

Registered no: 700215

Securicor Recruitment Services Limited  
Annual report  
for the year ended 31 December 2002



# **Securicor Recruitment Services Limited**

## **Annual report for the year ended 31 December 2002**

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## **Directors' report for the year ended 31 December 2002**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2002.

### **Principal activity**

The principal activity of the company is that of a generalist recruitment agency hiring out temporary staff and permanent placements on a national basis.

### **Review of business and future developments**

The profit and loss account for the period is set out on page 4.

On 1 January 2002 the entire trade, assets and liabilities of the company were transferred to another group company, Randstad Employment Bureau Limited for consideration of £7,807,000 credited to intercompany account (see note 18) and Securicor Recruitment Services Limited then ceased to trade.

### **Dividends**

The directors do not recommend the payment of a dividend (2001: £nil).

### **Directors and their interests**

The directors of the company at 31 December 2002, who held office for the whole of the year then ended unless otherwise stated, are given below:

H Hoogeveen

J H Reece (appointed 1 November 2002)

M Farla and P Loughlin who were directors at the start of the year resigned on 1 November 2002 and 31 January 2002, respectively.

The directors did not have any interest in the share capital of the company at any time during the year.

The ultimate parent company is incorporated outside Great Britain and therefore no disclosure is made of any interest of the directors in the shares or share options of that company.

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period that 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 required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.


The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



H. Hoogeveen  
Director

## **Independent auditors' report to the members of Securicor Recruitment Services Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

### **Basis of audit 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 at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Reading

*27th August 2003*

**Profit and loss account for the year ended 31 December 2002**

		<b>Year ended 31 December 2002 £'000</b>	<b>15 month period ended 31 December 2001 £'000</b>
	<b>Note</b>		
<b>Turnover – discontinued operations</b>	2	-	90,557
Cost of sales		-	(71,157)
<b>Gross profit</b>		-	19,400
Administrative expenses before exceptional items		-	(18,855)
Exceptional administrative expenses	7	-	(1,864)
Total administrative expenses		-	(20,719)
Exceptional other operating income	19	5,144	-
<b>Operating profit/(loss) – discontinued operations</b>		5,144	(1,319)
Interest payable and similar charges	3	-	(326)
<b>Profit/(loss) on ordinary activities before taxation</b>	4	5,144	(1,645)
Tax on profit/(loss) on ordinary activities	8	-	339
<b>Profit/(loss) for the financial period</b>	16	5,144	(1,306)

There is no difference between the profit/(loss) on ordinary activities before taxation and the results for the periods stated above, and their historical cost equivalents.

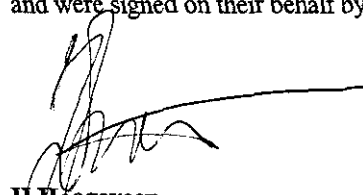
**Statement of total recognised gains and losses**

		<b>Year ended</b> <b>31 December</b> <b>2002</b> <b>£'000</b>	<b>15 month</b> <b>period ended</b> <b>31 December</b> <b>2001</b> <b>£'000</b>
	Note		
<b>Total losses recognised relating to the year</b>		-	(1,306)
Prior year adjustment	16	(518)	
<b>Total losses recognised since last annual report</b>		(518)	

## Balance sheet as at 31 December 2002

	Note	2002 £'000	2001 (restated) £'000
<b>Fixed assets</b>			
Tangible assets	9	-	792
Investments	10	-	-
		-	792
<b>Current assets</b>			
Debtors (including £7,807,000 (2001: £nil) due after one year)	11	7,807	10,563
Cash at bank and in hand		-	8
		7,807	10,571
<b>Creditors - Amounts falling due within one year</b>	12	-	(8,643)
<b>Net current assets</b>		7,807	1,928
<b>Total assets less current liabilities</b>		7,807	2,720
<b>Provisions for liabilities and charges</b>	14	-	(57)
<b>Net assets</b>		7,807	2,663
<b>Capital and reserves</b>			
Called up share capital	15	8,779	8,779
Profit and loss account (deficit)	16	(972)	(6,116)
<b>Equity shareholders' funds</b>	17	7,807	2,663

The financial statements on pages 4 to 15 were approved by the board of directors on 21 August 2003 and were signed on their behalf by:



**H Hoogeveen**  
Director



**Notes to the financial statements for the year ended 31 December 2002****1 Accounting policies**

These financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards in the United Kingdom.

**Basis of accounting**

The financial statements are prepared on a going concern basis as the ultimate parent company, Randstad Holding n.v., has indicated that it will continue to provide financial support to enable the company to meet its liabilities as they fall due for a period of at least 12 months from the date of signing the financial statements.

**New accounting standard**

FRS 19 (Deferred Tax) has been adopted in the current year. This did not result in any changes being made to the deferred taxation provided in the financial statements since the recoverability of the unrecognised deferred tax assets could not be foreseen with certainty as in the prior year (see note 13).

**Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less the estimated residual value of each asset, on a straight line basis over its expected useful life, as follows:

Short term leasehold properties	over the term of the lease
Fixtures, fittings and equipment	over 3 to 10 years

**Fixed asset investments**

Fixed asset investments are stated at cost less provision for impairment.

**Deferred taxation**

Provision is made for deferred taxation, using the full provision method, on all material timing differences. Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

**Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

**Pensions contributions**

The company makes contributions on behalf of certain employees to a defined benefit pension scheme operated by its former parent undertaking, Securicor Plc. The contributions paid by the company into such defined benefit pension schemes are accounted for as a defined contribution scheme as the company is unable to identify its share of the underlying assets and liabilities in the scheme.

**Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Revenue and expenditure items are translated at the average rate of exchange for the month in which the transaction takes place. Foreign exchange differences are taken to the profit and loss account in the period in which they arise.

**Turnover**

Turnover represents the invoiced value of services rendered during the year excluding value added tax.

**Related party transactions**

Transactions between the company and other group companies, including their associates and joint ventures, have not been disclosed in accordance with the exemption in FRS 8 paragraph 3(c).

**Cash flow statement**

The company has taken advantage of the exemption for subsidiary companies under the terms of Financial Reporting Standard 1, as its ultimate parent company prepares consolidated financial statements which are publicly available. Accordingly, a cash flow statement has not been included in these financial statements.

**2 Turnover and profit/(loss) on ordinary activities before taxation**

The company's turnover and profit/(loss) on ordinary activities before taxation were all derived from its principal activity, arising in the United Kingdom.

**3 Interest payable and similar charges**

	Year ended 31 December 2002 £'000	15 month period ended 31 December 2001 £'000
Interest payable on group loans	-	212
Interest payable on bank overdraft	-	114
	-	326

#### 4 Profit/(loss) on ordinary activities before taxation

	Year ended 31 December 2002 £'000	15 month period ended 31 December 2001 £'000
<b>Profit/(loss) on ordinary activities before taxation is stated after charging:</b>		
Wages and salaries	-	9,289
Social security costs	-	932
Pension costs	-	207
<b>Staff costs</b>	-	<b>10,428</b>
Depreciation charge on tangible owned fixed assets:	-	1,553
Auditors' remuneration:		
Audit services	-	34
Non-audit services	-	10
Operating lease charges:		
- other	-	1,432

#### 5 Employees

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

	Year ended 31 December 2002	15 month period ended 31 December 2001
Operations	-	241
Sales	-	37
Administration	-	53
	-	331

#### 6 Directors' emoluments

	Year ended 31 December 2002 £'000	15 month period ended 31 December 2001 £'000
Aggregate emoluments	-	346
Compensation for loss of office	-	197

No retirement benefits are accruing to directors (2001: one) under a defined benefit scheme.

<b>Highest paid director</b>		
Aggregate emoluments	-	117
Compensation for loss of office	-	45
Defined benefit pension scheme:		
Accrued pension at year end	-	34

## 7 Exceptional administrative expenses

Exceptional items were charged to the profit and loss account during 2001 in relation to additional costs incurred following the acquisition of the company by Randstad UK Holding Limited. After acquisition the decision was made to integrate the Securicor Recruitment Services business with Randstad Employment Bureau Limited and as a result various fixed assets were no longer required and certain staff were made redundant. A breakdown of the costs incurred is as follows:

	Year ended 31 December 2002 £'000	15 month period ended 31 December 2001 £'000
Fixed asset write-off	-	710
Redundancies	-	447
Property exit costs and onerous lease provisions	-	144
Computer system integration	-	289
Costs related to re-branding as Randstad	-	274
	-	1,864

## 8 Tax on profit/(loss) on ordinary activities

	Year ended 31 December 2002 £'000	15 month period ended 31 December 2001 £'000
<b>Tax (credit)/charge on the profit/(loss) for the period</b>		
Current UK corporation tax at 30% (2001: 30%)	-	(115)
Adjustment in respect of UK corporation tax of prior periods		
- current	-	(221)
- deferred	-	(3)
Taxation charge/(credit)	-	(339)

The tax credited for the year is lower than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	Year ended 31 December 2002 £'000	15 month period ended 31 December 2001 £'000
Profit/(loss) on ordinary activities before tax	5,144	(1,645)
Profit/(loss) on ordinary activities multiplied by standard rate in the UK 30% (2001: 30%)	1,543	(494)
Effects of:		
Expenses not deductible for tax purposes	-	123
Gains not subject to taxation	1,543	-
Accelerated capital allowances	-	290
Other timing differences	-	(34)
Adjustment to tax charge in respect of prior period	-	(221)
Current tax credit for the year	-	(336)

## 9 Tangible fixed assets

	Short term leasehold properties £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2002	760	2,340	3,100
Disposal to fellow group undertaking (see note 18)	(760)	(2,340)	(3,100)
<b>At 31 December 2002</b>	-	-	-
<b>Accumulated depreciation</b>			
At 1 January 2002	350	1,958	2,308
Disposal to fellow group undertaking (see note 18)	(350)	(1,958)	(2,308)
<b>At 31 December 2002</b>	-	-	-
<b>Net book amount</b>			
<b>At 31 December 2002</b>	-	-	-
At 31 December 2001	410	382	792

## 10 Fixed asset investments

	Investment in subsidiaries £'000
<b>Cost</b>	
At 1 January 2001 and 31 December 2002	1,945
<b>Amounts written off</b>	
At 1 January 2001 and 31 December 2002	(1,945)
<b>Net book amount at 31 December 2001 and 2002</b>	-

Details of the subsidiary companies are as follows:

Name of company and country of incorporation	Nature of business	Class of shares held	Proportion of class held Direct	Indirect
Pinpoint Employment Agency Limited				
Great Britain	Dormant	Ordinary	100%	-
Roundpeg Management Services Limited				
Great Britain	Dormant	Ordinary	-	100%
Securicor Recruitment Services Contracts Limited				
Great Britain	Dormant	Ordinary	100%	-

## 11 Debtors

	2002 £'000	2001 (restated) £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	-	9,868
Amounts owed by group undertakings	-	19
Corporation tax recoverable	-	219
Other debtors	-	66
Prepayments and accrued income	-	391
	-	10,563
<b>Amounts falling due after one year:</b>		
Amounts owed by group undertakings	7,807	-
<b>Total debtors</b>	<b>7,807</b>	<b>10,563</b>

**12 Creditors – Amounts falling due within one year**

	2002 £'000	2001 £'000
Bank overdraft	-	4,364
Trade creditors	-	242
Amounts owed to group undertakings	-	1,716
Other taxation and social security costs	-	1,615
Other creditors	-	16
Accruals and deferred income	-	690
	-	8,643

**13 Deferred taxation**

Deferred taxation recognised in the financial statements and the amount not recognised of the total potential asset are as follows:

	Amount recognised		Amount not recognised	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Tax effect of timing differences due to:				
Excess of depreciation over capital allowances	-	-	-	(375)
Other	-	-	-	(28)
	-	-	-	(403)

**14 Provision for liabilities and charges**

	Onerous lease provision £'000
Balance at 1 January 2002	57
Transferred to group company	(57)
<b>Balance at 31 December 2002</b>	-

The onerous lease provision arises from the requirements of FRS12 to provide for future lease costs on vacant premises. The provision was transferred to another group company, Randstad Employment Bureau Limited on 1 January 2002 (see note 18).

## 15 Called up share capital

	2002 £'000	2001 £'000
<b>Authorised</b>		
22,948,000 ordinary shares of £1 each	22,948	22,948
<b>Allotted issued and fully paid</b>		
8,779,200 ordinary shares of £1 each	8,779	8,779

## 16 Profit and loss account

	£'000
At 1 January 2002 (deficit) as previously reported	(5,598)
Prior year adjustment (see below)	(518)
At 1 January 2002 as restated	(6,116)
Profit for the year	5,144
<b>At 31 December 2002 (deficit)</b>	<b>(972)</b>

### Prior year adjustment

The prior year adjustment relates to a provision of £518,000 against an amount due from subsidiary undertakings, which is not recoverable. This provision was omitted from the financial statements for the period ended 31 December 2001 and the year ended 30 September 2000.

The prior year adjustment has resulted in a reduction in shareholders funds of £518,000 at 1 October 2000 and at 31 December 2001. It has not had any effect on the prior period results.

## 17 Reconciliation of movements in shareholders' funds

	Year ended 31 December 2002 £'000	15 month period ended 31 December 2001 (restated) £'000
Profit/(loss) for the period	5,144	(1,306)
Opening Shareholders' funds	2,663	3,969
<b>Closing Shareholders' funds</b>	<b>7,807</b>	<b>2,663</b>



## 18 Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2002		2001	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Expiring within one year	-	-	38	39
Expiring between two to five years	-	-	428	261
Expiring after five years	-	-	104	-
	-	-	570	300

## 19 Disposals

On 1 January 2002, the entire trade, assets and liabilities of the company were transferred to another group company, Randstad Employment Bureau Limited for a consideration of £7,807,000. The consideration was left outstanding on the intercompany account.

The book values of the assets and liabilities disposed of were:

	£'000
Tangible fixed assets	792
Debtors	10,563
Cash	8
Creditors	(8,643)
Provisions for liabilities and charges	(57)
<b>Net assets sold</b>	<b>2,663</b>
<b>Consideration</b>	<b>7,807</b>
Profit on sale	5,144

## 20 Ultimate and immediate parent company and controlling parties

The directors regard Randstad Holding nv, a company incorporated in Holland and Randstad UK Holding Limited, as the ultimate and immediate parent companies respectively and the ultimate and immediate controlling parties, respectively. According to the register kept by the company, Randstad UK Holding Limited has a 100% interest in the equity capital of Securicor Recruitment Services Limited at 31 December 2002. Copies of the ultimate parent company's consolidated financial statements can be obtained from the Company Secretary, Randstad Holding nv, Diemermer 25, Diemen, The Netherlands.