

REGISTERED NUMBER: 6421189 (England and Wales)

SMART SOLUTIONS (RECRUITMENT) LIMITED

REPORT OF THE DIRECTOR AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2012

WEDNESDAY



A26GL7SQ

A42

17/04/2013

#8

COMPANIES HOUSE

SMART SOLUTIONS (RECRUITMENT) LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2012**

	Page
Company Information	1
Report of the Director	2 to 3
Report of the Independent Auditor	4 to 5
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Financial Statements	9 to 19

SMART SOLUTIONS (RECRUITMENT) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST JULY 2012**

DIRECTOR:	Mr N I Bowles
SECRETARY:	Mr N I Bowles
REGISTERED OFFICE:	Raleigh House Unit 3 Langstone Business Village Langstone Park Newport South Wales NP18 2LH
REGISTERED NUMBER:	6421189 (England and Wales)
AUDITOR:	KPMG LLP 3 Assembly Square Britannia Quay Cardiff CF10 4AX
BANKERS:	Lloyds TSB 1 Gwent Square Cwmbran Torfaen NP44 1XN

SMART SOLUTIONS (RECRUITMENT) LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31ST JULY 2012

The director presents his report with the audited financial statements of the company for the year ended 31st July 2012

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company in the year under review was that of a recruitment agency

As shown in the company's profit and loss account on page 6, the company's sales have increased by £11,332,644 (2011 increase of £12,893,316) representing a 41% increase over the previous year (2011 88% increase)

Administrative expenses increased by £1,693,305 representing a 48% increase over the previous year (2011 87% increase) The increase in overheads is a result of investment in new staff, new systems and developing client relationships

Despite the significant investment in resources, profit before taxation increased by £169,648 to £1,247,647

The company's balance sheet as detailed on page 7 shows a good position, shareholders' funds amounting to £951,127 (2011 £994,497)

Principal risks and uncertainties

The key business risks affecting the company are considered to relate to uncertainties in the employment market The director has reviewed the cash position of the company and the company's forecasts at the date of signing the accounts and the company is expected to continue to be cash generative for the forthcoming year and beyond As a consequence the director believes the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The director continually reviews the financial risks to which the company is exposed and consider the main financial risk to the business to be in the form of bad debts To help mitigate this risk, the company has strengthened its already stringent credit control management

Results and Dividends

The profit for the year after taxation was £753,631 (2011 £740,821) No interim dividends were paid during the year or in the previous year A final dividend of £397,000 (2011 £nil) was paid during the year

Future prospects

The director is encouraged by the company's start to 2013 financial year with further successes of gaining significant contracts

DIRECTORS

The directors who served the company during the year, and since the year end, were as follows

Mr N I Bowles

Mr P R Ragan (resigned 10 May 2012)

CHARITABLE CONTRIBUTIONS

During the year, the company made charitable contributions totalling £2,185 (2011 £3,967)

SMART SOLUTIONS (RECRUITMENT) LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31ST JULY 2012

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

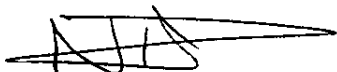
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

AUDITOR

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

ON BEHALF OF THE BOARD:



Mr N I Bowles - Director

Date 8 November 2012

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF SMART SOLUTIONS (RECRUITMENT) LIMITED

We have audited the financial statements of Smart Solutions (Recruitment) Limited for the year ended 31 July 2012 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of director and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
SMART SOLUTIONS (RECRUITMENT) LIMITED**

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

E Holiday (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

Date

14th November 2012

SMART SOLUTIONS (RECRUITMENT) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2012**

	Notes	2012 £	2011 £
TURNOVER	2	38,914,676	27,582,032
Cost of sales		<u>(32,427,398)</u>	<u>(22,957,223)</u>
GROSS PROFIT		6,487,278	4,624,809
Administrative expenses		<u>(5,219,712)</u>	<u>(3,526,407)</u>
OPERATING PROFIT	3	1,267,566	1,098,402
Interest payable and similar charges	5	<u>(19,919)</u>	<u>(20,403)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,247,647	1,077,999
Tax on profit on ordinary activities	6	<u>(494,016)</u>	<u>(337,178)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>753,631</u></u>	<u><u>740,821</u></u>

All activities derive from continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

The notes form part of these financial statements

SMART SOLUTIONS (RECRUITMENT) LIMITED

BALANCE SHEET 31ST JULY 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	8	404,279	376,034
CURRENT ASSETS			
Debtors	9	6,330,867	7,766,767
Cash at bank		<u>2,053,403</u>	<u>81,762</u>
		8,384,270	7,848,529
CREDITORS			
Amounts falling due within one year	10	<u>(7,762,365)</u>	<u>(7,125,334)</u>
NET CURRENT ASSETS		<u>621,905</u>	<u>723,195</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,026,184	1,099,229
CREDITORS			
Amounts falling due after more than one year	11	(39,923)	(64,286)
PROVISIONS FOR LIABILITIES	14	<u>(35,134)</u>	<u>(40,446)</u>
NET ASSETS		<u>951,127</u>	<u>994,497</u>
CAPITAL AND RESERVES			
Called up share capital	15	26,667	88,889
Share premium	16	91,111	91,111
Capital redemption reserve	16	62,222	-
Profit and loss account	16	<u>771,127</u>	<u>814,497</u>
SHAREHOLDERS' FUNDS		<u>951,127</u>	<u>994,497</u>

The financial statements of Smart Solutions (Recruitment) Limited, registered number 6421189, were approved by the Board of Directors on 8 November 2012 and were signed on its behalf by



Mr N I Bowles - Director

The notes form part of these financial statements

SMART SOLUTIONS (RECRUITMENT) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2012**

	Note	2012 £	2011 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	21	3,830,801	(770,823)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(19,919)	(20,403)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(19,919)	(20,403)
TAXATION		(322,943)	(94,635)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(127,905)	(263,552)
Receipts from sale of fixed assets		6,887	15,529
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(121,018)	(248,023)
EQUITY DIVIDENDS PAID		(397,000)	-
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		2,969,921	(1,133,884)
FINANCING			
Movement in invoice discounting facility		(533,916)	854,003
Purchase of own shares		(400,001)	
New hire purchase agreements		-	103,801
Capital element of hire purchase		(64,363)	(50,071)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(998,280)	907,733
INCREASE/(DECREASE) IN CASH		1,971,641	(226,151)

The notes form part of these financial statements

SMART SOLUTIONS (RECRUITMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2012

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 2. The director believes that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Turnover

Turnover represents amounts (excluding value added tax) derived from the provision of services to customers. Revenue on temporary placements is recognised over the period of the placement.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset, less its estimated residual value, over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 20% on cost

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability. Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

SMART SOLUTIONS (RECRUITMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST JULY 2012

1 ACCOUNTING POLICIES (CONTINUED)

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

2 TURNOVER

The total turnover of the company for the year has been derived from its principal activity, wholly undertaken in the United Kingdom.

3 OPERATING PROFIT

The operating profit is stated after charging

	2012	2011
	£	£
Depreciation - owned assets	112,150	78,531
Depreciation - assets on hire purchase contracts	32,430	23,188
Pension costs	4,800	4,800
Loss on disposal of fixed assets	253	3,217
Operating lease rentals		
- other	10,600	11,241
- land and buildings	127,434	117,739
Amounts payable to the auditor - audit of the financial statements	12,400	12,000
Amounts payable to the auditor - other services relating to taxation	1,100	2,000
	<u> </u>	<u> </u>

SMART SOLUTIONS (RECRUITMENT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2012**

4 EMPLOYEES

Number of employees

The average monthly number of employees during the year was

	2012 Number	2011 Number
Management	3	5
Finance, marketing, sales, HR and IT	17	7
Consultants	<u>69</u>	<u>50</u>
	<u>89</u>	<u>62</u>

Directors' emoluments

	2012 £	2011 £
Salary	<u>198,883</u>	<u>99,315</u>

Employment costs (including directors)

	2012 £	2011 £
Wages and salaries	2,543,062	1,766,858
Social security costs	280,260	152,148
Other pension costs	<u>4,800</u>	<u>4,800</u>
	<u>2,828,122</u>	<u>1,923,806</u>

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £4,800 (2011 £4,800). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

SMART SOLUTIONS (RECRUITMENT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2012**

5 INTEREST PAYABLE

	2012	2011
	£	£
Bank interest	-	2,378
Hire purchase interest	9,919	7,932
Other interest	10,000	10,093
	<u>19,919</u>	<u>20,403</u>

6 TAXATION

Analysis of the tax charge

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

	2012	2011
	£	£
Current tax		
UK corporation tax	501,530	325,145
Adjustment in respect of prior year	(2,202)	-
Total current tax	<u>499,328</u>	<u>325,145</u>
Deferred tax		
Origination and reversal of timing differences	(5,312)	12,033
Total deferred tax (see note 14)	<u>(5,312)</u>	<u>12,033</u>
Total tax on profit on ordinary activities	<u>494,016</u>	<u>337,178</u>

Factors affecting the tax charge

The tax assessed for the year is higher (2011 higher) than the blended rate of corporation tax in the UK of 25.33% (2011 - 28%)

	2012	2011
	£	£
Profit on ordinary activities before tax	<u>1,247,647</u>	<u>1,077,999</u>
Profit on ordinary activities multiplied by the blended rate of corporation tax in the UK of 25.33% (2011 - 28%)	316,071	301,840
Effects of		
Expenses not deductible for tax purposes	186,804	33,153
Capital allowances in excess of depreciation	(1,345)	(9,848)
Adjustments to tax charge in respect of previous periods	(2,202)	-
Current tax charge	<u>499,328</u>	<u>325,145</u>

SMART SOLUTIONS (RECRUITMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST JULY 2012

6 TAXATION (CONTINUED)

The 2012 budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

7 DIVIDENDS

	2012 £	2011 £
Final	397,000	-
Interim	-	-
	<u>397,000</u>	<u>-</u>

8 TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1st August 2011	113,140	89,842	162,074	232,881	597,937
Additions	44,218	15,620	-	120,127	179,965
Disposals	-	-	(10,200)	-	(10,200)
At 31st July 2012	<u>157,358</u>	<u>105,462</u>	<u>151,874</u>	<u>353,008</u>	<u>767,702</u>
DEPRECIATION					
At 1st August 2011	50,319	29,798	43,395	98,391	221,903
Charge for year	28,139	19,584	31,565	65,292	144,580
Disposals	-	-	(3,060)	-	(3,060)
At 31st July 2012	<u>78,458</u>	<u>49,382</u>	<u>71,900</u>	<u>163,683</u>	<u>363,423</u>
NET BOOK VALUE					
At 31st July 2012	<u>78,900</u>	<u>56,080</u>	<u>79,974</u>	<u>189,325</u>	<u>404,279</u>
At 31st July 2011	<u>62,821</u>	<u>60,044</u>	<u>118,679</u>	<u>134,490</u>	<u>376,034</u>

SMART SOLUTIONS (RECRUITMENT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2012****8 TANGIBLE FIXED ASSETS (CONTINUED)**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1st August 2011	143,786	-	143,786
Additions	-	52,060	52,060
Disposals	(10,200)	-	(10,200)
Transfer to ownership	<u>(23,495)</u>	<u>-</u>	<u>(23,495)</u>
At 31st July 2012	<u>110,091</u>	<u>52,060</u>	<u>162,151</u>
DEPRECIATION			
At 1st August 2011	39,442	-	39,442
Charge for year	22,018	10,412	32,430
Disposals	(3,060)	-	(3,060)
Transfer to ownership	<u>(4,699)</u>	<u>-</u>	<u>(4,699)</u>
At 31st July 2012	<u>53,701</u>	<u>10,412</u>	<u>64,113</u>
NET BOOK VALUE			
At 31st July 2012	<u>56,390</u>	<u>41,648</u>	<u>98,038</u>
At 31st July 2011	<u>104,344</u>	<u>-</u>	<u>104,344</u>

SMART SOLUTIONS (RECRUITMENT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2012**

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade debtors	5,764,397	6,753,111
Other debtors	240,395	857,125
Prepayments	<u>326,075</u>	<u>156,531</u>
	<u>6,330,867</u>	<u>7,766,767</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Invoice discounting facility	2,687,669	3,221,585
Trade creditors	2,093,375	1,258,982
Hire purchase contracts	45,046	32,986
Corporation tax	501,530	325,145
Other taxation and social security	1,188,294	976,697
Other creditors	125,983	81,333
Accruals and deferred income	<u>1,120,468</u>	<u>1,228,606</u>
	<u>7,762,365</u>	<u>7,125,334</u>

SMART SOLUTIONS (RECRUITMENT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2012**

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £	2011 £
Hire purchase contracts 2-5 years	39,923	64,286
	<u> </u>	<u> </u>

12 SECURED DEBTS

The following secured debts are included within creditors

	2012 £	2011 £
Hire purchase contracts	84,969	97,272
Invoice discounting facility	<u>2,687,669</u>	<u>3,221,585</u>
	<u>2,772,634</u>	<u>3,318,857</u>

The invoice discounting liability is secured on trade debtors

Hire purchase liabilities are secured against the related assets

13 OPERATING LEASE COMMITMENTS

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

	2012 Land and buildings £	2012 Other £	2011 Land and buildings £	2011 Other £
Expiring				
Within one year	9,200	14,058	-	-
Between one and five years	80,567	18,904	67,100	30,138
In more than five years	<u>16,800</u>	<u>-</u>	<u>37,008</u>	<u>-</u>
	<u>106,567</u>	<u>32,962</u>	<u>104,108</u>	<u>30,138</u>

14 PROVISIONS FOR LIABILITIES

	Deferred tax £
Balance at 1st August 2011	40,446
Charge for the year	<u>(5,312)</u>
Balance at 31st July 2012 (accelerated capital allowances)	<u>35,134</u>

SMART SOLUTIONS (RECRUITMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST JULY 2012

14 PROVISIONS FOR LIABILITIES (CONTINUED)

Deferred tax has been provided at 24% (2011 28%) The 2012 budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 23% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

15 SHARE CAPITAL

	2012 No	2012 £	2011 No	2011 £
Allotted, called up and fully paid				
Ordinary shares of £1 each (2011 Ordinary Shares of £1 each)	<u>26,667</u>	<u>26,667</u>	<u>88,889</u>	<u>88,889</u>

During the year the company purchased 62,222 of its own ordinary shares of £1 each with a nominal value of £62,222 for consideration of £400,001

16 RESERVES

	Profit and loss account £	Share premium account £	Capital redemption reserve £	Total £
At 1 August 2011	814,497	91,111	-	905,608
Nominal value of own shares purchased by the company during the year	-	-	62,222	62,222
Consideration paid by the company for the purchase of own shares	(400,001)	-	-	(400,001)
Profit for the financial year	753,631	-	-	753,631
Dividends	(397,000)	-	-	(397,000)
At 31 July 2012	<u>771,127</u>	<u>91,111</u>	<u>62,222</u>	<u>924,460</u>

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	2012 £	2011 £
Profit for the financial year	753,631	740,821
Dividends	(397,000)	-
Consideration paid by the company for the purchase of own shares	<u>(400,001)</u>	<u>-</u>
Net (depletion)/addition in shareholders' funds	(43,370)	740,821
Opening shareholders' funds	<u>994,497</u>	<u>253,676</u>
Closing shareholders' funds	<u>951,127</u>	<u>994,497</u>

SMART SOLUTIONS (RECRUITMENT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2012**

18 TRANSACTIONS WITH DIRECTOR

The director operates a current loan account with the company, which is debited with payments made by the company on behalf of the director and credited with funds introduced and undrawn directors' fees

The following balance was due to the director at the year end

	2012	2011
	£	£
Mr N Bowles	<u>1,136</u>	<u>54,535</u>

19 RELATED PARTY DISCLOSURES

During the year the company made payments for goods and services of £242,379 (2011 £54,745) on behalf of Midas People Management Limited. At the year end, the company was owed £112,124 (2011 £54,745) from Midas People Management Limited. The above transaction is related due to common directors.

During the year the company made payments of Nil (2011 £633,500) to an Employee Benefit Trust in which Mr N Bowles is a trustee and beneficiary. Included in other debtors is an amount of Nil (2011 £633,500) owed from the Employee Benefit Trust to the company.

20 ULTIMATE CONTROLLING PARTY

The company is ultimately controlled by the director by virtue of his shareholding.

SMART SOLUTIONS (RECRUITMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2012

21 NOTES TO THE CASH FLOW STATEMENT

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

	2012	2011
	£	£
Operating profit	1,267,566	1,098,402
Depreciation	144,580	101,719
Loss on disposal of fixed assets	253	3,217
Decrease/(increase) in debtors	1,435,900	(3,923,511)
Increase in creditors	982,502	1,949,350
Net cash inflow/(outflow) from operating activities	<u>3,830,801</u>	<u>(770,823)</u>

ANALYSIS OF NET DEBT

	1 August 2011	Cash Flow	Non-cash Changes	31 July 2012
	£	£	£	£
Net cash				
Cash at bank and in hand	<u>81,762</u>	<u>1,971,641</u>	<u>-</u>	<u>2,053,403</u>
	<u>81,762</u>	<u>1,971,641</u>	<u>-</u>	<u>2,053,403</u>
Debt				
Hire purchase agreements	(97,272)	64,363	(52,060)	(84,969)
Invoice discounting facility	<u>(3,221,585)</u>	<u>533,916</u>	<u>-</u>	<u>(2,687,669)</u>
	<u>(3,318,857)</u>	<u>598,279</u>	<u>(52,060)</u>	<u>(2,772,638)</u>
Net debt	<u>(3,237,095)</u>	<u>2,569,920</u>	<u>(52,060)</u>	<u>(719,235)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2012	2011
	£	£
Decrease in cash in the year	1,971,641	(226,151)
Cash outflow in respect of hire purchase	64,363	50,071
Cash inflow in respect of invoice discounting facility	<u>533,916</u>	<u>(854,003)</u>
Change in net debt resulting from cash flows	2,569,920	(1,030,083)
New hire purchase agreements	<u>(52,060)</u>	<u>(103,801)</u>
Movement in net debt in the period	2,517,860	(1,133,884)
Net debt at 1 August 2011	<u>(3,237,095)</u>	<u>(2,103,211)</u>
Net debt at 31 July 2012	<u>(719,235)</u>	<u>(3,237,095)</u>