

# **HR GO PLC**

**Annual Report and Financial Statements 2010**



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# HR GO PLC

## ANNUAL REPORT AND FINANCIAL STATEMENTS 2010

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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

Rivington Holdings plc

### REGISTRARS AND TRANSFER OFFICE

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

### SOLICITORS

Brachers LLP  
Maidstone

Olswang  
London



## 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

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Turnover	79,415	87,941	90,934	73,254	92,604
Operating profit/(loss) before exceptional items	965	1,593	496	(486)	1,912
Operating profit/(loss) after exceptional items	752	1,593	496	(486)	1,912
Profit/(loss) on ordinary activities before taxation	719	1,032	1,935	(1,321)	1,619
Tax on ordinary activities	(310)	(317)	(349)	(59)	(509)
Profit/(loss) for the year	409	715	1,586	(1,380)	1,110
Minority interests	(509)	(401)	(974)	(98)	(616)

**CHAIRMAN'S STATEMENT**

I am pleased to announce that the Group had a very satisfactory year.

Permanent recruitment revenue increased by 22% to £3.2m.

The provision of temporary labour reached record levels. Revenue of £86.2m was 25% up on the previous year. Temp numbers placed reached a record level of 5,597 in December.

We have invested heavily in our IT infrastructure commencing the rollout of a fully integrated front office solution. This will improve both the back office functions and our sales and marketing capabilities. In addition, we are now in a position to deploy our web-based master vendor software solution, which allows us to efficiently manage clients operating from multi-site locations.

We have continued to expand our national sales team as we concentrate on winning large blue chip contracts.

Our funders have continued to support us, increasing our borrowing facility from £11m to £13m to enable us to take advantage of the increased opportunities that we have won. We are optimistic for the future level of trade and are currently in dialogue with our bankers for an even more enhanced facility.

In recent months, we have opened a further 6 branches to service the increase in demand and we would expect further locations to be opened in the future. We will also consider potential acquisitions to grow both profits and shareholders value.

We have continued to simplify our corporate structure, with a number of businesses merging their trade within HR GO Recruitment Limited.

As a measure of our confidence in our business we are to pay a dividend in May 2011 of 0.75p per share and, if the circumstances are correct, we would intend to increase this in the future.

Whilst we consider the economic recovery to be fragile, we remain optimistic about the future and expect that the initiatives we have undertaken in the past two years will enable us to further grow both our turnover and our bottom line profit.

Jack C Parkinson  
Chairman

May 2011

## 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.

Turnover for the year increased to £12.9m (£11.8m), with an operating profit of £73k compared with an operating loss of £90k in 2009. This turnaround resulted from an established business in this sector which showed a significant reduction in performance last year making a strong recovery in 2010.

### *High Street*

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

Turnover grew to £64.5m (£49.5m) with an operating profit of £1,012k compared with an operating loss of £74k last year. This significant increase in turnover and operating profit is a result of the upturn in market demand for temporary labour throughout 2010 and the Group's success in winning national sales contracts.

### *Information Technology*

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

This sector, like many, benefited from the market upturn in demand for temporary staff with turnover increasing by £3.6m to £14.4m and operating profit increasing to £1,108k (£714k).

### *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 £1.1m to £0.8m with an operating profit of £157k compared with an operating loss of £385k last year. The reduction in turnover is attributable to the reclassification of one business in the year to High Street.

The improved operating result stems from the significant loss-making establishment last year making a strong recovery in the permanent staffing sector this year.

## FINANCIAL REVIEW

The 2010 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 £656k (£468k), all used for essential replacement of staff vehicles and IT hardware and software.

*Acquisitions*

Additions to intangible fixed assets of £7k relates to goodwill arising on acquisition of further stakes in subsidiaries.

Additions were made to investments in subsidiaries, which in total amounted to £25k, details of which are contained in note 13 to the financial statements.

*Disposals*

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 £77k, details of which are contained in note 13 to the financial statements.

*Share Capital*

2,700,000 1p ordinary shares were issued during the year at market value of £135k as part of .....

*Cash Flow and Borrowings*

At the end of the year the net borrowings of the Group amounted to £11.7m (£10.4m), an increase of £1.3m. 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 £293k (£230k) an increase of £63k reflecting the increased level of borrowing over the year as a result of the increased turnover and trade debt outstanding.

*Taxation*

The tax charge for the year amounted to £509k (£59k) in respect of a pre-tax profit of £1,619k (loss £1,3,21k). This reflects the Group's ability to almost fully utilise the losses sustained in 2010 by some subsidiaries against other Group company profits.

*Dividend*

The directors recommend the payment of a dividend for the year of £147,750 (2009: £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 2010.

### 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 profit on ordinary activities before taxation for the year amounted to £1,619k compared with a loss of £1,321k for 2009. The detailed results are set out in the consolidated profit and loss account on page 13.

Retained profit after minority interests of £494k (2009: loss £1,478k) have been transferred to reserves.

### DIVIDEND

The directors recommend the payment of a dividend for the year of £147,750 (2009: £nil).

### DIRECTORS AND THEIR INTERESTS

The directors in office at 31 December 2010 who served throughout the year and their interests in the share capital of the Company at 31 December 2010 and at 31 December 2009 were as follows:

		Ordinary shares of 1p each	
		2010	2009
J C Parkinson	- Beneficial	6,622,120	6,622,120
	- Family trust *	7,087,000	7,087,000
	- Family trust **	724,000	724,200
C R Harvey		645,000	20,000
H E Billot		640,000	15,000
M A Kingston		635,000	10,000
C G Vidler		10,000	10,000
S M Carter		825,000	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 2010 were 38 (2009: 39).

**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 2010 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

May 2011

## **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 directors have 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 2010 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 2010 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

May 2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2010**

	Note	2010 £'000	2009 £'000
<b>TURNOVER</b>	2	92,604	73,254
Cost of sales		(73,589)	(57,175)
<b>GROSS PROFIT</b>		19,015	16,079
Administrative expenses		(17,282)	(16,799)
Other operating income		179	234
<b>OPERATING PROFIT/(LOSS)</b>	4	1,912	(486)
Group reorganisation costs	3	-	(589)
Loss on sale of stakes in subsidiaries		-	(16)
Net interest payable and similar charges	5	(293)	(230)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,619	(1,321)
Tax on ordinary activities	8	(509)	(59)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1,110	(1,380)
Minority interests	21	(616)	(98)
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES</b>	20	494	(1,478)
<b>Basic and diluted earnings/(loss) per share</b>	9	2.70p	(8.73p)

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 2010**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Profit/(loss) for the financial year	494	(1,478)
Currency translation differences on foreign currency net investment	(5)	(13)
<b>Total recognised gains and losses relating to the year</b>	<u>489</u>	<u>(1,491)</u>

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

**CONSOLIDATED BALANCE SHEET**  
**31 December 2010**

	Note	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>			
Intangible fixed assets	10	378	437
Tangible fixed assets	11	1,074	1,029
		<u>1,452</u>	<u>1,466</u>
<b>CURRENT ASSETS</b>			
Debtors	14	21,795	15,839
Deferred taxation – asset	15	-	48
Cash at bank and in hand		59	73
		<u>21,854</u>	<u>15,960</u>
<b>CREDITORS: amounts falling due within one year</b>	16	(21,098)	(15,875)
<b>NET CURRENT ASSETS</b>		<u>756</u>	<u>85</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,208	1,551
<b>CREDITORS: amounts falling due after more than one year</b>	17	(573)	(761)
<b>NET ASSETS</b>		<u>1,635</u>	<u>790</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	197	170
Share premium account	22	868	760
Capital reserve		7	7
Profit and loss account	20	(350)	(839)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	23	<u>722</u>	<u>98</u>
<b>EQUITY MINORITY INTERESTS</b>	21	<u>913</u>	<u>692</u>
<b>TOTAL EQUITY</b>		<u>1,635</u>	<u>790</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 May 2011.

Signed on behalf of the Board of directors:

M A Kingston  
 Director

**COMPANY BALANCE SHEET**  
**31 December 2010**

	Note	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	101	190
Investments	12	599	687
		<u>700</u>	<u>877</u>
<b>CURRENT ASSETS</b>			
Debtors	14	16,731	11,151
Cash at bank and in hand		43	83
		<u>16,774</u>	<u>11,234</u>
<b>CREDITORS: amounts falling due within one year</b>	16	<u>(14,991)</u>	<u>(11,074)</u>
<b>NET CURRENT ASSETS</b>		<u>1,783</u>	<u>160</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,483	1,037
<b>CREDITORS: amounts falling due after more than one year</b>	17	<u>(40)</u>	<u>(300)</u>
<b>NET ASSETS</b>		<u><u>2,443</u></u>	<u><u>737</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	197	170
Share premium account	22	868	760
Capital reserve		7	7
Profit and loss account	20	1,371	(200)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	23	<u><u>2,443</u></u>	<u><u>737</u></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 May 2011.

Signed on behalf of the Board of directors:

M A Kingston  
Director

Company Number 924542

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 2010**

	Note	2010 £'000	2009 £'000
<b>Net cash outflow from operating activities</b>	24	(181)	(420)
<b>Returns on investments and servicing of finance</b>			
Interest received		-	3
Interest paid		(286)	(207)
Interest element of finance lease and hire purchase payments		(7)	(26)
Dividend paid to minority interests		(152)	(452)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(445)	(682)
<b>Taxation</b>			
UK corporation tax paid		(155)	(147)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(383)	(437)
Receipts from sale of tangible fixed assets		162	848
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>		(221)	411
<b>Acquisitions and disposals</b>			
Payments to increase stakes in subsidiaries	13/27	(54)	(119)
Payments to acquire assets and trades of business	27	-	(15)
<b>Net cash outflow from acquisitions and disposals</b>		(54)	(134)
<b>Net cash outflow before financing</b>		(1,056)	(972)
<b>Financing</b>			
Issue of ordinary share capital		31	-
Receipt of loans		3	287
Invoice discounting advances		1,554	1,672
Repayment of loans		(322)	(383)
Capital element of finance lease and hire purchase payments		(224)	(302)
<b>Net cash inflow from financing</b>		1,042	1,274
<b>(Decrease)/increase in cash in the year</b>	25	(14)	302

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**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 2010. 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

**Accrued income**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**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**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Total turnover	92,604	73,254

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 2010**

**3. EXCEPTIONAL ITEM**

**Group Reorganisation Costs**

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

**4. OPERATING PROFIT/(LOSS)**

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Auditor's remuneration – audit services	85	89
Operating lease expense		
- land and buildings	525	862
- plant and machinery	3	27
Depreciation		
- owned assets	475	640
- assets held under finance leases and hire purchase contracts	61	160
(Profit)/loss on sale of tangible fixed assets	(87)	38
Amortisation of goodwill	64	105
Loss on disposal of goodwill	2	-
Rent receivable under operating leases	(17)	(79)
	<u>          </u>	<u>          </u>

Analysis of continuing activities:

	<b>Existing</b>	<b>Acquired</b>	<b>Start-up</b>	<b>Sold and</b>	<b>2010</b>
	<b>Operations</b>	<b>Operations</b>	<b>Operations</b>	<b>Closed</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>Operations</b>	<b>£'000</b>
Turnover	91,597	-	359	648	92,604
Cost of sales	(72,783)	-	(253)	(553)	(73,589)
Administrative expenses	(17,015)	-	(80)	(187)	(17,282)
Other operating income	179	-	-	-	179
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Operating profit/(loss)	1,978	-	26	(92)	1,912
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

	<b>Existing</b>	<b>Acquired</b>	<b>Start-up</b>	<b>Sold and</b>	<b>2009</b>
	<b>Operations</b>	<b>Operations</b>	<b>Operations</b>	<b>Closed</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>Operations</b>	<b>£'000</b>
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>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**5. NET INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable and similar charges:		
On bank overdrafts and invoice discounting	286	207
On finance leases and hire purchase contracts	7	26
	<u>293</u>	<u>233</u>
Interest receivable and similar income:		
Interest receivable	-	(3)
	<u>293</u>	<u>230</u>

**6. INFORMATION REGARDING EMPLOYEES**

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

	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
Recruitment and administration	407	396

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	12,493	12,091
Social security costs	1,337	1,247
Other pension costs	131	129
	<u>13,961</u>	<u>13,467</u>

**7. EMOLUMENTS OF DIRECTORS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments excluding pension contributions	534	633
Company pension contributions to money purchase scheme	8	9

Retirement benefits are accruing to two directors under a money purchase scheme (2009: two).

The highest paid director received remuneration of £176k (2009: £186k). Retirement benefits are accruing to this director.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**8. TAX ON ORDINARY ACTIVITIES**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom corporation tax payable	479	113
Over provision for corporation tax in prior year	(18)	(21)
	<u>461</u>	<u>92</u>
Deferred tax asset movement (see note 15)	48	(33)
	<u>509</u>	<u>59</u>

The standard rate of tax for the year is 28% (2009: 28%). The current tax charge is different from the standard rate for the reasons set out in the following reconciliation:

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Profit/(loss) on ordinary activities before taxation	1,619	(1,321)
Tax on profit/(loss) on ordinary activities at standard rate	453	(370)
Expenses disallowed for tax purposes	81	51
Depreciation in excess of capital allowances	30	38
Tax losses (utilised)/not utilised	(85)	394
Adjustment to tax charge in respect of previous period	(18)	(21)
Total current tax charge	<u>461</u>	<u>92</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 £1,272k (2009: £1,356k).

**9. EARNINGS/(LOSS) PER ORDINARY SHARE**

Basic earnings/(loss) 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 earnings/(loss) 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.

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Profit/(loss) for the financial year being basic and diluted earnings/(loss) attributable to ordinary shareholders	494	(1,478)
Weighted average number of ordinary shares ('000)	18,243	16,929
Basic and Diluted earnings/(loss) per share	<u>2.70p</u>	<u>(8.73p)</u>
Discontinued operations loss for the financial year being Basic and Diluted loss attributable to ordinary shareholders	(85)	(537)
Discontinued operations Basic and Diluted loss per share	<u>(0.47p)</u>	<u>(3.17p)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**10. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Positive goodwill £'000</b>	<b>Negative goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2010	1,394	(123)	1,271
Additions	26	(19)	7
Disposals	(2)	-	(2)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	1,418	(142)	1,276
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 January 2010	957	(123)	834
Amortisation provided for the year	83	(19)	64
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2010	1,040	(142)	898
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2010	378	-	378
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2009	437	-	437
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**11. TANGIBLE FIXED ASSETS**

**Group**

	<b>Short-term leasehold improvements £'000</b>	<b>Motor vehicles, office equipment and fixtures and fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2010	381	4,199	4,580
Additions	16	640	656
Disposals	(22)	(880)	(902)
Exchange adjustment	-	(1)	(1)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	375	3,958	4,333
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 January 2010	308	3,243	3,551
Charge for the year	24	512	536
Disposals	(22)	(805)	(827)
Exchange adjustment	-	(1)	(1)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	310	2,949	3,259
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2010	<hr/> <hr/> 65	<hr/> <hr/> 1,009	<hr/> <hr/> 1,074
At 31 December 2009	<hr/> <hr/> 73	<hr/> <hr/> 956	<hr/> <hr/> 1,029

The net book value of tangible fixed assets includes an amount of £253k (2009: £231k) in respect of assets held under finance leases and hire purchase contracts.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**11. TANGIBLE FIXED ASSETS (continued)**

<b>Company</b>	<b>Short-term leasehold improvements £'000</b>	<b>Motor vehicles, office equipment and fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2010	190	1,180	1,370
Additions	-	18	18
Disposals	-	(65)	(65)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	190	1,133	1,323
<b>Depreciation</b>			
At 1 January 2010	179	1,001	1,180
Charge for the year	2	94	96
Disposals	-	(54)	(54)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	181	1,041	1,222
<b>Net book value</b>			
At 31 December 2010	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2009	11	179	190
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The net book value of tangible fixed assets includes an amount of £15k (2009: £71k) in respect of assets held under finance leases and hire purchase contracts.

**12. INVESTMENTS**

**Investment in subsidiaries**

<b>Company</b>	<b>Total £'000</b>
<b>Cost</b>	
At 1 January 2010	1,277
Additions	25
Disposals	(77)
	<hr/>
At 31 December 2010	1,225
<b>Provision against investments</b>	
At 1 January 2010	590
Movement during year	36
	<hr/>
At 31 December 2010	626
<b>Net book value</b>	
At 31 December 2010	<hr/> <hr/>
At 31 December 2009	687
	<hr/> <hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**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	90	90
GO Couriers Limited	1	100	100	100
GO Security Solutions Limited	100	1	100	100
HR Care (Manchester) Limited	100	1	-	80
HR GO (Bishop's Stortford) Limited	100	1	-	60
HR GO (Crawley) Limited	100	1	-	80
HR GO (Doncaster) Limited	100	1	-	85
HR GO (Glasgow) Limited	68	1	-	79
HR GO (Great Yarmouth) Limited	100	1	-	60
HR GO (Havant) Limited	100	1	-	100
HR GO (Liverpool) Limited	101	1	-	67
HR GO (London) Limited	1,000	100	-	100
HR GO (Newcastle) Limited	200	1	-	78
HR GO (Northampton) Limited	95	1	-	71
HR GO (Norwich) Limited	179	1	-	86
HR GO (Nottingham) Limited	100	1	-	60
HR GO (Swindon) Limited	100	1	-	75
HR GO (Wells) Limited	100	1	-	96
HR GO Recruitment Limited	0.01	1	100	100
HR+ Limited	100	1	75	75
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:-

**12. INVESTMENTS (continued)**

- 1) Ogilvie Search Limited, which is a 51% subsidiary of HR GO City Limited and Eclipse Personnel Limited which is a 100% subsidiary of Eclipse Group Solutions Limited.
- 2) Corporate Resources Limited which is a 76% subsidiary of a Gibraltar company also called Corporate Resources Limited.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

- 3) HR Care (Manchester) Limited, HR GO (Bishop’s Stortford) Limited, HR GO (Crawley) Limited, HR GO (Doncaster) Limited, HR GO (Glasgow) Limited, HR GO (Great Yarmouth) Limited, HR GO (Havant) Limited, HR GO (Liverpool) Limited, HR GO (London) Limited, HR GO (Newcastle) Limited, HR GO (Northampton) Limited, HR GO (Norwich) Limited, HR GO (Nottingham) Limited, HR GO (Swindon) Limited and HR GO (Wells) Limited, which are all subsidiaries of HR GO Recruitment Limited, a 100% owned subsidiary of HR GO plc.

All companies remain subsidiaries by virtue of the controlling interest that HR GO plc has in HR GO City Limited, Corporate Resources Limited, Eclipse Group Solutions 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 (dormant), GO Security Solutions Limited (security), GO Aviation Limited (aviation services), HR+ Limited (employment advisors) and HR GO City Limited (investment company).

<b>Name of company</b>	<b>Country of incorporation</b>	<b>% held Company</b>	<b>% held Group</b>
Eclipse Poland Limited sp.zo.o	Poland	-	70
HR GO (Malaga) SL	Spain	-	80
Corporate Resources Limited	Gibraltar	100	100

Eclipse Poland Limited sp.zo.o is a 100% subsidiary of Eclipse Group Solutions Limited and HR GO (Malaga) SL is a 100% subsidiary of HR GO (Malaga) Limited. Eclipse Poland Limited sp.zo.o and HR GO (Malaga) SL remain subsidiaries by virtue of the controlling interest that HR GO plc has in Eclipse Group Solutions Limited and HR GO (Malaga) Limited. The companies’ activities are that of recruitment.

**13. INVESTMENT ACQUISITIONS AND DISPOSALS**

**A. PARENT COMPANY**

**HR GO (Havant) Limited**

On 12 January 2010 the stake held by the parent company in the subsidiary company, HR GO (Havant) Limited, was increased from 68% to 98%, accounted for by the acquisition method. The parent company paid cash of £25k 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 £42k, no fair value adjustment being deemed necessary by the directors. HR GO (Havant) Limited made no profits or losses after tax for the period 1 January 2010 to 12 January 2010.

**HR GO Recruitment Limited**

Between 4 January and 12 January 2010 the stakes held directly by the parent company in various subsidiary companies were sold for cash of £1,380k to HR GO Recruitment Limited, a 100% subsidiary of the parent company. This generated a profit on sale in the parent company of £1,303k which has been eliminated on consolidation.

**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 £5k.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**B. OTHER GROUP COMPANIES**

HR GO (Norwich) Limited

Between 22 March 2010 and 15 October 2010 the stake held by HR GO Recruitment Limited in the subsidiary company, HR GO (Norwich) Limited, was increased from 60% to 86%, accounted for by the acquisition method. The company paid cash of £26k for the acquisition of these additional shares and, at the dates of acquisition, the net assets acquired by the company were valued at net book value totalling £23k, no fair value adjustment being deemed necessary by the directors. HR GO (Norwich) Limited made a profit after tax of £50k for the period 1 January 2010 to 15 October 2010.

Other

HR GO Recruitment Limited also subscribed £3k for various minor acquisitions. At the date of acquisition the net liabilities acquired had net book values and fair values totalling £13k.

**14. DEBTORS**

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Falling due within one year:				
Trade debtors	20,162	85	14,829	226
Loans to subsidiaries	-	50	-	50
Amounts owed by subsidiary companies	-	15,097	-	7,976
Corporation tax recoverable	81	81	96	22
Other debtors	797	871	165	2,206
Prepayments and accrued income	755	467	749	585
	<u>21,795</u>	<u>16,651</u>	<u>15,839</u>	<u>11,065</u>
Falling due after one year:				
Loans to subsidiaries	-	80	-	86
	<u>21,795</u>	<u>16,731</u>	<u>15,839</u>	<u>11,151</u>

**15. DEFERRED TAXATION – ASSET**

Group	2010 £'000	2009 £'000
At 1 January	48	15
Transfer (to)/from profit and loss account – (see note 8)	(48)	33
At 31 December	<u>-</u>	<u>48</u>

The directors have prepared forecasts, which show that certain companies within the Group will not make sufficient profits to utilise their existing tax losses. As a result a deferred tax asset has not been recognised on a prudent basis (2009: £48k).

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts	123	14	153	56
Minority shareholders' and other loans	168	120	220	175
Invoice discounting advances	10,912	10,912	9,358	9,358
Trade creditors	3,253	312	2,007	85
Amounts owed to subsidiary companies	-	2,577	-	664
Corporation tax	415	-	124	-
Other taxes and social security	2,229	442	1,317	379
Other creditors	876	109	539	33
Accruals and deferred income	3,122	505	2,157	324
	<u>21,098</u>	<u>14,991</u>	<u>15,875</u>	<u>11,074</u>

The 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.

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

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts	116	-	37	18
Minority shareholders' and other loans	457	40	724	282
	<u>573</u>	<u>40</u>	<u>761</u>	<u>300</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:

	2010 £'000	2009 £'000
In one year or less	123	153
Between one and five years	116	37
	<u>239</u>	<u>190</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**18. CAPITAL COMMITMENTS**

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Tangible fixed assets Contracted for but not provided for in the financial statements	-	-	100	-

**19. SHARE CAPITAL**

	2010 £'000	2009 £'000
Authorised: 50,000,000 ordinary shares of 1p each	500	500
Allotted, called up and fully paid: 19,713,240 (2009: 17,013,240) ordinary shares of 1p each	197	170

2,700,000 1p ordinary shares were issued during the year with a nominal value of £27k and at a premium of £108k, which has been transferred to share premium account, see note 22. This issue was.....

The middle market price of an ordinary 1p share in HR GO plc at 31 December 2010 was 40 pence and at 31 December 2009 36 pence. The range during the financial year was 34 pence to 40 pence.

**20. PROFIT AND LOSS ACCOUNT**

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
At 1 January	(839)	(200)	652	(441)
Profit/(loss) for the year	494	1,571	(1,478)	241
Currency translation differences on foreign currency net investment	(5)	-	(13)	-
At 31 December	(350)	1,371	(839)	(200)

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**21. EQUITY MINORITY INTERESTS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	692	977
Profit for the year	616	98
Currency translation differences on foreign currency net investment	3	5
Minority sale of stakes in subsidiaries (see note 13)	(47)	(69)
Minority purchase of further stakes in subsidiaries	-	(31)
Minority share of dividends paid by Group undertakings	(351)	(334)
Minority interests leaving the Group	-	46
	<hr/>	<hr/>
At 31 December	913	692
	<hr/> <hr/>	<hr/> <hr/>

**22. SHARE PREMIUM ACCOUNT**

	<b>Group &amp; Company</b>	<b>Group &amp; Company</b>
	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	760	662
Additions	108	98
	<hr/>	<hr/>
At 31 December	868	760
	<hr/> <hr/>	<hr/> <hr/>

**23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2010</b>		<b>2009</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Opening shareholders' funds	98	737	1,489	396
Issue of 1p ordinary share capital in the year	135	135	100	100
Profit/(loss) for the financial year	494	1,571	(1,478)	241
Other recognised losses	(5)	-	(13)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	722	2,443	98	737
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

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

	<b>Discontinued Operations £'000</b>	<b>Continuing Operations £'000</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Operating profit/(loss)	(92)	2,004	1,912	(486)
Group reorganisation costs	-	-	-	(589)
Depreciation	3	533	536	800
(Profit)/loss on sale of tangible fixed assets	4	(91)	(87)	38
Amortisation of goodwill	-	64	64	105
Loss on disposal of goodwill	2	-	2	-
(Decrease)/increase in debtors	228	(6,095)	(5,867)	465
Increase/(decrease) in creditors	(162)	3,422	3,260	(750)
Other non-cash movements	-	(1)	(1)	(3)
	<u>(17)</u>	<u>(164)</u>	<u>(181)</u>	<u>(420)</u>
Net cash outflow from operating activities	<u>(17)</u>	<u>(164)</u>	<u>(181)</u>	<u>(420)</u>

The businesses 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**

	<b>2010 £'000</b>	<b>2009 £'000</b>
(Decrease)/increase in cash in the year	(14)	302
Cash inflow from increase in debt and lease finance repayments	(1,011)	(1,274)
Change in net debt resulting from cash flows	<u>(1,025)</u>	<u>(972)</u>
Other non-cash items:		
New finance leases	(273)	(31)
Movement in net debt in the year	(1,298)	(1,003)
Net debt at 1 January	(10,419)	(9,416)
Net debt at 31 December	<u>(11,717)</u>	<u>(10,419)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**26. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 January 2010 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 December 2010 £'000
Cash at bank and in hand	73	(14)	-	59
Bank overdrafts	-	-	-	-
	73	(14)	-	59
Debt due after one year	(724)	267	-	(457)
Debt due within one year	(9,578)	(1,502)	-	(11,080)
Finance leases	(190)	224	(273)	(239)
Total	(10,419)	(1,025)	(273)	(11,717)

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

	2010 Total £'000	2009 Total £'000
Analysis of the acquisitions		
Minority interests acquired	-	87
Net assets	-	87
Goodwill arising on acquisition	-	129
Consideration	-	216
Satisfied by:		
Cash	-	116
Issue of 1p ordinary shares	-	100

**28. OPERATING LEASE COMMITMENTS**

At 31 December 2010 the Group had annual commitments under non-cancellable operating leases as follows:

	Plant and machinery		Land and buildings	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Leases which expire:				
Within one year	1	-	81	166
Within two to five years	2	1	465	421
After five years	-	-	130	142
	3	1	676	729

**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 2010 the bank overdrafts under this guarantee amounted to £nil (2009: £14k).

**30. RELATED PARTY TRANSACTIONS**

a) During the year the Group rented five (2009: 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 £99k (2009: £106k). The Group also rented a property from Mr J C Parkinson for which it paid rent during the year of £64k (2009: £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 2010 the amount outstanding was £160k (2009: £280k).

d) In 2009 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 2010 is detailed below:

Name of company	Amount Receivable £	Amount Payable £	Loans Receivable £
Corporate Resources Limited	105,143		
Eclipse Group Solutions Limited	-	(2,249,698)	
Eclipse Personnel Limited	1,980,413		
HR + Limited		(82,041)	9,100
HR Care (Manchester) Limited	424,527		6,500
HR GO (Bishop's Stortford) Limited	415,926		
HR GO (Crawley) Limited	383,945		15,000
HR GO (Doncaster) Limited	403,247		
HR GO (Glasgow) Limited	74,686		5,000
HR GO (Great Yarmouth) Limited	536,855		
HR GO (Liverpool) Limited	345,531		
HR GO (London) Limited	268,575		
HR GO (Malaga) Limited	225,316		10,000
HR GO (Newcastle) Limited	399,336		
HR GO (Northampton) Limited	1,626,254		
HR GO (Norwich) Limited	609,571		5,000
HR GO (Nottingham) Limited	554,657		
HR GO Recruitment Limited	6,062,856		26,000
Recruitment Holdings Limited	578,681		10,000
6 other Group subsidiary companies	101,907		
4 other Group subsidiary companies			43,600
34 other Group subsidiary companies		(245,169)	
	15,097,426	(2,576,908)	130,200

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2010**

**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**

	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Floating interest rate	11,248	11,072	9,839	9,638
Fixed interest rate	239	14	367	251
Interest free	289	-	286	-
	<u>11,776</u>	<u>11,086</u>	<u>10,492</u>	<u>9,889</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**

	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Due within one year	11,203	11,046	9,731	9,589
Due within two to five years	307	40	495	300
Due after five years	266	-	266	-
	<u>11,776</u>	<u>11,086</u>	<u>10,492</u>	<u>9,889</u>

**32. ULTIMATE CONTROLLING PARTY**

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