

Securicor Recruitment Services Limited

FINANCIAL STATEMENTS

for the year ended

30 September 2000



Securicor Recruitment Services Limited

DIRECTORS AND OFFICERS

DIRECTORS

N Buckles
I Cowden
T L Dighton
A J Hanscomb
P Loughlin
F O 'Toole
W Seal

SECRETARY

A P Munson

COMPANY NUMBER

700215 (England and Wales)

REGISTERED OFFICE

Sutton Park House
15 Carshalton Road
Sutton
Surrey
SM1 4LD

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London
WC1B 3ST

Securicor Recruitment Services Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Securicor Recruitment Services Limited for the year ended 30 September 2000.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors consider that the company's state of affairs is satisfactory and that future results will be of a similar nature. Market trends for the recruitment industry are good, notwithstanding the Government's legislative programme, which has seen the introduction of holiday pay entitlements for temporary staff and other measures aimed at increasing their employment rights.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation is shown in the profit and loss account on page 6. The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office since 1 October 1999:-

N Buckles	
D G Cowden	(Resigned 1 December 2000)
I Cowden	
T L Dighton	
A J Hanscomb	
P Higgins	(Resigned 30 September 2000)
P Loughlin	(Appointed 3 November 2000)
F O'Toole	
A Peacock	(Resigned 31 March 2000)
W Seal	(Appointed 3 November 2000)
K J Youngman	(Resigned 3 November 2000)

Securicor Recruitment Services Limited

DIRECTORS' REPORT

DIRECTORS' SHARE OPTIONS

No director, who is not also a holding company director, had any interest in the share capital of the company or its ultimate parent company, Securicor plc, other than stated below.

1. OVER SHARES OF SECURICOR (1996) PLC

	Option	At 30.9.99	Option Price	Exercised Date	Exercised	Market value at exercise	Gain before tax
D G Cowden	A	57,140	245p	8.11.99	12,240	614p	45,166
				9.11.99	44,900	612p	164,783
	B	27,250	280p	9.11.99	27,250	612p	90,470
	C	21,000	441.5p	9.11.99	21,000	612p	35,805
	E	4,974	196p	1.10.99	4,974	591p	19,647
I L E Cowden	A	25,510	245p	8.11.99	12,240	614p	45,166
				9.11.99	13,270	612p	48,701
	B	13,390	280p	9.11.99	13,390	612p	44,455
	C	9,200	441.5p	9.11.99	9,200	612p	15,686
	E	4,974	196p	1.10.99	4,974	591p	19,647
A J Hanscomb	A	9,480	245p	8.11.99	9,480	614p	34,981
	B	6,070	280p	9.11.99	6,070	612p	20,152
	C	4,750	441.5p	9.11.99	4,750	612p	8,099
	E	397	196p	1.10.99	397	591p	1,568
	F	870	224p	Rolled over (see below)			
	G	330	354p	Rolled over (see below)			
F O'Toole	A	27,040	245p	8.11.99	12,240	614p	45,166
				9.11.99	14,800	612p	54,316
	B	13,480	280p	9.11.99	13,480	612p	44,754
	C	8,930	441.5p	9.11.99	8,930	612p	15,226
	E	1,591	196p	1.10.99	1,591	591p	6,284
	G	881	354p	Rolled over (see below)			
K J Youngman	C	6,220	441.5p	9.11.99	6,220	612p	10,605
T L Dighton	A	33,670	245p	8.11.99	12,240	614p	45,166
				9.11.99	21,430	612p	78,648
	B	18,290	280p	9.11.99	18,290	612p	60,723
	C	14,490	441.5p	9.11.99	14,490	612p	24,705
	F	4,352	224p	Rolled over (see below)			

Option A - Executive Share Option Scheme, normally exercisable between June 1999 and June 2006.

Option B - Executive Share Option Scheme, normally exercisable between June 2000 and June 2007.

Option C - Executive Share Option Scheme, normally exercisable between June 2001 and June 2008.

Option E - Sharesave Scheme, exercisable between October 1999 and March 2000.

Option F - Sharesave Scheme, exercisable between October 2000 and March 2001.

Option G - Sharesave Scheme, exercisable between October 2001 and March 2002.

Securicor Recruitment Services Limited

DIRECTORS' REPORT

1. OVER SHARES OF SECURICOR (1996) PLC (continued)

Mr Dighton rolled over option F above as follows:

- Option F - converted into an option over 17,794 shares in Securicor plc at 54.79p per share.

Mr Hanscomb rolled over options F and G above as follows:

- Option F - converted into an option over 3,557 shares in Securicor plc at 54.79p per share
- Option G - converted into an option over 1,349 shares in Securicor plc at 86.58p per share.

Mr O'Toole rolled over option G above as follows:

- Option G - converted into an option over 3,602 shares in Securicor plc at 86.58p per share.

Save for those rolled over, all the above options were exercised between 1 October 1999 and 9 November 1999. The total gain from share options made by the directors under the Scheme of Arrangement relating to the disposal of the group's interest in BT Cellnet and from the maturity of the 1996 Sharesave issue is shown above.

The market place of the ordinary shares at 30 September 2000 was 140p. Due to the Scheme of Arrangement in November 1999 there is no equivalent price for 30 September 1999. The market price of the ordinary shares at 11 November 1999 (their first day of listing) was 149.375p.

The highest and lowest market prices of an ordinary share during the period 11 November 1999 and 30 September 2000 were 189.0p and 116.75p respectively.

2. OVER SHARES OF SECURICOR PLC

	Option	Option price	At 11.11.99	Granted during year	Outstanding at 30.9.00
D G Cowden	E	107p	-	9,053	9,053
I L E Cowden	C	164p	-	50,000	50,000
	D	133.75p	-	30,000	30,000
A J Hanscomb	E	107p	-	9,053	9,053
	C	164p	-	20,000	20,000
	D	133.75p	-	10,000	10,000
	E	107p	-	7,242	7,242
	H	54.79p	3,557	-	3,557
	I	86.58p	1,349	-	1,349
T L Dighton	C	164p	-	55,000	55,000
	D	133.75p	-	40,000	40,000
	E	107p	-	9,053	9,053
	H	54.79p	17,794	-	17,794
F O'Toole	C	164p	-	50,000	50,000
	D	133.75p	-	30,000	30,000
	E	107p	-	6,156	6,156
	I	86.58p	3,602	-	3,602

Securicor Recruitment Services Limited

DIRECTORS' REPORT

Further details in respect of Share Option Schemes are disclosed in the financial statements of the ultimate holding company.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

	At 30.9.00	At 11.11.99	At 30.9.00 (Shares in Securicor (1996) plc)
D G Cowden	110,484	110,484	-
T L Dighton	66,450	66,450	-
I L E Cowden	57,825	57,825	-
F O'Toole	49,450	49,450	-

FIXED ASSETS

Changes in fixed assets during the year are shown in notes 7 and 8 to the financial statements.

PAYMENT OF SUPPLIERS

It is the group's policy to pay suppliers in accordance with the payment terms negotiated with them. Thus prompt payment is normally made to those suppliers meeting their obligations.

TAX STATUS

The directors consider that the company is not a close company as defined by the Income and Corporation Taxes Act 1988.

INTRODUCTION OF THE EURO

The directors have considered the likely impact of the Euro and believe it to be very slight in the forthcoming year.

AUDITORS

In accordance with section 386, Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. Accordingly, Baker Tilly, Chartered Accountants, are deemed to be re-appointed for the succeeding financial year.

By order of the board



A P Munson

Secretary

8 December 2000

Securicor Recruitment Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires 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, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 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.

AUDITORS' REPORT TO THE MEMBERS OF SECURICOR RECRUITMENT SERVICES LIMITED

We have audited the financial statements on pages 8 to 17.

Respective responsibilities of directors and auditors

As described on page 6 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 of 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 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London
WC1B 3ST

8 December 2000

Securicor Recruitment Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 2000

	<i>Notes</i>	2000 £	1999 £
TURNOVER	1	72,278,693	69,202,616
Cost of Sales		57,271,860	55,081,597
Gross profit		15,006,833	14,121,019
Administration expenses		13,307,975	12,800,880
OPERATING PROFIT		1,698,858	1,320,139
Interest payable	2	301,868	272,841
Development expenditure written off	6	-	1,996,870
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,396,990	(949,572)
Taxation	5	426,000	345,000
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	14	970,990	(1,294,572)

The operating profit for the year arises from the company's continuing operations.

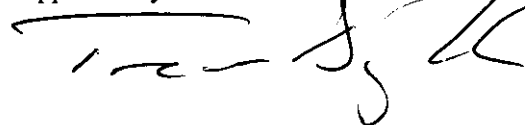
Securicor Recruitment Services Limited

BALANCE SHEET

30 September 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	7	1,799,444	1,113,518
Investments	8	-	-
		<u>1,799,444</u>	<u>1,113,518</u>
CURRENT ASSETS			
Debtors	9	11,445,213	13,116,610
Cash at bank and in hand		6,550	7,844
		<u>11,451,763</u>	<u>13,124,454</u>
CREDITORS: Amounts falling due within one year	10	8,660,692	10,568,168
		<u>2,791,071</u>	<u>2,556,286</u>
NET CURRENT ASSETS			
		<u>4,590,515</u>	<u>3,669,804</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
PROVISION FOR LIABILITIES AND CHARGES	11	103,342	153,621
		<u>4,487,173</u>	<u>3,516,183</u>
CAPITAL AND RESERVES			
Called up share capital	12	8,779,200	8,779,200
Profit and loss account	14	(4,292,027)	(5,263,017)
SHAREHOLDERS' FUNDS	16	<u>4,487,173</u>	<u>3,516,183</u>

Approved by the board on 8 December 2000



Director

Director

Securicor Recruitment Services Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 (FRS1) and has not produced a cash flow statement.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly 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

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other 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 company is included in the Securicor Group defined benefit pension schemes. The contributions to the scheme are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the employees' working lives with the Group.

TURNOVER

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

GOODWILL

Purchased goodwill is written off to reserves in the year of acquisition.

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2000

1. 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.

2. INTEREST PAYABLE

	2000 £	1999 £
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Loans with parent company	237,522	272,841
Bank interest	64,346	-

	301,868	272,841
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3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £	1999 £
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Profit/(Loss) on ordinary activities before taxation is stated after charging:
Depreciation and amounts written off tangible fixed assets:

Owned Assets	567,947	549,202
Operating lease rentals:		
Land and buildings	-	631,970
Auditors' remuneration	22,000	18,000

4. EMPLOYEES

	2000 No.	1999 No.
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The average monthly number of persons (including directors) employed by the company during the year was:

Operations	193	215
Sales	76	52
Administration	34	54

	303	321
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	2000 £	1999 £
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Staff costs for the above persons:

Wages and salaries	7,151,024	7,067,335
Social security costs	702,227	679,258
Other pension costs	139,364	98,737

	7,992,615	7,845,330
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Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2000

4. EMPLOYEES (*continued*)

The company's share of the costs of the Securicor Group's defined benefit pension scheme amounted to £139,364 (1999: £98,737).

The defined benefit scheme pension costs are assessed on the advice of the independent qualified actuaries using the projected unit credit method. The most recent actuarial valuation was 5 April 1997. The assets of the schemes are held in separate trustee administered funds.

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

DIRECTORS' REMUNERATION	2000 £	1999 £
Aggregate Emoluments	458,126	528,975
Compensation for loss of office	30,000	90,000
	<u>488,126</u>	<u>618,975</u>
Highest paid director: Aggregate Emoluments	149,060	129,976
	<u>11,116</u>	<u>-</u>
Accrued pension at year end		
	<u>11,116</u>	<u>-</u>

5. TAXATION	2000 £	1999 £
Based on the profit for the year: UK Corporation tax at 32% (1999: 32%)	426,000	345,000
	<u>426,000</u>	<u>345,000</u>

6. EXCEPTIONAL ITEM

In 1999, the company wrote off its investment in Pinpoint Employment Limited, Executive 2000 Search and Selection Limited and Teamwork agency.

Pinpoint Employment Agency	1,903,670
Executive Search and Selection	41,346
Teamwork	93,200
Inter-Company Balance Written Off	(41,346)
	<u>1,996,870</u>

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2000

7. TANGIBLE FIXED ASSETS

	<i>Short-term leasehold properties £</i>	<i>Fixtures, fittings and equipment £</i>	<i>Total £</i>
Cost or valuation			
1 October 1999	611,213	1,898,057	2,509,270
Additions	254,151	999,722	1,253,873
Disposals	(120,850)	(267,094)	(387,944)
	<hr/>	<hr/>	<hr/>
30 September 2000	744,514	2,630,685	3,375,199
	<hr/>	<hr/>	<hr/>
Depreciation			
1 October 1999	391,928	1,003,824	1,395,752
Charged in the year	118,794	449,153	567,947
Disposals	(120,850)	(267,094)	(387,944)
	<hr/>	<hr/>	<hr/>
30 September 2000	389,872	1,185,883	1,575,755
	<hr/>	<hr/>	<hr/>
Net book value			
30 September 2000	354,642	1,444,802	1,799,444
	<hr/>	<hr/>	<hr/>
30 September 1999	219,285	894,233	1,113,518
	<hr/>	<hr/>	<hr/>

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2000

8.	FIXED ASSET INVESTMENTS	£
	Cost:	
	At 1 October 1999 and 30 September 2000	1,945,016
	Provision:	
	Amount written off in earlier years	(1,945,016)
		<hr/>
	At 30 September 2000	Nil
		<hr/>

Details of group undertakings at 30 September 2000:

<i>Name of Company</i>	<i>Nature of business</i>	<i>Class of shares held</i>	<i>Proportion of class held</i>	<i>Capital and reserves at year end</i>	<i>Result in year</i>
Executive 2000 Search and Selection Limited	Dormant	Ordinary	100%	£47,849	£Nil
Pinpoint Employment Agency Limited	Dormant	Ordinary	100%	£(426,408)	£Nil

Executive 2000 Search and Selection Limited has a financial year end 30 September 2000 and is registered in England and Wales.

Pinpoint Employment Agency Limited has a financial year end 30 September 2000. It is a company registered in England and Wales.

The company has relied on the exemption under s228 Companies Act 1985 from preparing group accounts as the company itself is a subsidiary undertaking of Securicor plc a company registered in England and Wales.

9.	DEBTORS	2000	1999
		£	£
	Due within one year		
	Trade debtors	9,877,750	10,512,760
	Amounts owed by parent company and fellow subsidiary undertakings	1,126,907	972,886
	Other debtors	63,980	67,878
	Prepayments and accrued income	376,576	1,563,086
		<hr/>	<hr/>
		11,445,213	13,116,610
		<hr/>	<hr/>

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2000

10.	CREDITORS: Amounts falling due within one year	2000 £	1999 £
	Bank overdraft	1,389,225	1,499,259
	Trade creditors	799,308	309,789
	Amounts owed to parent company and fellow subsidiary undertakings	2,102,841	3,113,207
	Taxation and social security costs	3,267,342	3,483,951
	Corporation tax	359,021	282,766
	Other creditors	36,654	176,536
	Accruals and deferred income	706,301	1,702,660
		<u>8,660,692</u>	<u>10,568,168</u>

11.	PROVISION FOR LIABILITIES AND CHARGES	Property provision
	Balance at 1 October 1999	153,621
	Transfer from profit and loss account	-
	Paid during the year	(50,279)
	Balance at 30 September 2000	<u>103,342</u>

The property provision arises from the requirements of FRS12 to include provision contracts on vacant premises.

12.	SHARE CAPITAL	2000 £	1999 £
	Authorised 22,948,000 ordinary shares of £1 each	22,948,000	22,948,000
	Allotted, issued and fully paid 8,779,200 ordinary share of £1 each	<u>8,779,200</u>	<u>8,779,200</u>

13. ULTIMATE HOLDING COMPANY

At 30 September 2000 the ultimate holding company was Securicor plc which is registered in England and Wales. Copies of the group accounts for Securicor plc can be obtained from Sutton Park House, 15 Carshalton Road, Sutton, Surrey, SM1 4LD.

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2000

	2000	1999
	£	£
14. PROFIT AND LOSS ACCOUNT		
Balance at 1 October 1999 as previously reported	(5,263,017)	(3,878,594)
Prior year adjustment	-	(89,851)
	<hr/>	<hr/>
As restated	(5,263,017)	(3,968,445)
Profit for the financial year	970,990	(1,294,572)
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Balance at 30 September 2000	(4,292,027)	(5,263,017)
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This is in respect of property provisions made under the requirement of FRS12 to include for onerous contracts on vacant premises. A provision of £118,851 was made. The tax effect is to produce a tax credit of £29,000.

15. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000	1999
	£	£
Land and buildings		
expiring in the first year	48,000	174,090
expiring in the second to fifth year	302,000	165,019
expiring after five years	149,000	292,681
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	499,000	631,790
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16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit/(Loss) for the year as restated	970,990	(1,294,572)
Share Capital issued	-	7,948,000
	<hr/>	<hr/>
Net addition to shareholders' funds	970,990	6,653,428
Opening shareholders' funds as restated	3,516,183	(3,137,245)
	<hr/>	<hr/>
Closing shareholders' funds	4,487,173	3,516,183
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Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2000

17.	CAPITAL COMMITMENTS	2000 £	1999 £
	Amounts authorised and contracted for	Nil	Nil
		<u> </u>	<u> </u>

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by FRS 8 in not disclosing transactions with other group companies.