SERVOCA Plc

Annual Report and Financial Statements

For the year ended 30 September 2009

Company Number: 2641313

SERVOCA Plc
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Corporate information

Directors

Bob Morton, FCA	Non – Executive Chairman
Andrew Church	Chief Executive Officer
Miles Davis	Executive Director
Glenn Swaby, ACA	Chief Financial Officer
John Foley, ACA, Barrister	Non – Executive Director
Emma Sugarman	Executive Director

Company Secretary and Registered Office
Stephen Shipley, FCA
41 Whitcomb Street
London WC2H 7DT

Registrars
Capita IRG Plc
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Nominated Adviser and Broker
finnCap
4 Coleman Street
London EC2R 5TA

Company number
2641313

Bankers
Royal Bank of Scotland Plc
Silbury House
300 Silbury Boulevard
Milton Keynes MK9 2ZF

Solicitors
Memery Crystal LLP
44 Southampton Buildings
London WC2A 1AP

Independent Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Country of Incorporation
United Kingdom

Legal form
Public limited company

SERVOCA Plc
Chairman / Chief Executive Officer Report
For the year ended 30 September 2009

Introduction

For the year ended 30 September 2009, Servoca Plc ("the Group") is pleased to report its maiden set of full year profits.

As reported in our Interim Statement for the six months ended 31 March 2009 the business implemented a major restructuring and cost reduction exercise in the first half of the year. This involved the appointment of a new Group Chief Executive, the exit from poorly performing businesses and a reduction in overhead expenditure.

The focus on improved operational management and profit maximisation from existing businesses has delivered strong organic growth and is reflected across all areas of the Group's financial performance, with the results for the year ended 30 September 2009 being comfortably ahead of expectations.

Financial Review

For the year ended 30 September 2009, Group revenue was £57.6 million compared with £42.0 million in the previous year, an increase of 37.1%. Gross profit for the year was £16.8 million against £12.7 million for the year ended 30 September 2008, an increase of 32.3%.

Operating profit for the year was £2.6 million (before share based payment expense of £0.3 million) compared with an operating loss in the prior year of £6.7 million (after goodwill impairment of £3.1 million, exceptional costs of £3.0 million and share based payment expense of nil).

The Group's profit (after interest, before tax and share scheme charges) was £2.2 million compared to a prior year loss (after interest, before tax and exceptional charges) of £1.0 million.

In March 2009, the share capital of the Company was restructured by the sub division of each 10p share in the company into one new 1p ordinary share and one new 9p deferred share. The Company also raised £5.0 million, before expenses, through a placing of 62.5 million ordinary 1p shares at a price of 8p each. Full details of the movement in share capital are disclosed in note 22 to the financial statements.

In July 2009, the Company settled the deferred consideration on the acquisition of Academics Holdings Limited. Additional cash of £2.35 million was paid and 7.6 million new ordinary shares of 1p each were issued to the vendors.

The basic earnings per share for the year were 2.50p compared with a loss per share of 16.13p for the year ended 30 September 2008.

Net debt reduced from £7.5 million at September 2008 to £3.4 million at September 2009.

Cash generated from operations in the year was £3.3 million (September 2008: cash utilised £2.2 million).

Acquisitions / Closed Businesses

On 28 January 2009 Windsor Recruitment & Training Limited was put into administration due to poor trading conditions and losses suffered in the Company's training division and on 9 February 2009, Salus Recruitment Limited was also put into administration.

An arm's length transaction was entered into with the administrators of Windsor Recruitment & Training Limited to acquire the business and certain assets of the healthcare division of that company.

Full details of these transactions are disclosed in note 24 to the financial statements.

Operational highlights

Strategy and delivery

Our strategy remains unchanged and is to focus on growth in our existing three principal markets of Education Recruitment, Healthcare Recruitment, and Secure Solutions. The management team remains focused on profit delivery and realising the Group's potential, the Board will consider acquisition opportunities where it believes shareholder value can be enhanced.

Healthcare recruitment:

Our Healthcare recruitment business operates through five distinct brands, **Firstpoint, Servoca Nursing and Care, Triple West Medical, Pure Medical and The Locum Partnership**. These businesses supply a broad spectrum of skills including Allied Health Professionals, Doctors, Nurses, Care Workers and other associated specialisations. This allows us to offer a complete service by having the ability to cover all major staffing disciplines within this sector.

Our businesses in this area experienced strong trading conditions and performance. We reported in our Interim Statement for the six months ended 31 March 2009 that we had taken action to substantially reduce the cost base with a belief that such a reduction would not impact on gross margin. We are pleased to report that this has proved the case and that performance across all financial metrics was improved in the second half despite the rationalisation of certain offices/businesses. Because of the reduced overhead, an increase in gross margin in the second half translated into a significant improvement to net profitability.

Operational highlights
Healthcare recruitment (continued):

In July 2009, **Servoca Nursing and Care** and **Firstpoint** were awarded a place on the NHS framework agreement for the supply of nurses to all NHS bodies in England and selected parts of the UK. This agreement started after the year end and runs for three years, it means that these businesses are authorised and approved to supply all grades of nursing personnel to the NHS. This contract win will initially impact margins but is expected to yield a substantial uplift in the volume of opportunities available to these businesses over the medium to longer term.

The healthcare sector remained resilient in the second half and trading conditions remain robust.

Education recruitment:

Our Education recruitment business operates through three brands, **Academics, Day to Day Teachers and Dream Education**.

Academics was acquired in 2008 and the business has performed strongly since being incorporated into the Group and made a significant contribution to the Groups performance over the year. Academics operates as an education recruitment and training provider which supplies education professionals on a contract or permanent basis to clients in London and the Home Counties.

Dream Education provides long term teaching professionals to schools across the UK, mostly within secondary schools. Historically this business has focused exclusively on the supply of overseas candidates but is now focusing on the supply of UK trained professionals. Changes to work permit regulations have affected our ability to supply overseas teachers on a temporary basis and hence the prioritisation of attracting an increased UK based candidate flow.

Day to Day Teachers is our education recruitment business that provides supply teachers and classroom assistants to cover short-term periods of absence within schools.

In our Interim Statement we confirmed that the sector was proving resilient to the economic climate and relative to other sectors this remains the case. Performance over the second half was robust and made a significant contribution to the Group’s overall profitability.

Operational highlights
Secure Solutions:

Our Security Division – **Secure Solutions** – incorporates two main business areas; corporate security services and criminal justice operations. Our corporate security offering comprises manned guarding, systems services and a corporate investigations unit that engages in a variety of sensitive and highly specialist activities. Our criminal justice operation provides resourcing, training and outsourcing services to a majority of police constabularies throughout the UK. This area also provides investigative skills and services to a range of local and central government authorities.

Our Criminal Justice business performed creditably over the year but our corporate security business faced greater challenges given its exposure to the private sector economy. Given these challenges we implemented a number of cost saving initiatives in the first half that were intended to sustain an efficient business capable of delivering improved profitability going forward. We are pleased to report that we have seen the benefit of our actions in the second half and this ensured a profitable contribution over the period. We are further pleased to report that because of a substantial contract win in our Manned Guarding business, we enter our new financial year with increased visibility on a substantially improved level of profitability.

The focus of our activities in these areas will continue to be ensuring that they continue to make a profitable contribution to the Group's performance.

Board changes

Tony Rogers resigned as a Director with effect from 3 October 2008.

Darren Browne resigned as Chief Executive Officer on 3 November 2008.

Andrew Church was appointed as Chief Executive Officer on 24 November 2008.

Emma Sugarman , founder and Managing Director of Academics Limited, was appointed to the Board on 16 December 2008.

Summary and prospects

Outlook

Servoca holds attractive market positions in resilient sectors and the focus will be on further developing the potential within the Group.

Servoca continues to serve many areas of public sector recruitment that suffer from manpower supply shortages. The Group operates a range of services and positions within its markets and we will continue to expand both existing and new service offerings where we believe strong demand exists.

In the short-term, we are currently experiencing less fluidity in the education recruitment market with fewer teaching professionals moving schools or posts as candidates appear to prioritise job security against the backdrop of the wider economic climate. Whilst this is expected to create a more challenging trading environment as we enter 2010, the sector remains resilient to the economic climate relative to other sectors. Our diversified range of services also means we operate a balanced exposure to a number of markets and for this reason we remain confident of the year ahead.

Bob Morton
Chairman
26 January 2010

Andrew Church
Chief Executive Officer

The directors present their report together with the audited financial statements for the year ended 30 September 2009.

Principal activities and trading review
The principal activities of the Group are the provision of recruitment and outsourced services to customers in the medical, educational and security markets. The principal activity of the Company is that of a holding company.

The Group made two minor acquisitions in the year being the purchase of two healthcare businesses. Further details are set out in note 24.

Group turnover for the year is £57.6 million (30 September 2008: £42.1 million) which produced a gross profit of £16.8 million (30 September 2008: £12.7 million). The profit after taxation for the year, after a share based payment expense of £0.3 million, goodwill impairment charge of £nil and exceptional costs of £nil, was £2.0 million (30 September 2008 after an impairment charge of £3.1 million and exceptional costs of £3.0 million: loss of £7.2 million).

Key performance indicators
Whilst there are many financial and operating measures regularly monitored by the Group, the primary financial metrics are:

- Revenue growth: 37% (2008: 221%)
- Gross margin percentage: 29.2% (2008: 30.3%)
- Profit after interest, before tax and share based payment expense: £2.2 million (2008: loss £1.0 million after interest, before tax and exceptional charges)

Results and dividends
The consolidated income statement is set out on page 16 and shows the profit for the year.

No dividends were paid during the year and no final dividend is proposed.

Share capital
On 30 March 2009, the Company issued 62,500,000 ordinary shares of 1p each by way of a placing.

Full details of the changes in share capital during the year are set out and explained in note 22 to the financial statements.

Principal risks and uncertainties

The principal risks arising from the Group's financial instruments and the policies in respect of them are set out in note 20 to the financial statements.

Servoca has also identified further, market-based risks and uncertainties to which the business is exposed. The most significant of these are set out below:

- Changes in government spending and policy
- Changes in regulation
- Uncertain economic climate
- Failure to continue to be registered for supply with PASA (Purchasing and Supply Agency), CQC (Care Quality Commission), the Home Office and others that are required for the operation of the various businesses of Servoca to trade in their respective specialist fields. There is no short term risk in this area.
- Failure to attract candidates of sufficient quality and in sufficient numbers
- Loss of management or key sales staff
- Access to future funding

The board meets on a regular basis to discuss the continuing management of these risks and uncertainties and identify any new exposures as they arise.

Directors

	Office held	Appointed	Resigned
Bob Morton	Non-Executive Chairman		
Andrew Church	Chief Executive Officer	24/11/2008	
Miles Davis	Executive		
John Foley	Non-Executive		
Emma Sugarman	Executive	16/12/2008	
Glenn Swaby	Chief Financial Officer		
Darren Browne	Chief Executive Officer		03/11/2008
Tony Rogers	Non-Executive		03/10/2008

Interests in shares

The directors of the Company during the year and their respective beneficial interests in its issued share capital were as follows:

Director	30 September 2009 Ordinary shares of 1p each Number	30 September 2008 or date of appointment Ordinary shares of 10p each Number
Andy Church	1,250,000	-
Bob Morton	11,000,000	-
Miles Davis	805,765	805,765
John Foley	4,360,000	1,235,000
Glenn Swaby	83,333	83,333
Emma Sugarman	6,551,514	-
Darren Browne (resigned 03/11/2008)	-	7,287,775

Interests in share options
At the balance sheet date the directors then in office held options to subscribe for ordinary shares as follows:

	Exercise price	Date of grant	Date first exercisable	Date of expiry	Ordinary shares of 1p each at 30 September 2009	Potential gains on options at 30 September 2009 £'000
Directors						
Miles Davis	25p	19/07/08	25/09/09	18/07/18	400,000	-
Glenn Swaby	25p	19/07/08	19/07/11	18/07/18	500,000	-

The mid-market price of the Company's shares on 30 September 2009 was 16.5 pence.

The lowest mid-market price during the period from 1 October 2008 to 30 September 2009 was 9.0 pence and the highest mid-market price during the year was 25.5 pence. The potential gains on share options have been calculated by reference to the market value of the shares under option at 30 September 2009 less the cost of purchasing those shares at the relevant exercise price.

Information on directors
Bob Morton, FCA – Non - Executive Chairman
Aged 67, Bob is a Chartered Accountant with substantial public company experience. He is currently Chairman of Armour Group Plc, Tenon Group Plc, St. Peter Port Capital Limited and WFCA Plc. In addition he holds directorships in several private companies.

Andrew Church – Chief Executive Officer
Aged 37, Andrew joined as the Group's new Chief Executive Officer with effect from 24 November 2008. Andrew was formerly a main board director of Lorien PLC and Managing Director of its profitable resourcing division.

Information on directors (continued)
Miles Davis – Executive Director
Aged 41, Miles was a founding director of Dream Group Limited in 2000 and was its Managing Director when it was acquired by Multi in 2007. Prior to 2000, he spent over 10 years in the recruitment industry, primarily within information, technology and headhunting in the financial and securities market.

John Foley, ACA, Barrister – Non - Executive Director
Aged 54, John is a Chartered Accountant and a Barrister. He is a successful public company director having served on many boards in senior roles. He recently served as CEO of Maclellan Group Plc from 1994 until its successful disposal to Interserve Plc for £120 million during 2006. He currently holds a number of directorships in a wide range of private companies.

Glenn Swaby, ACA –Chief Financial Officer
Aged 54, Glenn is a Chartered Accountant and has a wealth of experience within the security market and was until July 2007 the financial director of First Security Group Limited, where he played a key role in the development of the company. Glenn took over as Chief Financial Officer from 28 March 2008 having established the Servoca security brand.

Emma Sugarman, Executive
Emma Sugarman, 41, joined the Board on 16 December 2008 as an executive director. Emma was the founding director of Academics Holdings Limited and Academics Limited. Emma had built the business to a turnover approaching £15 million per annum when it was acquired by the Group in March 2008.

Substantial shareholders
At 25 January 2010 those shareholders which had notified the Company of a disclosable interest of 3 per cent or more in the share capital of Servoca Plc are set out below:

Holder	Ordinary shares of 1p each	Percentage
Southwind Limited	24,337,481	20.59
Seraffina Holdings Limited	15,120,929	12.79
Retro Grand Limited	12,000,000	10.15
Bob Morton	11,000,000	9.31
Emma Sugarman	6,551,514	5.54
John Foley	4,360,000	3.69

Payment to suppliers
The Group's policy for all suppliers is to fix terms of payment when agreeing the terms of business transactions, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment. The number of average days purchases of the Group and Company represented by trade creditors at 30 September 2009 respectively was 42 days and 65 days (30 September 2008: 54 days and 78 days respectively).

Donations
During the year the Group made no material charitable or political donations (30 September 2008: £nil).

Financial instruments
Details of Group and Company's use of financial instruments and their associated risks are given in note 20 to the financial statements.

Directors' responsibilities
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets of the company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Report of the Directors which complies with the requirements of the Companies Act 2006.

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006. The directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The directors have chosen to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice.

Group financial statements
International Accounting Standard 1 requires that financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Directors' responsibilities (continued)

Parent company financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Going concern

The Group's business activities together with factors likely to affect its future development, performance and position are set out in the Chairman/Chief Executive Officer report on pages 2 to 6. In addition note 20 describes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk.

The Group's principal sources of financing are equity and invoice discounting facilities secured on book debts. Due to the reliance on invoice discounting facilities, the Group is in a net current liabilities position. During the year ended 30 September 2009, the Group successfully raised £5.0m before expenses by way of a share placing and also settled its remaining contingent consideration commitments. A combination of the equity raising, improved working capital management and improved profitability has resulted in significantly improved generation of cash during the year and increased headroom in borrowing facilities at the year end of £3.0m (2008: £0.4m).

The directors have prepared trading and cash flow forecasts for the period to 31 March 2011 which indicate adequate headroom in borrowing facilities. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Subsequent events
Details of subsequent events are set out in note 29.

Auditors
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to re-appoint Ernst & Young LLP as auditors will be proposed at the next annual general meeting of the Company.

This report was approved by the Board of Directors on 26 January 2010 and signed by order of the Board by

Stephen Shipley
Company Secretary
26 January 2010

SERVOCA Plc
Independent auditors' report
To the members of Servoca Plc

We have audited the group financial statements of Servoca Plc for the year ended 30 September 2009 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Sections 495, 496 and 497 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 directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on pages 11 and 12, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the group 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 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

Opinion on financial statements
In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 September 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 12, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Other matter
We have reported separately on the parent company financial statements of Servoca Plc for the year ended 30 September 2009.

Andy Glover (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
26 January 2010

SERVOCA Plc
Consolidated income statement
For the year ended 30 September 2009

	Note	2009 Before goodwill, share based payments and exceptional items £'000	2009 Goodwill, share based payments and exceptional items (note 7) £'000	2009 Total £'000	2008 Before goodwill, share based payments and exceptional items £'000	2008 Goodwill, share based payments and exceptional items (note 7) £'000	2008 Total £'000
Revenue		**57,645**	**-**	**57,645**	42,050	-	42,050
Cost of sales		**(40,823)**	**-**	**(40,823)**	(29,320)	-	(29,320)
Gross profit		**16,822**	**-**	**16,822**	12,730	-	12,730
Administrative expenses		**(14,420)**	**(322)**	**(14,742)**	(13,334)	(6,139)	(19,473)
Other operating income	6	**174**	**-**	**174**	-	-	-
Operating profit/(loss)	6	**2,576**	**(322)**	**2,254**	(604)	(6,139)	(6,743)
Finance income	8	**6**	**-**	**6**	4	-	4
Finance costs	9	**(373)**	**-**	**(373)**	(429)	-	(429)
Profit/(loss) before taxation		**2,209**	**(322)**	**1,887**	(1,029)	(6,139)	(7,168)
Tax credit	10	**142**	**-**	**142**	-	-	-
Profit/(loss) for the year attributable to equity holders of the parent		**2,351**	**(322)**	**2,029**	(1,029)	(6,139)	(7,168)
Earnings/(loss) per share:		**Pence**	**Pence**	**Pence**	Pence	Pence	Pence
- Basic	5	**2.89**	**(0.39)**	**2.50**	(2.32)	(13.81)	(16.13)
- Diluted	5	**2.78**	**(0.38)**	**2.40**	(2.32)	(13.81)	(16.13)

The notes on pages 21 to 65 form part of these financial statements.

SERVOCA Plc
Consolidated balance sheet
At 30 September 2009

	Note	**30 September 2009 £'000**	30 September 2008 £'000
Assets			
Non-current assets			
Intangible assets	11	**6,613**	7,237
Property, plant and equipment	12	**618**	697
Total non-current assets		**7,231**	7,934
Current assets			
Trade and other receivables	14	**8,654**	9,908
Cash and cash equivalents	14	**278**	204
Total current assets		**8,932**	10,112
Total assets		**16,163**	18,046
Liabilities			
Current liabilities			
Trade and other payables	15	**(6,959)**	(7,642)
Other financial liabilities	16	**(3,173)**	(7,637)
Contingent consideration	17	**(460)**	(4,628)
Corporation tax liability		**(225)**	(367)
Provisions	21	**(773)**	(1,040)
Total current liabilities		**(11,590)**	(21,314)
Non-current liabilities			
Other financial liabilities	18	**(514)**	(68)
Contingent consideration	17	**-**	(460)
Provisions	21	**(131)**	(352)
Total non-current liabilities		**(645)**	(880)
Total liabilities		**(12,235)**	(22,194)
Total net assets/(liabilities)		**3,928**	(4,148)

SERVOCA Plc
Consolidated balance sheet *(continued)*
At 30 September 2009

	Note	**30 September 2009 £'000**	30 September 2008 £'000
Capital and reserves attributable to equity holders of the company			
Called up share capital	22	**5,513**	4,812
Share premium account	23	**7,078**	2,054
Merger reserve	23	**2,772**	2,772
Reverse acquisition reserve	23	**(12,268)**	(12,268)
Retained earnings		**833**	(1,518)
Total Equity		**3,928**	(4,148)

The financial statements were approved by the Board and authorised for issue on 26 January 2010.

Andrew Church
Chief Executive Officer

Glenn Swaby
Chief Financial Officer

The notes on pages 21 to 65 form part of these financial statements.

SERVOCA Plc
Consolidated statement of changes in equity
For the year ended 30 September 2009

	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 30 September 2007	3,931	8,812	6,036	2,772	(12,268)	(9,198)	**85**
Changes in equity for the year ended 30 September 2008							
Loss for the year	-	-	-	-	-	(7,168)	**(7,168)**
Total recognised income and expense for the year	-	-	-	-	-	(7,168)	**(7,168)**
Reduction in capital	-	(8,812)	(6,036)	-	-	14,848	**-**
Shares issued for acquisition of subsidiaries	248	856	-	-	-	-	**1,104**
Issue of share capital	633	1,198	-	-	-	-	**1,831**
	881	(6,758)	(6,036)	-	-	14,848	**2,935**
Balance as at 30 September 2008	**4,812**	**2,054**	**-**	**2,772**	**(12,268)**	**(1,518)**	**(4,148)**
Changes in equity for the year ended 30 September 2009							
Profit for the year	-	-	-	-	-	2,029	**2,029**
Total recognised income and expense for the year	-	-	-	-	-	2,029	**2,029**
Share based payment transactions (note 22)	-	-	-	-	-	322	**322**
Issue of share capital	701	5,024	-	-	-	-	**5,725**
	701	**5,024**	**-**	**-**	**-**	**322**	**6,047**
Balance as at 30 September 2009	**5,513**	**7,078**	**-**	**2,772**	**(12,268)**	**833**	**3,928**

The movement on the share premium account is after charging £184,000 of costs incurred with issuing the shares (2008: £68,000).

SERVOCA Plc
Consolidated cash flow statement
For the year ended 30 September 2009

	Note	30 September 2009 £'000	30 September 2009 £'000	30 September 2008 £'000	30 September 2008 £'000
Operating activities					
Profit/(loss) after tax			**2,029**		(7,168)
Adjustments for:					
Depreciation charges			**250**		394
Share based payment expense			**322**		-
Finance costs			**391**		429
Finance income			**(6)**		(4)
Profit on disposal of fixed assets			**(4)**		-
Goodwill impairment	11		**-**		3,131
Increase in trade and other receivables			**(419)**		(2,371)
(Decrease)/increase in trade and other payables			**1,177**		2,537
Movement in provisions			**(488)**		899
Cash generated from operations			**3,252**		(2,153)
Interest paid			**(391)**		(429)
Corporation tax paid			**-**		(326)
Cash flows from operating activities			**2,861**		(2,908)
Investing activities					
Acquisitions, net of cash acquired	24	**(3,404)**		(3,544)	
Purchase of property, plant and equipment		**(215)**		(595)	
Proceeds of sale of property, plant and equipment		**28**		-	
Interest received		**6**		4	
			(3,585)		(4,135)
Financing activities					
Issue of ordinary shares		**5,000**		1,900	
Share issue costs		**(184)**		(68)	
Proceeds from loan		**-**		2,000	
Repayment of loan		**(666)**		(167)	
(Repayment)/proceeds of finance lease creditor		**(53)**		42	
			4,097		3,707
Increase/(decrease) in cash and cash equivalents	26		**3,373**		(3,336)
Cash and cash equivalents at beginning of the year	26		**(5,565)**		(2,229)
Cash and cash equivalents at end of the year	26		**(2,192)**		(5,565)

The notes on pages 21 to 65 form part of these financial statements.

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) published by the International Accounting Standards Board (IASB), as endorsed for use in the European Union, and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The Group financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The Group financial statements have been prepared for a twelve month period to 30 September 2009 and the comparative figures represent a twelve month period to 30 September 2008.

The presentation of the income statement has been amended for the year ended 30 September 2009 to include a column which identifies the goodwill, share based payments and exceptional items to provide the users of the accounts with a better understanding of the results of the Group. The comparative income statement has been amended accordingly,

Going concern

The Group's business activities together with factors likely to affect its future development, performance and position are set out in the Chairman/Chief Executive Officer report on pages 2 to 6. In addition note 20 describes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk.

The Group's principal sources of financing are equity and invoice discounting facilities secured on book debts. Due to the reliance on invoice discounting facilities, the Group is in a net current liabilities position. During the year ended 30 September 2009, the Group successfully raised £5.0m before expenses by way of a share placing and also settled its remaining contingent consideration commitments. A combination of the equity raising, improved working capital management and improved profitability has resulted in significantly improved generation of cash during the year and increased headroom in borrowing facilities at the year end of £3.0m (2008: £0.4m).

The directors have prepared trading and cash flow forecasts for the period to 31 March 2011 which indicate adequate headroom in borrowing facilities. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

1 Accounting policies (continued)

Significant judgments and estimates

Judgments and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events.

The critical judgments and estimates made in the preparation of the financial statements set out below are made in accordance with the appropriate IFRS and the Group's accounting policy:

- Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes in estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods. More details of carrying values are shown in notes 11 and 12.
- Goodwill is tested for impairment annually. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future business performance.
- Provision for doubtful debts.
- Share based payments.
- Provision for claims and restructuring.
- Business combinations.

Adoption of new and amended IFRS and IFRIC interpretations

At the date of authorisation of these financial statements, the following Standards and Interpretations have been adopted in these financial statements and their impact is described below:

The amendment to IFRS 1 'First-time Adoption of International Financial Reporting Standards' (effective 1 January 2009) allows an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 'Consolidated and Separate Financial Statements' (effective 1 January 2009) requires all dividends from a subsidiary, jointly controlled entity or associate to be recognised in the income statement in the separate financial statement. Both revisions are effective for financial years beginning on or after 1 January 2009. The revision to IAS 27 is applied prospectively. The amendments have had no impact on the Group.

Amended IAS 23 'Borrowing Costs' (effective 1 January 2009) eliminates the option to recognise all borrowing costs immediately as an expense. To the extent that borrowing costs relate to the acquisition, construction or production of a qualifying asset, the revised Standard requires that they be capitalised as part of the cost of that asset. All other borrowing costs are expensed as incurred. The amendments have had no impact on the Group.

Amendments to IAS 32 'Financial Instruments: Presentation' and IAS 1 'Presentation of Financial Statements' in respect to Puttable Financial Instruments and Obligations Arising on Liquidation are effective from 1 January 2009. Subject to specified criteria being met, these instruments will be classified as equity whereas, prior to these amendments, they would have been classified as financial liabilities. The amendments have had no impact on the Group.

1 Accounting policies (continued)

Adoption of new and amended IFRS and IFRIC interpretations (continued)

Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' in respect to disclosures that would permit reclassification of some financial instruments out of the fair value through profit or loss category is effective for periods starting on or after 1 July 2008. The amendments have had no impact on the Group.

IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' (effective 1 October 2008) applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. There is no impact on the Group.

IFRIC 15 'Agreements for the Construction of Real Estate' (effective 1 January 2009) applies to an entity which holds agreements for construction of real estate. The Group does not participate in construction and so there is no impact on the Group.

Improvements to IFRSs

In May 2008 the ISAB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. These revisions have been adopted in these financial statements but have had no financial impact:

IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with IAS 39 Financial instruments: Recognition and Measurement are not automatically classified as current in the balance sheet.

IAS 16 Property, Plant and Equipment: Replace the term "net selling price" with "fair value less costs to sell".

IAS 23 Borrowing costs: The definition of borrowing costs is revised to consolidate two types of items that are considered components of borrowing costs into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.

IAS 28 Investment in Associates: If an associate is accounted for at fair value in accordance with IAS 39, only the requirements of IAS 29 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans will apply.

IAS 31 Interest in Joint Ventures: If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

IAS 36 Impairment of Assets: When discounted cash flows are used to estimate "fair values less cost to sell" additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate "value in use".

IAS 38 Intangible Assets: Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service.

1 Accounting policies (continued)
Adoption of new and amended IFRS and IFRIC interpretations (continued)
Standards effective in future periods

At the date of authorisation of these financial statements, the following Standards and Interpretations have not been adopted in these financial statements and their impact is described below:

Amended IAS 1 'Presentation of Financial Statements' (effective 1 January 2009) affects the presentation of other changes in equity and introduces a statement of comprehensive income. The Group has the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income).

Amendment to IFRS 2 Share-based payments (effective for period commencing 1 January 2009). This clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. The amendments are likely to have no impact on the Group.

Amendment to IFRS 2 Share-based payments (effective for period commencing 1 July 2009). This clarifies the scope and accounting for group cash-settled share-based payment transactions. The directors are currently considering the impact of this amendment on the Group.

IFRS 8 'Operating segments' (effective from period commencing 1 January 2009) sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. This standard replaces IAS 14 'Segment Reporting' and will require a change in the disclosure of segmental information.

The revised and amended Standards i.e., IAS 27 'Consolidated and Separate Financial Statements' and IFRS 3 'Business Combinations' are effective from 1 July 2009. The amendments relate primarily to accounting for non-controlling interests and the losses of control of a subsidiary. It also addresses the guidance for applying the acquisition method of accounting. The amendments are likely to have an impact on the Group if future business combinations are made.

Amendment to IFRIC 9 and IAS 39 'Financial Instruments: Recognition and Measurement' in respect to eligible hedged items. Effective from 1 July 2009, it provides clarification on identifying inflation as a hedged risk or portion and hedging with options. The amendments are likely to have no impact on the Group.

IFRIC 17 'Distributions of Non-Cash Assets to Owners' (effective 1 July 2009) addresses how an entity should measure distributions of assets other than cash when it pays dividends to its owners. The Group does not distribute non-cash dividends to its owners and so the interpretation will have no impact on the Group.

1 Accounting policies (continued)
Adoption of new and amended IFRS and IFRIC interpretations (continued)

Standards effective in future periods (continued)
IFRIC 18 'Transfers of Assets from Customers' (effective 1 July 2009) applies to entities who participate in the transfer of assets from customers and applies to the utility sector in particular. No member of the Group operates in the utility sector or transfers assets from customers and, therefore, this interpretation will have no impact on the Group.

The impact on the Group's financial statements of the future adoption of the Standards and Interpretations is still under review, but the Group does not expect any of these changes to have a material effect on the results or net assets of the Group.

Basis of consolidation
The consolidated financial statements incorporate the results of Servoca Plc and all of its subsidiary undertakings, made up to 30 September 2009, using the acquisition method of accounting. Under this method, the results of subsidiary undertakings are included from the date of the acquisition.

Revenue
Revenue represents proceeds from services performed, less discounts and sales tax. Revenue from temporary contract assignments is recognised when services are performed, based on hours worked by the temporary or contract candidates placed by the Group. Revenue from permanent placements is recognised:

- In line with contractual terms, for contingent assignments this will either be the date on which the applicant accepts an offer in writing or when they commence the employment;
- In line with completion of specific milestones, for retained assignments; or
- In line with performance, for revenue arising from the provision of other services.

Business combinations
The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

Goodwill
Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.
Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement.
Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to the income statement.

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1 Accounting policies (continued)

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets are undertaken annually. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (ie the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (ie the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows). Goodwill is allocated on initial recognition to each of the group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the administrative expenses line in the consolidated income statement.

Licences

Licences are capitalised as intangible assets and amortised over the period that revenues can be generated from such licences.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the administrative expenses line in the consolidated income statement.

Intangible assets are recognised on business combinations if they are separable from the acquired entity to give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The significant intangibles recognised by the Group represent trademarks and customer relationships and they are valued at historical cost and amortised over their estimated useful economic life of 5 years. The amortisation is included in administrative expenses in the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within accruals. Depreciation has been calculated at the following rates:

Fixtures and fittings	- either 25% on a reducing balance basis or 10%-25% on cost
Office equipment	- 25% on a reducing balance basis
Motor vehicles	- 25%-33% on a reducing balance basis
Computer equipment	- 3-4 years on a straight line basis
Leasehold improvements	- over the term of lease

1 Accounting policies (continued)

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss; and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.
Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Financial instruments

The Group does not hold or issue derivative financial instruments for trading purposes. Financial instruments are recognised when the Group becomes party to the contractual terms of the instrument. Financial instruments are derecognised either on the expiry of the contractual terms of the instrument or when the cash flows attaching to the instrument have expired.

Financial assets

The only financial assets held by the Group arise principally through the provision of services to customers. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.
The Group's receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, bank overdrafts and invoice discounting facilities. Bank overdrafts and invoice discounting facilities are shown within current liabilities on the balance sheet.

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1 Accounting policies (continued)
Financial instruments (continued)
Financial liabilities
Bank and other borrowings and invoice discounting facilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayments at a constant rate on the balance and the liability in the balance sheet.

The Group operates invoice discounting facilities on its trade debtors. Advances of between 80% and 85% of the agreed balances can be drawn down in advance. Interest is payable at varying commercial rates on balances drawn.

Trade and other short term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using effective interest method.

Contingent deferred consideration
Contingent deferred consideration due in respect of acquisitions is initially recorded at expected cost and discounted back to the balance sheet date using an appropriate discount rate. The interest is charged to the income statement over the period of the deferment.

Share capital
Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classed as equity instruments.

Dividends
Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Leased assets
Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an "operating lease"), the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

1 Accounting policies (continued)

Pension costs

The Group operates some defined contribution pension schemes. There are self-administered schemes for certain executive directors. The assets of these schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the schemes for the year.

Exceptional items

The Group identifies exceptional items as those that, in the opinion of the directors, are significant in size and are of a non recurring nature that have a material affect on the results of the Group.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement due. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of the grant is charged to the income statement over the vesting period. Non-market conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where an equity instrument is granted to a person other than an employee, the income statement is charged with the fair value of goods and services received.

National insurance is payable on gains made by employees on exercise of certain share options granted to them. The eventual liability to National Insurance is dependent on the market price of the shares at the date of exercise, the number of options to be exercised and the prevailing rate of National Insurance at the date of exercise. The Company provides for potential National Insurance dependent upon the current market value of the shares.

2 Segmental analysis

The Group's primary format for reporting segment information is by business segment, being by type of service supplied. The operating divisions are organised and managed by reporting segment where applicable and by divisions within a reporting entity where necessary.

The Group provides recruitment services to the healthcare and education sectors and the Secure Solutions segment provides outsourced services to the Security sector.

	Healthcare Recruitment £'000	Education Recruitment £'000	Secure Solutions £'000	Unallocated £'000	Total £'000
For the year ended 30 September 2009:					
Revenue	27,094	20,754	9,797	-	**57,645**
Segment expense	(25,814)	(17,925)	(9,477)	(2,027)	**(55,243)**
Share based payment expense	(222)	-	-	(100)	**(322)**
Other operating income	174	-	-	-	**174**
Operating profit/(loss)	1,232	2,829	320	(2,127)	**2,254**
Finance costs	(98)	(92)	(72)	(111)	**(373)**
Finance income	-	-	-	6	**6**
Profit/(loss) before tax	1,134	2,737	248	(2,232)	**1,887**
Balance sheet					
Assets	4,412	8,683	2,148	920	**16,163**
Liabilities	(4,357)	(3,925)	(2,146)	(1,807)	**(12,235)**
Net assets/(liabilities)	55	4,758	2	(887)	**3,928**
Other					
Capital expenditure	51	44	56	44	**195**
Depreciation	99	59	67	25	**250**
Amortisation	-	-	-	-	**-**

The Group's customers and assets are all located in the UK and therefore it does not report by geographical location. There is no inter-segment turnover.

2 Segmental analysis (continued)

	Healthcare Recruitment £'000	Education Recruitment £'000	Secure Solutions £'000	Unallocated £'000	Total £'000
For the year ended 30 September 2008:					
Revenue	22,967	9,819	9,264	-	42,050
Segment expense	(23,721)	(8,654)	(9,538)	(741)	(42,654)
Goodwill impairment	(670)	-	(2,461)	-	(3,131)
Exceptional items	(2,218)	(15)	(296)	(479)	(3,008)
Operating (loss)/profit	(3,642)	1,150	(3,031)	(1,220)	(6,743)
Finance costs	(178)	(69)	(50)	(132)	(429)
Finance income	-	-	3	1	4
(Loss)/profit before tax	(3,820)	1,081	(3,078)	(1,351)	(7,168)
Balance sheet					
Assets	5,253	9,342	2,705	746	18,046
Liabilities	(7,241)	(10,437)	(2,522)	(1,994)	(22,194)
Net (liabilities)/assets	(1,988)	(1,095)	183	(1,248)	(4,148)
Other					
Capital expenditure	201	40	69	285	595
Depreciation	214	41	115	24	394
Amortisation	-	-	3,131	-	3,131

3 Employees

	30 September 2009 £'000	30 September 2008 £'000
Staff costs, including executive directors, consist of:		
Wages and salaries	**9,257**	8,428
Social security costs	**941**	869
Redundancy costs	**153**	132
Pension contributions	**39**	73
	10,390	9,502

The average monthly number of employees, including directors, during the year was as follows:	**Number**	Number
Operations	**43**	49
Sales	**132**	172
Financial and administration	**41**	48
	216	269

4 Directors' remuneration

Total remuneration was as follows:	**30 September 2009 £'000**	30 September 2008 £'000
Salaries and benefits	**734**	583
Pension contributions	**16**	36
	750	619
Remuneration of the highest paid director:		
Emoluments	**290**	254
Pension contributions	**-**	11
	290	265

The Group has an agreement with Hawk Consulting Limited for Bob Morton to supply consultancy services to the Group. He is the owner of Hawk Consulting Limited and payments totalling £30,000 (2008: £30,000) were made to Hawk Consulting Limited in the year for services rendered.

During the year, two directors had benefits accruing under defined contribution pension schemes (year ended 30 September 2008: four).

4 Directors' remuneration (continued)

The movement in share options held by the directors during the year were as follows:

	30 September 2009 Number '000	30 September 2008 Number '000
At the beginning of the year	**1,700**	1,225
Cancelled during the year	**-**	(1,200)
Lapsed on resignation	**(800)**	(25)
Granted during the year	**-**	1,700
	900	1,700

5 Earnings/(loss) per share

The calculation of earnings/(loss) per share for the year ended 30 September 2009 is based on a weighted average number of shares in issue during the year of:

	Basic	**Dilutive effect of share options and shares to be issued**	**Diluted**
30 September 2009	**81,328,160**	**3,286,448**	**84,614,608**
30 September 2008	44,430,904	-	44,430,904

The above same number of shares are used in all of the earnings/(loss) per share calculations below.

5 Earnings/(loss) per share (continued)

Additional disclosure is also given in respect of earnings/(loss) per share before goodwill impairment and exceptional costs as the directors believe this gives a more accurate presentation of maintainable earnings.

Year ended 30 September 2009	**Basic £'000**	**Diluted £'000**
Profit used for calculation	**2,029**	**2,029**
Goodwill, share based payment expense and exceptional items:		
Share based payment expense	**322**	**322**
Profit before goodwill, share based payment expense and exceptional items	**2,351**	**2,351**
	Pence	**Pence**
Earnings per share	**2.50**	**2.40**
Goodwill, share based payment expense and exceptional items:		
Share based payment expense	**0.39**	**0.38**
Adjusted earnings per share before goodwill, share based payment expense and exceptional items	**2.89**	**2.78**

Year ended 30 September 2008	Total £'000
Loss used for basic and diluted calculation	(7,168)
Goodwill, share based payment expense and exceptional items:	
Goodwill impairment	3,131
Exceptional items	3,008
Loss before goodwill, share based payment expense and exceptional items	(1,029)
	Pence
Basic and diluted loss per share	(16.13)
Goodwill, share based payment expense and exceptional items:	
Goodwill impairment	7.04
Exceptional items	6.77
Adjusted basic and diluted loss per share before goodwill, share based payment expense and exceptional items	(2.32)

6 Operating profit/(loss)

	30 September 2009 £'000	30 September 2008 £'000
Operating profit/(loss) is stated after charging or (crediting):		
Depreciation of tangible assets	**250**	394
Goodwill impairment (see note 11)	**-**	3,131
Amortisation of intangible assets	**-**	-
Share based payment expense	**322**	-
Loss on disposal of fixed assets	**16**	-
Operating lease rentals:		
- land and buildings	**430**	452
- other	**54**	51
Other operating income: gain on administration of Windsor Recruitment & Training Limited	**(174)**	-
Audit of the Company's financial statements pursuant to legislation	**40**	35
Audit of the subsidiaries financial statements pursuant to legislation	**55**	30
Other taxation services	**14**	10

7 Exceptional items

The exceptional items can be summarised as follows:

	30 September 2009 £'000	30 September 2008 £'000
Restructuring costs and claims	**542**	1,568
Legal costs	**(542)**	1,440
	-	3,008

Goodwill, share based payments and exceptional items	**30 September 2009 £'000**	30 September 2008 £'000
Goodwill impairment	**-**	3,131
Share based payments	**322**	-
Exceptional items	**-**	3,008
	322	6,139

7 Exceptional items (continued)

Restructuring costs and claims:
In 2009, exceptional items relate to a claim in relation to specific employment legislation which the Group is liable to settle, based on legal advice.

In 2008 the Group embarked on a number of new initiatives but it became apparent that certain of those were proving to be a drain on the Group's resources and hence a decision was made to close such activities. In addition, a complete restructuring of the business was commenced which allowed the company to concentrate on its core activities. The costs of the closures and other restructuring costs, including staff costs and the ongoing future commitments in respect of properties, were fully provided and utilised in 2008.

Legal costs:
The Group was involved in two legal cases during the current and prior year. Favourable outcomes in both cases resulted in reduced outflows compared to original expectations and these have been adjusted for accordingly.

8 Finance income

	30 September 2009 £'000	30 September 2008 £'000
Bank interest received	**6**	4

9 Finance costs

	30 September 2009 £'000	30 September 2008 £'000
Bank borrowings	**90**	144
Interest on invoice discounting	**175**	259
Other borrowings	**108**	26
	373	429

10 Taxation
a) Tax on profit on ordinary activities

	30 September 2009 £'000	30 September 2008 £'000
Total current income tax	**-**	-
Total deferred tax	**-**	-
Adjustments in respect of prior periods	**(142)**	-
Total tax credit in the income statement	**(142)**	-

b) Reconciliation of the total tax charge

A reconciliation between the tax credit and the product of the accounting profit/(loss) multiplied by the tax rate for the years ended 30 September 2009 and 2008 is as follows:

	30 September 2009 £'000	30 September 2008 £'000
Profit/(loss) on ordinary activities before taxation	**1,887**	(7,168)
Profit/(loss) on ordinary activities multiplied by the average rate of corporation tax in the UK of 28% (2008: 29%)	**528**	(2,079)
Expenses not deductible for tax purposes	**15**	(54)
Unrecognised tax losses	**-**	1,055
Losses brought forward	**(562)**	-
Other temporary differences on which deferred tax not recognised	**19**	170
Goodwill impairment	**-**	908
Adjustments in respect of prior periods	**(142)**	-
Total tax credit reported in the consolidated income statement	**(142)**	-

There is a change in tax rate this year due to the rate for 2008 being a hybrid rate resulting from a statutory rate change from 31 March 2008.

The Group has approximately £5,453,000 (30 September 2008: £9,058,000) of unrelieved trading losses available for offset against future taxable profits of certain Group companies for which no deferred tax asset has been recognised on the basis that IAS 12 recognition criteria has not been met.

10 Taxation (continued)

c) Unrecognised deferred tax

Other than the losses available for offset against future taxable income, the Group has the following items for which no deferred tax asset has been recognised at the balance sheet dates:

	30 September 2009 £'000	30 September 2008 £'000
Deductible temporary differences	**636**	575
Capital losses for offset against future capital gains	**1,448**	1,448
	2,084	2,023

11 Intangible assets

	Goodwill £'000	Licence £'000	Customer relationships £'000	Trademarks £'000	Total £'000
Cost					
Balance at 1 October 2007	6,953	-	-	7	6,960
Acquired through business combinations	9,281	-	123	-	9,404
Fair value adjustment for contingent share consideration	(719)	-	-	-	(719)
Balance at 30 September 2008	**15,515**	**-**	**123**	**7**	**15,645**
Balance at 1 October 2008	15,515	-	123	7	15,645
Acquired through business combinations (note 24)	150	77	171	-	398
Fair value adjustment for contingent share consideration	(1,022)		-	-	(1,022)
Balance at 30 September 2009	**14,643**	**77**	**294**	**7**	**15,021**
Accumulated amortisation and impairment					
Balance at 1 October 2007	5,271	-	-	6	5,277
Amortisation for the year	-	-	-	-	-
Impairment charge	3,008	-	123	-	3,131
Balance at 30 September 2008	**8,279**	**-**	**123**	**6**	**8,408**
Balance at 1 October 2008	8,279	-	123	6	8,408
Amortisation for the year	-	-	-	-	-
Impairment charge	-	-	-	-	-
Balance at 30 September 2009	**8,279**	**-**	**123**	**6**	**8,408**
Net book value					
At 1 October 2007	1,682	-	-	1	1,683
At 30 September 2008	7,236	-	-	1	7,237
At 30 September 2009	**6,364**	**77**	**171**	**1**	**6,613**

11 Intangible assets (continued)

Additions to goodwill and intangibles in the year are analysed further as follows:

	£'000
Further costs of acquisition of Academics Holdings Limited	42
Servoca Nursing & Care Limited	279
Pure Medical Healthcare Solutions Limited	77
Total	**398**

Goodwill and impairment

Impairment

During the prior year the Group acquired the two security businesses, International Security & Surveillance Limited ("ISS") and ISS Special Projects Limited ("ISS SP"). Due to a downturn in the market and the loss of key personnel, the companies did not perform as expected and the directors undertook a value-in-use calculation which resulted in full impairment of the goodwill of these two businesses together with a full impairment of other intangible assets acquired on acquisition. The goodwill and other intangibles impairment charge in respect of these businesses was £2.46 million which was recognised in full in the year ended 30 September 2008.

Windsor Recruitment & Training Ltd was placed in administration in January 2009 and the carrying value of £0.67 million of goodwill was fully impaired at 30 September 2008.

Goodwill and other intangibles

Details of goodwill and other intangibles allocated to cash generating units is as follows:

	30 September 2008 £'000	Acquired £'000	Impaired £'000	Adjustment £'000	**30 September 2009 £'000**
Manorbase Limited t/a Firstpoint Healthcare	324	-	-	-	**324**
Servoca Resourcing Solutions Limited	690	-	-	-	**690**
Academics Limited	6,222	42	-	(1,022)	**5,242**
Servoca Nursing & Care Limited	-	279	-	-	**279**
Pure Medical Healthcare Solutions Limited	-	77	-	-	**77**
	7,236	398	-	(1,022)	**6,612**

The adjustment for Academics Limited arises from the element of contingent consideration settled in shares during the year at a share price different to that at the previous year end.

11 Intangible assets (continued)

Goodwill (continued)

The carrying value of the above goodwill has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a one year period to September 2010 and estimates for subsequent years. The key assumptions in the value in use calculations are:

- Forecasts are based on pre tax cash flows derived from the approved budget to September 2010. These have been prepared on managements' past experience taking into account future expectations. Management believe that these forecasts are reasonably achievable.

- The revenue growth estimates for future years are extrapolated at 5% (2008: 5%) per annum for the first four years and 2% thereafter (2008: 2%). This is based on the Group's estimate of the long term growth rate of the recruitment sector based on managements' experience of the this sector. Gross margin percentage is assumed to remain constant

- The pre tax discount rate used is based on the estimated weighted average cost of capital of 16.1% (2008: 17.4%).

These calculations show that the value in use of these acquisitions fully supports the carrying value of the goodwill in these financial statements.

Sensitivity to changes in assumptions

The value in use of the Academics CGU exceeds its carrying amount by £13 million. Sensitivity analysis has been completed on each key assumption in isolation, and this indicates that the value in use of the division will be equal to its carrying amount following a reduction in gross margin of 12 basis points (2008: 14 basis points), an increase in the discount rate of 61 basis points (2008:29 basis points) or a reduction in revenue growth rates of 46 basis points (2008: 25 basis points). These sensitivities equate to a reduction in gross margin of £10 million and revenues of £47 million.

Similar sensitivities have been applied to the four other smaller CGUs and the values in use far exceed their carrying values.

12 Property, plant and equipment

	Leasehold improvements £'000	Motor vehicles £'000	Fixtures, fittings & office equipment £'000	Computer equipment £'000	Total £'000
Cost					
Balance at 1 October 2007	2	-	120	668	790
Additions	213	3	66	313	595
Acquired through business combinations	2	74	24	38	138
Disposals	-	-	-	(4)	(4)
Balance at 30 September 2008	**217**	**77**	**210**	**1,015**	**1,519**
Balance at 1 October 2008	217	77	210	1,015	1,519
Additions	46	11	20	118	195
Acquired through business combinations	-	-	-	20	20
Disposals	(57)	(41)	(27)	(126)	(251)
Balance at 30 September 2009	**206**	**47**	**203**	**1,027**	**1,483**
Accumulated depreciation					
Balance at 1 October 2007	1	-	71	360	432
Depreciation charge for the year	47	29	21	136	233
Accelerated depreciation	57	-	23	81	161
Disposals	-	-	-	(4)	(4)
Balance at 30 September 2008	105	29	115	573	822
Balance at 1 October 2008	105	29	115	573	822
Depreciation charge for the year	32	20	24	174	250
Disposals	(57)	(17)	(26)	(107)	(207)
Balance at 30 September 2009	**80**	**32**	**113**	**640**	**865**
Net book value					
At 1 October 2007	1	-	49	308	358
At 30 September 2008	112	48	95	442	697
At 30 September 2009	**126**	**15**	**90**	**387**	**618**

The net book value of computer equipment for the Group includes an amount of £35,000 (30 September 2008: £46,000) and motor vehicles of £5,000 (2008: £32,000) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £18,000 (30 September 2008: £12,000).

13 Details of subsidiary undertakings

The following companies were subsidiary undertakings at the end of the period and have all been included in the consolidated financial statements.

Name	Country of incorporation and operation	Proportion of voting rights and ordinary share capital held	Nature of business
Berry Recruitment Holdings Limited	England and Wales	100%	Holding company
Servoca Nursing & Care Limited*	England and Wales	100%	Staffing and recruitment
1st 4 Locums Limited	England and Wales	100%	Staffing and recruitment
Servoca Resourcing Solutions Limited	England and Wales	100%	Staffing and recruitment
Manorbase Limited t/a Firstpoint Healthcare	England and Wales	100%	Staffing and recruitment
Servoca Secure Solutions Limited	England and Wales	100%	Security manned guarding
ISS Special Projects Limited	England and Wales	100%	Dormant company
Servoca Academics Limited	England and Wales	100%	Holding company
Academics Limited*	England and Wales	100%	Staffing and recruitment
Triple West Medical Limited	England and Wales	100%	Staffing and recruitment
Healthcare RS Limited	England and Wales	100%	Staffing and recruitment
Pure Medical Healthcare Solutions Ltd	England and Wales	100%	Staffing and recruitment
Castleforce Limited t/a Long Term Locums	England and Wales	100%	Staffing and recruitment

*Undertaking held indirectly by Company.

14 Trade and other receivables

	30 September 2009 £'000	30 September 2008 £'000
Due in less than one year:		
Trade debtors	**7,944**	7,967
Less: Provision for impairment of trade receivables	**(794)**	(412)
Trade debtors net	**7,150**	7,555
Other debtors	**335**	1,440
Prepayments and accrued income	**1,169**	913
	8,654	9,908

Included in other debtors is an amount of £52,000 (30 September 2008: £136,000) relating to taxation and social security.

14 Trade and other receivables (continued)

	30 September 2009 £'000	30 September 2008 £'000
Total financial assets other than cash and cash equivalents classified as loans and receivables	**7,485**	8,995
Cash and cash equivalents	**278**	204
Total financial assets classified as loans and receivables	**7,763**	9,199

The fair values of financial assets classified as loan and receivables approximate to their carrying value.

Trade receivables are non-interest bearing and are generally on 14-60 day terms. At 30 September 2009, trade receivables of £794,000 were impaired and fully provided for.

At 30 September 2009 the analysis of trade receivables is:

	Total £'000	**Neither past due nor impaired £'000**	**Past due or impaired 31-60 £'000**	**60-90 £'000**	**90-120 £'000**	**120+ £'000**
Trade receivables	7,944	5,487	1,119	514	192	632
Provision	(794)	-	-	-	(162)	(632)
	7,150	5,487	1,119	514	30	-

At 30 September 2008 the analysis of trade receivables was:

	Total £'000	Neither past due nor impaired £'000	Past due or impaired 31-60 £'000	60-90 £'000	90-120 £'000	120+ £'000
Trade receivables	7,967	4,568	1,042	884	222	1,251
Provision	(412)	-	-	-	-	(412)
	7,555	4,568	1,042	884	222	839

14 Trade and other receivables (continued)

Movements on the Group provision for impairment of trade receivables are as follows:

	30 September 2009 £'000	30 September 2008 £'000
At beginning of the period	**412**	782
Acquired on acquisitions	**-**	52
Provided/(utilised) during the year	**382**	(422)
At end of the year	**794**	412

The movement on the provision for amounts written off and additional provisions have been included in administrative expenses in the income statement.

15 Trade and other payables

	30 September 2009 £'000	30 September 2008 £'000
Trade creditors	**856**	1,561
Other taxation and social security	**2,625**	2,607
Other creditors	**504**	792
Accruals and deferred income	**2,974**	2,682
	6,959	7,642

The fair values of trade creditors and other creditors, which are carried at amortised cost, approximate to their carrying values.

16 Other financial liabilities - current

	30 September 2009 £'000	30 September 2008 £'000
Bank overdraft	**100**	235
Invoice discounting facility	**2,370**	5,534
Obligations under finance leases (see note 19)	**36**	35
Bank loan	**667**	1,833
	3,173	7,637

16 Other financial liabilities – current (continued)

The bank overdraft of £100,000 (30 September 2008: £235,000) is secured over certain assets of the group. Invoice discounting facilities of £2,370,000 (30 September 2008: £5,534,000) are secured by a charge over the borrowing company's book debts. Interest during the year is payable on these instruments at varying rates above the bank's base rate. The bank loan is secured over the assets of the company.

The bank loan has been reclassified as current in the comparative figures due to the breach of a covenant, for which a waiver letter was received after 30 September 2008. There are no such breaches at 30 September 2009. The loan is secured on the shares of Servoca Academics Limited and Academics Limited.

17 Contingent consideration

	30 September 2009 £'000	30 September 2008 £'000
Contingent cash consideration	**460**	3,157
Contingent share consideration	**-**	1,931
	460	5,088
Less: due within one year	**460**	4,628
Due after more than one year	**-**	460

At 30 September 2009 and 30 September 2008, the contingent consideration is in respect of the acquisition of Academics Limited. The contingent share consideration was fair valued to the published share price at 30 September 2008 of 25.5p.

18 Non-current financial liabilities

	30 September 2009 £'000	30 September 2008 £'000
Bank loan	**500**	-
Obligations under finance leases (see note 19)	**14**	68
	514	68

19 Finance leases

The Group leases some of its computer equipment (net carrying value £35,000 (30 September 2008: £46,000)) and motor vehicles (net carrying value £5,000 (30 September 2008: £32,000)). Such assets are generally classified a finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

	Minimum lease payments and present value 30 September 2009 £'000	Minimum lease payments and present value 30 September 2008 £'000
Not later than one year	**36**	35
Later than one year and not later than five years	**14**	68
	50	103

20 Financial instruments

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Liquidity risk

The Group does not trade in financial instruments or carry out derivative transactions. There is no foreign currency exposure.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

Further information on borrowings and financial instruments is contained in notes 16 to 18 to the financial statements.

Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in these notes.

20 Financial instruments (continued)

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash at bank
- Bank overdrafts
- Invoice discounting facilities
- Trade and other payable
- Bank and other loans
- Contingent consideration
- Vacant property provisions

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure implementation of the objectives and policies to the Group's finance function.

The Group's exposure to risk and the policies in respect of risk have not changed during the year. The Company is listed on AIM and the Group's working capital is financed largely by invoice discounting facilities within each subsidiary.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers by reviewing their creditworthiness through use of a credit checking agency. Such credit ratings are taken into account when setting credit limits for new accounts.

At the balance sheet date there were no significant concentrations of credit risk, other than as disclosed in note 14.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The Group does not enter into derivatives to manage credit risk. A large majority of the customer base is within the public sector and is not thought to be a high level of credit risk.

Quantitative disclosures of the credit risk exposure in relation to trade and other receivables, which are neither past due nor impaired, are disclosed in note 14.

20 Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The main interest rate risk affecting the Group relates to changes in the bank's base rate as the majority of borrowings are at floating rates. Quantitative disclosures of the sensitivity to changes in interest rates are shown below.

The Group borrows at fixed and floating rates. The rates are monitored along with the Group's exposure and appropriate measures are taken to ensure that a balanced mix is maintained. Since the reverse acquisition, it has been the Group's objective to fund the working capital requirements by means of invoice discounting facilities.

The invoice discounting facilities, bank overdraft and bank loan are the Group's only variable rate borrowings that expose the Group to cash flow interest rate risk. The finance leases are the Group's only fixed rate borrowings. These are managed centrally. Local operations are not permitted to borrow long-term from external sources. The Board considers that this policy best achieves its exposure to interest rate risk.

The interest rate exposure of the Group's borrowings is shown below:

	Fixed rate borrowings £'000	Floating rate borrowings £'000	Interest free borrowings £'000	Total £'000
At 30 September 2009				
Bank loan and overdraft	**-**	**1,267**	**-**	**1,267**
Finance leases	**50**	**-**	**-**	**50**
Invoice discounting facility	**-**	**2,370**	**-**	**2,370**
Contingent consideration	**-**	**-**	**460**	**460**
	50	**3,637**	**460**	**4,147**
At 30 September 2008				
Bank loan and overdraft	-	2,068	-	2,068
Finance leases	103	-	-	103
Invoice discounting facility	-	5,534	-	5,534
Contingent consideration	-	-	5,088	5,088
	103	7,602	5,088	12,793

The floating rate borrowings bear interest at varying rates above the bank's base rate. The fixed rate borrowings comprise finance leases.

All of the Group's borrowings are in sterling.

20 Financial instruments (continued)
Interest rate risk (continued)
At 30 September 2009, if interest rates on the above floating rate borrowings had been 4 per cent higher or lower with all other variables held constant, loss after tax for the period would have been £346,000 (period ended 30 September 2008: £354,000) higher or lower. There would be the same effect on equity.

The directors consider that 4 per cent is the maximum likely change to Sterling interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

	30 September 2009 Book value £'000	**30 September 2009 Fair value £'000**	30 September 2008 Book value £'000	30 September 2008 Fair value £'000
Bank borrowings and invoice discounting	**(3,637)**	**(3,637)**	(7,602)	(7,602)
Contingent consideration	**(460)**	**(460)**	(5,088)	(5,088)

The fair value of floating rate borrowings is the historical cost because the interest rate payments are based on market rates of interest.

Liquidity risk
Liquidity risk arises from the Group's management of working capital and the finance charges on its debt instruments. It is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, invoice discounting, deferred consideration and share capital. Short-term flexibility is achieved by the use of bank overdrafts and invoice discounting facilities.

The Group's policy is to ensure that it will always have sufficient resources to allow it to meet its liabilities as they become due. To achieve this, it seeks to maintain cash balances and availability on its invoice discounting facilities to meet expected requirements for a period of at least 45 days.

The liquidity risk of each Group entity is managed centrally. Budgets are set locally but agreed by the Board in advance, to enable the Group's cash requirements to be anticipated.

20 Financial instruments (continued)
Liquidity risk (continued)
A maturity analysis of the financial liabilities classified as financial liabilities measured at amortised cost, is as follows:

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000
Trade and other payables	**5,107**	**131**	**-**
Overdraft and invoice discounting	**2,470**	**-**	**-**
Bank loan	**667**	**500**	**-**
Contingent consideration	**460**	**-**	**-**
Finance lease	**36**	**14**	**-**
At 30 September 2009	**8,740**	**645**	**-**

	Less than 1 Year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000
Trade and other payables	6,075	352	-
Overdraft and invoice discounting	5,769	-	-
Bank loan	1,833	-	-
Contingent consideration	4,628	460	-
Finance lease	35	68	-
At 30 September 2008	18,340	880	-

Undrawn facilities
As at the balance sheet date the Group has the following undrawn committed borrowing facilities available to it:

	30 September 2009 £'000	30 September 2008 £'000
Expiring within one year	**3,017**	361

20 Financial instruments (continued)

Capital management policy

Servoca Plc defines its capital as its share capital, share premium account, other reserves and retained earnings.

The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can provide returns to shareholders.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital, the Group may issue new shares, consolidate shares, cancel shares or sell assets to reduce debt. The directors consider the management of debt to be an important element in controlling the capital structure of the Group.

Movements in capital during the year are disclosed in note 22 and the Statement of Changes in Equity.

21 Provisions

	Claim £'000	Business restructuring £'000	Vacant property costs £'000	National insurance on share options £'000	Total £'000
At 1 October 2008	-	740	639	13	1,392
Provided for in the year	542	-	-	-	542
Utilised in the year	-	(664)	(366)	-	(1,030)
At 30 September 2009	**542**	**76**	**273**	**13**	**904**
Due within one year or less	542	76	142	13	773
Due after more than one year	-	-	131	-	131
	542	**76**	**273**	**13**	**904**

Claim

In 2009, the claim is in relation to specific employment legislation which the Group is liable to settle, based on legal advice.

Business restructuring

As part of the Group's restructuring programme, the Board has terminated all loss making businesses which includes the revision of the management structure, streamlining the operational management, simplifying the corporate structure and continued the rationalisation of the front and back office systems and a reduction of operational and administrative staff and overheads.

21 Provisions (continued)

Vacant property costs

Part of the restructuring has necessitated vacating certain of the Group's leasehold premises for which provisions have been made for the expected costs to the expiry of the leases.

National insurance on share options

National Insurance is payable on gains made by employees on exercise of certain share options granted to them. The eventual liability to National Insurance is dependant on:

- The market price of the company's shares at the exercise date;
- The number of options available; and
- The prevailing rate of National Insurance at the date of the exercise.

22 Called up share capital

	30 September 2009 Number '000	**30 September 2009 £'000**	30 September 2008 Number '000	30 September 2008 £'000
Authorised:				
Ordinary shares of 10p each	**-**	**-**	200,000	20,000
Ordinary shares of 1p each	**1,566,917**	**15,669**	-	-
Preference shares of £1 each	**7,400**	**7,400**	7,400	7,400
Deferred shares of 9p each	**48,120**	**4,331**	-	-
	1,622,437	**27,400**	207,400	27,400
Allotted, issued and fully paid:				
Ordinary shares of 10p each	**-**	**-**	48,120	4,812
Ordinary shares of 1p each	**118,191**	**1,182**	-	-
Preference shares of £1 each	**-**	**-**	-	-
Deferred shares of 9p each	**48,120**	**4,331**	-	-
	166,311	**5,513**	48,120	4,812

On 30 March 2009, each issued ordinary share of 10p each was sub-divided into one new ordinary share of 1p each and one deferred share of 9p each. On the same day, each authorised but unissued ordinary share of 10p each was sub-divided into 10 new ordinary shares of 1p each.

The deferred shares hold no rights to attend or vote at general meetings, have no dividend rights and would not participate in the assets of the company on a winding up.

The preference shares, none of which are issued, hold no dividend rights except in the event of a winding up of the Company when any assets held for distribution are first applied to the holders of these shares to the extent they are paid up.

22 Called up share capital (continued)

Movements in issued share capital

	Ordinary shares of 1p each Number '000	Ordinary shares of 1p each £'000	Deferred Shares of 9p each Number '000	Deferred Shares of 9p each £'000	Ordinary Shares of 10p each Number '000	Ordinary Shares of 10p each £'000
In issue at 1 October 2008	-	-	-	-	48,120	4,812
Capital reorganisation	48,120	481	48,120	4,331	(48,120)	(4,812)
Issued during year	70,071	701	-	-	-	-
In issue at 30 September 2009	**118,191**	**1,182**	**48,120**	**4,331**	**-**	**-**

On 30 March 2009, the Company issued 62,500,000 ordinary 1p shares by way of a Placing at an issue price of 8p per share.

On 10 July 2009, 7,571,428 ordinary 1p shares were issued at 12p each as part of the contingent consideration due on the acquisition of Academics Limited.

Share options

At 30 September 2009 employee share options were outstanding as follows:

Number of employees	Exercise price	Date of issue	Date first exercisable	Date of expiry	Number of share options
26	40.0p	01/12/07	01/12/10	30/11/17	590,000
3	31.5p	31/03/08	31/03/11	30/03/18	150,000
3	10.0p	31/03/08	31/03/11	30/03/18	348,837
5	25.0p	19/07/08	19/07/11	18/07/18	1,550,000
25	22.95p	13/10/08	13/10/11	12/04/12	587,292
3	12.5p	07/07/09	31/03/11	20/07/19	348,837
					3,574,966

In accordance with IFRS 2 "Share-Based Payments", employee share options are required to be fair valued at the date of grant and the resulting charge expensed through the income statement over the vesting period. The directors have calculated the cumulative charge required under IFRS.

22 Called up share capital (continued)
Share options (continued)
The movements in the total number of share options over the periods were as follows:

	2009 Number	2008 Number
Outstanding at beginning of year	**3,893,837**	1,600,000
Granted	**1,149,627**	4,263,837
Lapsed	**(1,468,498)**	(1,970,000)
Outstanding at share conversion date	**3,574,966**	3,893,837
Exercisable at year end	**800,000**	-

The individual share option plans are disclosed below.

During the year ended 30 September 2009, the Company granted 800,790 share options under a SAYE scheme for the employees. At the end of the year, 587,292 of these options related to 25 employees still employed by the Group. The remainder of the options had lapsed as a result of the employee leaving the Group. The options remained unexercised and had not vested as at 30 September 2009.

During the year ended 30 September 2009, the Company also granted 348,837 share options to employees and officers that remained unexercised and had not vested as at 30 September 2009.
During the year ended 30 September 2009, a total of 1,468,498 of the share options had lapsed as a result of the employees leaving the Group. The options outstanding at 30 September 2009 had an average exercise price of 24.7p (2008: 27.8p) and an average contractual life of 9 years (2008: 10 years).

These options fall into 6 groups for valuation:

Group 1 – 1,675,000 options granted 19 July 2008
The fair value of the options was 9p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 5.03%, the average term of 5 years, share price at time of granting of 25p and volatility of 29.44%.

Group 2 – 1,200,000 options granted 1 December 2007
The fair value of the options was 17p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.66%, the average term of 5 years, share price at time of granting of 45p and volatility of 26.72%.

22 Called up share capital (continued)
Share options (continued)
Group 3 – 150,000 options granted 31 March 2008
Management estimated the fair value of the options to be 10p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.43%, the average term of 5 years, share price at time of granting of 31.5p and volatility of 28.79%.

Group 4 – 348,837 options granted 31 March 2008
The fair value of the options was 23p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.43%, the average term of 5 years, share price at time of granting of 31.5p and volatility of 28.79%.

Group 5 – 800,790 options granted 13 October 2008
The fair value of the options was 9p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.43%, the average term of 5 years, share price at time of granting of 24.0p and volatility of 30.1%.

Group 6 – 348,837 options granted 13 July 2009
The fair value of the options was 4p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.09%, the average term of 5 years, share price at time of granting of 13.0p and volatility of 30.1%.

The assumptions in respect of all options granted are based on:

Volatility	Determined by calculating the historical volatility of the Company's share price over the appropriate previous period.
Average term	Based on the average contractual life adjusted for management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.
Risk-free rate of return	Yield of a UK government gilt over the expected life at the date of grant
Forfeit rate	An estimate of the proportion of options that will be forfeited due to employees leaving the company before the vesting date of the options.

22 Called up share capital (continued)

Share options (continued)

Servoca has set up a share scheme in its subsidiary Triple West Medical Limited (TWM) which is designed to ensure that the management are incentivised to grow and improve profitability of that company in the medium term, thereby increasing its value to the Group. Servoca owns 100% of the issued A shares in TWM which represents 80% of the issued share capital of that company. Two of the directors of TWM own 20 of the issued B shares in that company which represent the remaining 20% of its issued share capital. The B shareholders are not entitled to receive notice of, attend, speak or vote at general meetings of TWM. Under a shareholders agreement, the B shareholders are entitled to sell their B shares to Servoca Plc at a value determined in the agreement based on the results of TWM in the twelve months to 30 November 2010.

The fair value of the expected award has been calculated by applying a multiple to the forecasted profit after taxation and deducting agreed borrowings.

Servoca has the sole discretion of settling this either through the allotment of Servoca shares or in cash or in a combination of both.

The expense recognised for employee services during the year is:

	2009 **£'000**	2008 £'000
Expense arising from equity settled share based payment transactions – share options	**100**	-
Expense arising from equity settled purchase of subsidiary shares	**222**	-
	322	-

23 Reserves

The share premium account consists of the amount subscribed for share capital in excess of nominal value after deducting costs incurred in issuing the shares.

The capital redemption reserve is a non-distributable capital reserve set up on the redemption of issued shares.

The merger reserve is a non-distributable capital reserve which arose on the acquisition of subsidiary undertakings.

The reverse acquisition reserve is a non-distributable capital reserve arising on consolidation as a result of the reverse acquisition of Dream Group Limited.

24 Acquisitions

(a) Servoca Nursing & Care Limited

On 28 January 2009, Windsor Recruitment & Training Limited (Windsor) was put into administration. On the same day, an arms length transaction was negotiated by Healthcare RS Limited with the administrators to purchase the book debts and some of the business and assets of Windsor.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £'000	Fair value adjustment £'000	Fair value £'000
Property, plant and equipment	**20**	**-**	**20**
Trade and other receivables	**1,317**	**(891)**	**426**
Customer relationships	**-**	**171**	**171**
Liabilities	**-**	**(137)**	**(137)**
Invoice discounting facilities	**(292)**	**-**	**(292)**
Net assets	**1,045**	**(857)**	**188**
Consideration paid			
Cash			**262**
Costs associated with the acquisition			**34**
Goodwill			**108**

	£'000
Invoice discounting facility acquired on acquisition	**292**
Cash paid	**296**
Net cash outflow	**588**

24 Acquisitions (continued)

(a) Servoca Nursing & Care Limited (continued)

The potential intangible assets that arise from the acquisition of some of the trade and assets of Windsor from the administrators is the difference between the cash consideration paid less net assets acquired. The board considered the existence of any valuable intangible assets within Windsor and identified some significant customer relationships. These have been valued by discounting their future net earnings over the contract period. The remaining consideration was attributed to goodwill.

The following factors have contributed to the recognition of goodwill:

- The acquired workforce
- The expected synergies from acquisition

The acquired trade of Windsor was merged with that of Servoca Nursing & Care Limited making the measurement of the results of Windsor since this purchase not readily identifiable. In the opinion of the directors, it is impractical to separate these figures.

(b) Pure Medical Healthcare Solutions Limited

On 5 August 2009, the Company purchased the entire issued share capital of North West Locums Limited for a total consideration of £77,000. North West Locums Limited had no assets except for an agreement with the NHS Purchasing and Supply Agency (PASA) regarding the supply of medical locums to all NHS bodies within England, Scotland and Wales. This PASA agreement was novated into a new subsidiary company Pure Medical Healthcare Solutions Limited and in September 2009, North West Locums Limited was placed in a members' voluntary liquidation.

Details of the provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £'000	Fair value adjustment £'000	Fair value £'000
Net assets acquired			
Intangible asset - Licence	-	77	77
Consideration paid			
Cash			66
Costs associated with the acquisition			11
Goodwill			-

As at 30 September 2009, Pure Medical Healthcare Solutions Limited has no assets other than the PASA Licence which, in the opinion of the directors, has a fair value equal to the consideration paid.

North West Locums Limited previously had an accounting reference date of September but did not trade in the year to 30 September 2008.

24 Acquisitions (continued)
(b)Pure Medical Healthcare Solutions Limited (continued)

Included in the results of the Group for the year is a loss of £21,000 in respect of Pure Medical Healthcare Solutions Limited since the acquisition of North West Locums Limited and the novation of the PASA agreement.

The amount included in the consolidated cash flow statement in respect of acquisitions in the year is as follows:

	Consideration £'000	ID facility acquired £'000	Total £'000
Further costs of acquisition and contingent consideration of Academics Holdings Limited	2,739	-	2,739
Servoca Nursing & Care Limited	296	292	588
Pure Medical Healthcare Solutions Limited	77	-	77
At 30 September 2009	**3,112**	**292**	**3,404**

Acquisitions made in the year ended 30 September 2008 were as follows:
International Security & Surveillance Limited ("ISS")
On 7 December 2007, the Company acquired the entire issued share capital of ISS for a total consideration of £1.389 million, satisfied in full by a cash payment of £0.7 million, the issue of 1,337,142 ordinary shares of 10p each at 44.5p per share, being the published share price at the date of exchange, and costs of £94,000. ISS provides security and manned guarding services.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows. Customer relationships were identified as a separate intangible on acquisition.

	£'000	£'000
Property, plant and equipment	**75**	
Trade and other receivables	**1,149**	
Customer relationships	**123**	
Cash	**6**	
Trade and other payables	**(809)**	
Bank overdraft	**(16)**	
Invoice discounting facilities	**(248)**	
Net assets		**280**
Consideration paid		
Cash		**700**
Share capital issued		**595**
Costs associated with the acquisition		**94**
Goodwill		**1,109**

24 Acquisitions (continued)

International Security & Surveillance Limited ("ISS") (continued)

Included in the results of the Group for the year is revenue of £4,145,000 and a loss of £114,000 in respect of ISS since its acquisition.

Prior to acquisition by Servoca, ISS had a year end of 30 June. In the year ended 30 June 2007, it had revenue of £3,471,000, gross margin of £892,000 and a net loss after taxation of £2,000.

Had the Group acquired ISS on 1 October 2007, the revenue that ISS would have contributed to the Group would have been £5,132,000 with a loss before taxation of £103,000.

The directors consider it necessary to fully impair the goodwill and customer relationships in respect of the acquisition of ISS.

ISS Special Project Limited ("ISS SP")

On 7 December 2007, the Company also acquired the entire issued share capital of ISS SP for a total consideration of £1.460 million, satisfied in full by a cash payment of £0.88 million and the issue of 1,142,857 ordinary shares of 10p each at 44.5p per share, being the published share price at the date of exchange, and costs of £75,000. ISS SP provides intelligence led security solutions including close protection, risk management, surveillance and proactive security.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	£'000	£'000
Property, plant and equipment	**27**	
Trade and other receivables	**421**	
Cash	**208**	
Trade and other payables	**(425)**	
Net assets		**231**
Consideration paid		
Cash		**876**
Share capital issued		**509**
Costs associated with the acquisition		**75**
Goodwill		**1,229**

The directors could not identify any other separable intangible assets in respect of this acquisition.

Included in the results of the Group for the year is revenue of £296,000 and a profit of £94,000 in respect of ISS SP since its acquisition.

24 Acquisitions (continued)

ISS Special Project Limited ("ISS SP") (continued)

Prior to acquisition by Servoca, ISS SP had a year end of 30 June. In the year ended 30 June 2007, it had revenue of £1,834,000, gross margin of £1,219,000 and a net profit after taxation of £518,000. Had the Group acquired ISS SP on 1 October 2007, the revenue that ISS SP would have contributed to the Group would have been £386,000 with a profit before taxation of £128,000.

The directors consider it necessary to fully impair the goodwill in respect of the acquisition of ISS SP.

Academics Holdings Ltd ("Academics")

On 28 March 2008, the Company acquired the entire issued share capital of Academics for a total consideration of £8.883 million, satisfied by costs of £351,000, a cash payment of £2.725 million on acquisition and a further £5 million payable if Academics achieved £2.34 million EBITDA in the year ended 31 March 2009. This contingent consideration was payable £2.35 million in cash and £2.65 million in shares in Servoca Plc. A further cash consideration of £0.81 million was payable on a pound for pound basis if net assets exceeded £0.33 million as per the agreed completion balance sheet. Part of this further consideration of £0.34 million was paid in January 2009. On 10 July 2009, the £2.35 million of contingent cash consideration was paid and 7,571,428 ordinary shares were issued at the price on that day of 12p each.

Academics operates as a recruitment agency and provides teachers on a temporary basis to clients in London and the Home Counties.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill at the date of the acquisition are as follows:

	£'000	£'000
Property, plant and equipment	**36**	
Trade and other receivables	**1,350**	
Cash	**1,329**	
Trade and other payables	**(773)**	
Net assets		**1,942**
Consideration paid		
Cash		**2,725**
Contingent consideration - cash		**3,157**
Contingent consideration - shares		**2,650**
Costs associated with the acquisition		**393**
		6,983
Reduction in share price from initial valuation of 35p to the price at the date of issue of the contingent share consideration of 12p		**(1,741)**
Goodwill as at 30 September 2009		**5,242**

24 Acquisitions (continued)

Academics Holdings Ltd ("Academics") (continued)

The directors could not identify any other separable intangible assets in respect of this acquisition.

Included in the results of the Group for the period is revenue of £7,143,000 and a profit of £1,118,000 in respect of Academics since its acquisition.

Prior to acquisition by Servoca, Academics had a year end of 31 August. In the year ended 31 August 2007 it had gross margin of £2,857,000 and a net profit after taxation of £637,000.

Had the Group acquired Academics on 1 October 2007, the revenue that Academics would have contributed to the Group would have been £12,645,000 with a profit before taxation of £1,923,000.

The amount included in the consolidated cash flow statement in respect of acquisitions in the year to 30 September 2008 is as follows:

	Consideration £'000	Cash acquired £'000	Total £'000
Firstpoint	2	-	2
ISS Limited	794	258	1,052
ISS SP Limited	951	(208)	743
Academics Limited	3,076	(1,329)	1,747
At 30 September 2008	**4,823**	**(1,279)**	**3,544**

25 Operating leases

Many of the Group's smaller premises are under short term licences but the majority of the larger premises are leased. The terms of the property leases vary but tend to be tenant repairing with rent reviews every 2 to 5 years and include break clauses. The Group has a number of vehicles under contract hire.

The future minimum lease payments are due as follows:

	30 September 2009 Land and buildings £'000	**30 September 2009 Other £'000**	30 September 2008 Land and buildings £'000	30 September 2008 Other £'000
Not later than one year	**353**	**82**	473	95
Later than one year but not later than five years	**730**	**63**	658	130
Later than five years	**-**	**1**	-	-
	1,083	**146**	1,131	225

26 Notes to the consolidated cash flow statement

a) Cash and cash equivalents comprise

	30 September 2009 £'000	30 September 2008 £'000
Cash available on demand	**278**	204
Overdrafts	**(100)**	(235)
Invoice discounting facilities	**(2,370)**	(5,534)
	(2,192)	(5,565)
Cash and cash equivalents at beginning of period	**(5,565)**	(2,229)
Net cash increase/(decrease) in cash and cash equivalents	**3,373**	(3,336)

b) Analysis of net debt

	As at 1 October 2008 £'000	Cash flow £'000	Arising on acquisitions £'000	Non cash movement £'000	**As at 30 September 2009 £'000**
Cash and cash equivalents	(5,565)	3,373	-	-	**(2,192)**
Finance lease obligations	(103)	53	-	-	**(50)**
Loans	(1,833)	666	-	-	**(1,167)**
	(7,501)	4,092	-	-	**(3,409)**

27 Pensions

The Group operates defined contribution self-administered pension schemes on behalf of certain executive directors. The schemes have been established for a number of years.

The assets of the schemes are held separately from those of the Group in independently administered funds. The pension costs charge in note 3 represents the contributions payable by the Group to the schemes for the year.

There were no outstanding or prepaid contributions at either the beginning or end of the year.

28 Related party transactions
Management charges of £nil (year ended 30 September 2008: £80,000) were made to Day to Day Teachers Limited during the period. D J Browne was a director of this company.

At 30 September 2009, as set out in note 17, contingent consideration of £460,000 (30 September 2008: £5,088,000) is payable to the vendors of Academics Limited, of which Emma Sugarman owned 70% of the issued share capital.

Compensation of key management personnel
Key management personnel are defined as being Directors of Servoca Plc. Information on their remuneration is set out in note 4.

29 Subsequent events
There are no subsequent events that require disclosure in these financial statements.

SERVOCA Plc
Independent auditors' report
To the members of Servoca Plc

We have audited the parent company financial statements of Servoca Plc for the year ended 30 September 2009 which comprise the Parent Company Balance Sheet and the related notes 1 to 12. 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 members, as a body, in accordance with Sections 495, 496 and 497 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 directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on pages 11 and 12, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company 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 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.

Opinion on financial statements
In our opinion the parent company financial statements:
- give a true and fair view of the state of the company's affairs as at 30 September 2009;
- 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 parent company financial statements.

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.

Other matter
We have reported separately on the group financial statements of Servoca Plc for the year ended 30 September 2009.

Andy Glover (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
26 January 2010

SERVOCA Plc
Parent Company balance sheet
At 30 September 2009

	Note	30 September 2009 £'000	30 September 2008 £'000
Fixed assets			
Tangible assets	2	**274**	334
Investments	3	**10,178**	16,458
		10,452	16,792
Current assets			
Debtors	4	**246**	413
Cash at bank and in hand		**-**	-
		246	413
Creditors: amounts falling due within one year	5	**(2,824)**	(8,138)
Net current liabilities		**(2,578)**	(7,725)
Total assets less current liabilities		**7,874**	9,067
Creditors: amounts falling due after more than one year	6	**(4,163)**	(8,918)
Provisions for liabilities and charges	7	**(108)**	(623)
Net assets/(liabilities)		**3,603**	(474)
Capital and reserves			
Called up share capital	8	**5,513**	4,812
Share premium account	9	**7,078**	2,054
Profit and loss account	9	**(8,988)**	(7,340)
Shareholders' funds/(deficit)	10	**3,603**	(474)

The financial statements were approved by the Board and authorised for issue on 26 January 2010.

Andrew Church
Chief Executive Officer

Glenn Swaby
Chief Financial Officer

The notes on pages 69 to 80 form part of these financial statements.

1 Accounting policies

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

The following principal accounting policies have been applied:

Basis of preparation

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice and to comply with the Companies Act 2006. No profit and loss account is presented by the Company as permitted by section 230 of the Companies Act.

Investments

Shares in subsidiary undertakings are stated at cost less provision for any impairment in value.

Depreciation

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation has been calculated at the following rates:

Fixtures and fittings	- either 25% on a reducing balance basis or 10%-25% on cost
Office equipment	- 25% on a reducing balance basis
Computer equipment	- 3-4 years on a straight line basis
Leasehold improvements	- over the term of lease

Deferred taxation

Deferred taxation balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that deferred tax assets are only recognised to the extent that it is considered more likely than not that these are recoverable. Deferred taxation balances are not discounted.

Financial instruments

Non-derivative financial instruments are recognised initially and subsequently at cost or amortised cost.

The Parent Company does not hold or issue derivative financial instruments for trading purposes.

Financial liability and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

1 Accounting policies (continued)

Dividends
Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Leased assets
Finance leases
Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown in the amounts payable to the lessor. Depreciation of the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment 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. The capital part reduces the amounts payable to the lessor.

Operating leases
All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Pension costs
The Parent Company operates a defined contribution pension scheme. There is a self-administered scheme for certain executive directors and a Group Personal Pension Plan for staff. The assets of these schemes are held separately from those of the Parent Company in independently administered funds. The pension cost charge represents contributions payable by the Parent Company to the schemes for the year.

1 Accounting policies (continued)

Share-based payments
Where share options are awarded to employees, the fair value of the options at the date of the grant is charged to the profit and loss account over the vesting period. Non-market conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

Where an equity instrument is granted to a person other than an employee, the profit and loss account is charged with the fair value of goods and services received.

National insurance is payable on gains made by employees on exercise of certain share options granted to them. The eventual liability to National Insurance is dependent on the market price of the shares at the date of exercise, the number of options to being exercised and the prevailing rate of National Insurance at the date of exercise. The Parent Company provides for potential National Insurance dependant on the current market value of the shares.

2 Tangible fixed assets

	Leasehold improvements £'000	Motor vehicles £'000	Fixtures, fittings & office equipment £'000	Computer equipment £'000	Total £'000
Cost					
At 1 October 2008	134	-	31	524	689
Additions	2	-	3	39	44
Transferred from group undertaking	-	22	-	-	22
Disposals	-	(22)	-	-	(22)
At 30 September 2009	**136**	**-**	**34**	**563**	**733**
Depreciation					
At 1 October 2008	47	-	6	302	355
Charge for the year	20	-	6	78	104
At 30 September 2009	**67**	**-**	**12**	**380**	**459**
Net book value					
At 30 September 2009	**69**	**-**	**22**	**183**	**274**
At 30 September 2008	87	-	25	222	334

The net book value of the computer equipment includes an amount of £35,000 (30 September 2008: £46,000) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £11,000 (30 September 2008: £nil).

3 Investments

	Subsidiary undertakings £'000
Cost	
At 1 October 2008	22,129
Additions	342
Fair value adjustment for deferred share consideration	(1,022)
Eliminated on disposal	(5,600)
At 30 September 2009	**15,849**
Provisions	
At 1 October 2008	5,671
Provisions in year	-
At 30 September 2009	**5,671**
Net book value	
At 30 September 2009	**10,178**
At 30 September 2008	16,458

An analysis of net book value by subsidiary company is as follows:

	30 September 2009 £'000	30 September 2008 £'000
Berry Recruitment Holdings Limited	**350**	350
1st 4 Locums Limited	**164**	164
Servoca Resourcing Solutions Limited	**2,180**	2,180
Meadow Two PLC	**-**	5,600
Academics Limited	**7,185**	8,164
Triple West Medical Limited	**222**	-
Pure Medical Healthcare Solutions Limited	**77**	-
	10,178	16,458

In September 2009, Meadow Two PLC was placed in a members' voluntary liquidation. The company had not traded since 2004 and its only asset was a balance with Servoca Plc. This balance was repaid by way of a dividend in specie on 30 September 2009.
A list of subsidiary companies is disclosed in note 13 to the group financial statements.

4 Debtors

	30 September 2009 £'000	30 September 2008 £'000
Trade debtors	**-**	11
Other debtors	**52**	166
Prepayments and accrued income	**194**	236
	246	413

Included in other debtors is an amount of £52,000 (30 September 2008: £136,000) relating to taxation and social security.

All amounts shown fall due for payment within one year.

5 Creditors: amounts falling due within one year

	30 September 2009 £'000	30 September 2008 £'000
Bank overdrafts (unsecured)	**12**	64
Bank loan	**667**	1,833
Trade creditors	**478**	948
Obligations under finance leases	**18**	21
Deferred consideration - cash	**460**	2,697
Deferred consideration – shares	**-**	1,931
Other creditors	**9**	1
Other taxation and social security	**116**	293
Accruals and deferred income	**1,064**	350
	2,824	8,138

The Company has an unrecognised deferred tax asset of £1,454,000 (2008: £1,531,000) in respect of tax trading and capital losses, decelerated capital allowances and other timing differences.

6 Creditors: amounts falling due after more than one year

	30 September 2009 £'000	30 September 2008 £'000
Bank loan	**500**	-
Obligations under finance leases	**14**	32
Deferred consideration - cash	**-**	460
Amounts due to group companies	**3,649**	8,426
	4,163	8,918

No terms have been formally agreed for the repayment of the amounts due to group companies but the directors believe that they will not be repaid in the foreseeable future. No interest is charged on balances between group companies.

7 Provisions for liabilities and charges

	Business restructuring £'000	**Vacant property costs £'000**	**National insurance on share options £'000**	**Total £'000**
At 1 October 2008	382	228	13	623
Utilised in the year	(306)	(209)	-	(515)
At 30 September 2009	**76**	**19**	**13**	**108**
Due within one year or less	76	19	13	108
Due after more than one year	-	-	-	-
	76	**19**	**13**	**108**

As part of the Group's restructuring programme, the Board has terminated all loss making businesses which includes the revision of the management structure, streamlining the operational management, simplifying the corporate structure and continued the rationalisation of the front and back office systems and a reduction of operational and administrative staff and overheads. Part of this restructuring has necessitated vacating certain of the Group's leasehold premises for which provisions have been made for the expected costs to the expiry of the leases.

National Insurance is payable on gains made by employees on exercise of certain share options granted to them. The eventual liability to National Insurance is dependant on:

- The market price of the company's shares at the exercise date;
- The number of options available; and

The prevailing rate of National Insurance at the date of the exercise.

8 Called up share capital

	30 September 2009 Number '000	**30 September 2009 £'000**	30 September 2008 Number '000	30 September 2008 £'000
Authorised:				
Ordinary shares of 10p each	**-**	**-**	200,000	20,000
Ordinary shares of 1p each	**1,566,917**	**15,669**	-	-
Preference shares of £1 each	**7,400**	**7,400**	7,400	7,400
Deferred shares of 9p each	**48,120**	**4,331**	-	-
	1,622,437	**27,400**	207,400	27,400
Allotted, issued and fully paid:				
Ordinary shares of 10p each	**-**	**-**	48,120	4,812
Ordinary shares of 1p each	**118,191**	**1,182**	-	-
Preference shares of £1 each	**-**	**-**	-	-
Deferred shares of 9p each	**48,120**	**4,331**	-	-
	166,311	**5,513**	48,120	4,812

On 30 March 2009, each issued ordinary share of 10p each was sub-divided into one new ordinary share of 1p each and one deferred share of 9p each. On the same day, each authorised but unissued ordinary share of 10p each was sub-divided into 10 new ordinary shares of 1p each.

The deferred shares hold no rights to attend or vote at general meetings, have no dividend rights and would not participate in the assets of the company on a winding up.

The preference shares hold no dividend rights except in the event of a winding up of the Company when any assets held for distribution are first applied to the holders of these shares to the extent they are paid up.

Movements in issued share capital

	Ordinary shares of 1p each Number '000	**Ordinary shares of 1p each £'000**	**Deferred Shares of 9p each Number '000**	**Deferred Shares of 9p each £'000**	**Ordinary Shares of 10p each Number '000**	**Ordinary Shares of 10p each £'000**
In issue at 1 October 2008	-	-	-	-	48,120	4,812
Capital reorganisation	48,120	481	48,120	4,331	(48,120)	(4,812)
Issued during year	70,071	701	-	-	-	-
In issue at 30 September 2009	118,191	1,182	48,120	4,331	**-**	**-**

8 Called up share capital (continued)
On 30 March 2009, the Company issued 62,500,000 ordinary 1p shares by way of a Placing at an issue price of 8p.

On 10 July 2009, 7,571,428 ordinary 1p shares were issued at 12p each as part of the contingent consideration due on the acquisition of Academics Limited.

Share options

At 30 September 2009 employee share options were outstanding as follows:

Number of employees	Exercise price	Date of issue	Date first exercisable	Date of expiry	Number of share options
26	40.0p	01/12/07	01/12/10	30/11/17	590,000
3	31.5p	31/03/08	31/03/11	30/03/18	150,000
3	10.0p	31/03/08	31/03/11	30/03/18	348,837
5	25.0p	19/07/08	19/07/11	18/07/18	1,550,000
25	22.95p	13/10/08	13/10/11	12/04/12	587,292
3	12.5p	07/07/09	31/03/11	20/07/19	348,837
					3,574,966

The movement in the total number of share options over the periods were as follows:

	2009 Number	2008 Number
Outstanding at beginning of period	**3,893,837**	1,600,000
Granted	**1,149,627**	4,263,837
Lapsed	**(1,468,498)**	(1,970,000)
Outstanding at share conversion date	**3,574,966**	3,893,837
Exercisable at year end	**800,000**	-

The individual share option plans are disclosed below.

During the year ended 30 September 2009, the Company granted 800,790 share options under a SAYE scheme for the employees. At the end of the year, 587,292 of these options related to 25 employees still employed by the . The remainder of the options had lapsed as a result of the employee leaving the Group. The options remained unexercised and had not vested as at 30 September 2009.

8 Called up share capital
Share options (continued)
During the year ended 30 September 2009, the Company also granted 348,837 share options to employees and officers that remained unexercised and had not vested as at 30 September 2009.
During the year ended 30 September 2009, a total of 1,468,498 of the share options had lapsed as a result of the employees leaving the Group. The options outstanding at 30 September 2009 had an average exercise price of 24.7p and an average contractual life of 9 years.

These options fall into 6 groups for valuation:

Group 1 – 1,675,000 options granted 19 July 2008
The fair value of the options was 9p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 5.03%, the average term of 5 years, share price at time of granting of 25p and volatility of 29.44%.

Group 2 – 1,200,000 options granted 1 December 2007
The fair value of the options was 17p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.66%, the average term of 5 years, share price at time of granting of 45p and volatility of 26.72%. The total fair value has been reduced by 20% to reflect the expected forfeit rate for this group of options.

Group 3 – 150,000 options granted 31 March 2008
The fair value of the options was 10p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.43%, the average term of 5 years, share price at time of granting of 31.5p and volatility of 28.79%.

Group 4 – 348,837 options granted 31 March 2008
The fair value of the options was 23p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.43%, the average term of 5 years, share price at time of granting of 31.5p and volatility of 28.79%.

Group 5 – 800,790 options granted 13 October 2008
The fair value of the options was 9p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.23%, the average term of 5 years, share price at time of granting of 24.0p and volatility of 30.1%.

Group 6 – 348,837 options granted 13 July 2009
The fair value of the options was 4p per option at the date of grant. The value of these options was determined using the binomial option-pricing model with assumptions of the risk free rate of 4.09%, the average term of 5 years, share price at time of granting of 13.0p and volatility of 30.1%.

8 Called up share capital

Share options (continued)

The assumptions in respect of all options granted are based on:

Volatility	Determined by calculating the historical volatility of the Company' s share price over the appropriate previous period.
Average term	Based on the average contractual life adjusted for managements best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.
Risk-free rate of return	Yield of a UK government gilt over the expected life at the date of grant
Forfeit rate	An estimate of the proportion of options that will be forfeited due to employees leaving the company before the vesting date of the options.

The expense recognised for employee services during the year is:

	2009 £'000	2008 £'000
Expense arising from equity settled share based payment transactions – share options	**100**	-
Expense arising from equity settled purchase of subsidiary shares	**222**	-
	322	-

9 Share premium account and other reserves

	Share premium £'000	**Profit and loss account £'000**
At 1 October 2008	2,054	(7,340)
Arising on share issues	5,208	-
Share issue costs	(184)	-
Share based payment expense	-	322
Loss for the year	-	(1,970)
At 30 September 2009	**7,078**	**(8,988)**

10 Reconciliation of movements in shareholders' funds / (deficit)

	30 September 2009 £'000	30 September 2008 £'000
Loss for the year	**(1,970)**	(7,081)
Share based payment expense	**322**	-
Ordinary shares issued, net of expenses	**5,725**	2,935
Net movement in shareholders' funds	**4,077**	(4,146)
Opening shareholders' (deficit)/funds	**(474)**	3,672
Closing shareholders' funds/(deficit)	**3,603**	(474)

11 Parent company results

The Parent Company has taken advantage of the exemption allowed under Section 230 of the Companies Act 1985 not to present its own profit and loss account in these financial statements.

The Parent Company's own result for the year was a loss after taxation of £1,970,000 (30 September 2008: loss after taxation of £7,081,000).

12 Pensions

The Parent Company operates defined contribution self-administered pension schemes on behalf of certain executive directors. The schemes have been established for a number of years.

The assets of all schemes are held separately from those of the Parent Company in independently administered funds.

There were no outstanding or prepaid contributions at either the beginning or end of the year.