

COMPANY REGISTRATION NUMBER 5288421

**Registrar of
Companies**

**HODGSON STAFFING GROUP LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2012**



BURGESS HODGSON
Chartered Accountants & Statutory Auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

HODGSON STAFFING GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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HODGSON STAFFING GROUP LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2012

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was to act as a group holding company.

The Directors are pleased with the performance of the group having managed to increase turnover yet keep margins at a comparable level to the previous year

Overall profitability has increased as a result of improved efficiencies and a review of all costs.

The Directors feel the group is well placed to meet the future challenges that lie ahead in what is a difficult trading environment.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £522,508. Particulars of dividends paid are detailed in note 9 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group invoices its customers on a weekly basis with early repayment terms being agreed on a number of its key customers. This ensures the group is in a position to meet its ongoing liabilities to include the weekly payroll costs. The group has a debt factoring facility which it can draw on when required although the Directors keep this to a minimum with careful planning and good financial controls.

DIRECTORS

The directors who served the company during the year were as follows

J Hodgson
W Hodgson

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing those financial statements, the directors are required to

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

HODGSON STAFFING GROUP LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

Action has been taken during the financial year to introduce, maintain or develop arrangements aimed at—

- (a) providing employees systematically with information on matters of concern to them as employees,
- (b) consulting employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests,
- (c) encouraging the involvement of employees in the company's performance through an employees' share scheme or by some other means,
- (d) achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

HODGSON STAFFING GROUP LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

AUDITOR

Burgess Hodgson are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
39 Bouverie Square
Folkestone
Kent
CT20 1BA

Signed by order of the directors



W HODGSON
Company Secretary

Approved by the directors on 13/1/13 .

HODGSON STAFFING GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HODGSON STAFFING GROUP LIMITED
YEAR ENDED 31 DECEMBER 2012

We have audited the group and parent company financial statements ("the financial statements") of Hodgson Staffing Group Limited for the year ended 31 December 2012. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 to 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HODGSON STAFFING GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HODGSON STAFFING GROUP LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2012

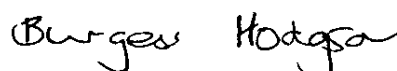
MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

14/5/2013...


COLIN S REID (Senior Statutory
Auditor)
For and on behalf of
BURGESS HODGSON
Chartered Accountants
& Statutory Auditor

HODGSON STAFFING GROUP LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
GROUP TURNOVER	2	10,288,167	8,817,947
Cost of sales		8,989,893	7,714,879
GROSS PROFIT		1,298,274	1,103,068
Administrative expenses		619,238	563,427
Other operating income		(2,527)	—
OPERATING PROFIT	3	681,563	539,641
Interest receivable		—	62
Interest payable and similar charges	6	—	(75)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		681,563	539,628
Tax on profit on ordinary activities	7	159,055	140,900
PROFIT FOR THE FINANCIAL YEAR	8	522,508	398,728

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

HODGSON STAFFING GROUP LIMITED

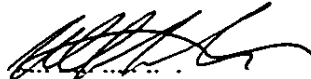
GROUP BALANCE SHEET

31 DECEMBER 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	10	13,886	6,164
CURRENT ASSETS			
Debtors	12	1,713,943	833,135
Cash at bank and in hand		440,050	335,630
		<u>2,153,993</u>	<u>1,168,765</u>
CREDITORS: Amounts falling due within one year	13	<u>1,655,519</u>	<u>905,077</u>
NET CURRENT ASSETS		<u>498,474</u>	<u>263,688</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>512,360</u>	<u>269,852</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	4	4
Profit and loss account	16	512,356	269,848
SHAREHOLDERS' FUNDS	17	<u>512,360</u>	<u>269,852</u>

These financial statements were approved by the directors and authorised for issue on 13/5/13, and are signed on their behalf by


J HODGSON


W HODGSON

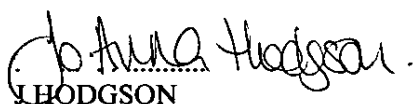
HODGSON STAFFING GROUP LIMITED

BALANCE SHEET

31 DECEMBER 2012

	Note	2012 £	£	2011 £	£
FIXED ASSETS					
Investments	11		4		4
CURRENT ASSETS					
Debtors	12	131,313		20,979	
Cash at bank		<u>318,302</u>		<u>302,066</u>	
		449,615		323,045	
CREDITORS: Amounts falling due within one year	13	<u>140,261</u>		<u>220,631</u>	
NET CURRENT ASSETS			<u>309,354</u>		<u>102,414</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>309,358</u>		<u>102,418</u>
CAPITAL AND RESERVES					
Called-up equity share capital	15		4		4
Profit and loss account	16		<u>309,354</u>		<u>102,414</u>
SHAREHOLDERS' FUNDS			<u>309,358</u>		<u>102,418</u>

These financial statements were approved by the directors and authorised for issue on 13/5/13, and are signed on their behalf by:


J. HODGSON


W. HODGSON

Company Registration Number: 5288421

HODGSON STAFFING GROUP LIMITED
GROUP CASH FLOW CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	£	2011 £	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	18		(114,954)		705,849
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	18		—		(13)
TAXATION	18		(139,305)		(74,600)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	18		(14,073)		(3,964)
EQUITY DIVIDENDS PAID			(280,000)		(300,000)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(548,332)		327,272
FINANCING	18		652,752		(63,332)
INCREASE IN CASH	18		<u>104,420</u>		<u>263,940</u>

HODGSON STAFFING GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment - 3 years straight line

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

HODGSON STAFFING GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES *(continued)*

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below

	2012	2011
	£	£
United Kingdom	<u>10,288,167</u>	<u>8,817,947</u>

3. OPERATING PROFIT

Operating profit is stated after charging

	2012	2011
	£	£
Depreciation of owned fixed assets	6,351	3,368
Auditor's remuneration		
- as auditor	3,250	3,000
- for other services	<u>4,750</u>	<u>5,595</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2012	2011
	No	No
Number of production staff	764	573
Number of administrative staff	12	10
Number of management staff	<u>2</u>	<u>—</u>
	<u>778</u>	<u>583</u>

The aggregate payroll costs of the above were:

	2012	2011
	£	£
Wages and salaries	8,763,625	7,431,582
Social security costs	<u>485,546</u>	<u>509,307</u>
	<u>9,249,171</u>	<u>7,940,889</u>

HODGSON STAFFING GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2012 £	2011 £
Remuneration receivable	<u>14,096</u>	<u>14,060</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Finance charges	<u>—</u>	<u>75</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012 £	2011 £
Current tax:		
UK Corporation tax based on the results for the year at 23% (2011 - 26%)	159,750	140,000
(Over)/under provision in prior year	(695)	900
Total current tax	<u>159,055</u>	<u>140,900</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23% (2011 - 26%)

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>681,563</u>	<u>539,628</u>
Profit on ordinary activities by rate of tax	158,393	133,064
Expenses not deductible for tax purposes	(1,961)	(315)
Capital allowances for period in excess of depreciation	3,318	7,251
(Over)/under provision in prior year	(695)	900
Total current tax (note 7(a))	<u>159,055</u>	<u>140,900</u>

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £486,940 (2011 - £380,995).

HODGSON STAFFING GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

9. DIVIDENDS**Equity dividends**

	2012 £	2011 £
Paid during the year		
Dividends on equity shares	<u>280,000</u>	<u>300,000</u>

10. TANGIBLE FIXED ASSETS

Group	Equipment £
COST	
At 1 January 2012	10,571
Additions	<u>14,073</u>
At 31 December 2012	<u>24,644</u>
DEPRECIATION	
At 1 January 2012	4,407
Charge for the year	<u>6,351</u>
At 31 December 2012	<u>10,758</u>
NET BOOK VALUE	
At 31 December 2012	<u>13,886</u>
At 31 December 2011	<u>6,164</u>

11. INVESTMENTS

Company	Group companies £
COST	
At 1 January 2012 and 31 December 2012	<u>4</u>
NET BOOK VALUE	
At 31 December 2012 and 31 December 2011	<u>4</u>

HODGSON STAFFING GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

The company owns 100% of the issued share capital of the companies listed below

Aggregate capital and reserves

Red Eagle Limited	203,004	167,436
RedEagle Jobs Limited	1	1
Site Labour Supplies Limited	1	1

Profit and (loss) for the year

Red Eagle Limited	370,568	317,733
RedEagle Jobs Limited	—	—
Site Labour Supplies Limited	—	—

12. DEBTORS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	1,387,043	605,932	2,408	—
Amounts owed by group undertakings	98,779	—	—	—
Other debtors	618	103,396	40	—
Directors current accounts	128,865	20,979	128,865	20,979
Prepayments and accrued income	98,638	102,828	—	—
	<u>1,713,943</u>	<u>833,135</u>	<u>131,313</u>	<u>20,979</u>

Within the trade debtors figure £1,384,635 (2011 £605,932) relate to factored debts

13. CREDITORS: Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	31,270	24,482	—	—
Amounts owed to group undertakings	98,779	—	98,779	199,631
Other creditors including taxation and social security				
Corporation tax	159,750	140,000	41,000	21,000
PAYE and social security	92,589	95,470	—	—
VAT	491,071	432,090	482	—
Other creditors	81,663	83,638	—	—
Amount due to factors	549,824	—	—	—
Accruals and deferred income	150,573	129,397	—	—
	<u>1,655,519</u>	<u>905,077</u>	<u>140,261</u>	<u>220,631</u>

The amounts due to factors are secured against the factored debts of the company

HODGSON STAFFING GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

14. RELATED PARTY TRANSACTIONS

The group was under the control of the directors throughout the current and previous year. Mr W Hodgson and Mrs J Hodgson are the managing directors and equal shareholders

During the year the group paid dividends of £280,000 (2011. £300,000) to the directors

At the year end the directors owed £128,865 to the group (2011 £20,979). During the year the group charged the directors interest of £2,527 (2011 £nil) at a rate of 4%

15. SHARE CAPITAL**Authorised share capital:**

	2012	2011
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
4 Ordinary shares of £1 each	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

16. RESERVES**Group**

	Profit and loss account £
Balance brought forward	269,848
Profit for the year	522,508
Equity dividends	<u>(280,000)</u>
Balance carried forward	<u>512,356</u>

Company

	Profit and loss account £
Balance brought forward	102,414
Profit for the year	486,940
Equity dividends	<u>(280,000)</u>
Balance carried forward	<u>309,354</u>

HODGSON STAFFING GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit for the financial year	522,508	398,728
Equity dividends	<u>(280,000)</u>	<u>(300,000)</u>
Net addition to shareholders' funds	242,508	98,728
Opening shareholders' funds	269,852	171,124
Closing shareholders' funds	<u>512,360</u>	<u>269,852</u>

18. NOTES TO THE CASH FLOW STATEMENT

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

	2012 £	2011 £
Operating profit	681,563	539,641
Depreciation	6,351	3,368
(Increase)/decrease in debtors	(983,736)	150,821
Increase in creditors	180,868	12,019
Net cash (outflow)/inflow from operating activities	<u>(114,954)</u>	<u>705,849</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012 £	2011 £
Interest received	—	62
Interest element of hire purchase	—	<u>(75)</u>
Net cash outflow from returns on investments and servicing of finance	<u>—</u>	<u>(13)</u>

TAXATION

	2012 £	2011 £
Taxation	<u>(139,305)</u>	<u>(74,600)</u>

CAPITAL EXPENDITURE

	2012 £	2011 £
Payments to acquire tangible fixed assets	<u>(14,073)</u>	<u>(3,964)</u>
Net cash outflow from capital expenditure	<u>(14,073)</u>	<u>(3,964)</u>

HODGSON STAFFING GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

18. NOTES TO THE CASH FLOW STATEMENT *(continued)*

FINANCING

	2012 £	2011 £
Net inflow/(outflow) from other short-term creditors	652,752	(58,652)
Capital element of hire purchase	—	(4,680)
Net cash inflow/(outflow) from financing	<u>652,752</u>	<u>(63,332)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £	2011 £	£
Increase in cash in the period	104,420	263,940	
Net (inflow) from/outflow from other short-term creditors	(652,752)	58,652	
Cash outflow in respect of hire purchase	—	4,680	
	<u>(548,332)</u>		<u>327,272</u>
Change in net funds	(548,332)		327,272
Net funds at 1 January 2012	438,558		111,286
Net funds at 31 December 2012	<u>(109,774)</u>		<u>438,558</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2012 £	Cash flows £	At 31 Dec 2012 £
Net cash:			
Cash in hand and at bank	335,630	104,420	440,050
Debt			
Debt due within 1 year	102,928	(652,752)	(549,824)
Net funds	<u>438,558</u>	<u>(548,332)</u>	<u>(109,774)</u>