

GATTON VOLT CONSULTING GROUP LIMITED
(formerly Gatton Consulting Group Limited)
FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 29 OCTOBER 1999

1739576

A SUBSIDIARY OF
VOLT EUROPE LIMITED



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GATTON VOLT CONSULTING GROUP LIMITED

COMPANY INFORMATION

DIRECTORS

J. Shaw
J. Groberg
S. Shaw
T. Daley
H. Weinreich
J. M. Tyler
D. J. Portsmouth
K. Thorn
W. Ward

COMPANY SECRETARY

Volt Europe Limited

REGISTERED OFFICE

12 York Gate
London
NW1 4QS

REGISTERED NUMBER

1739576

REGISTERED AUDITORS

BDO Stoy Hayward
Chartered Accountants
8 Baker Street
London
W1M 1DA

GATTON VOLT CONSULTING GROUP LIMITED

***FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 29 OCTOBER 1999***

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GATTON VOLT CONSULTING GROUP LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the 13 months ended 29 October 1999.

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the company is the provision of IT contractor resourcing services and related systems house services.

On 2 December 1998 the company's immediate parent, Volt Europe Limited (formerly Gatton Computing Group Limited) was acquired by Volt Gatton Holding, Inc – a subsidiary of Volt Information Sciences, Inc. The company subsequently changed its name, on 3 February 1999, from Gatton Consulting Group Limited to Gatton Volt Consulting Group Limited. The company now trades as Volt Europe.

The directors are satisfied that the results for the period reflect the company's ongoing strategy to maintain a position of sustained growth and profitability, and expect further growth in the forthcoming year.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £1,430,193 (1998: £678,048). The directors recommend the payment of a dividend of £500,000 per share (1998: £200,000 per share).

DIRECTORS AND THEIR INTERESTS

Directors who served during the period were:

J. M. Tyler		D. J. Portsmouth	
J. Shaw	(appointed 2 December 1998)	J. Groberg	(appointed 2 December 1998)
S. Shaw	(appointed 2 December 1998)	T. Daley	(appointed 2 December 1998)
H. Weinreich	(appointed 2 December 1998)	K. Thorn	(appointed 2 December 1998)
W. Ward	(appointed 2 December 1998)	A. J. Norris	(resigned 2 December 1998)
M. R. Singleton	(resigned 2 December 1998)	A. R. Rousell	(resigned 2 December 1998)
R. A. Laidlaw	(resigned 2 December 1998)	G. Shingles	(resigned 2 December 1998)

None of the directors had any beneficial interest in the share capital of the company at the beginning or at the end of the period.

GATTON VOLT CONSULTING GROUP LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS (continued)

The directors had the following interests in the share capital of Volt Information Sciences, Inc at the beginning and end of the period:

	29 October 1999		1 October 1998	
	Shares	Options	Shares	Options
J. M. Tyler	-	20,000	-	-
D. J. Portsmouth	-	3,100	-	-
J. Shaw*	3,155,352	45,000	3,154,742	45,000
J. Groberg*	3,265	20,500	3,229	5,500
S. Shaw*	204,841	14,000	203,653	14,000
T. Daley*	1,161	16,250	1,125	11,250
H. Weinreich*	7,554	9,500	7,051	9,500
K. Thorn*	-	3,100	-	-
W. Ward*	-	3,100	-	-

* At 29 October 1999 and at date of appointment as a director.

VOLT EUROPE LIMITED

Volt Europe Limited is the immediate parent company of Gatton Volt Consulting Group Limited. Gatton Volt Consulting Group Limited is the principal group trading company and this company's results are included in the consolidated profit and loss account shown in the accounts of Volt Europe Limited.

YEAR 2000

After having undertaken a review of all the company's major systems and having made contact with all the company's major suppliers, the directors have considered the impact of the Year 2000 date change and do not believe that this poses a significant threat to the company.

Any necessary changes and upgrades have been made as part of the company's ongoing investment in systems. The directors do not believe that there are any material costs attributable exclusively to Year 2000 issues.

Subsequent to 1 January 2000 the company has not experienced any system problems associated with the Year 2000 date change.

GATTON VOLT CONSULTING GROUP LIMITED

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 those financial statements, the directors 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, 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 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 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.

AUDITORS

During the period Fraser Russell, Chartered Accountants resigned as auditors to the company and were replaced by BDO Stoy Hayward, Chartered Accountants.

In accordance with section 385 of the Companies Act 1985, a resolution proposing the re-appointment of BDO Stoy Hayward, Chartered Accountants and Registered Auditors, will be put to the Annual General Meeting.

On behalf of the board



J. M. Tyler
Director

Registered Office

12 York Gate
London
NW1 4QS

22 February 2000

**AUDITOR'S REPORT TO THE SHAREHOLDERS
OF GATTON VOLT CONSULTING GROUP LIMITED**

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, 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.

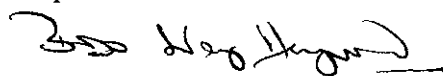
Basis of opinion

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 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 mis-statement, 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 affairs of the company as at 29 October 1999 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO Stoy Hayward
Chartered Accountants
and Registered Auditors

8 Baker Street
London
W1M 1DA

22 February 2000

GATTON VOLT CONSULTING GROUP LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE 13 MONTHS ENDED 29 OCTOBER 1999

	<u>Note</u>	<u>13 Months ended 29 October 1999</u> £	<u>Year ended 30 September 1998</u> £
TURNOVER	4	45,490,184	35,204,023
COST OF SALES		<u>(38,077,137)</u>	<u>(29,228,696)</u>
GROSS PROFIT		7,413,047	5,975,327
Administrative expenses		<u>(4,973,444)</u>	<u>(4,491,231)</u>
OPERATING PROFIT		2,439,603	1,484,096
Interest receivable		10,982	-
Interest payable	5	<u>(311,249)</u>	<u>(394,253)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	2,139,336	1,089,843
Taxation	9	<u>(709,143)</u>	<u>(411,795)</u>
PROFIT FOR THE FINANCIAL PERIOD	19	1,430,193	678,048
Dividends proposed	10	<u>(1,000,000)</u>	<u>(400,000)</u>
ACCUMULATED PROFITS BROUGHT FORWARD		16,819	(261,229)
ACCUMULATED PROFITS CARRIED FORWARD		<u>447,012</u>	<u>16,819</u>

There are no recognised gains or losses other than those stated above.

The above results are derived entirely from continuing operations.

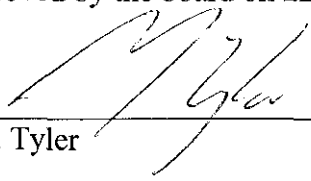
The notes on pages 7 to 15 form part of these financial statements.

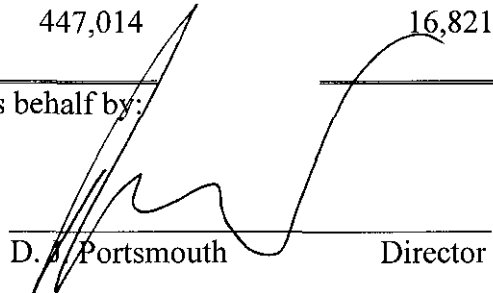
GATTON VOLT CONSULTING GROUP LIMITED

**BALANCE SHEET
AS AT 29 OCTOBER 1999**

	<u>Note</u>	<u>29 October 1999</u>		<u>30 September 1998</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	11		298,809		377,925
CURRENT ASSETS					
Work in progress	12	54,342		-	
Debtors	13	8,547,989		5,198,720	
Cash at bank and in hand		<u>1,684,349</u>		<u>150</u>	
		10,286,680		5,198,870	
CREDITORS - Amounts falling due within one year	14	<u>(10,128,162)</u>		<u>(5,433,583)</u>	
NET CURRENT ASSETS/(LIABILITIES)			158,518		(234,713)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>457,327</u>		<u>143,212</u>
CREDITORS - Amounts falling due after more than one year	15		(10,313)		(126,391)
NET ASSETS			<u>447,014</u>		<u>16,821</u>
CAPITAL AND RESERVES					
Called up share capital	18		2		2
Profit and loss account			447,012		16,819
EQUITY SHAREHOLDERS' FUNDS	19		447,014		16,821

Approved by the board on 22 February 2000 and signed on its behalf by:


J. M. Tyler Director


D. J. Portsmouth Director

The notes on pages 7 to 15 form part of these financial statements

GATTON VOLT CONSULTING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 29 OCTOBER 1999**

1. ACCOUNTING POLICIES

(a) Basis of Preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Turnover

Turnover represents the invoiced value of services rendered to external customers during the period excluding Value Added Tax.

(c) Deferred Taxation

Provision is made for deferred taxation except where the directors consider that, in the foreseeable future, the tax liabilities will not arise.

(d) Depreciation

Depreciation of fixed assets is provided at the following rates:

Office fixtures, fittings and equipment	-	25% reducing balance
Motor vehicles	-	25% reducing balance
Computer equipment	-	33% straight line

(e) Leased Assets

Assets held under finance leases and hire purchase contracts which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the period of the leases and represent a constant proportion of the balance of capital payments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

(f) Work in Progress

Work in progress is valued at the lower of cost or net realisable value. Cost comprises labour and attributable overheads. Net realisable value is based on estimated selling price less any further costs of realisation.

(g) Pension Contributions

The company operates a defined contribution pension scheme, contributions being charged to the profit and loss account as they arise.

GATTON VOLT CONSULTING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 29 OCTOBER 1999**

2. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No.8 from the requirement to make disclosures concerning transactions with companies within the Volt Information Sciences, Inc group on the basis that consolidated accounts are publicly available.

Balances with other group companies are disclosed within notes 13 and 14 to the financial statements.

3. CASH FLOW STATEMENT

The company has not prepared a cash flow statement as it has taken advantage of the exemption conferred by Financial Reporting Standard No.1 (Revised) as it is a wholly owned subsidiary undertaking and consolidated accounts are publicly available.

	<u>13 Months ended 29 October 1999</u>	<u>Year ended 30 September 1998</u>
4. TURNOVER	£	£
An analysis of turnover is as follows:		
United Kingdom	45,483,693	34,965,464
Overseas	6,491	238,559
	<u>45,490,184</u>	<u>35,204,023</u>

In the opinion of the directors, all turnover relates to the principal business activity.

5. INTEREST PAYABLE	£	£
On bank overdraft	157,116	9,544
On factoring balances	149,686	367,898
On finance leases	4,029	16,642
Other interest	418	169
	<u>311,249</u>	<u>394,253</u>

GATTON VOLT CONSULTING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 29 OCTOBER 1999**

	<u>13 Months ended 29 October 1999</u>	<u>Year ended 30 September 1998</u>
6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£	£
After charging/(crediting):		
Directors' remuneration	567,193	481,717
Depreciation - owned assets	85,094	80,488
- assets under finance leases	17,030	56,478
Loss/(Profit) on disposal of fixed assets	25,014	(1,807)
Operating lease rentals - other operating leases	95,196	36,210
	<hr/>	<hr/>
Auditors' remuneration of £15,000 has been borne by the company's ultimate parent company, Volt Information Sciences, Inc.		
 7. DIRECTORS' REMUNERATION	 £	 £
The remuneration paid to the directors of Gatton Volt Consulting Group Limited was:		
Executive emoluments	560,631	442,707
Pension contributions	6,562	39,010
	<hr/>	<hr/>
	567,193	481,717
Emoluments disclosed above (excluding pension contributions and benefits in kind) include amounts paid to:		
The highest paid director	<hr/>	<hr/>
	171,075	301,501
	<hr/>	<hr/>
	<u>1999</u>	<u>1998</u>
The number of directors to whom benefits are accruing under money purchase pension schemes	<hr/>	<hr/>
	2	3

GATTON VOLT CONSULTING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 29 OCTOBER 1999**

7. DIRECTORS' REMUNERATION (continued)

Mr R. A. Laidlaw, a non-executive director during the period, is employed by Robin Laidlaw Associates who rendered total fees of £2,964 (1998: £17,703).

Mr G. Shingles, a non-executive director during the period, is employed by G. Shingles Partners who rendered total fees of £1,504 (1998: £14,839).

During the period ended 29 October 1999, those directors who are also directors of the immediate holding company, Volt Europe Limited, were remunerated by that company. Disclosure of this remuneration is made within the notes to the accounts of Volt Europe Limited.

	<u>13 Months ended 29 October 1999</u>	<u>Year ended 30 September 1998</u>
8. STAFF COSTS	£	£
Wages and salaries	4,162,796	3,408,362
Social security costs	436,560	328,479
Other pension costs	10,408	59,390
	<u>4,609,764</u>	<u>3,796,231</u>

The average number of persons (including directors) employed by the company during the period was:

	<u>Number</u>	<u>Number</u>
Administration and selling	<u>115</u>	<u>91</u>

GATTON VOLT CONSULTING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 29 OCTOBER 1999**

	<u>13 Months ended 29 October 1999</u>	<u>Year ended 30 September 1998</u>		
9. TAXATION	£	£		
UK corporation tax:				
Current period	709,143	402,889		
Prior year underprovision	-	72,706		
Transfer from deferred tax	-	(63,800)		
	<u>709,143</u>	<u>411,795</u>		
10. DIVIDENDS	£	£		
Dividends proposed : £500,000 per share (1998: £200,000)	<u>1,000,000</u>	<u>400,000</u>		
11. TANGIBLE FIXED ASSETS				
	Fixtures and Equipment £	Motor Vehicles £	Computer Equipment £	Total £
COST				
At 1 October 1998	64,914	330,514	321,268	716,696
Additions	22,122	88,498	130,856	241,476
Disposals	-	(280,230)	(212,987)	(493,217)
At 29 October 1999	<u>87,036</u>	<u>138,782</u>	<u>239,137</u>	<u>464,955</u>
DEPRECIATION				
At 1 October 1998	39,696	59,458	239,617	338,771
Charge for the period	9,241	34,369	58,514	102,124
Disposals	-	(62,591)	(212,158)	(274,749)
At 29 October 1999	<u>48,937</u>	<u>31,236</u>	<u>85,973</u>	<u>166,146</u>
NET BOOK VALUE				
At 29 October 1999	<u>38,099</u>	<u>107,546</u>	<u>153,164</u>	<u>298,809</u>
At 30 September 1998	25,218	271,056	81,651	377,925

GATTON VOLT CONSULTING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 29 OCTOBER 1999**

11. TANGIBLE FIXED ASSETS (continued)

Details of fixed assets held under finance leases and hire purchase contracts, which are included in the relevant headings above are as follows:

	<u>29 October</u> <u>1999</u> £	<u>30 September</u> <u>1998</u> £
Net book value	<u>34,712</u>	<u>274,842</u>
Depreciation charge for the period	<u>17,030</u>	<u>56,478</u>

12. WORK IN PROGRESS

	£	£
Work in progress	<u>54,342</u>	<u>-</u>

13. DEBTORS

	£	£
Trade debtors	7,238,982	4,838,870
Amounts owed by group undertakings	1,137,379	203,240
Other debtors	8,522	15,007
Prepayments and accrued income	163,106	141,603
	<u>8,547,989</u>	<u>5,198,720</u>

Included in trade debtors above are amounts factored as follows:

Gross debts factored	-	8,342,119
Less: non-returnable advances received	-	(4,048,744)
	<u>-</u>	<u>4,293,375</u>

GATTON VOLT CONSULTING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 29 OCTOBER 1999**

	<u>29 October</u> <u>1999</u> £	<u>30 September</u> <u>1998</u> £
14. CREDITORS – Amounts falling due within one year		
Bank overdraft	3,000,000	182,255
Obligations under finance leases	11,322	57,522
Trade creditors	3,437,629	3,080,234
Amounts owed to group undertakings	993,934	261,019
Corporation tax payable	436,004	402,889
Dividends payable	1,000,000	400,000
Other taxes and social security costs	865,015	579,433
Other creditors	28,790	27,843
Accruals and deferred income	355,468	442,388
	<u>10,128,162</u>	<u>5,433,583</u>
15. CREDITORS – Amounts falling due after more than one year	£	£
Obligations under finance leases	<u>10,313</u>	<u>126,391</u>

16. PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £10,408 (1998: £59,390). All contributions were paid in the period.

GATTON VOLT CONSULTING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 29 OCTOBER 1999**

	<u>29 October 1999</u>	<u>30 September 1998</u>
17. FINANCE LEASE OBLIGATIONS	£	£
Gross obligations falling due:		
Within one year	14,016	70,057
Within two to five years	10,313	148,748
	<u>24,329</u>	<u>218,805</u>
Less: finance charges allocated to future periods	(2,694)	(34,892)
Net obligations	<u>21,635</u>	<u>183,913</u>
Net obligations can be analysed as follows:		
Falling due within one year	11,322	57,522
Falling due within two to five years	10,313	126,391
	<u>21,635</u>	<u>183,913</u>
18. CALLED UP SHARE CAPITAL	£	£
<i>Authorised:</i>		
1,000 ordinary equity shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid:</i>		
2 ordinary equity shares of £1 each	<u>2</u>	<u>2</u>
19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	£	£
Profit for the period	1,430,193	678,048
Dividends payable	(1,000,000)	(400,000)
Net increase in shareholders' funds	<u>430,193</u>	<u>278,048</u>
Opening shareholders' funds	16,821	(261,227)
Closing shareholders' funds	<u>447,014</u>	<u>16,821</u>

GATTON VOLT CONSULTING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 29 OCTOBER 1999**

20. CAPITAL COMMITMENTS

There were no amounts contracted or authorised by the directors in respect of capital commitments at the balance sheet date (1998: nil).

21. TRANSACTIONS WITH DIRECTORS

During the period two directors, A. J. Norris and M. R. Singleton, purchased two vehicles each from the company for £87,500 and £71,000 respectively.

22. IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The immediate holding company is Volt Europe Limited, a company incorporated in England. The ultimate holding company is Volt Information Sciences, Inc, a company incorporated in the United States of America.