

Registered number
2855561

Mane Contract Services Limited

Report and Accounts

31 August 2001



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Mane Contract Services Limited
Report and accounts
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Mane Contract Services Limited
Company Information

Director

L Pacelli
R Motyczak
J Bowers

Secretary

R Motyczak

Auditors

BKA Limited
Hartfield House
40-44 High Street
Northwood
Middlesex
HA6 1UJ

Registered office

2nd Floor
Clarendon House
Bridle Path
Watford
Herts
WD17 1UT

Registered number

2855561

Mane Contract Services Limited

Director's Report

The director presents his report and accounts for the year ended 31 August 2001.

Principal activities and review of the business

The company's principal activity during the period continued to be that of staff employment agency for the construction and other related industries.

Turnover has increased proportionately by approximately 32% during the period and has continued to be profitable. The company is in a good position to take advantage of any opportunities which may arise in the future.

Results and dividends

The profit for the year, after taxation, amounted to £51,132. The directors recommended and paid ordinary dividends of £75,000, making the total of ordinary dividends £75,000 for the year which, after payment of preference dividends of £9,840, leaves a loss of £33,708 to be retained.

Future developments

The directors aim to maintain the management policies which have resulted in the company's growth in recent years. They consider that the next year will show a further significant growth in sales.

Events since the balance sheet date

Following an Inland Revenue Compliance Review in March 2002 it was concluded that the company had unintentionally misinterpreted legislation relating to the treatment of payments to sub-contractors. The company had been operating as if the Construction Industry Scheme applied to most workers, whereas the Company is an employment agency and should have been operating PAYE. £100,000 has been provided in these accounts representing the director's estimate of the total liability (including penalties and interest) accruing up to 31 August 2001 that has arisen following the results of the Inland Revenue's review. It is estimated that an additional £20,000 is payable in respect of liabilities accruing from 1 September 2001 to the point that the company corrected its treatment of payments to sub-contractors but no provision has been made in these accounts for this amount.

Director

The director who served during the year and his interest in the share capital of the company were as follows:

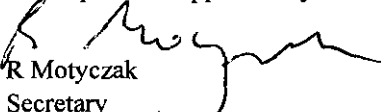
	£1 Ordinary shares	
	2001	2000
L Pacelli	50,000	50,000
	£1 Preference shares	
	2001	2000
L Pacelli	-	-

R Motyczak and J Bowers were appointed as directors on 1 November 2001.

Auditors

A resolution to reappoint BKA Limited as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 21 June 2002.


R Motyczak
Secretary

Mane Contract Services Limited
Statement of Director's Responsibilities

Company law requires the director to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the accounts comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent auditors' report
to the shareholders of Mane Contract Services Limited**

We have audited the accounts of Mane Contract Services Limited for the period ended 31 August 2001 which comprise pages 5 to 15. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the accounts 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 Directors' Report is not consistent with the accounts, 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 Directors' Report 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 August 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



BKA Limited

Registered auditors

Hartfield House
40-44 High Street
Northwood
Middlesex
HA6 1UJ

21 June 2002

Mane Contract Services Limited
Profit and Loss Account
for the year ended 31 August 2001

	Notes	2001 £	2000 £
Turnover	2	8,657,788	9,814,030
Cost of sales		(7,064,618)	(7,358,920)
Gross profit		<u>1,593,170</u>	<u>2,455,110</u>
Administrative expenses		(1,421,011)	(1,942,300)
Operating profit	3	<u>172,159</u>	<u>512,810</u>
Interest receivable		995	2,065
Interest payable	6	(93,703)	(107,013)
Profit on ordinary activities before taxation		<u>79,451</u>	<u>407,862</u>
Tax on profit on ordinary activities	7	(22,119)	(41,029)
Profit for the financial year		<u>57,332</u>	<u>366,833</u>
Dividends:			
preference dividend on non-equity shares	8	(9,840)	(14,762)
ordinary dividend on equity shares	9	<u>(75,000)</u>	<u>(50,000)</u>
		(84,840)	(64,762)
Retained (loss)/profit for the financial year	15	<u>(27,508)</u>	<u>302,071</u>

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

Mane Contract Services Limited
Balance Sheet
as at 31 August 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible assets	10	43,994	74,803
Debtors: due after more than one year	20	64,481	64,481
Current assets			
Debtors	11	2,120,973	1,737,937
Cash at bank and in hand		-	51
		<u>2,120,973</u>	<u>1,737,988</u>
Creditors: amounts falling due within one year	12	(1,938,728)	(1,559,044)
Net current assets		<u>182,245</u>	<u>178,944</u>
		<u>290,720</u>	<u>318,228</u>
Capital and reserves			
Called up share capital	14	100,000	100,000
Profit and loss account	15	190,720	218,228
Shareholders' funds:			
Equity		240,720	268,228
Non-equity		50,000	50,000
	16	<u>290,720</u>	<u>318,228</u>


L Pacelli

Director

Approved by the board on 21 June 2002

Mane Contract Services Limited
Cash Flow Statement
for the year ended 31 August 2001

	Notes	2001 £	2000 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		172,159	512,810
Depreciation charges		15,941	46,076
Profit on disposal of fixed assets		(878)	-
Increase in debtors		(383,036)	(578,523)
Increase in creditors		414,787	128,819
Net cash inflow from operating activities		<u>218,973</u>	<u>109,182</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		218,973	109,182
Returns on investments and servicing of finance	17	(102,548)	(119,710)
Taxation		(42,660)	-
Capital expenditure	17	<u>15,746</u> 89,511	<u>(4,259)</u> (14,787)
Equity dividends paid		<u>(75,000)</u> 14,511	<u>(50,000)</u> (64,787)
Financing	17	(6,000)	(44,304)
Increase/(decrease) in cash		<u>8,511</u>	<u>(109,091)</u>
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		8,511	(109,091)
Decrease in debt and lease financing		6,000	44,304
Change in net debt	18	<u>14,511</u>	<u>(64,787)</u>
Net debt at 1 September		<u>(130,683)</u>	<u>(65,896)</u>
Net debt at 31 August		<u>(116,172)</u>	<u>(130,683)</u>

Mane Contract Services Limited
Notes to the Accounts
for the year ended 31 August 2001

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold Improvements	10% straight line
Motor vehicles	25% reducing balance
Office equipment, fixtures and fittings	25% reducing balance

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation.

Assets and liabilities are calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Mane Contract Services Limited
Notes to the Accounts
for the year ended 31 August 2001

2 Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Turnover is attributable to one continuing activity, that of staff employment agency.

3 Operating profit	2001	2000
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	15,941	32,118
Depreciation of assets held under finance leases and hire purchase contracts	-	13,958
Operating lease rentals - land buildings	32,634	61,046
Auditors' remuneration	4,000	4,000
Auditors' remuneration - non-audit services	<u>1,000</u>	<u>2,000</u>

4 Director's emoluments	2001	2000
	£	£
Emoluments	120,000	151,657
Company contributions to money purchase pension schemes	<u>10,600</u>	<u>17,011</u>
	<u>130,600</u>	<u>168,668</u>

Number of directors in company pension schemes:	2001	2000
	Number	Number
Money purchase schemes	<u>1</u>	<u>1</u>

5 Staff costs	2001	2000
	£	£
Wages and salaries	666,922	859,716
Social security costs	81,950	93,072
Other pension costs	<u>23,462</u>	<u>24,208</u>
	<u>772,334</u>	<u>976,996</u>

Average number of employees during the year	Number	Number
Administration	<u>28</u>	<u>28</u>

Mane Contract Services Limited
Notes to the Accounts
for the year ended 31 August 2001

6 Interest payable	2001	2000
	£	£
Bank loans and overdrafts	-	247
Interest on overdue tax	10,393	3,125
Other loans	83,285	96,939
Finance charges payable under finance leases and hire purchase contracts	25	6,702
	<u>93,703</u>	<u>107,013</u>

7 Taxation	2001	2000
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	20,488	41,029
Adjustments in respect of previous periods	1,631	-
	<u>22,119</u>	<u>41,029</u>
 Tax on profit on ordinary activities	 <u>22,119</u>	 <u>41,029</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2001	2000
	£	£
Profit on ordinary activities before tax	<u>79,451</u>	<u>407,862</u>
Standard rate of corporation tax in the UK	20%	20%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	15,890	81,572
Effects of:		
Expenses not deductible for tax purposes	6,238	9,398
Capital allowances for period in excess of depreciation	(1,640)	2,257
Utilisation of tax losses	-	(52,198)
Adjustments to tax charge in respect of previous periods	1,631	-
Current tax charge for period	<u>22,119</u>	<u>41,029</u>

Mane Contract Services Limited
Notes to the Accounts
for the year ended 31 August 2001

8 Non-equity dividends	2001	2000
	£	£
Non-equity dividends on preference shares	<u>9,840</u>	<u>14,762</u>

9 Equity dividends	2001	2000
	£	£
Equity dividends on ordinary shares - interim paid	<u>75,000</u>	<u>50,000</u>

10 Tangible fixed assets

	Leasehold Improvements	Office Equipment Fixtures And Fittings	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 September 2000	15,106	125,724	60,231	201,061
Additions	-	6,654	-	6,654
Disposals	-	-	(60,231)	(60,231)
At 31 August 2001	<u>15,106</u>	<u>132,378</u>	<u>-</u>	<u>147,484</u>
Depreciation				
At 1 September 2000	6,798	82,784	36,676	126,258
Charge for the year	1,510	12,398	2,033	15,941
On disposals	-	-	(38,709)	(38,709)
At 31 August 2001	<u>8,308</u>	<u>95,182</u>	<u>-</u>	<u>103,490</u>
Net book value				
At 31 August 2001	<u>6,798</u>	<u>37,196</u>	<u>-</u>	<u>43,994</u>
At 31 August 2000	<u>8,308</u>	<u>42,940</u>	<u>23,555</u>	<u>74,803</u>

	2001	2000
	£	£
Net book value of assets included above held under finance leases and hire purchase contracts	<u>-</u>	<u>18,493</u>

Mane Contract Services Limited
Notes to the Accounts
for the year ended 31 August 2001

11 Debtors	2001	2000
	£	£
Trade debtors	1,750,863	1,296,535
Other debtors	199,516	164,014
Prepayments and accrued income	170,594	277,388
	<u>2,120,973</u>	<u>1,737,937</u>

The majority of trade debtors are assigned to a factoring company - refer note 12.

Included within other debtors is a loan of £199,516 (2000 - £120,767) to L Pacelli, the director. The maximum amount outstanding during the year was £205,766.

12 Creditors: amounts falling due within one year	2001	2000
	£	£
Bank loans and overdrafts	116,172	124,734
Obligations under finance lease and hire purchase contracts	-	6,000
Payments on account	1,099,789	755,430
Trade creditors	31,024	49,103
Corporation tax	20,488	41,029
Other taxes and social security costs	407,294	368,030
Other creditors	242,211	205,723
Accruals and deferred income	21,750	8,995
	<u>1,938,728</u>	<u>1,559,044</u>

Payments on account represent advances from the factoring company, which in accordance with an agreement dated 2.5.2001 holds a debenture over the book debts of the company - refer note 11.

13 Obligations under finance leases and hire purchase contracts	2001	2000
	£	£
Amounts payable:		
Within one year	<u>-</u>	<u>6,000</u>

Mane Contract Services Limited
Notes to the Accounts
for the year ended 31 August 2001

14 Share capital

			2001	2000
			£	£
Authorised:				
Ordinary shares of £1 each			50,000	50,000
19.2% redeemable preference shares of £1 each			50,000	50,000
			<u>100,000</u>	<u>100,000</u>
	2001	2000	2001	2000
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
19.2% redeemable preference	50,000	50,000	50,000	50,000
			<u>100,000</u>	<u>100,000</u>

The preference shares are redeemable at par upon the request of the shareholder who is required to provide three clear month's notice of his intentions; at the date these accounts were approved no such notice had been given.

15 Profit and loss account

	2001	2000
	£	£
At 1 September	218,228	(83,843)
Retained (loss)/profit	(27,508)	302,071
	<u>190,720</u>	<u>218,228</u>
At 31 August		

16 Reconciliation of movement in shareholders' funds

	2001	2000
	£	£
At 1 September	318,228	16,157
Profit for the financial year	57,332	366,833
Dividends	(84,840)	(64,762)
	<u>290,720</u>	<u>318,228</u>
At 31 August		

Mane Contract Services Limited
Notes to the Accounts
for the year ended 31 August 2001

17 Gross cash flows	2001	2000
	£	£
Returns on investments and servicing of finance		
Interest received	995	2,065
Interest paid	(93,678)	(100,311)
Preference dividends paid	(9,840)	(14,762)
Interest element of finance lease rental payments	(25)	(6,702)
	<u>(102,548)</u>	<u>(119,710)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(6,654)	(16,501)
Receipts from sales of tangible fixed assets	22,400	12,242
	<u>15,746</u>	<u>(4,259)</u>
Financing		
Capital element of finance lease rental payments	<u>(6,000)</u>	<u>(44,304)</u>

18 Analysis of changes in net debt

	At 1 Sep 2000	Cash flows	Non-cash changes	At 31 Aug 2001
	£	£	£	£
Cash at bank and in hand	51	(51)		-
Overdrafts	(124,734)	8,562		(116,172)
		<u>8,511</u>		
Finance leases	(6,000)	6,000		-
Total	<u>(130,683)</u>	<u>14,511</u>	<u>-</u>	<u>(116,172)</u>

19 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	Land and buildings
	2001	2000
	£	£
Operating leases which expire:		
within one year	27,948	-
within two to five years	-	26,700
	<u>27,948</u>	<u>26,700</u>

Mane Contract Services Limited
Notes to the Accounts
for the year ended 31 August 2001

20 Related parties

Other debtors due after more than one year of £64,481 (2000 - £64,481) comprise a loan to The Pasta Bowl Limited, a company of which L Pacelli is a director and minority shareholder. L Pacelli has given an undertaking to the Pasta Bowl Limited that this loan will not be recalled if doing so were to threaten the solvency of the Pasta Bowl Limited, but anticipates that the loan will be repaid within the next 2-5 years. The loan is interest free and has no fixed terms of repayment.

21 Controlling party

The company is controlled by its director, L Pacelli.