

HR GO PLC

Annual Report and Financial Statements 2007



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HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2007

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HR GO PLC

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J C Parkinson *Chairman*
A E Prior *Finance Director*
H E Billot *HR Director*
C R Harvey *Non-Executive Director*

SECRETARY

A E Prior

REGISTERED IN ENGLAND AND WALES

No. 924542

REGISTERED OFFICE

Wellington House
Church Road
Ashford
Kent
TN23 1RE

AUDITOR

Chantrey Vellacott DFK LLP
Chartered Accountants
Registered Auditor
London

BANKERS

National Westminster Bank Plc

CORPORATE ADVISER

Ruegg & Co. Limited

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

	2003	2004	2005	2006	2007
	£'000	£'000	£'000	£'000	£'000
Turnover	66,214	69,291	76,837	79,415	87,941
Operating profit before exceptional items	417	1,026	549	965	1,593
Operating profit after exceptional items	334	731	7	752	1,593
Profit/(loss) on ordinary activities before taxation	132	449	(122)	719	1,032
Tax on ordinary activities	(390)	(441)	(333)	(310)	(317)
(Loss)/profit for the year	(258)	8	(455)	409	715
Minority interests	(372)	(268)	(237)	(509)	(401)

CHAIRMAN'S STATEMENT

RESULTS

As indicated in our interim results statement, our second half performance maintained the impetus of the first half, resulting in a record operating profit for the year. The Group continues to strive for growth whilst improving operating margins.

Overall the Group turnover for the year amounted to £87.9m (£79.4m) representing a very satisfactory increase of 10.7% over 2006. The majority of the £8.5m increase arose organically from the High Street operation, where our National Sales team continue to increase our market share. In view of this, a gross margin of 24.6% compared to 25.6% last year was most satisfactory. I am pleased to report the success of our reorganisations last year and an increase of our operating margin from 0.9% to 1.8%. Operating profit rose significantly to £1,593k from last year's £752k (an increase of 112%).

As a result, profit before tax improved considerably to £1,032k and the effective rate of taxation was significantly reduced. After minority interests of £401k, the profit retained and added to reserves was £314k.

The Board does not recommend the payment of a dividend at this stage.

DEVELOPMENT

Business start-up and acquisition activity was a low priority in 2007, but the Group continues to search for complementary businesses, especially those offering value added services to our existing client base.

PERSONNEL

Again this year, our staff made enormous efforts to maintain the continuous improvement process implemented at the end of 2006 and again I wish to extend my sincere appreciation and thanks to them for all their hard work.

OUTLOOK

It is pleasing to report for a second year in succession that the results for the first three months of 2008 show a significant improvement compared with last year and are broadly in line with our expectations.

Jack C Parkinson
Chairman
22 May 2008

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 includes two businesses involved in ergonomic consultancy.

Turnover for the year increased by £2.8m to £18.5m and operating profit improved significantly to £743k compared with a £313k in 2006. Our main ergonomic business continued to enjoy an upturn in its fortunes and 2 established businesses in this sector also showed significant growth in profits.

High Street

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

Turnover rose to £55.7m (£50.6m) with an operating profit of £364k compared with a profit of £53k last year, despite losses of £127k incurred from our investment during the year in 2 newly acquired businesses and 2 start-up ventures and a significant bad debt that hit the sector in the year. The improvement was largely due to a marked upturn in performance by several established Group companies in this sector.

Information Technology

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

This sector again performed strongly with turnover growing by £0.8m to £12.1m although its operating profit fell slightly to £640k (£859k) with Eclipse Group Solutions again dominating the sector. One company which commenced in 2006 incurred losses of £124k and was closed during the year.

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.

A decline in turnover from £1.8m to £1.6m in this sector contributed to an operating loss of £74k compared with a profit of £54k last year. This was principally due to a marked downturn in two companies, one established and one recently formed, which generated combined operating losses totalling £160k.

FINANCIAL REVIEW

The 2007 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 £1m (£0.9m), used for the normal replacement of staff vehicles and upgrading of IT hardware and software.

Acquisitions

Additions to intangible fixed assets includes £49k (£170k) of goodwill arising from the various acquisitions by Group companies detailed in note 27 to the financial statements.

Additions were made to investments in subsidiaries amounting to £31k details of which are contained in note 13 to the financial statements.

Disposals

There was no material disposal of fixed assets during the year apart from normal exchange of staff vehicles due for replacement.

Disposal of investments in subsidiaries amounted to £17k, details of which are contained in note 13 to the financial statements.

Share Capital

An additional 100,000 ordinary shares of 1p each were issued during the year as a result of the exercise of options.

No new options were granted during the year while those over 348,165 ordinary shares of 1p each lapsed.

Cash Flow and Borrowings

At the end of the year the net borrowings of the Group amounted to £10.5m (£8.9m), an increase of £1.6m. 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 £539k (£455k) an increase of £84k reflecting a greater level of borrowing over the year as a result of an increased working capital requirement.

Taxation

The tax charge for the year amounted to £317k (£310k) in respect of a pre-tax profit of £1,032k (£719k). The reduced effective tax position reflects both the steps implemented in 2005 to partially mitigate the unsatisfactory rate of taxation caused by the Group's inability to fully secure tax relief for the losses in some subsidiaries, together with the success of the reorganisations last year in reducing those losses.

Dividend

The directors do not propose to recommend payment of a dividend (2006 - £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 2007.

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 page 3 and the operating and financial review on pages 4 to 5 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 £1,032k compared with £719k for 2006. The detailed results are set out in the consolidated profit and loss account on page 12.

Retained profits after minority interests of £314k (2006: loss £100k) have been transferred to reserves.

DIVIDEND

The directors are not proposing to recommend payment of a dividend for the year (2006: £nil).

DIRECTORS AND THEIR INTERESTS

The directors in office at 31 December 2007 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 2007 and at 31 December 2006 were as follows:

		Ordinary shares of 1p each	
		2007	2006
J C Parkinson	- Beneficial	6,587,620	6,587,620
	- Family trust *	7,067,000	7,067,000
	- Family trust **	724,200	724,200
J M Stevenson	(resigned 5 July 2007)	-	-
A E Prior		130,000	30,000
C R Harvey		-	-

* 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.

H E Billot was appointed a director of the company on 26 February 2008.

EMPLOYEE INVOLVEMENT

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

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS (continued)

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 2007 were 36 (2006: 36).

INTEREST RATE RISK

The Group finances its operations by a mixture of retained profits, bank and 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. Overdraft and 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 2007 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

A E Prior
Secretary
22 May 2008



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 three executive directors and a non-executive director.

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 Chairman. 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

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. 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;
- state whether applicable accounting standards have been followed; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 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 SHAREHOLDERS OF

HR GO PLC

We have audited the Group and parent company financial statements of HR GO Plc for the year ended 31 December 2007, which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the parent company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken, so that we might state to the parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985.

We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report, the Chairman's statement and the operating and financial review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

HR GO PLC (continued)

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 31 December 2007 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Chantrey Vellacott DFK LLP
Chartered Accountants
Registered Auditor
London

22 May 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2007

	Note	2007 £'000	2006 £'000
TURNOVER	2	87,941	79,415
Cost of sales		(66,314)	(59,070)
GROSS PROFIT		21,627	20,345
Administrative expenses:			
- before exceptional items		(20,347)	(19,574)
- exceptional items	3	-	(276)
Administrative expenses		(20,347)	(19,850)
Other operating income:			
- before exceptional items		313	194
- exceptional items	3	-	63
Other operating income		313	257
Operating profit:			
- before exceptional items		1,593	965
- exceptional items	3	-	(213)
OPERATING PROFIT	4	1,593	752
Group reorganisation costs	3a	-	(122)
(Loss)/profit on sale of stakes in subsidiaries		(22)	544
Net interest payable and similar charges	5	(539)	(455)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,032	719
Tax on ordinary activities	8	(317)	(310)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		715	409
Minority interests	21	(401)	(509)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	20	314	(100)
Basic earnings/(loss) per share	9	1.86p	(0.60p)
Diluted earnings/(loss) per share	9	1.86p	(0.59p)

All activities of the Group in the current and preceding financial year are continuing.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2007

	2007	2006
	£'000	£'000
Profit/(loss) for the financial year	314	(100)
Currency translation differences on foreign currency net investment	7	(8)
Total recognised gains and losses relating to the year	<u>321</u>	<u>(108)</u>

**CONSOLIDATED BALANCE SHEET
31 December 2007**

	Note	2007 £'000	2006 £'000
FIXED ASSETS			
Intangible fixed assets	10	514	542
Tangible fixed assets	11	1,620	1,590
		<u>2,134</u>	<u>2,132</u>
CURRENT ASSETS			
Debtors	14	18,282	16,570
Deferred taxation – asset	15	20	3
Cash at bank and in hand		105	221
		<u>18,407</u>	<u>16,794</u>
CREDITORS: amounts falling due within one year	16	<u>(18,738)</u>	<u>(17,652)</u>
NET CURRENT LIABILITIES		<u>(331)</u>	<u>(858)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,803	1,274
CREDITORS: amounts falling due after more than one year	17	(502)	(482)
PROVISIONS FOR LIABILITIES AND CHARGES	18	-	-
NET ASSETS		<u>1,301</u>	<u>792</u>
CAPITAL AND RESERVES			
Called up share capital	19	168	167
Share premium account	22	662	650
Capital reserve		7	7
Profit and loss account	20	(42)	(363)
EQUITY SHAREHOLDERS' FUNDS	23	<u>795</u>	<u>461</u>
EQUITY MINORITY INTERESTS	21	<u>506</u>	<u>331</u>
TOTAL EQUITY		<u>1,301</u>	<u>792</u>

These financial statements were approved by the Board of directors and authorised for issue on 22 May 2008.

Signed on behalf of the Board of directors:

J C Parkinson
Director



HR GO PLC

COMPANY BALANCE SHEET 31 December 2007

	Note	2007 £'000	2006 £'000
FIXED ASSETS			
Tangible fixed assets	11	222	278
Investments	12	442	438
		<u>664</u>	<u>716</u>
CURRENT ASSETS			
Debtors	14	10,328	7,301
Cash at bank and in hand		3	3,552
		<u>10,331</u>	<u>10,853</u>
CREDITORS: amounts falling due within one year	16	<u>(11,239)</u>	<u>(11,956)</u>
NET CURRENT LIABILITIES		<u>(908)</u>	<u>(1,103)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(244)	(387)
CREDITORS: amounts falling due after more than one year	17	<u>(34)</u>	<u>(28)</u>
NET LIABILITIES		<u>(278)</u>	<u>(415)</u>
CAPITAL AND RESERVES			
Called up share capital	19	168	167
Share premium account	22	662	650
Capital reserve		7	7
Profit and loss account	20	<u>(1,115)</u>	<u>(1,239)</u>
EQUITY SHAREHOLDERS' DEFICIT	23	<u>(278)</u>	<u>(415)</u>

These financial statements were approved by the Board of directors and authorised for issue on 22 May 2008.

Signed on behalf of the Board of directors:

J C Parkinson
Director



CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Net cash inflow from operating activities	24	214	821
Returns on investments and servicing of finance			
Interest received		7	9
Interest paid		(515)	(424)
Interest element of finance lease and hire purchase payments		(31)	(40)
Dividend paid to minority interests		(207)	(157)
Net cash outflow from returns on investments and servicing of finance		(746)	(612)
Taxation			
UK corporation tax paid		(362)	(288)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(587)	(347)
Receipts from sale of tangible fixed assets		224	136
Net cash outflow from capital expenditure and financial investment		(363)	(211)
Acquisitions and disposals			
Receipts from decreases in stakes in subsidiaries	13	17	8
Payments to increase stakes in subsidiaries	13	(31)	(4)
Payments to acquire assets and trades of businesses	27	(66)	(229)
Net cash outflow from acquisitions and disposals		(80)	(225)
Net cash outflow before financing		(1,337)	(515)
Financing			
Issue of ordinary share capital		13	1
Receipt of loans		172	14
Invoice discounting advances		3,136	6,214
Repayment of loans		(7)	(20)
Capital element of finance lease and hire purchase payments		(471)	(466)
Net cash inflow from financing		2,843	5,743
Increase in cash in the year	25	1,506	5,228

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

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.

Basis of consolidation

The Group financial statements comprise the statements of the holding company and its principal subsidiaries which are listed in note 12. The financial statements of all subsidiaries are made up to 31 December 2007. 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 15% - 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 2007

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' 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 instruments are used for financing purposes only. It is Group policy not to trade in financial instruments.

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

	2007	2006
	£'000	£'000
Total turnover	<u>87,941</u>	<u>79,415</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 2007

3. EXCEPTIONAL ITEMS

Administrative expenses include the following costs in respect of items the directors believe materially affect operating profit due to their size and incidence.

	2007	2006
	£'000	£'000
Pensions 'A' day adjustment	-	276

Other operating income includes the following in respect of an item the directors believe materially affects operating profit due to its size and incidence

Compensation for loss of earnings	-	63
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3A. FUNDAMENTAL GROUP REORGANISATION COSTS

During 2006 the group incurred £122k of staff redundancy costs resulting from a fundamental reorganisation.

4. OPERATING PROFIT

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

	2007	2006
	£'000	£'000
Auditor's remuneration – audit services	100	105
Operating lease expense		
- land and buildings	973	1,118
- plant and machinery	48	4
Depreciation		
- owned assets	470	524
- assets held under finance leases and hire purchase contracts	264	328
(Profit)/loss on sale of tangible fixed assets	(7)	18
Amortisation of goodwill	72	141
Loss on sale of goodwill	2	-
Foreign exchange gains	(7)	(2)
Rent receivable under operating leases	(141)	(123)
Revenue grants received	-	(1)
Compensation for loss of earnings	-	(63)
Pensions 'A' day adjustment	-	276

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

4. OPERATING PROFIT (continued)

Analysis of continuing activities:

	Existing Operations £'000	Acquired Operations £'000	Start-up Operations £'000	Closed Operations £'000	2007 Total £'000
Turnover	86,992	671	149	129	87,941
Cost of sales	(65,797)	(448)	(126)	57	(66,314)
Administrative expenses	(19,526)	(365)	(95)	(361)	(20,347)
Other operating income	313	-	-	-	313
	<u>1,982</u>	<u>(142)</u>	<u>(72)</u>	<u>(175)</u>	<u>1,593</u>
Operating profit/(loss)	<u>1,982</u>	<u>(142)</u>	<u>(72)</u>	<u>(175)</u>	<u>1,593</u>

	Existing Operations £'000	Acquired Operations £'000	Start-up Operations £'000	Closed Operations £'000	2006 Total £'000
Turnover	77,112	2,004	137	162	79,415
Cost of sales	(57,505)	(1,534)	(28)	(3)	(59,070)
Administrative expenses	(18,614)	(557)	(231)	(448)	(19,850)
Other operating income	252	-	-	5	257
	<u>1,245</u>	<u>(87)</u>	<u>(122)</u>	<u>(284)</u>	<u>752</u>
Operating profit/(loss)	<u>1,245</u>	<u>(87)</u>	<u>(122)</u>	<u>(284)</u>	<u>752</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

5. NET INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£'000	£'000
Interest payable and similar charges:		
On bank overdrafts and invoice discounting	515	424
On finance leases and hire purchase contracts	31	40
	<u>546</u>	<u>464</u>
Interest receivable and similar income:		
Interest receivable	(7)	(9)
	<u>539</u>	<u>455</u>

6. INFORMATION REGARDING EMPLOYEES

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

	2007	2006
	No.	No.
Recruitment and administration	489	485
	<u>489</u>	<u>485</u>

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

	2007	2006
	£'000	£'000
Wages and salaries	15,139	14,291
Social security costs	1,541	1,477
Other pension costs	148	162
	<u>16,828</u>	<u>15,930</u>

7. EMOLUMENTS OF DIRECTORS

	2007	2006
	£'000	£'000
Aggregate emoluments excluding pension contributions	451	636
Company pension contributions to money purchase scheme	9	11
	<u>460</u>	<u>647</u>

Retirement benefits are accruing to two directors under a money purchase scheme (2006: two).

The highest paid director received remuneration of £188k (2006: £383k). No retirement benefits are accruing to this director.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007	2006
	£'000	£'000
United Kingdom corporation tax payable	344	305
(Over)/under provision for corporation tax in prior year	(10)	-
	<u>334</u>	<u>305</u>
Deferred tax asset movement (see note 15)	(17)	5
	<u>317</u>	<u>310</u>

The tax charge in 2006 is high as a result of losses in certain subsidiary companies not being available for group tax relief.

The standard rate of tax for the year is 30% (2006: 30%). The current tax charge is different from the standard rate for the reasons set out in the following reconciliation:

	2007	2006
	£'000	£'000
Profit on ordinary activities before taxation	1,032	719
Tax on profit on ordinary activities at standard rate	310	216
Expenses/(income) disallowed for tax purposes	35	(154)
Depreciation in excess of capital allowances	17	39
Tax losses (utilised)/not utilised	(18)	204
Adjustment to tax charge in respect of previous period	(10)	-
Total current tax charge	<u>334</u>	<u>305</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 £1,269k (2006: £1,346k).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

9. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) 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.

	2007	2006
	£'000	£'000
Profit/(loss) for the financial year being basic and diluted earnings/(loss) attributable to ordinary shareholders	314	(100)
Weighted average number of ordinary shares ('000)	16,813	16,713
Effect of dilutive share options	-	70
Adjusted weighted average number of ordinary shares ('000)	16,813	16,783
Basic earnings/(loss) per share	1.86p	(0.60p)
Diluted earnings/(loss) per share	1.86p	(0.59p)

10. INTANGIBLE FIXED ASSETS

Group	Positive goodwill	Negative goodwill	Total
Cost	£'000	£'000	£'000
At 1 January 2007	1,122	(66)	1,056
Additions	105	(59)	46
Disposals	(10)	43	33
At 31 December 2007	1,217	(82)	1,135
Amortisation			
At 1 January 2007	580	(66)	514
Amortisation provided for the year	131	(59)	72
Disposals	(8)	43	35
At 31 December 2007	703	(82)	621
Net book value			
At 31 December 2007	514	-	514
At 31 December 2006	542	-	542

Additions

Included in positive goodwill is purchased goodwill of £49k arising from the acquisition of various trades during the year, see note 27.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

11. TANGIBLE FIXED ASSETS

Group

	Short-term leasehold improvements £'000	Motor vehicles, office equipment and fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2007	394	4,328	4,722
Additions	16	965	981
Disposals	(22)	(810)	(832)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	388	4,483	4,871
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2007	231	2,901	3,132
Charge for the year	42	692	734
Disposals	(12)	(603)	(615)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	261	2,990	3,251
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2007	127	1,493	1,620
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2006	163	1,427	1,590
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The net book value of tangible fixed assets includes an amount of £661k (2006: £693k) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

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 2007	190	1,084	1,274
Additions	-	127	127
Disposals	-	(143)	(143)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	190	1,068	1,258
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2007	139	857	996
Charge for the year	19	108	127
Disposals	-	(87)	(87)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	158	878	1,036
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2007	32	190	222
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2006	51	227	278
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The net book value of tangible fixed assets includes an amount of £87k (2006: £109k) in respect of assets held under finance leases and hire purchase contracts.

12. INVESTMENTS

Investment in subsidiaries

Company	Total £'000
Cost	
At 1 January 2007	959
Additions	26
Disposals	(12)
	<hr/>
At 31 December 2007	973
	<hr/>
Provision against investments	
At 1 January 2007	521
Movement during year	10
	<hr/>
At 31 December 2007	531
	<hr/>
Net book value	
At 31 December 2007	442
	<hr/> <hr/>
At 31 December 2006	438
	<hr/> <hr/>

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

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
Anderson's (UK) Limited	100	100	-	51
Anthony Griffin & Co Limited	100	100	-	86
Aspectrum Limited	100	1	82	82
Castle Personnel (Norfolk) Limited	100	1	52	52
Eclipse Group Solutions Limited	400	100	65	65
Encore Technical Solutions Limited	100	100	60	60
Foleybrook Properties Limited	100	100	100	100
Go Aviation Limited	100	1	57	57
Go Cleaning & Support Services Limited	100	1	80	80
Go Cleaning & Support Services (Eastbourne) Limited	100	1	51	82
Go Couriers Limited	1	100	100	100
Go Facilities Management Limited	100	1	87	87
H R Care (Manchester) Limited	100	100	75	75
H R Management Services Limited	100	100	100	100
HR GO (Bishop's Stortford) Limited	100	100	60	60
HR GO (Bradford) Limited	100	100	90	90
HR GO (Brighton) Limited	100	1	80	80
HR GO (Coventry) Limited	100	100	76	76
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	70	70
HR GO (Hayes) Limited	100	50	76	76
HR GO (Huntingdon) Limited	100	1	75	75
HR GO Integrated Services Limited	100	100	100	100
HR GO (Ipswich) Limited	100	1	90	90
HR GO (Kent) Limited	10,000	10	96	96
HR GO (Leeds) Limited	100	100	90	90
HR GO (Liverpool) Limited	101	100	67	67
HR GO (Newcastle) Limited	200	100	78	78
HR GO (Northampton) Limited	95	100	89	89
HR GO (Northenden) Limited	97	1	78	78
HR GO (Norwich) Limited	100	100	71	71
HR GO (Nottingham) Limited	100	1	58	58
HR GO (Preston) Limited	200	100	70	70
HR GO (Sandwell) Limited	100	100	64	64
HR GO (South Africa) Limited	100	1	90	90
HR GO (Stockport) Limited	100	100	82	82
HR GO (Swindon) Limited	100	1	75	75
HR GO (Wells) Limited	100	1	95	95
HR + Limited	-	1	100	100
Human Engineering Limited	100	100	52	52
Human Factors Engineering Solutions Limited	100	100	60	60

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

12. INVESTMENTS (continued)

Name of company	Issued share capital £	Class of Ordinary Share p	% held Company	% held Group
Navarrese Group Limited	100	1	54	54
Ogilvie Search Limited	100	100	-	51
Recruitment Holdings Limited	10,000	10	92	92
Staple Inn Recruitment Limited	1,000	100	-	100

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 Anderson’s (UK) Limited, Anthony Griffin & Co. Limited, Staple Inn Recruitment Limited and Ogilvie Search Limited, which are 51%, 86%, 100% and 51% respectively subsidiaries of HR GO City Limited. Anderson’s (UK) Limited, Anthony Griffin & Co. Limited, Staple Inn Recruitment Limited and Ogilvie Search Limited remain subsidiaries by virtue of the controlling interest that HR GO Plc has in HR GO City Limited.

All of the above companies are engaged in recruitment activities with the exception of Foleybrook Properties Limited (property investment), Human Engineering Limited and Human Factors Engineering Solutions Limited (ergonomic consultancy), Eclipse Group Solutions Limited (IT consultancy, support and outsourcing services), Aspectrum Limited (business broker), Flex Logistics Limited (courier), Go Facilities Management Limited (security), Go Aviation Limited (aviation services), HR + Limited (employment advisors), Go Cleaning & Support Services Limited and Go Cleaning and Support Services (Eastbourne) Limited (cleaning contractors) and HR GO City Limited (investment company).

Name of company	Country of incorporation	% held
Anderson’s (Holdings) GmbH	Germany	51
Human Engineering (Australia) Pty	Australia	31
Human Engineering Australia (Holdings) Pty	Australia	31
HR GO (Malaga) SL	Spain	75

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.

Human Engineering (Australia) Pty is a 100% subsidiary of Human Engineering Australia (Holdings) Pty, which is a 60% subsidiary of Human Engineering Limited. Human Engineering Australia (Holdings) Pty remains a subsidiary by virtue of the controlling interest that HR GO Plc has in Human Engineering Limited. The Australian group’s activity is that of ergonomic consultancy.

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

13. INVESTMENT ACQUISITIONS AND DISPOSALS

HR GO (Great Yarmouth) Limited

On 9 February 2007 the stake held by the parent company in the subsidiary company, HR GO (Great Yarmouth) Limited, was increased from 56% to 60%, accounted for by the acquisition method. The parent company paid cash of £6k 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 £8k, no fair value adjustment being deemed necessary by the directors. HR GO (Great Yarmouth) Limited made profits after tax of £2k for the period 1 January 2007 to 9 February 2007.

HR GO (Kent) Limited

On 28 November 2007 the stake held by the parent company in the subsidiary company, HR GO (Kent) Limited, was increased from 91% to 96%, accounted for by the acquisition method. The parent company paid cash of £5k 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 £25k, no fair value adjustment being deemed necessary by the directors. HR GO (Kent) Limited made profits after tax of £63k for the period 1 January 2007 to 28 November 2007.

Staple Inn Recruitment Limited

On 2 July 2007 the stake held by the parent company in the subsidiary company, Staple Inn Recruitment Limited, was increased from 93% to 100%, accounted for by the acquisition method. The parent company paid cash of £6k 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 £8k, no fair value adjustment being deemed necessary by the directors. Staple Inn Recruitment Limited made profits after tax of £2k for the period 1 January 2007 to 2 July 2007.

HR GO (Kent) Limited

On 2 April 2007 the stake held by the parent company in the subsidiary company, HR GO (Kent) Limited, was reduced from 99% to 91%, accounted for by the acquisition method. The parent company received cash of £8k for the disposal of these shares and, at the date of disposal, the net assets sold by the parent company were valued at net book value of £34k, no fair value adjustment being deemed necessary by the directors. HR GO (Kent) Limited made losses after tax of £6k for the period 1 January 2007 to 2 April 2007.

HR GO (Havant) Limited

On 14 November 2007 the stake held by the parent company in the subsidiary company, HR GO (Havant) Limited, was reduced from 76% to 70% accounted for by the acquisition method. The parent company received cash of £9k for the disposal of these shares and, at the date of disposal, the net assets sold by the parent company were valued at net book value of £16k, no fair value adjustments being deemed necessary by the directors. HR GO (Havant) Limited made profits after tax of £81k for the period 1 January 2007 to 14 November 2007.

Other

The Company subscribed £0.5k cash for shares in new start-up companies and £14k for various minor acquisitions. At the date of acquisition the net liabilities acquired had net book values and fair values totalling £7k.

The Company also received £nil cash for various minor holdings disposed of and at the dates of disposal the net liabilities sold had net book values and fair values totalling £11k.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

14. DEBTORS

	2007		2006	
	Group £'000	Company £'000	Group £'000	Company £'000
Falling due within one year:				
Trade debtors	16,704	342	14,808	458
Loans to subsidiaries	-	58	-	124
Amounts owed by subsidiary companies	-	8,037	-	4,968
Corporation tax recoverable	54	36	30	-
Other debtors	353	1,003	221	616
Prepayments and accrued income	1,171	647	1,511	636
	<u>18,282</u>	<u>10,123</u>	<u>16,570</u>	<u>6,802</u>
Falling due after one year:				
Loans to subsidiaries	-	205	-	499
	<u>18,282</u>	<u>10,328</u>	<u>16,570</u>	<u>7,301</u>

15. DEFERRED TAXATION – ASSET

Group	2007 £'000	2006 £'000
At 1 January	3	8
Transfer from/(to) profit and loss account – (see note 8)	17	(5)
	<u>20</u>	<u>3</u>
At 31 December	<u>20</u>	<u>3</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 £20k and will be recovered when sufficient profits have been generated.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007		2006	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank overdrafts	161	37	1,783	-
Obligations under finance leases and hire purchase contracts	297	38	343	68
Minority shareholders' and other loans	144	120	47	-
Invoice discounting advances	9,350	9,350	6,214	6,214
Director's current account	235	235	372	372
Trade creditors	1,111	145	1,412	214
Amounts owed to subsidiary companies	-	523	-	4,028
Corporation tax	238	-	242	3
Other taxes and social security	4,395	528	4,488	925
Other creditors	757	85	677	58
Accruals and deferred income	2,050	178	2,074	74
	<u>18,738</u>	<u>11,239</u>	<u>17,652</u>	<u>11,956</u>

The bank overdrafts of £161k (2006: £1,783k) and invoice discounting advances are secured by fixed and floating charges over the assets of HR GO Plc and the majority of its subsidiaries.

Minority shareholders' and other loans are interest free and some 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

	2007		2006	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts	210	34	258	28
Minority shareholders' and other loans	292	-	224	-
	<u>502</u>	<u>34</u>	<u>482</u>	<u>28</u>

Minority shareholders' and other loans are interest free and some 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:

	2007 £'000	2006 £'000
In one year or less	297	343
Between one and five years	210	258
	<u>507</u>	<u>601</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

18. PROVISIONS FOR LIABILITIES AND CHARGES

Group	2007	2006
	£'000	£'000
Deferred taxation		
At 1 January	-	-
Released in the year	-	-
	<u>-</u>	<u>-</u>
At 31 December	<u>-</u>	<u>-</u>

19. SHARE CAPITAL

	2007	2006
	£'000	£'000
Authorised:		
50,000,000 ordinary shares of 1p each	<u>500</u>	<u>500</u>
Allotted, called up and fully paid:		
16,813,240 (2006: 16,713,240) ordinary shares of 1p each	<u>168</u>	<u>167</u>

During the year 100,000 ordinary shares of 1p each were issued fully paid for cash of £12,800 in respect of options exercised by A E Prior a director of the company.

The middle market price of an ordinary 1p share in HR GO Plc at 31 December 2007 was 48 pence and at 31 December 2006 47.5 pence. The range during the financial year was 45.5 pence to 48 pence.

Options over shares in HR GO Plc

Period of option	Subscription price per share	At 1 January 2007	Number of 1p shares exercised / lapsed		At 31 December 2007
From 23 December 2000 to 22 December 2007	12.8p	115,000	(100,000)	(15,000)	-
From 22 December 2007 to 30 November 2014	49.5p	202,020	-	(202,020)	-
From 22 December 2007 to 31 December 2016	49.5p	131,145	-	(131,145)	-
		<u>448,165</u>	<u>(100,000)</u>	<u>(348,165)</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

20. PROFIT AND LOSS ACCOUNT

	2007		2007	
	Group £'000	Company £'000	Group £'000	Company £'000
At 1 January	(363)	(1,239)	(255)	410
Profit/(loss) for the year	314	124	(100)	(1,649)
Currency translation differences on foreign currency net investment	7	-	(8)	-
At 31 December	<u>(42)</u>	<u>(1,115)</u>	<u>(363)</u>	<u>(1,239)</u>

As permitted by Section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit after tax for the financial year was £124k (2006: loss £1,649k).

21. EQUITY MINORITY INTERESTS

	2007 £'000	2006 £'000
At 1 January	331	499
Profit for the year:		
- before exceptional item	335	202
- exceptional item	66	307
Profit for the year	401	509
Currency translation differences on foreign currency net investment	5	(3)
Minority sale of stakes in subsidiaries (see note 13)	(34)	73
Minority purchase of further stakes in subsidiaries (see note 13)	39	(536)
Minority share of dividends paid by Group undertakings	(236)	(211)
At 31 December	<u>506</u>	<u>331</u>

The exceptional item of £66k (2006: £307k) is in respect of minority debit balances written off on closure of businesses.

22. SHARE PREMIUM ACCOUNT

	Group & Company 2007 £'000	Group & Company 2006 £'000
At 1 January	650	649
Additions	12	1
At 31 December	<u>662</u>	<u>650</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007		2006	
	Group £'000	Company £'000	Group £'000	Company £'000
Opening shareholders' funds	461	(415)	568	1,233
Issue of 1p ordinary share capital	13	13	1	1
Profit/(loss) for the financial year	314	124	(100)	(1,649)
Other recognised gains/(losses)	7	-	(8)	-
	<u>795</u>	<u>(278)</u>	<u>461</u>	<u>(415)</u>

24. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £'000	2006 £'000
Operating profit	1,593	752
Depreciation	734	852
(Profit)/loss on sale of tangible fixed assets	(7)	18
Amortisation of goodwill	72	141
Loss on sale of goodwill	2	-
Increase in debtors	(1,688)	(3,041)
(Decrease)/increase in creditors	(504)	2,232
Cash impact of group reorganisation	-	(122)
Other non-cash movements	12	(11)
	<u>214</u>	<u>821</u>

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

	2007 £'000	2006 £'000
Increase in cash in the year	1,506	5,228
Cash inflow from increase in debt and lease finance repayments	(2,830)	(5,742)
	<u>(1,324)</u>	<u>(514)</u>
Change in net debt resulting from cash flows		
Other non-cash items:		
New finance leases	(377)	(491)
	<u>(1,701)</u>	<u>(1,005)</u>
Movement in net debt in the year		
Net debt at 1 January	(8,648)	(7,643)
	<u>(10,349)</u>	<u>(8,648)</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

26. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2007 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 December 2007 £'000
Cash at bank and in hand	221	(116)	-	105
Bank overdrafts	(1,783)	1,622	-	(161)
	(1,562)	1,506	-	(56)
Debt due after one year	(224)	(68)	-	(292)
Debt due within one year	(6,261)	(3,233)	-	(9,494)
Finance leases	(601)	471	(377)	(507)
Total	(8,648)	(1,324)	(377)	(10,349)

27. PURCHASE OF TRADES AND ASSOCIATED ASSETS

	2007 £'000	2006 £'000
Net assets acquired:		
Tangible fixed assets	17	59
Goodwill	49	170
	66	229
Satisfied by:		
Cash	66	229

28. OPERATING LEASE COMMITMENTS

At 31 December 2007 the Group had annual commitments under non-cancellable operating leases as follows:

	Plant and machinery		Land and buildings	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Leases which expire:				
Within one year	-	-	46	232
Within two to five years	22	4	782	576
After five years	-	-	108	203
	22	4	936	1,011

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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 2007 the bank overdrafts under this guarantee amounted to £908k (2006: £1,048k).

30. RELATED PARTY TRANSACTIONS

During the year the Group rented five (2006: seven) 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 £103k (2006: £124k). The Group also rented a property from Mr J C Parkinson for which it paid rent during the year of £64k (2006: £63k). The rents on these properties are determined by an independent professional valuer. There were no outstanding balances at the year end.

31. FINANCIAL LIABILITIES

Interest rate profile of financial liabilities

	2007	2007	2006	2006
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Floating interest rate	9,631	9,507	7,997	6,214
Fixed interest rate	507	72	601	96
Interest free	316	-	271	-
	<u>10,454</u>	<u>9,579</u>	<u>8,869</u>	<u>6,310</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

	2007	2007	2006	2006
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Due within one year	9,952	9,545	8,387	6,282
Due within one to two years	210	34	258	28
Due after five years	292	-	224	-
	<u>10,454</u>	<u>9,579</u>	<u>8,869</u>	<u>6,310</u>

32. ULTIMATE CONTROLLING PARTY

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