

**Report of the Directors and
Financial Statements for the year ended 30th April 2005
for
INSOURCE HOLDING COMPANY LIMITED**



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for the year ended 30th April 2005**

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INSOURCE HOLDING COMPANY LIMITED

Company Information
for the year ended 30th April 2005

DIRECTORS:

S J Aitken
Miss J Sawyer
G V Bennett

SECRETARY:

Miss J Sawyer

REGISTERED OFFICE:

C/O 59 The Avenue
Southampton
Hampshire
SO17 1XS

BUSINESS ADDRESS:

Insource House
4 Southern Court
South Street
Reading
Berkshire
RG1 4QS

REGISTERED NUMBER:

04422373

AUDITORS:

Hall & Co
59 The Avenue
Southampton
Hampshire
SO17 1XS

INSOURCE HOLDING COMPANY LIMITED

Report of the Directors for the year ended 30th April 2005

The directors present their report with the financial statements of the company and the group for the year ended 30th April 2005.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the provision of technical services to the IT industry.

DIRECTORS

The directors during the year under review were:

S J Aitken
Miss J Sawyer
G V Bennett

The beneficial interests of the directors holding office on 30th April 2005 in the issued share capital of the company were as follows:

	30.4.05	1.5.04
Ordinary 0.01 shares		
S J Aitken	1,512,276	1,512,276
Miss J Sawyer	1,469,856	1,469,856
G V Bennett	1,469,856	1,469,856

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records 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 safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Hall & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

INSOURCE HOLDING COMPANY LIMITED

**Report of the Directors
for the year ended 30th April 2005**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



S J Aitken - Director

Date: 21st FEB 06

Report of the Independent Auditors to the Members of Insource Holding Company Limited

We have audited the financial statements of Insource Holding Company Limited for the year ended 30th April 2005 on pages six to sixteen. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Report of the Directors is not consistent with the financial statements, if 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 with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

**Report of the Independent Auditors to the Members of
Insource Holding Company Limited**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30th April 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hall & Co

Hall & Co
59 The Avenue
Southampton
Hampshire
SO17 1XS

Date: *21st February 2006*

INSOURCE HOLDING COMPANY LIMITED

**Consolidated Profit and Loss Account
for the year ended 30th April 2005**

	Notes	2005 £	2004 £
TURNOVER		1,046,553	831,102
Cost of sales		<u>216,058</u>	<u>49,447</u>
GROSS PROFIT		830,495	781,655
Administrative expenses		<u>644,219</u>	<u>800,122</u>
		186,276	(18,467)
Other operating income		<u>49,358</u>	<u>34,663</u>
OPERATING PROFIT	2	235,634	16,196
Interest receivable and similar income		<u>5,456</u>	<u>4,849</u>
		241,090	21,045
Interest payable and similar charges		<u>31,306</u>	<u>20,210</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		209,784	835
Tax on profit on ordinary activities	3	<u>51,257</u>	<u>500</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		158,527	335
Dividends	5	<u>279,500</u>	<u>48,000</u>
DEFICIT FOR THE YEAR FOR THE GROUP		<u>(120,973)</u>	<u>(47,665)</u>

The notes form part of these financial statements

INSOURCE HOLDING COMPANY LIMITED

Consolidated Balance Sheet
30th April 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	6	758,124	772,610
Investments	7	<u>-</u>	<u>-</u>
		758,124	772,610
CURRENT ASSETS			
Debtors	8	364,184	403,959
Cash at bank and in hand		<u>274,574</u>	<u>374,752</u>
		638,758	778,711
CREDITORS			
Amounts falling due within one year	9	<u>485,818</u>	<u>498,185</u>
NET CURRENT ASSETS		<u>152,940</u>	<u>280,526</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		911,064	1,053,136
CREDITORS			
Amounts falling due after more than one year	10	<u>467,499</u>	<u>488,598</u>
		<u>443,565</u>	<u>564,538</u>
CAPITAL AND RESERVES			
Called up share capital	13	445,199	445,199
Revaluation reserve	14	339,824	341,562
Other reserves	14	(451,599)	(451,599)
Profit and loss account	14	<u>110,141</u>	<u>229,376</u>
SHAREHOLDERS' FUNDS		<u>443,565</u>	<u>564,538</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:



S J Aitken - Director

Approved by the Board on 21st FEB 06

The notes form part of these financial statements

INSOURCE HOLDING COMPANY LIMITED

Company Balance Sheet 30th April 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	6	-	-
Investments	7	<u>216,339</u>	<u>216,339</u>
		216,339	216,339
CURRENT ASSETS			
Debtors	8	<u>228,860</u>	<u>228,860</u>
NET CURRENT ASSETS		<u>228,860</u>	<u>228,860</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>445,199</u>	<u>445,199</u>
CAPITAL AND RESERVES			
Called up share capital	13	445,199	445,199
Profit and loss account	14	-	-
SHAREHOLDERS' FUNDS		<u>445,199</u>	<u>445,199</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:



S J Aitken - Director

Approved by the Board on 21st FEB 06

INSOURCE HOLDING COMPANY LIMITED

Notes to the Financial Statements for the year ended 30th April 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land and buildings	- 2% on cost and not provided
Plant and machinery etc	- 25% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

2. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2005	2004
	£	£
Depreciation - owned assets	21,036	25,313
Profit on disposal of fixed assets	(1,880)	(7,500)
Auditors' remuneration	8,500	9,565
Foreign exchange differences	117	(3,730)
Pension costs	<u>25,000</u>	<u>-</u>
Directors' emoluments and other benefits etc	<u>61,000</u>	<u>18,000</u>

INSOURCE HOLDING COMPANY LIMITED

Notes to the Financial Statements - continued for the year ended 30th April 2005

3. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2005 £	2004 £
Current tax:		
UK corporation tax	<u>51,257</u>	<u>500</u>
Tax on profit on ordinary activities	<u>51,257</u>	<u>500</u>

4. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £279,500 (2004 - £48,000).

5. DIVIDENDS

	2005 £	2004 £
Final	<u>279,500</u>	<u>48,000</u>

6. TANGIBLE FIXED ASSETS

Group

	Land and buildings £	Plant and machinery etc £	Totals £
COST OR VALUATION			
At 1st May 2004	750,000	265,094	1,015,094
Additions	-	6,549	6,549
Disposals	<u>-</u>	<u>(38,295)</u>	<u>(38,295)</u>
At 30th April 2005	<u>750,000</u>	<u>233,348</u>	<u>983,348</u>
DEPRECIATION			
At 1st May 2004	6,050	236,433	242,483
Charge for year	6,050	14,986	21,036
Eliminated on disposal	<u>-</u>	<u>(38,295)</u>	<u>(38,295)</u>
At 30th April 2005	<u>12,100</u>	<u>213,124</u>	<u>225,224</u>
NET BOOK VALUE			
At 30th April 2005	<u>737,900</u>	<u>20,224</u>	<u>758,124</u>
At 30th April 2004	<u>743,950</u>	<u>28,661</u>	<u>772,611</u>

INSOURCE HOLDING COMPANY LIMITED

Notes to the Financial Statements - continued for the year ended 30th April 2005

6. TANGIBLE FIXED ASSETS - continued

Group

Included in cost or valuation of land and buildings is freehold land of £195,000 (2004 - £195,000) which is not depreciated.

Cost or valuation at 30th April 2005 is represented by:

	Land and buildings £	Plant and machinery etc £	Totals £
Valuation in 2003	750,000	-	750,000
Cost	<u>-</u>	<u>233,348</u>	<u>233,348</u>
	<u>750,000</u>	<u>233,348</u>	<u>983,348</u>

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	2005 £	2004 £
Cost	<u>415,000</u>	<u>415,000</u>
Aggregate depreciation	<u>13,200</u>	<u>8,800</u>
Value of land in freehold land and buildings	<u>195,000</u>	<u>195,000</u>

Freehold land and buildings were valued on an open market basis on 16th April 2003 by Fairweathers, Chartered Surveyors.

7. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1st May 2004 and 30th April 2005	<u>216,339</u>
NET BOOK VALUE	
At 30th April 2005	<u>216,339</u>
At 30th April 2004	<u>216,339</u>

INSOURCE HOLDING COMPANY LIMITED

Notes to the Financial Statements - continued
for the year ended 30th April 2005

7. FIXED ASSET INVESTMENTS - continued

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Sabre Investments Limited

Nature of business: Property rental

	%
Class of shares:	holding
Ordinary	100.00

Insource Limited

Nature of business: Support services

	%
Class of shares:	holding
Ordinary	100.00

The company owns 51% directly and 49% indirectly through its ownership of Sabre Investments Limited.

Insource Select Limited

Nature of business: Recruitment consultancy

	%
Class of shares:	holding
Ordinary	100.00

The company owns 100% indirectly through its ownership of Insource Limited.

Insource IT Consultancy Limited

Nature of business: IT consultancy

	%
Class of shares:	holding
Ordinary	100.00

The company owns 100% indirectly through its ownership of Insource Limited.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	257,061	151,289	-	-
Amounts owed by group undertakings	-	-	228,760	228,760
Other debtors	107,123	252,670	100	100
	<u>364,184</u>	<u>403,959</u>	<u>228,860</u>	<u>228,860</u>

INSOURCE HOLDING COMPANY LIMITED

Notes to the Financial Statements - continued
for the year ended 30th April 2005

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2005	2004
	£	£
Bank loans and overdrafts	25,313	24,232
Trade creditors	73,670	62,512
Taxation and social security	106,687	69,913
Other creditors	<u>280,148</u>	<u>341,528</u>
	<u>485,818</u>	<u>498,185</u>

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

	Group	
	2005	2004
	£	£
Bank loans	<u>467,499</u>	<u>488,598</u>

Amounts falling due in more than five years:

	Group	
	2005	2004
	£	£
Repayable by instalments		
Bank loans	<u>351,881</u>	<u>377,919</u>

11. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Group	
	2005	2004
	£	£
Expiring:		
In more than five years	<u>50,000</u>	<u>50,000</u>

INSOURCE HOLDING COMPANY LIMITED

Notes to the Financial Statements - continued
for the year ended 30th April 2005

12. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2005	2004
	£	£
Bank loans	<u>492,812</u>	<u>512,830</u>

Bank overdrafts and loans are secured by fixed and floating charges over all the assets of the group and by cross guarantees by the subsidiary undertakings.

13. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	2005	2004
		value:	£	£
50,000,000	Ordinary	0.01	<u>500,000</u>	<u>500,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal	2005	2004
		value:	£	£
44,519,900	Ordinary	0.01	<u>445,199</u>	<u>445,199</u>

INSOURCE HOLDING COMPANY LIMITED

Notes to the Financial Statements - continued for the year ended 30th April 2005

14. RESERVES

Group

	Profit and loss account £	Revaluation reserve £	Other reserves £	Totals £
At 1st May 2004	229,376	341,562	(451,599)	119,339
Deficit for the year	(120,973)	-	-	(120,973)
Transfer from revaluation reserve	<u>1,738</u>	<u>(1,738)</u>	-	-
At 30th April 2005	<u>110,141</u>	<u>339,824</u>	<u>(451,599)</u>	<u>(1,634)</u>

Company

	Profit and loss account £
Retained profit for the year	-
At 30th April 2005	<u>-</u>

15. CONTINGENT LIABILITIES

There were no contingent liabilities in the company or the group at 30th April 2005 or at 30th April 2004.

16. CAPITAL COMMITMENTS

	2005 £	2004 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>-</u>

17. TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the year ended 30th April 2005:

	£
S J Aitken	
Balance outstanding at start of year	15,869
Balance outstanding at end of year	-
Maximum balance outstanding during year	<u>45,417</u>

• **INSOURCE HOLDING COMPANY LIMITED**

Notes to the Financial Statements - continued
for the year ended 30th April 2005

17. TRANSACTIONS WITH DIRECTORS - continued

G V Bennett

Balance outstanding at start of year	16,487
Balance outstanding at end of year	-
Maximum balance outstanding during year	<u>45,416</u>

Miss J Sawyer

Balance outstanding at start of year	15,451
Balance outstanding at end of year	-
Maximum balance outstanding during year	<u>45,416</u>

18. ULTIMATE CONTROLLING PARTY

By virtue of their ownership of the entire share capital of Insource Holding Company Limited the directors S J Aitken, G V Bennett and J Sawyer ultimately control the company and the group.