



World Careers Network Plc

report and financial statements

year ended 31 July 2011



World Careers Network Plc

Annual report and financial statements for the year ended 31 July 2011

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Directors

Ian O W Moore, Non-Executive Chairman
Charles E H Hipps, Managing Director
David K Moore, Technical Director
David J Earland

Secretary and registered office

Paul Hipps, 5-7 Bridgeworks, The Crescent
London SW19 8DR

Company number 3813540

Auditors

BDO LLP, 55 Baker Street,
London W1U 7EU

Nominated advisers and nominated broker

Charles Stanley & Company Limited
25 Luke Street, London, EC2A 4AR

Registrars

Capita Registrars Limited, The Registry
34 Beckenham Road, Beckenham, Kent BR3 4TU

I am pleased to present the annual accounts of WCN, which show the results of the company for the year to 31 July 2011.

Financial Review

Sales for the full year were £5,351,440 an increase of 29% compared to the previous year (2010 - £4,146,717). Overheads rose just over £630,000 to support our increased workload, whilst interest received remained broadly unchanged. As a result of our increased activity profits rose to £1,166,086 an increase of £580,992 compared to the profit of £585,094 achieved in 2010. The profit represents basic earnings per share of 13.83p (2010 - 5.65p).

It is pleasing to note that both our sales and profits exceeded the previous peak we had achieved immediately prior to the financial crisis which affected businesses worldwide in 2008 when we reported sales of £5,156,631 and profits of £1,143,627.

The Board will be seeking at the Annual General Meeting the extension of the authority granted last year to make market purchases of ordinary shares, within the usual limits for a listed company. In assessing whether in practice to use this authority, the Board will take into account all relevant factors including the affect on earnings per share and assets per share ratios and other benefits to shareholders.

Dividends

The directors are pleased to recommend the payment of a dividend of 3.5p per share, which is the same as that paid in respect of the previous year. This dividend will be subject to the approval of shareholders at the Annual General Meeting to be held at 5-7 Bridgeworks, The Crescent, London SW19 8DR at 10.30 am, on Monday, 12 December 2011, and, if approved, will be payable on 13 December 2011 to shareholders on the register as at 11 November 2011.

Operating Review

The increase in our sales reflects the completion of a number of large scale implementations, increased discretionary client spend and the transfer of a number of existing clients onto our latest software platform.

As reported at the half year initial client reaction to our latest software has been positive. The software combines enhanced usability and functionality with improved multi-lingual capabilities, easier self-service and the ability to be configured to match more complex client processes than was previously possible. At the same time as introducing these product improvements we have made significant investments in our disaster recovery facilities and security operating procedures which resulted in us attaining ISO 27001 certification and accreditation by Defence Security and Assessment Services on behalf of the Ministry of Defence.

In order to deliver this higher level of sales whilst ensuring high levels of service to clients, staff headcount was increased across all client facing and delivery roles including project management, product delivery, quality control, the help desk, client services, product development and sales. As a result headcount rose to 75, an increase of 27% over the year.

Principal Risks and Uncertainties

Competitive pressure and economic instability is a continuing risk for the company. The company manages this risk by providing leading edge products and high levels of customer service, by managing resources levels and pursuing opportunities for continuous improvement.

The business is dependent upon clients' ability to safely access data held on our servers. In order to ensure that this is not affected by a breakdown in power supplies or by other physical hazards our servers are housed offsite in secure facilities on the premises of a specialist provider of such facilities. Third party security experts are also regularly engaged to advise on data security.

Outlook

Strong product, high levels of security and reliability and great people provide a solid foundation on which to continue building. We are hopeful that ongoing revenues from projects delivered in 2010/11 and the completion of implementations started in 2010/11 should provide a certain level of momentum in 2011/12. However greater dependence on implementation revenue and the increased scale of some of our implementations is likely to make growth less smooth and more erratic. A highly competitive market and an extremely unsettled economic environment make it difficult to assess prospects for the coming year.

Despite this we believe it is crucial to continue to invest in improvements to our product range and service and to increase headcount to ensure we maintain high levels of client satisfaction, deliver leading edge software and are in a position to take advantage of opportunities as they emerge.

I would like to congratulate and thank the team for delivering our highest sales and profits to-date and to recognise that these achievements are only possible through their hard work and dedication.

Ian Moore
Chairman, World Careers Network Plc

31 October 2011

The directors present their report, together with the audited financial statements of the company, for the year ended 31 July 2011.

Results and dividends

The results of the company for the year are set out on page 8 and show a profit after taxation of £1,056,321 (2010 - £440,801).

The directors recommend a final dividend of 3.5p pence per share. No interim dividend was paid.

Principal activities, review of business and future developments

The company's principal business is the provision of Internet based recruitment software for the tracking and selection of applicants. In addition, the company provides E-recruitment tests and response and project management in conjunction with its recruitment software and which are, in the main, delivered by other organisations.

A review of the business, including the principle risks and uncertainties, and details of future developments are given in the Chairman's statement.

The changes in Key Performance Indicators between the financial years 2010/11 and 2009/10 were as follows:

| | 2010/11 | 2009/10 |
|-------------------------------|----------------|----------------|
| Sales per employee | 75,372 | 62,829 |
| Operating Profit per employee | 15,910 | 8,435 |

Directors

The directors of the company during the year were:

Ian O W Moore
 Charles E H Hipps
 David K Moore
 David J Earland

D K Moore retires by rotation and being eligible offers himself for re-election.

Policy and practice on the payment of creditors

The company's policy concerning the payment of its suppliers is to arrange the best possible terms with them and then pay as appropriate to those terms, subject to satisfactory performance by the suppliers. Any contractual or legal obligations would be honoured, with creditors being paid by the agreed dates to satisfy such commitments. At the financial year-end the number of days' purchases outstanding was 33 (2010 - 59).

Financial instruments

Details of financial instruments and their associated risks are given in note 18 to the financial statements

Going concern

After making enquires, the directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. For this reason they have adopted the going concern basis in preparing the financial statements.

Auditors

All of the current directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the company's 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 information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the Board

P Hipps
Secretary

31 October 2011

The directors are responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

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

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

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company'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 company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

To the shareholders of World Careers Network Plc

We have audited the financial statements of World Careers Network PLC for the year ended 31 July 2011 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- 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.

Sophia Bevan (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

31 October 2011

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

Profit and loss account for the year ended 31 July 2011

| | Note | 2011 £ | 2010 £ |
|--|------|------------------|-----------|
| Turnover | 2 | 5,351,440 | 4,146,717 |
| Administrative expenses | | 4,221,851 | 3,590,012 |
| Operating profit | 3 | 1,129,589 | 556,705 |
| Interest receivable | | 36,497 | 28,389 |
| Profit on ordinary activities before taxation | | 1,166,086 | 585,094 |
| Taxation on profit on ordinary activities | 7 | 109,765 | 144,293 |
| Profit on ordinary activities after taxation | 14 | 1,056,321 | 440,801 |
| Earnings per share | 9 | | |
| Basic | | 13.83p | 5.65p |
| Diluted | | 13.82p | 5.64p |

All amounts relate to continuing activities.

All recognised gains and losses are set out in the profit and loss account.

The notes on pages 9 to 16 form part of these financial statements.

| Company number 3813540 | Note | 2011 | 2011 | 2010 | 2010 |
|--|------|------------------|------------------|-----------|-----------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 10 | | 140,226 | | 110,719 |
| Current assets | | | | | |
| Debtors | 11 | 1,527,297 | | 983,701 | |
| Cash at bank and in hand | | 4,479,169 | | 3,388,609 | |
| | | 6,006,466 | | 4,372,310 | |
| Creditors: amounts falling due within one year | 12 | 1,956,422 | | 1,092,951 | |
| Net current assets | | | 4,050,044 | | 3,279,359 |
| Total assets less current liabilities | | | 4,190,270 | | 3,390,078 |
| Capital and reserves | | | | | |
| Called up share capital | 13 | | 7,636 | | 7,636 |
| Share premium account | 14 | | 1,531,472 | | 1,531,472 |
| Capital redemption reserve | 14 | | 540 | | 540 |
| Share scheme reserve | 14 | | 40,879 | | 29,748 |
| Profit and loss account | 14 | | 2,609,743 | | 1,820,682 |
| Shareholders' funds | 15 | | 4,190,270 | | 3,390,078 |

The financial statements were approved by the Board of directors and authorised for issue on 31 October 2011.

C E H Hipps
Director

| | Note | 2011 £ | 2010 £ |
|---|------|------------------|-------------|
| Operating profit | | 1,129,589 | 556,705 |
| Amortisation of goodwill | | - | 16,997 |
| Depreciation of tangible assets | 10 | 84,068 | 73,222 |
| Share based payment charges | | 11,131 | 8,663 |
| (Increase) in debtors | | (543,596) | (173,363) |
| Increase/(decrease) in creditors | | 894,116 | (6,797) |
| Net cash inflow from operating activities | | 1,575,308 | 475,427 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 36,497 | 28,389 |
| Taxation | | (140,410) | (117,225) |
| Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | 10 | (113,575) | (77,905) |
| Equity Dividends paid | 8 | (267,260) | (274,758) |
| Financing | | | |
| Purchase of own shares | | - | (201,030) |
| Management of liquid resources | | (900,000) | 1,200,000 |
| Increase/(decrease) in cash in the year | | 190,560 | 1,032,898 |
| Reconciliation of net cash flow to net funds and analysis of net funds | | | |
| Increase/(decrease) in cash in the year | | 190,560 | 1,032,898 |
| Increase/(decrease) in liquid resources in the year | | 900,000 | (1,200,000) |
| Opening net funds - cash | | 3,388,609 | 3,555,711 |
| Closing net funds - cash | | 4,479,169 | 3,388,609 |

The notes on pages 9 to 16 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 company's principal accounting policies, which were applied consistently during the period were as follows:

Goodwill

Goodwill arising on an acquisition of a business undertaking is the difference between the fair value of the consideration paid and the fair value of the identifiable assets and liabilities acquired. It is capitalised and amortised evenly through the profit and loss account over the directors' estimate of its useful economic life of 10 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of fixed assets and goodwill

The need for any fixed asset impairment write-down is assessed by comparing the carrying value of the asset with the higher of net realisable value and value in use.

Turnover

Turnover represents the invoiced amount of services provided to external customers, less value added tax or local taxes, adjusted for the amount invoiced to customers which relates to services provided after the period-end and where appropriate, amounts un-invoiced for services provided before the period end. Turnover in respect of support contracts is recognised evenly over the contract period. Turnover in respect of project income is recognised with reference to the stage of completion of individual projects at the period end providing that it is probable that the consideration due will be received

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

| | | |
|------------------------|---|------------------------------|
| Computer equipment | - | 33.3% per annum |
| Office furniture | - | 20% per annum |
| Leasehold improvements | - | over the period of the lease |

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Pension costs

Contributions to employees' personal pension schemes (defined contribution) are charged to the profit and loss account in the period in which they become payable.

Research and development

Expenditure on pure and applied research and development costs are charged to the profit and loss account in the year in which they are incurred.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting 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. As long as all other vesting conditions are satisfied, a charge is made.

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 for the remaining vesting period.

Operating leases

The annual rentals of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Dividends

Equity dividends are recognised when they become legally payable following approval by the shareholders at an annual general meeting.

2. Turnover and results

Turnover and the result for the period are wholly attributable to the principal activity of the company.

Turnover analysis by Geographical market:

| | 2011 | 2010 |
|--------------------------|------------------|-----------|
| | £ | £ |
| United Kingdom | 4,539,951 | 4,097,976 |
| United States of America | 811,489 | 48,741 |
| | 5,351,440 | 4,146,717 |

3. Operating profit

| | 2011 | 2010 |
|---|----------------|---------|
| | £ | £ |
| This is arrived at after charging: | | |
| Depreciation of tangible assets | 84,068 | 73,222 |
| Amortisation of goodwill | - | 16,997 |
| Hire of assets - operating leases | 102,500 | 102,500 |
| Auditors' remuneration - audit services | 22,000 | 22,000 |
| - taxation services | 2,000 | 4,026 |
| Equity settled share based payments | 11,131 | 8,663 |

4 Employees

The average monthly number of employees during the period, including executive directors, was as follows:

| | 2011 Number | 2010 Number |
|----------------------|----------------|----------------|
| Client related staff | 66 | 61 |
| Administrative staff | 5 | 5 |
| | <u>71</u> | <u>66</u> |

Staff costs for all employees, including executive directors, consisted of:

| | 2011 £ | 2010 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,870,936 | 2,413,134 |
| Social security costs | 298,489 | 269,426 |
| Pension costs | 53,766 | 47,450 |
| | <u>3,223,191</u> | <u>2,730,010</u> |

Pension costs relate to company payments to personal pension plans (defined contribution). There were no amounts payable at the year end.

5 Directors

| | 2011 £ | 2010 £ |
|---|----------------|----------------|
| Directors remuneration consists of: | | |
| Fees and emoluments for management services | <u>401,086</u> | <u>288,956</u> |

Pension contributions to defined contribution schemes paid by the company on behalf of 3 directors (2010 - 3 directors) amounted to £25,558 (2010 - £25,100).

Emoluments of the highest paid director amounted to £184,341 (2010 - £97,415). In addition, pension contributions of £15,000 (2010 - £15,000) were paid in the year.

Share options

Share options granted to directors are set out below:

| Name | Number at 1 August 2010 | Granted/ (lapsed) in year | Exercised | Number at 31 July 2011 | Exercise price | Date from which exercisable | Expiry date |
|-----------------|-------------------------|---------------------------|-----------|------------------------|----------------|-----------------------------|------------------|
| David K Moore | 6,750 | (6,750) | - | - | 152p | 29 June 2004 | 28 June 2011 |
| David K Moore | 7,600 | - | - | 7,600 | 92.5p | 31 May 2005 | 30 May 2012 |
| David K Moore | 10,000 | - | - | 10,000 | 50p | 18 December 2006 | 17 December 2013 |
| David K Moore | 10,000 | - | - | 10,000 | 65p | 6 December 2007 | 5 December 2014 |
| David K Moore | 20,000 | - | - | 20,000 | 104p | 26 January 2009 | 25 January 2016 |
| David K Moore | 10,000 | - | - | 10,000 | 137.5p | 18 December 2009 | 17 December 2016 |
| David K Moore | 10,000 | - | - | 10,000 | 147.5p | 13 December 2010 | 12 December 2017 |
| David K Moore | 10,000 | - | - | 10,000 | 112.5p | 11 December 2011 | 10 December 2018 |
| David K Moore | 8,500 | - | - | 8,500 | 88.5p | 11 December 2012 | 10 December 2019 |
| David K Moore | - | 10,000 | - | 10,000 | 88.5p | 10 December 2013 | 9 December 2020 |
| David J Earland | 5,400 | - | - | 5,400 | 147.5p | 13 December 2010 | 12 December 2017 |
| David J Earland | 6,000 | - | - | 6,000 | 112.5p | 11 December 2011 | 10 December 2018 |
| David J Earland | 9,150 | - | - | 9,150 | 88.5p | 11 December 2012 | 10 December 2019 |
| David J Earland | - | 7,600 | - | 7,600 | 88.5p | 10 December 2013 | 9 December 2020 |

No directors' share options were exercised in the year.

6 Share based payments

The following information is relevant in the determination of the fair value of options granted under the equity settled share based remuneration schemes operated by the company

| | 2011 | 2010 |
|--|----------------------|---------------|
| Equity – settled | | |
| Option pricing model used | Black-Scholes | Black-Scholes |
| Weighted average share price and exercise price at grant date (p.) | 88.5/88.5 | 96.0/88.5 |
| Weighted average contractual life (days) | 1,825 | 1,825 |
| Expected volatility | 10% | 10% |
| Expected dividend yield | 3.0% | 3.0% |
| Risk free interest rate | 3.5% | 4.5% |

7 Taxation on profit from ordinary activities

| | 2011 | 2010 |
|-----------------------------|------------------|---------|
| | £ | £ |
| UK Corporation Tax | | |
| Current tax | | |
| - current year | 304,568 | 144,293 |
| - prior year | (208,444) | - |
| | 96,124 | 144,293 |
| Deferred tax - current year | 13,641 | - |
| | 109,765 | 144,293 |

Factors affecting tax charge for year

The tax assessed for the year differs from the standard rate of corporation tax in the UK (28%). The differences are explained below:

| | | |
|---|------------------|----------|
| Profit on ordinary activities before tax | 1,166,086 | 585,094 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.33% (2010 - 28%) | 318,709 | 163,826 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 3,544 | 10,269 |
| Depreciation for period in excess of (less than) capital allowances | (10,001) | (14,712) |
| Other timing differences | (1,627) | 1,128 |
| Marginal relief | (6,057) | (16,218) |
| Adjustments in respect of previous periods | (208,444) | - |
| Current tax charge | 96,124 | 144,293 |

Deferred tax: On 31 July 2011 there was a deferred tax liability/(asset – unrecognised).

| | As at 31 July 2011 | As at 31 July 2010 |
|--------------------------------|--------------------|--------------------|
| | £ | £ |
| Accelerated capital allowances | 14,975 | - |
| Short term timing difference | (1,334) | (876) |
| | 13,641 | (876) |

8 Dividends

| | 2011 | 2010 |
|--|-----------------------|-----------------------|
| Ordinary shares | £ | £ |
| Final dividend proposed for the prior year of 3.5p (2010 – 3.5p) per share | <u><u>267,259</u></u> | <u><u>274,758</u></u> |
| Ordinary shares | | |
| Final dividend proposed for the year of 3.5p (2010 – 3.5p) per share | <u><u>267,259</u></u> | <u><u>267,259</u></u> |

9 Earnings per share

Basic earnings per share

This is calculated by dividing the profit of £1,056,321 (2010 - £440,801), being the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue throughout the year of 7,635,979 (2010 - 7,800,331).

Diluted earnings per share

The weighted average number of shares for 2011 for this calculation was 7,644,917 (2010 - 7,815,441). This is calculated based on the weighted average number of ordinary shares adjusted by 8,938 (2010 - 15,110) to recognise the effect of the potential issue of further ordinary shares as a result of the exercise of share options.

The company has 249,063 (2010 - 141,781) anti-dilutive options outstanding at the end of the year that were, accordingly, not included in the calculation of earnings per share.

10 Tangible assets

| | Leasehold Improvements £ | Computer equipment £ | Office furniture £ | Total £ |
|--|--------------------------------|----------------------------|--------------------------|-----------------------|
| Cost | | | | |
| At 1 August 2010 | 66,377 | 167,461 | 34,949 | 268,787 |
| Additions | - | 110,652 | 2,923 | 113,575 |
| Write down of fully depreciated assets | - | (71,572) | (22,617) | (94,189) |
| At 31 July 2011 | <u><u>66,377</u></u> | <u><u>206,541</u></u> | <u><u>15,255</u></u> | <u><u>288,173</u></u> |
| Depreciation | | | | |
| At 1 August 2010 | 33,639 | 96,060 | 28,369 | 158,068 |
| Provision for the year | 13,500 | 66,216 | 4,352 | 84,068 |
| Write down of fully depreciated assets | - | (71,572) | (22,617) | (94,189) |
| At 31 July 2011 | <u><u>47,139</u></u> | <u><u>90,704</u></u> | <u><u>10,104</u></u> | <u><u>147,947</u></u> |
| Net book value | | | | |
| At 31 July 2011 | <u><u>19,238</u></u> | <u><u>115,837</u></u> | <u><u>5,151</u></u> | <u><u>140,226</u></u> |
| At 31 July 2010 | <u><u>32,738</u></u> | <u><u>71,401</u></u> | <u><u>6,580</u></u> | <u><u>110,719</u></u> |

11 Debtors

| | 2011 £ | 2010 £ |
|---------------|------------------|----------------|
| Trade debtors | 1,450,129 | 917,025 |
| Prepayments | 76,482 | 66,349 |
| Other debtors | 686 | 327 |
| | 1,527,297 | 983,701 |

All amounts recorded as debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

| | 2011 £ | 2010 £ |
|------------------------------|------------------|------------------|
| Trade creditors | 140,632 | 113,262 |
| Corporation tax | 322,600 | 353,245 |
| Taxation and social security | 378,497 | 236,430 |
| Accruals and deferred income | 1,114,693 | 390,014 |
| | 1,956,422 | 1,092,951 |

13 Called up share capital

| | 2011 and 2010 | |
|---|-------------------------------------|---------------|
| | Number | £ |
| Authorised | | |
| Ordinary shares of 0.1p (2010 - 0.1p) each | 56,370,000 | 56,370 |
| Redeemable preference shares of £1 (2010 - £1) each | 43,630 | 43,630 |
| | | |
| | Ordinary shares of 0.1p each | |
| | Number | £ |
| In issue at 1 August 2010 and at 31 July 2011 | 7,635,979 | 7,636 |

There have been no changes to the company's share capital since the balance sheet date.

Redeemable preference shares do not entitle the holder to any rights of participation in the profits of the company or carry any voting rights. However, they rank in priority to the ordinary shares for repayment in the event of the company being wound up.

The market price of the company's ordinary shares at 31 July 2011 was 92.5p and the range during the financial year was from 82.5p to 95.0p

Share options

At 31 July 2011 the following share options under unapproved and approved schemes were outstanding in respect of the ordinary 0.1p shares:

| Date of grant | At 1 August 2010 | Granted | Lapsed | Exercised | At 31 July 2011 | Nominal Value £ | Period of option | Exercise price per share |
|--------------------|------------------|---------------|-----------------|-----------|-----------------|-----------------|-------------------------------------|--------------------------|
| Unapproved Schemes | | | | | | | | |
| 26 January 2006 | 18,835 | - | - | - | 18,835 | 19 | 26 January 2009 - 25 January 2016 | 104p |
| | <u>18,835</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>18,835</u> | | | |
| Approved Scheme | | | | | | | | |
| 29 June 2001 | 7,750 | - | (7,750) | - | - | 8 | 29 June 2004 - 28 June 2011 | 152p |
| 31 May 2002 | 8,300 | - | - | - | 8,300 | 10 | 31 May 2005 - 30 May 2012 | 92.5p |
| 18 December 2003 | 12,000 | - | - | - | 12,000 | 12 | 18 December 2006 - 17 December 2013 | 50.0p |
| 6 December 2004 | 14,000 | - | - | - | 14,000 | 14 | 6 December 2007 - 5 December 2014 | 65.0p |
| 26 January 2006 | 6,165 | - | - | - | 6,165 | 6 | 26 January 2009 - 25 January 2016 | 104p |
| 18 December 2006 | 13,250 | - | - | - | 13,250 | 14 | 18 December 2009 - 17 December 2016 | 137.5p |
| 13 December 2007 | 36,649 | - | (750) | - | 35,899 | 37 | 13 December 2010 - 12 December 2017 | 147.5p |
| 11 December 2008 | 49,332 | - | (1,600) | - | 47,732 | 49 | 11 December 2011 - 10 December 2018 | 112.5p |
| 11 December 2009 | 58,049 | - | (100) | - | 57,949 | 58 | 11 December 2012 - 10 December 2019 | 88.5p |
| 10 December 2010 | - | 61,433 | (500) | - | 60,933 | 61 | 10 December 2013 - 9 December 2020 | 88.5p |
| | <u>205,495</u> | <u>61,433</u> | <u>(10,700)</u> | <u>-</u> | <u>256,228</u> | | | |

14 Reserves

| | Share premium account £ | Capital redemption reserve £ | Share scheme reserve £ | Profit and loss account £ |
|--------------------------|----------------------------|---------------------------------|---------------------------|------------------------------|
| At 1 August 2010 | 1,531,472 | 540 | 29,748 | 1,820,682 |
| Profit for the year | - | - | - | 1,056,321 |
| Dividends | - | - | - | (267,260) |
| Charge for share options | - | - | 11,131 | - |
| At 31 July 2011 | 1,531,472 | 540 | 40,879 | 2,609,743 |

Directors' interests in share options are disclosed in note 5

15 Reconciliation of movements in shareholders' funds

| | 2011 | 2010 |
|--|------------------|-----------|
| | £ | £ |
| Opening shareholders' funds | 3,390,078 | 3,415,266 |
| Profit for the year | 1,056,321 | 440,801 |
| Increase in share scheme reserve | 11,131 | 9,799 |
| Dividends paid | (267,260) | (274,758) |
| Purchase and cancellation of shares | - | (201,030) |
| Net increase/(decrease) in shareholders' funds | 800,192 | (25,188) |
| Closing shareholders' funds | 4,190,270 | 3,390,078 |

16 Commitments under operating leases

As at 31 July 2011, the company had annual commitments under non-cancellable operating leases for land and buildings as set out below:

| | 2011 | 2010 |
|--------------------------------|----------------|---------|
| | £ | £ |
| Operating leases which expire: | | |
| In two to five years | 102,500 | 102,500 |

17 Ultimate controlling party

Charles Hipps, a director, is the company's controlling shareholder.

18 Financial instruments and treasury management

The company's principal financial instruments comprise cash, trade debtors and trade creditors. There is no difference between the fair values of these financial instruments and the amounts shown in the balance sheet.

The company's policy is that it does not trade in financial instruments.

The main risks arising from the company's activities are interest rate risk and liquidity risk. These are monitored by the Board of directors and were not considered to be significant at the balance sheet date.

The company's policy in respect of interest rate risk and liquidity risk is to retain in readily accessible bank deposit accounts sufficient funds to enable the company to meet its debts as they fall due, whilst earning interest at a guaranteed rate. At the balance sheet date cash funds of £1,700,000 (2010 - £1,800,000) were held in a 10 day notice treasury reserve account at 1.48%, £1,000,000 were held in a fixed term deposit maturing on 19 March

2012 at 2% (2010 - nil) and £900,000 were held in an instant access account at 0.9% (2010 - £1,000,000). The balance of the cash was held in various current accounts in order to fund the day to day working capital requirements of the company.

The company does not hold hedging instruments in respect of foreign currency risk that may arise from its transactions with Mainland Europe, as the directors consider the company's foreign exchange assets and liabilities to be negligible.

The company is mainly exposed to credit risk from credit sales. It is company policy to assess the credit risk of new customers and to factor the information from these credit ratings into future dealings with the customers. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

19 Related party transactions

The following related party transactions happened during the year:

| | 2011 | 2010 |
|---|----------------|---------|
| | £ | £ |
| Dividends paid to the directors of the company: | | |
| Charles E H Hipps | 189,157 | 189,157 |
| David K Moore | 1,750 | 1,750 |

Notice of meeting

Notice is hereby given that the Annual General Meeting of the shareholders of World Careers Network Plc will be held at 5/7 Bridge Works, The Crescent, London, SW19 8DR on Monday, 12 December 2011 at 10.30am for the following purposes:

- 1 To consider the financial statements and the reports of the directors and of the auditors for the year ended 31 July 2011.
- 2 To approve the payment of a dividend of 3.5p per share.
- 3 To consider the re-election of DK Moore who retires as a director in accordance with the Articles of Association.
- 4 To re-appoint BDO LLP as auditors and to authorise the directors to fix their remuneration for the ensuing year.

As Special Business:

- 5 To consider and, if thought fit, to pass the following resolution as a special resolution:

That pursuant to article 9 of the Company's Articles of Association and in accordance with Section 701 of the Companies Act 2006, the Company be generally and unconditionally authorised during the period expiring on the date of the next annual general meeting of the Company after passing this resolution or 18 months from the passing of this resolution, whichever is the earlier, to make market purchases (as defined in Section 693(4) of the said Act) of ordinary shares in the capital of the Company (Ordinary Shares) on such terms and in such manner as the directors determine, provided that this authority shall:

- (i) be limited to a maximum of 763,600 Ordinary Shares representing 10% of the Company's issued Ordinary Share capital as at the date of the passing of this resolution;
- (ii) not permit payment by the Company, exclusive of any expenses, of less than the par value of each Ordinary Share;
- (iii) not permit payment by the Company, exclusive of any expenses, of more than 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such Ordinary Share is contracted to be purchased; and
- (iv) permit the Company to make a contract or contracts to purchase Ordinary Shares prior to the expiry of this authority which will or may be executed wholly or partly after the expiry of this authority, and the Company may make a purchase of Ordinary Shares in pursuance of any such contract or contracts notwithstanding such expiry.

By order of the Board

P. Hipps
Secretary

31 October 2011

Notes

- 1) A member of the company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him or herself. A proxy need not be a member of the company. In default of a specific appointment, the Chairman of the Meeting will act as your proxy.
- 2) The appointment of a proxy does not preclude a member of the Company from attending and voting at the meeting.
- 3) In the case of joint holders only one need sign. The vote of the most senior holder named in the Register of Members alone will be counted.
- 4) To be valid the Form of Proxy must be completed and signed, together with any power of attorney or other authority under which it is signed or a duly certified copy thereof and lodged with World Careers Network PLC, 5/7 Bridge Works, The Crescent, London SW19 8DR
- 5) Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755), the Company has specified that only those members registered on the register of members of the Company at 11am on Friday, 4 December 2011 or, in the event that the meeting is adjourned, on the register of members 72 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of Shares registered in their name at that time. Changes to the register of members after 11am on Friday, 4 December 2011 or, in the event that the meeting is adjourned, in the register of members 72 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the meeting.

WCN Plc
5-7 Bridgeworks
The Crescent
London SW19 8DR