

Work Group Resources Limited

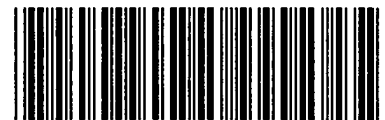
Report and Financial Statements

Period Ended

31 December 2014

Company Number 08876607

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Work Group Resources Limited

Report and financial statements for the year ended 31 December 2014

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Work Group Resources Limited

**Report and financial statements
for the year ended 31 December 2014**

Directors

Simon Howard
Rose Colledge

Secretary

David Hooper

Registered office

Marble Arch Tower
55 Bryanston Street
London
W1H 7AA

Company number

08876607

Auditors

BDO LLP
Chartered Accountants and Statutory Auditors
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Work Group Resources Limited

Report of the directors For the period ended 31 December 2014

The directors present their report together with the audited financial statements for the period commencing on 5 February 2014 and ended 31 December 2014.

Principal activities

The Company was dormant from date of incorporation on 5 February 2014 until 1 August 2014 when the UK operations of Work Group plc was transferred to it pursuant to the terms of a Business Transfer Agreement effective 1 August 2014.

The principal activities of the Company from 1 August 2014 were employer marketing services and recruitment process outsourcing services in the United Kingdom.

Directors

The directors during the period were:

Richard John Kennett

Simon Howard

Rose Colledge

Simon Howard and Rose Colledge are the current directors. They were appointed on 27 May 2014. Richard John Kennett, first appointed Director on incorporation of the Company, resigned on 27 May 2014.

No director had any interest in the ordinary or preference shares of the company.

Simon Howard and Rose Colledge are also directors of the ultimate parent company, Work Group Plc, and their interests in the share capital of that company are shown in its financial statements.

Going concern

The Board regularly reviews the company's budget, forecasts and associated risks and sensitivities. The Board has concluded that the going concern basis continues to be appropriate in preparing the financial statements. However, the readers' attention is drawn to note 1 of the financial statements for specific comment for this period.

Dividends

The directors do not recommend the payment of a dividend.

Work Group Resources Limited

Report of the directors For the period ended 31 December 2014

Statement of 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 and the Directors' report for each financial year. Under that law the directors have prepared the company 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 of the profit or loss of the Company for that period.

In preparing these 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Shareholdings

The Company is wholly owned by Work Group Plc.

Independent auditors and disclosure of information to auditors

BDO LLP were appointed as auditors of the Company on incorporation. BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487 (2) they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

For each of the persons who were directors at the time this report was prepared, the following applies:

So far as the directors are aware, there is no relevant audit information (i.e. information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and

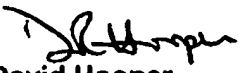
The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Work Group Resources Limited

**Report of the directors
For the period ended 31 December 2014**

In preparing this directors' report advantage has been taken of the small companies' exemption.

By order of the Board


David Hooper

Company Secretary
10 December 2015

Work Group Resources Limited

Independent auditor's report

TO THE SHAREHOLDERS OF WORK GROUP RESOURCES LIMITED

We have audited the financial statements of Work Group Resources Limited for the period ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes. 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).

The 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 of 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 explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 December 2014 and of its loss for the period 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.

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is dependent on parent company support. As set out in Note 1, the directors of the parent have announced that contracts have been exchanged for the sale of the group's two overseas subsidiaries and of the operating business of this subsidiary to a third party. However these contracts are conditional (inter-alia) upon the approval of the parent's shareholders in a General meeting to be held on 29 December 2015.

Work Group Resources Limited

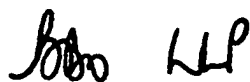
Independent auditor's report *(continued)*

If these approvals are not received or other conditions to completion are not fulfilled, preventing the sale contracts, then the parent company may not be able to provide support and hence the going concern basis of preparation may not be appropriate. These conditions indicate the existence of material uncertainties which may cast significant doubt over the company's ability to continue as a going concern and hence the ability of the parent to provide support to this company. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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; or
- the directors were not entitled to prepare the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



John Everingham (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

Date 10 December 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Work Group Resources Limited

Profit and loss account For the period ended 31 December 2014

		For 11 months period ended 31 December 2014
Note		
		£'000
Revenue	2	1,969
Cost of sales		(1,090)
Gross profit		879
Net operating expenses		(2,018)
Operating loss	6	(1,139)
Analysed as:		
Operating loss before exceptional items		(850)
Exceptional items	5	(289)
Loss before taxation		(1,139)
Taxation	7	-
Loss for the period after taxation		(1,139)

All amounts relate to continuing activities.

All recognised gains and losses in the current period are included in the profit and loss account.

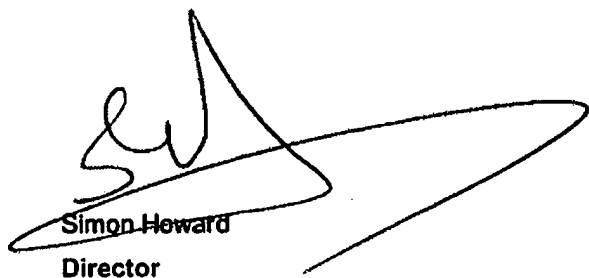
The notes on pages 10 to 17 form part of these financial statements.

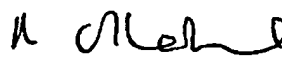
Work Group Resources Limited

Balance sheet
at 31 December 2014

		2014
	Note	£'000
Assets		
Fixed assets		
Property, plant & equipment	9	112
Intangible assets	10	99
		<u>211</u>
Current assets		
Stock	11	98
Trade and other receivables	12	317
		<u>415</u>
Liabilities		
Current liabilities		
Trade and other payables	14	(1,765)
		<u>(1,765)</u>
Net current liabilities		(1,350)
Net liabilities		(1,139)
Shareholders' equity		
Ordinary share capital	15	-
Retained (losses)		(1,139)
Shareholders' liabilities		(1,139)

The financial statements on pages 7 to 17 were approved by the board of directors on 10 December 2015 and signed on its behalf by:


Simon Howard
Director


Rose Colledge
Director

The notes on pages 10 to 17 form part of these financial statements.

Work Group Resources Limited

Cash flow statement For the period ended 31 December 2014

		2014
	Note	£'000
Cash flows from operating activities		
Cash used in operations	19	(54)
Net cash used in operating activities		(54)
Cash flows from investing activities		
Purchase of property, plant and equipment	9	(17)
Net cash (used in) investing activities		(17)
Net (decrease) in cash and cash equivalents in the period		(71)
Cash and cash equivalents at start of period		-
Cash and cash equivalents at end of period		(71)

Work Group Resources Limited

Notes forming part of the financial statements For the period ended 31 December 2014

1. Accounting policies

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

Going concern

This company is dependent on the financial support of its parent. The publication of these accounts has been delayed pending the outcome of the wider group strategic review announced to shareholders of the parent company on 16 June 2015. Subsequently, on 7 August, the Directors of the parent announced an intention to seek a buyer for the wider Group's businesses.

On the 10 December 2015, the parent exchanged contracts for the sale of its two overseas subsidiaries and of the operating business of this subsidiary to a third party.

These contracts are conditional, (inter alia), upon the approval of the ultimate parent company's shareholders in General Meeting to be held on the 29 December 2015.

Subject to receipt of this approval and the fulfilment, or waiver, of other conditions, the contracts are due to complete no later than the end of December 2015.

These accounts have been prepared on the basis that such completion takes place. The Directors have received a letter of support from the parent company and therefore believe that, given this assumption, accordingly, the going concern basis is appropriate in preparing this entity's accounts. The letter of support has been provided for a period of at least twelve months from the date of signing of these financial statements.

Should these approvals not be received or other conditions to completion not be fulfilled, then the parent company may not be able to provide financial support and the going concern basis of preparation may not be appropriate. These conditions indicate the existence of material uncertainties which may cast doubt over this company's ability to continue as a going concern.

Revenue and cost of sales

Revenue is stated net of value added tax.

Revenue is recognised when the right to the consideration is earned based on the terms of each client contract agreement. Revenue from advertising is recognised after the cover date of an advertisement is established or the right to cancellation of an advertisement has expired.

Unbilled revenue on client assignments is included as accrued income within trade and other receivables. Where individual on-account billings exceed revenue recognised on client assignments, the excess is classified as deferred income within trade and other payables.

Certain client contracts allow for volume discounts and is dependent on the value of media purchased through the Company. The discounts are provided for during the year based on anticipated media spend.

Cost of sales represents costs from third party suppliers.

Exceptional items

Exceptional items are those income or costs recognised as one-off or non-recurring in nature, and substantial in size. The separate reporting of exceptional items helps provide a better indication of the Company's underlying business performance.

Work Group Resources Limited

Notes forming part of the financial statements
For the period ended 31 December 2014 (*continued*)

1. Accounting policies continued

Fixed assets and depreciation

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of property, plant and equipment, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Fixtures and fittings	20%
Computer equipment	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within net operating expenses in the income statement.

Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation.

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

Deferred tax is recognised, without discounting, in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- The recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.
- Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Stock

Stocks are valued at the lower of cost and net realisable value. Work in progress represents unbilled costs incurred in respect of revenue not recognised and is stated at the lower of cost and net realisable value.

Pensions

The Company operates a defined contribution scheme, the costs of which are recognised in the income statement in the period in which they relate. The assets of the scheme are held separately from those of the Company in an independently administered scheme.

Work Group Resources Limited

Notes forming part of the financial statements
For the period ended 31 December 2014 (continued)

2. Turnover

Turnover is wholly attributable to the principal activity of the company and less than 1% of the revenue arises from sales outside the UK.

3. Employees

Staff costs (including directors) were as follows:

	2014 £'000
Wages and salaries	964
Social security costs	116
Other pension costs	31
	1,111

The average number of employees, including directors, during the period was 60.

4. Directors

The Company's Directors are employees of the parent company Work Group Plc. All remuneration for Directors are shown in Work Group Plc financial statements in the Directors' remuneration report. No emoluments for Directors have been recharged to the Company in 2014. Management costs were invoiced by Work Group plc to this Company to recognise all services rendered by the parent company to the Company.

5. Exceptional items

	2014 £'000
Aborted IT development costs	289
Exceptional Items	289

Work Group Resources Limited

Notes forming part of the financial statements
For the period ended 31 December 2014 (*continued*)

6. Operating Loss

	Period ended 31 December 2014 £'000
Operating loss is stated after charging/(crediting):	
Depreciation on plant, property and equipment:	
- Owned	45
Amortisation	9
Operating lease rentals:	
- Plant and machinery	12
- Land and buildings	98

The audit costs for this entity have been borne by the parent company and recharged.

7. Taxation on loss from ordinary activities

There is no tax payable in the current year due to the loss arising. No deferred tax has been recognised due to the uncertainty of future profits.

8. Dividends

No dividend was paid during the year.

Work Group Resources Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 *(continued)*

9. Tangibles

	Fixtures and Fittings	Computer equipment	Total
	£'000	£'000	£'000
Cost			
Transfer from Work Group Plc	194	391	585
Additions	-	17	17
At 31 December 2014	194	408	602
Accumulated depreciation			
Transfer from Work Group Plc	147	298	445
Charge for the year	8	37	45
At 31 December 2014	155	335	490
Net book value			
At 31 December 2014	38	73	112

10. Intangible assets

	2014
	£'000
Cost	-
Transfer from Work Group Plc	108
At 31 December 2014	108
Amortisation	
Charge for the year	9
At 31 December 2013	9
Net book amount	
At 31 December 2014	99

Work Group Resources Limited

Notes forming part of the financial statements
For the period ended 31 December 2014 (*continued*)

11. Stocks

	2014 £'000
Work in Progress	98

12. Debtors

	2014 £'000
Trade receivables	132
Prepayments and accrued income	131
Amounts owing by group undertakings	55
Trade and Other receivables	317

All amounts shown under debtors fall due for payment within one year.

13. Cash

Cash is exclusively cash in bank. At the year end, there was a bank overdraft which is shown in Note 14 under creditors.

14. Creditors: amounts falling due within one year

	2014 £'000
Trade payables	408
Taxation and social security costs	260
Other payables	135
Accruals and deferred income	432
Amounts owed to Group undertakings	459
Bank overdraft	71
Trade and other payables	1,765

All amounts shown under debtors fall due for payment within one year.

Work Group Resources Limited

Notes forming part of the financial statements
For the period ended 31 December 2014 (*continued*)

15. Share capital

	2014 Number	Allotted, called up and fully paid 2014 £
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

The share is owned by Work Group Plc and was issued on incorporation.

16. Related party transactions

The Company conducts numerous transactions each year with its parent company, Work Group Plc, and sister companies Work Group Inc and Work Group Limited.

For the period ended 31 December 2014, total sales of £nil were made to Work Group Inc. and Work Group Limited. Recharges relating to operating activities of £10,432 were made to Work Group Inc.

In 2014, the Company relied upon central services supplied by the parent company Work Group Plc, these charges amounted to £138,989 for this period. The Company is principally funded through the inter-company account with its parent company, Work Group Plc.

Commission on sales for £17,909 was charged to the Company by Work Group Plc to recognize the use by the Company of contracts initially signed by the parent company before the hive down.

In total, £459,011 was owing to Work Group plc at 31 December 2014, £25,266 was owed by Work Group Inc, and £29,289 by Work Group Ltd.

18. Capital commitments

There are no capital commitments.

Work Group Resources Limited

Notes forming part of the financial statements
For the period ended 31 December 2014 (*continued*)

19. Reconciliation of operating loss to net cash outflow from operating activities

	£'000
Loss in the period	(1,139)
Adjustments:	
Depreciation and amortisation	54
(Increase) in inventories	(98)
(Increase) in trade and other receivables	(263)
Increase in trade and other payables	1,639
Movements in respect of the hive down from Work Group Plc	(247)
Cash used in operations	(54)

20. Ultimate parent company

At 31 December 2014 the company's ultimate parent company was Work Group Plc which is the parent for all the other companies of the consolidated Group.

Copies of the consolidated financial statements of Work Group Plc are available from Companies House.

21. Post balance sheet events

Attention is drawn to note 1 relating to going concern in these financial statements. The contracts for the sale of the business operations of this entity to a third party were exchanged, subject to completion by the end of 2015.