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Deloitte Touche
Tohmatsu



Company Registration No. 01682110

HAYS OFFICE SERVICES LIMITED
(formerly Securicor Omega Office Services
Limited)

Report and Financial Statements

30 June 1998

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR



**REPORT AND FINANCIAL STATEMENTS 1998**

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HAYS OFFICE SERVICES LIMITED
(formerly Securicor Omega Office Services Limited)

REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A Dix
RJ Morgan
BT Taylor

SECRETARY

SJ Reay

REGISTERED OFFICE

Hays House
Millmead
Guildford
Surrey
GU2 5HJ

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London
EC4A 3TR

**DIRECTORS' REPORT**

The directors submit their report and the audited financial statements of Hays Office Services Limited for the nine months ended 30 June 1998.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of document storage and delivery, shredding services and mail services.

REVIEW OF THE BUSINESS

The directors consider that the business performed satisfactorily in the period and considered the write down of fixed assets to be both prudent and appropriate. The retained profit for the period of £7,000 (1997 - £nil) has been transferred to reserves.

FUTURE PROSPECTS

The directors consider that future results will be of a similar nature.

DIVIDENDS

The directors propose the payment of a final dividend of £nil (1997 - £250,000).

DIRECTORS AND THEIR INTEREST

The following directors have held office during the year.

R C Casling	(resigned 16 January 1998)
R I Anderson	(resigned 16 January 1998)
R Andrews	(resigned 16 January 1998)
R J R Benson	(resigned 16 January 1998)
F C O'Toole	(resigned 16 January 1998)
A N Dix	(appointed 16 January 1998)
RJ Morgan	(appointed 16 January 1998)
BT Taylor	(appointed 16 January 1998)

None of the directors held any interests in the shares of the company or other companies in the Hays plc group during the year.

The interests in share options in the 1 pence ordinary shares of Hays plc were as follows:

	At date of appointment	Exercised since appointment	Granted since appointment	At 30 June 1998
	No.	No.	No.	No.
A N Dix	3,861	-	1,256	5,117
R J Morgan	44,735	-	1,256	45,991
B T Taylor	10,530	-	2,222	12,752

In addition, at 30 June 1998 R J Morgan has an interest in 28,872 share options in the 1 pence ordinary shares of Hays plc under a long term incentive plan.

**DIRECTORS' REPORT****YEAR 2000**

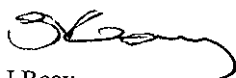
The company is giving high priority to the impact of the Millennium and is taking positive steps to ensure that its systems are Year 2000 compliant. The company recognises that in some areas compliance is dependent on the performance of suppliers or actions taken by customers. The company is working closely with its customers and suppliers to limit any risks that may arise.

The directors are satisfied that the total future costs in relation to Year 2000 compliance will not be material to the profitability or liquidity of the company.

AUDITORS

During the period Baker Tilly resigned as auditors of the company. Deloitte & Touche, who were appointed in their place, have expressed a willingness to continue in office as auditors. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



S J Reay

Secretary

30 September 1998

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, we are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with requirements of the Companies Act 1985. 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.



Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS OF

HAYS OFFICE SERVICES LIMITED (formerly Securicor Omega Office Services Limited)

We have audited the financial statements on pages 6 to 14 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1998 and of its profit for the nine month period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

30 September 1998



HAYS OFFICE SERVICES LIMITED
(formerly Securicor Omega Office Services Limited)

PROFIT AND LOSS ACCOUNT
Nine month period ended 30 June 1998

	Note	Nine month period ended 30 June 1998 £'000	Year ended 30 September 1997 £'000
TURNOVER: continuing operations	2	4,573	6,988
Cost of sales		(2,896)	(4,342)
Gross profit		1,677	2,646
Administrative expenses		(1,439)	(2,226)
OPERATING PROFIT: continuing operations		238	420
Exceptional item	4	(183)	-
Interest payable	6	-	(17)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	55	403
Taxation	7	(48)	(153)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		7	250
Dividends	8	-	(250)
RETAINED PROFIT FOR THE PERIOD	14	7	-

There were no recognised gains or losses for the current or preceding financial period other than those stated in the profit and loss account.



HAYS OFFICE SERVICES LIMITED
(formerly Securicor Omega Office Services Limited)

BALANCE SHEET
30 June 1998

	Note	30 June 1998 £'000	30 September 1997 £'000
FIXED ASSETS			
Tangible assets	9	100	370
CURRENT ASSETS			
Stocks	10	-	18
Debtors	11	1,394	1,585
Cash at bank and in hand		2	382
		1,396	1,985
CREDITORS: amounts falling due within one year	12	(1,261)	(2,127)
NET CURRENT ASSETS/(LIABILITIES)		135	(142)
TOTAL ASSETS LESS CURRENT LIABILITIES		235	228
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Profit and loss account	14	235	228
		235	228

These financial statements were approved by the Board of Directors on 30 September 1998.
Signed on behalf of the Board of Directors

Director

NOTES TO THE ACCOUNTS

For the nine month period ended 30 June 1998

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Short leasehold	over term of lease
Computer equipment	over 3-5 years
Fixtures, fittings and equipment	over 5 to 15 years

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost of finished goods includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

Leased assets and obligations

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

Pensions contributions

The costs of providing pensions for employees are charged in the profit and loss account over the average working life of employees in accordance with the recommendations of qualified actuaries. Any funding surplus or deficit which may arise from time to time is amortised over the average working life of employees.

Foreign currencies

Assets and liabilities denominated in foreign currencies and the accounts of overseas subsidiary undertakings are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. All differences are taken to the profit and loss account.

Cash flow statement

Under the provisions of Financial Reporting Standard 1 (Revised) - "Cash Flow Statements", the company has not prepared a cash flow statement because its ultimate parent company, Hays plc, which is incorporated in Great Britain, has prepared consolidated accounts which include the accounts of the company for the period and which contain a cash flow statement.

Turnover

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

Pensions

The company operates a defined contribution scheme for employees. The cost of the pension contributions made by the company on behalf of the scheme members is charged to the profit and loss account as incurred.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity. Sales were all made in the United Kingdom.



HAYS OFFICE SERVICES LIMITED
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NOTES TO THE ACCOUNTS

For the nine month period ended 30 June 1998

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Nine month period ended 30 June 1998 £'000	Year ended 30 September 1997 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets	38	84
Loss on disposal of fixed assets	184	-
Exchange gains	-	(8)
Operating lease rentals:		
Plant and machinery	72	110
Land and buildings	228	392
Auditors' remuneration	6	5
	<u> </u>	<u> </u>

4. EXCEPTIONAL ITEM

The exceptional item relates to the loss on disposal of fixed assets on acquisition of the company by Hays Commercial Services Limited.

5. STAFF COSTS AND DIRECTORS' REMUNERATION

	Nine month period ended 30 June 1998 No.	Year ended 30 September 1997 No.
The average weekly number of persons (including directors) employed by the company during the year was:		
Office and management	43	52
Operations	84	121
	<u>127</u>	<u>173</u>
	£'000	£'000
Staff costs for the above persons:		
Wages and salaries	1,370	2,628
Social security costs	129	155
Other pension costs	59	96
	<u>1,558</u>	<u>2,879</u>
Directors' remuneration		
Other emoluments (including pension contributions and benefits in kind)	23	93
	<u> </u>	<u> </u>

The directors current at the balance sheet date did not receive any emoluments or pension contributions in the period under review.



NOTES TO THE ACCOUNTS

For the nine month period ended 30 June 1998

6. INTEREST PAYABLE

	Nine month period ended 30 June 1998 £'000	Year ended 30 September 1997 £'000
On bank loans, overdrafts and other loans repayable within five years:		
Bank overdraft	-	13
Other	-	4
	<u>-</u>	<u>17</u>

7. TAXATION

	Nine month period ended 30 June 1998 £'000	Year ended 30 September 1997 £'000
UK Corporation tax for the nine month period ended 30 June 1998 - 31% (year ended 30 September 1997 - 32%)	48	153
	<u>48</u>	<u>153</u>

8. DIVIDENDS

	Nine month period ended 30 June 1998 £'000	Year ended 30 September 1997 £'000
Ordinary:		
Final proposed - £nil (1997 - £125,000 per share)	-	250
	<u>-</u>	<u>250</u>


NOTES TO THE ACCOUNTS

For the nine month period ended 30 June 1998

9. TANGIBLE FIXED ASSETS

	Short leasehold properties £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation:			
At 1 October 1997	120	744	864
Disposals	(99)	(456)	(555)
At 30 June 1998	21	288	309
Depreciation			
At 1 October 1997	52	442	494
Charge for period	2	36	38
Disposals	(47)	(276)	(323)
At 30 June 1998	7	202	209
Net book value			
At 30 June 1998	14	86	100
At 30 September 1997	68	302	370

10. STOCKS

	30 June 1998 £'000	30 September 1997 £'000
Finished goods and goods for resale	-	18

11. DEBTORS

	30 June 1998 £'000	30 September 1997 £'000
Trade debtors	916	1,124
Amounts owed by group undertakings	430	358
Amounts owed by associated undertakings	-	18
Other debtors	1	4
Prepayments and accrued income	47	81
	1,394	1,585


NOTES TO THE ACCOUNTS

For the nine month period ended 30 June 1998

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 1998 £'000	30 September 1997 £'000
Bank loans and overdrafts	3	-
Trade creditors	79	664
Amounts owed to group undertakings	774	783
Amounts owed to associated undertakings	-	1
Proposed dividend	-	250
Corporation tax	48	153
Other taxation and social security costs	108	76
Other creditors	123	16
Accruals and deferred income	126	184
	<u>1,261</u>	<u>2,127</u>

13. SHARE CAPITAL

	30 June 1998 £	30 September 1997 £
Authorised:		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

14. PROFIT AND LOSS ACCOUNT

	30 June 1998 £'000	30 September 1997 £'000
At 30 September 1997	228	228
Profit for the financial period	<u>7</u>	<u>-</u>
At 30 June 1998	<u>235</u>	<u>228</u>

15. CAPITAL COMMITMENTS

	30 June 1998 £'000	30 September 1997 £'000
Capital expenditure contracted for but not provided in the financial statements	<u>-</u>	<u>18</u>

NOTES TO THE ACCOUNTS

For the nine month period ended 30 June 1998

16. COMMITMENTS UNDER OPERATING LEASES

The commitments under non-cancellable operating leases are as follows:

	30 June 1998 £'000	30 September 1997 £'000
Land and buildings:		
within one year	-	-
within two to five years	128	222
over five years	124	209
	<u>252</u>	<u>431</u>

17. PENSION COMMITMENTS

On the 15 July 1998 the employees were transferred from the Securicor Group Pension Scheme and Securicor Money Purchase Pension Scheme into the Hays Pension Scheme.

Full particulars of the pension scheme are disclosed in the published accounts of Hays plc.

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted under Financial Reporting Standard 8, "Related Party Disclosures", not to disclose transactions with entities that are part of Hays plc, as the consolidated financial statements, in which the company is included, are publicly available.

19. ULTIMATE PARENT COMPANY

The ultimate parent and controlling company is Hays plc which is incorporated in Great Britain.

The immediate parent company is Hays Commercial Services Limited which is incorporated in Great Britain.

Copies of the group accounts of Hays plc can be obtained from Hays House, Millmead, Guildford, Surrey, GU2 5HJ.