | (45) | (45) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2009 | 190 | 1,180 | 1,370 |
| Depreciation | | | |
| At 1 January 2009 | 175 | 915 | 1,090 |
| Charge for the year | 4 | 112 | 116 |
| Disposals | - | (26) | (26) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2009 | 179 | 1,001 | 1,180 |
| Net book value | | | |
| At 31 December 2009 | <hr/> <hr/> 11 | <hr/> <hr/> 179 | <hr/> <hr/> 190 |
| At 31 December 2008 | <hr/> <hr/> 15 | <hr/> <hr/> 216 | <hr/> <hr/> 231 |

The net book value of tangible fixed assets includes an amount of £71k (2008: £145k) in respect of assets held under finance leases and hire purchase contracts.

12. INVESTMENTS

Investment in subsidiaries

| Company | Total £'000 |
|--------------------------------------|-----------------|
| Cost | |
| At 1 January 2009 | 1,064 |
| Additions | 219 |
| Disposals | (6) |
| | <hr/> |
| At 31 December 2009 | 1,277 |
| Provision against investments | |
| At 1 January 2009 | 535 |
| Movement during year | 55 |
| | <hr/> |
| At 31 December 2009 | 590 |
| Net book value | |
| At 31 December 2009 | <hr/> <hr/> 687 |
| At 31 December 2008 | <hr/> <hr/> 529 |

Acquisitions and disposals in the year are detailed in note 13.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

12. INVESTMENTS (continued)

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the Group in the current year.

| Name of company | Issued share capital £ | Class of Ordinary Share p | % held Company | % held Group |
|------------------------------------|-----------------------------------|--|---------------------------|-------------------------|
| Corporate Resources Limited | 100 | 1 | - | 76 |
| Eclipse Group Solutions Limited | 400 | 1 | 35 | 70 |
| Eclipse Personnel Limited | 200 | 100 | - | 70 |
| Encore Technical Solutions Limited | 100 | 100 | 80 | 80 |
| Foleybrook Properties Limited | 100 | 100 | 100 | 100 |
| GO Aviation Limited | 120 | 1 | 51 | 51 |
| GO Couriers Limited | 1 | 100 | 100 | 100 |
| GO Integrated Services Limited | 100 | 100 | 100 | 100 |
| GO Property Management Limited | 1 | 1 | - | - |
| GO Security Solutions Limited | 100 | 1 | 90 | 90 |
| HR Care (Manchester) Limited | 100 | 100 | 75 | 75 |
| HR GO (Bishop's Stortford) Limited | 100 | 100 | 60 | 60 |
| HR GO (Brighton) Limited | 100 | 1 | 90 | 90 |
| HR GO (Crawley) Limited | 100 | 100 | 80 | 80 |
| HR GO (Doncaster) Limited | 100 | 1 | 85 | 85 |
| HR GO (Glasgow) Limited | 68 | 100 | 79 | 79 |
| HR GO (Great Yarmouth) Limited | 100 | 100 | 60 | 60 |
| HR GO (Havant) Limited | 100 | 1 | 68 | 68 |
| HR GO (Ipswich) Limited | 100 | 1 | 100 | 100 |
| HR GO (Kent) Limited | 10,000 | 10 | 100 | 100 |
| HR GO (Leeds) Limited | 100 | 100 | 100 | 100 |
| HR GO (Liverpool) Limited | 101 | 100 | 67 | 67 |
| HR GO (London) Limited | 1,000 | 100 | - | 100 |
| HR GO (Newcastle) Limited | 200 | 100 | 39 | 78 |
| HR GO (Northampton) Limited | 95 | 1 | 71 | 71 |
| HR GO (Norwich) Limited | 179 | 1 | - | 60 |
| HR GO (Nottingham) Limited | 100 | 1 | 60 | 60 |
| HR GO (Preston) Limited | 200 | 100 | 50 | 100 |
| HR GO (Sandwell) Limited | 100 | 100 | 100 | 100 |
| HR GO (Stockport) Limited | 100 | 100 | 100 | 100 |
| HR GO (Swindon) Limited | 100 | 1 | 75 | 75 |
| HR GO (Wells) Limited | 100 | 1 | 96 | 96 |
| HR GO Education Limited | 100 | 1 | 76 | 76 |
| HR GO Recruitment Limited | 0.01 | 1 | 100 | 100 |
| HR+ Limited | 100 | 1 | 75 | 75 |
| Lobster Lane Limited | 100 | 100 | - | 60 |
| Navarrese Group Limited | 100 | 1 | 60 | 60 |
| Ogilvie Interim Limited | 100 | 1 | - | 51 |
| Ogilvie Search Limited | 100 | 100 | - | 51 |
| Recruitment Holdings Limited | 10,000 | 1 | 86 | 86 |

The above subsidiaries are all incorporated in Great Britain and trade in Great Britain. They are all direct subsidiaries of HR GO plc, with the exception of:-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

12. INVESTMENTS (continued)

- 1) HR GO (London) Limited and Ogilvie Search Limited, which are 100% and 51% subsidiaries of HR GO City Limited and Ogilvie Interim Limited which is a 100% subsidiary of Ogilvie Search Limited.
- 2) Corporate Resources Limited which is a 76% subsidiary of a Gibraltar company also called Corporate Resources Limited.
- 3) HR GO (Norwich) Limited, which is a 60% subsidiary of HR GO Recruitment Limited and Lobster Lane Limited, which is a 100% subsidiary of HR GO (Norwich) Limited.

All companies remain subsidiaries by virtue of the controlling interest that HR GO plc has in HR GO City Limited, Corporate Resources Limited and HR GO Recruitment Limited.

All of the above companies are engaged in recruitment activities with the exception of Foleybrook Properties Limited (property investment), Eclipse Group Solutions Limited and Eclipse Personnel Limited (IT consultancy, support and outsourcing services), GO Couriers Limited (courier), GO Security Solutions Limited (security), GO Aviation Limited (aviation services), HR+ Limited (employment advisors), HR GO City Limited (investment company) and GO Property Management Limited (property investment company).

| Name of company | Country of incorporation | % held Company | % held Group |
|--------------------------------------|--------------------------|-------------------|-----------------|
| Anderson's (Holdings) GmbH | Germany | - | 51 |
| HR GO (Malaga) SL | Spain | - | 80 |
| HR GO (Cape Town) (Pty) Limited | South Africa | - | 40 |
| HR GO (South Africa) (Pty) Limited | South Africa | 80 | 80 |
| Navarrese South Africa (Pty) Limited | South Africa | - | 60 |
| Corporate Resources Limited | Gibraltar | 100 | 100 |

Anderson's (Holdings) GmbH is a 100% subsidiary of Anderson's (UK) Limited, Anderson's (Holdings) GmbH remains a subsidiary by virtue of the controlling interest that HR GO plc has in Anderson's (UK) Limited. The company's activity is that of a holding company.

HR GO (Malaga) SL is a 100% subsidiary of HR GO (Malaga) Limited, HR GO (Malaga) SL remains a subsidiary by virtue of the controlling interest that HR GO plc has in HR GO (Malaga) Limited. The company's activity is that of recruitment.

HR GO (Cape Town) (Pty) Limited and Navarrese South Africa (Pty) Limited are 50% and 100% subsidiaries of HR GO (South Africa) (Pty) Limited and Navarrese Group Ltd.

They remain subsidiaries by virtue of the controlling interest HR GO plc has in HR GO (South Africa) (Pty) Limited and Navarrese Group Limited.

13. INVESTMENT ACQUISITIONS AND DISPOSALS

HR GO (Hayes) Limited

On 26 February 2009 the stake held by the parent company in the subsidiary company, HR GO (Hayes) Limited, was increased from 76% to 100%, accounted for by the acquisition method. The parent company paid cash of £7k for the acquisition of these additional shares and, at the date of acquisition, the net assets acquired by the parent company were valued at net book value of £4k, no fair value adjustment being deemed necessary by the directors. HR GO (Hayes) Limited made no profit or loss for the period from 1 January 2009 to 26 February 2009.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

13. INVESTMENT ACQUISITIONS AND DISPOSALS (cont'd)

Eclipse Group Solutions Limited

On 1 June 2009 the stake held by the parent company in the subsidiary company, Eclipse Group Solutions Limited, was increased from 66% to 70%, accounted for by the acquisition method. The parent company paid cash of £101k and issued 200,000 1p ordinary shares at market value of £100k for the acquisition of these additional shares and, at the date of acquisition, the net assets acquired by the parent company were valued at net book value of £87k, no fair value adjustment being deemed necessary by the directors. Eclipse Group Solutions Limited made profits after tax of £174k for the period 1 January 2009 to 1 June 2009.

HR GO (Sandwell) Limited

On 9 December 2009 the stake held by the parent company in the subsidiary company, HR GO (Sandwell) Limited, was increased from 64% to 100%, accounted for by the acquisition method. The parent company paid cash of £7k for the acquisition of these additional shares and, at the date of acquisition, the net assets acquired by the parent company were valued at net book value of £24k, no fair value adjustment being deemed necessary by the directors. HR GO (Sandwell) Limited made a loss after tax of £1k for the period 1 January 2009 to 9 December 2009.

HR GO (Kent) Limited

On 23 December 2009 the stake held by the parent company in the subsidiary company, HR GO (Kent) Limited, was increased from 96% to 100%, accounted for by the acquisition method. The parent company paid cash of £4k for the acquisition of these additional shares and, at the date of acquisition, the net assets acquired by the parent company were valued at net book value of £20k, no fair value adjustment being deemed necessary by the directors. HR GO (Kent) Limited made profits after tax of £112k for the period 1 January 2009 to 23 December 2009.

Other

The Company subscribed £nil for various minor acquisitions. At the date of acquisition the net liabilities acquired had net book values and fair values totalling £63k.

The Company also received £nil cash for various minor holdings disposed of and at the dates of disposal the net assets sold had net book values and fair values totalling £16k.

14. DEBTORS

| | 2009 | | 2008 | |
|--------------------------------------|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Falling due within one year: | | | | |
| Trade debtors | 14,829 | 226 | 14,813 | 331 |
| Loans to subsidiaries | - | 50 | - | 50 |
| Amounts owed by subsidiary companies | - | 7,976 | - | 8,272 |
| Corporation tax recoverable | 96 | 22 | 42 | 22 |
| Other debtors | 165 | 2,206 | 422 | 790 |
| Prepayments and accrued income | 749 | 585 | 973 | 448 |
| | <u>15,839</u> | <u>11,065</u> | <u>16,250</u> | <u>9,913</u> |
| Falling due after one year: | | | | |
| Loans to subsidiaries | - | 86 | - | 144 |
| | <u>15,839</u> | <u>11,151</u> | <u>16,250</u> | <u>10,057</u> |

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

15. DEFERRED TAXATION – ASSET

| Group | 2009 £'000 | 2008 £'000 |
|--|-----------------------------|-----------------------------|
| At 1 January | 15 | 20 |
| Transfer from profit and loss account – (see note 8) | 33 | 7 |
| Disposal on sale of subsidiaries | - | (12) |
| | <hr/> | <hr/> |
| At 31 December | <u>48</u> | <u>15</u> |

The directors have prepared forecasts, which show that certain companies within the Group will continue to make sufficient profits to utilise their existing tax losses. As a result a deferred tax asset has been recognised on a prudent basis at £48k (2008: £15k) and will be recovered when sufficient profits have been generated.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2009 | | 2008 | |
|---|------------------------------|--------------------------------|------------------------------|--------------------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Bank overdrafts | - | - | 293 | 494 |
| Obligations under finance leases and hire purchase contracts | 153 | 56 | 268 | 60 |
| Minority shareholders' and other loans | 220 | 175 | 95 | 52 |
| Invoice discounting advances | 9,358 | 9,358 | 7,686 | 7,686 |
| Trade creditors | 2,007 | 85 | 1,113 | 237 |
| Amounts owed to subsidiary companies | - | 664 | - | 766 |
| Corporation tax | 124 | - | 125 | - |
| Other taxes and social security | 1,317 | 379 | 2,562 | 517 |
| Other creditors | 539 | 33 | 779 | 37 |
| Accruals and deferred income | 2,157 | 324 | 2,433 | 324 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | <u>15,875</u> | <u>11,074</u> | <u>15,354</u> | <u>10,173</u> |

The bank overdrafts of £nil (2008: £293k) and invoice discounting advances are secured by fixed and floating charges over the assets of HR GO plc and the majority of its subsidiaries.

Various minority shareholders' and other loans are secured by fixed and floating charges on the assets of the individual subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2009 | | 2008 | |
|--|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Obligations under finance leases and hire purchase contracts | 37 | 18 | 193 | 74 |
| Minority shareholders' and other loans | 724 | 282 | 945 | 177 |
| | <u>761</u> | <u>300</u> | <u>1,138</u> | <u>251</u> |

Various minority shareholders' and other loans are secured by fixed and floating charges on the assets of the individual subsidiary company.

The net finance lease and hire purchase contract obligations to which the Group is committed are:

| | 2009 £'000 | 2008 £'000 |
|----------------------------|---------------|---------------|
| In one year or less | 153 | 268 |
| Between one and five years | 37 | 193 |
| | <u>190</u> | <u>461</u> |

18. CAPITAL COMMITMENTS

| | 2009 | | 2008 | |
|--|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Tangible fixed assets Contracted for but not provided for in the financial statements | 100 | - | 130 | - |

19. SHARE CAPITAL

| | 2009 £'000 | 2008 £'000 |
|---|---------------|---------------|
| Authorised: 50,000,000 ordinary shares of 1p each | 500 | 500 |
| Allotted, called up and fully paid: 17,013,240 (2008: 16,813,240) ordinary shares of 1p each | 170 | 168 |

200,000 1p ordinary shares were issued during the year with a nominal value of £2k and at a premium of £98k, which has been transferred to share premium account, see note 22. This issue was in part consideration for the acquisition of further shares in a subsidiary. Full details are contained in note 13.

The middle market price of an ordinary 1p share in HR GO plc at 31 December 2009 was 36 pence and at 31 December 2008 52.50 pence. The range during the financial year was 31.50 pence to 53.50 pence.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

20. PROFIT AND LOSS ACCOUNT

| | 2009 | | 2008 | |
|--|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| At 1 January | 652 | (441) | (42) | (1,115) |
| (Loss)/profit for the year | (1,478) | 241 | 612 | 674 |
| Currency translation differences on foreign currency net investment | (13) | - | 82 | - |
| At 31 December | <u>(839)</u> | <u>(200)</u> | <u>652</u> | <u>(441)</u> |

As permitted by Section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements.

21. EQUITY MINORITY INTERESTS

| | 2009 £'000 | 2008 £'000 |
|--|---------------|---------------|
| At 1 January | 977 | 506 |
| Profit for the year | 98 | 974 |
| Currency translation differences on foreign currency net investment | 5 | (8) |
| Minority sale of stakes in subsidiaries (see note 13) | (69) | 29 |
| Minority purchase of further stakes in subsidiaries (see note 13) | (31) | 52 |
| Minority share of dividends paid by Group undertakings | (334) | (194) |
| Minority interests leaving the Group | 46 | (382) |
| At 31 December | <u>692</u> | <u>977</u> |

22. SHARE PREMIUM ACCOUNT

| | Group & Company 2009 £'000 | Group & Company 2008 £'000 |
|----------------|-------------------------------------|-------------------------------------|
| At 1 January | 662 | 662 |
| Additions | 98 | - |
| At 31 December | <u>760</u> | <u>662</u> |

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2009 | | 2008 | |
|--|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Opening shareholders' funds/(deficit) | 1,489 | 396 | 795 | (278) |
| Issue of 1p ordinary share capital in the year | 100 | 100 | - | - |
| (Loss)/profit for the financial year | (1,478) | 241 | 612 | 674 |
| Other recognised (losses)/gains | (13) | - | 82 | - |
| Closing shareholders' funds | <u>98</u> | <u>737</u> | <u>1,489</u> | <u>396</u> |

24. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

| | Discontinued | Continuing | 2009 £'000 | 2008 £'000 |
|---|---------------------|---------------------|---------------|---------------|
| | Operations £'000 | Operations £'000 | | |
| Operating (loss)/profit | (333) | (153) | (486) | 496 |
| Group reorganisation costs | (227) | (362) | (589) | - |
| Depreciation | 225 | 575 | 800 | 766 |
| Loss/(profit) on sale of tangible fixed assets | 56 | (18) | 38 | (15) |
| Amortisation of goodwill | - | 105 | 105 | 127 |
| Impairment of goodwill | - | - | - | 89 |
| Decrease/(increase) in debtors | 1,289 | (824) | 465 | 1,118 |
| Decrease in creditors | (499) | (251) | (750) | (990) |
| Other non-cash movements | - | (3) | (3) | 65 |
| Net cash inflow/(outflow) from operating activities | <u>511</u> | <u>(931)</u> | <u>(420)</u> | <u>1,656</u> |

The businesses sold or discontinued in the year paid £12k in respect of net returns on investments and servicing of finance, received £8k in respect of taxation and £600k for capital disposals.

25. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | 2009 £'000 | 2008 £'000 |
|---|-----------------|----------------|
| Increase/(decrease) in cash in the year | 302 | (173) |
| Cash (inflow)/outflow from increase in debt and lease finance repayments | (1,274) | 1,426 |
| Change in net debt resulting from cash flows | (972) | 1,253 |
| Other non-cash items: | | |
| New finance leases | (31) | (364) |
| Finance leases and debt due within one year disposed of on sale of subsidiaries | - | 44 |
| Movement in net debt in the year | (1,003) | 933 |
| Net debt at 1 January | (9,416) | (10,349) |
| Net debt at 31 December | <u>(10,419)</u> | <u>(9,416)</u> |

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

26. ANALYSIS OF CHANGES IN NET DEBT

| | At 1 January 2009 £'000 | Cash flow £'000 | Other non-cash changes £'000 | At 31 December 2009 £'000 |
|--------------------------|----------------------------------|-----------------------|---------------------------------------|------------------------------------|
| Cash at bank and in hand | 64 | 9 | - | 73 |
| Bank overdrafts | (293) | 293 | - | - |
| | (229) | 302 | - | 73 |
| Debt due after one year | (945) | 221 | - | (724) |
| Debt due within one year | (7,781) | (1,797) | - | (9,578) |
| Finance leases | (461) | 302 | (31) | (190) |
| Total | (9,416) | (972) | (31) | (10,419) |

27. PURCHASE OF TRADE, ASSOCIATED ASSETS AND MATERIAL STAKE IN SUBSIDIARY

| | Stake in Subsidiary £'000 | Trade £'000 | 2009 Total £'000 | 2008 Total £'000 |
|---------------------------------|---------------------------------|----------------|------------------------|------------------------|
| Analysis of the acquisitions | | | | |
| Tangible fixed assets | - | - | - | 16 |
| Debtors | - | - | - | 25 |
| Cash at bank and in hand | - | - | - | 14 |
| Creditors due within one year | - | - | - | (6) |
| Minority interests acquired | 87 | - | 87 | - |
| Net assets | 87 | - | 87 | 49 |
| Goodwill arising on acquisition | 114 | 15 | 129 | 33 |
| Consideration | 201 | 15 | 216 | 82 |
| Satisfied by: | | | | |
| Cash | 101 | 15 | 116 | 82 |
| Issue of 1p ordinary shares | 100 | - | 100 | - |

Further details relating to the additional subsidiary stake acquisition are contained in note 13.

28. OPERATING LEASE COMMITMENTS

At 31 December 2009 the Group had annual commitments under non-cancellable operating leases as follows:

| | Plant and machinery | | Land and buildings | |
|--------------------------|---------------------|---------------|--------------------|---------------|
| | 2009 £'000 | 2008 £'000 | 2009 £'000 | 2008 £'000 |
| Leases which expire: | | | | |
| Within one year | - | - | 166 | 187 |
| Within two to five years | 1 | 3 | 421 | 485 |
| After five years | - | - | 142 | 67 |
| | 1 | 3 | 729 | 739 |

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

29. COMMITMENTS

The Company has given cross guarantees to National Westminster Bank plc in respect of the bank overdrafts of other members of the HR GO Group of companies. At 31 December 2009 the bank overdrafts under this guarantee amounted to £14k (2008: £242k).

30. RELATED PARTY TRANSACTIONS

a) During the year the Group rented five (2008: five) properties from the self-administered pension scheme of Mr J C Parkinson, the Chairman of the Group. Rents paid for these properties during the year were £106k (2008: £100k). The Group also rented a property from Mr J C Parkinson for which it paid rent during the year of £64k (2008: £64k). The rents on these properties are determined by an independent professional valuer. There were no outstanding balances at the year end.

b) On 1 June 2009 the parent company acquired a further 4% stake in its subsidiary Eclipse Group Solutions Limited from S. Carter, a director of both companies.

The company paid market value of £201k for the shares, satisfied by £101k cash and the issue of 200,000 1p ordinary shares in the parent company at market value of £100k.

c) On 18 December 2009 S. Carter, a director of the parent company, lent the company £290k repayable in equal instalments over 27 months. The loan attracts interest at 2.5% above the Bank of England base rate and at 31 December 2009 the amount outstanding was £280k.

d) During the year Mr J C Parkinson acquired for £757k five properties at market value from the subsidiary company, Go Property Management Limited. He also acquired the entire issued share capital of the company from the parent company for market value of £1.

e) The amount due to/(payable by) HR GO plc from/(to) its subsidiaries at 31 December 2009 is detailed below:

| Name of company | Amount Receivable £ | Amount Payable £ | Loans Receivable £ |
|-------------------------------------|---------------------------|------------------------|--------------------------|
| Recruitment Holdings Limited | 273,805 | | 10,000 |
| HR GO (Norwich) Limited | 566,056 | | 5,000 |
| Eclipse Group Solutions Limited | 294,357 | | |
| HR Care (Manchester) Limited | 635,611 | | 6,500 |
| Ogilvie Search Limited | 309,137 | | |
| HR GO (Crawley) Limited | 249,286 | | 15,000 |
| HR GO (Bishop's Stortford) Limited | 404,391 | | |
| HR GO (Nottingham) Limited | 212,870 | | |
| HR GO (Newcastle) Limited | 157,611 | | |
| HR GO (Northampton) Limited | 560,021 | | |
| HR GO (Great Yarmouth) Limited | 112,143 | | |
| HR GO (Wells) Limited | 279,859 | | |
| HR GO (Malaga) SL | 187,007 | | |
| HR GO (Doncaster) Limited | 536,563 | | |
| HR GO (Swindon) Limited | 131,044 | | 6,000 |
| Eclipse Personnel Limited | 1,029,023 | | |
| HR GO Recruitment Limited | 1,807,889 | | 26,000 |
| HR GO (Liverpool) Limited | | (108,371) | |
| HR + Limited | | (201,964) | 9,100 |
| 11 other Group subsidiary companies | 229,215 | | |
| 34 other Group subsidiary companies | | (353,818) | |
| 8 other Group subsidiary companies | | | 58,600 |
| | <u>7,975,888</u> | <u>(664,153)</u> | <u>136,200</u> |

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

30. RELATED PARTY TRANSACTIONS (continued)

The directors consider that to give full particulars of all transactions with its subsidiaries would lead to a statement of excessive length.

Transactions with subsidiary companies are detailed in the financial statements of those subsidiaries. A list of the principal subsidiaries is contained within note 12.

31. FINANCIAL LIABILITIES

Interest rate profile of financial liabilities

| | 2009 | 2009 | 2008 | 2008 |
|------------------------|---------------|----------------|--------------|----------------|
| | Group | Company | Group | Company |
| | £'000 | £'000 | £'000 | £'000 |
| Floating interest rate | 9,839 | 9,638 | 8,505 | 8,180 |
| Fixed interest rate | 367 | 251 | 690 | 363 |
| Interest free | 286 | - | 285 | - |
| | <u>10,492</u> | <u>9,889</u> | <u>9,480</u> | <u>8,543</u> |

The floating interest rate is linked to the Royal Bank of Scotland base rate

The average fixed interest rate is 6%

The average maturity date for the interest free loans is over five years from the balance sheet date.

Maturity profile of financial liabilities

| | 2009 | 2009 | 2008 | 2008 |
|------------------------------|---------------|----------------|--------------|----------------|
| | Group | Company | Group | Company |
| | £'000 | £'000 | £'000 | £'000 |
| Due within one year | 9,731 | 9,589 | 8,342 | 8,292 |
| Due within two to five years | 495 | 300 | 761 | 251 |
| Due after five years | 266 | - | 377 | - |
| | <u>10,492</u> | <u>9,889</u> | <u>9,480</u> | <u>8,543</u> |

32. ULTIMATE CONTROLLING PARTY

The directors consider the ultimate controlling party to be Mr J C Parkinson.