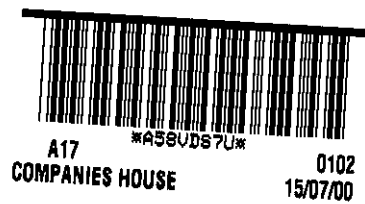


Securicor Recruitment Services Limited

FINANCIAL STATEMENTS

for the year ended

30 September 1999



Company Registration No. 700215

Securicor Recruitment Services Limited

DIRECTORS AND OFFICERS

DIRECTORS

N Buckles
D G Cowden
I Cowden
T L Dighton
A J Hanscomb
P Higgins
F O'Toole
A Peacock
K J Youngman

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 1999.

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.

During the year the Company converted £7.9m of Long Term Loans into Share Capital in order to strengthen its capital structure.

RESULTS AND DIVIDENDS

The trading loss 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 1998:-

N Buckles	(Appointed 29 th April, 1999)
R J R Benson	(Resigned 9 th July, 1999)
D G Cowden	
I Cowden	
T L Dighton	
A J Hanscomb	
P Higgins	(Appointed 30 th July, 1999)
C N Leonard	(Resigned 1 st April, 1999)
H W McKay	(Resigned 6 th April, 1999)
F O'Toole	(Appointed 1 st April, 1999)
A Peacock	(Appointed 1 st July, 1999)
E V Robinson	(Resigned 30 th June, 1999)
I Roots	(Resigned 30 th July, 1999)
K J Youngman	

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

Apart from options over ordinary shares in Securicor (1996) plc, no director other than parent company directors had any interest in the share capital of the company or its parent company, Securicor (1996) plc, other than as follows:

	<i>Ordinary shares of 5p each</i>	
	30.9.99	30.9.98
I Cowden	4,751	4,751

Securicor Recruitment Services Limited

DIRECTORS' REPORT

FIXED ASSETS

Changes in fixed assets during the year are shown in notes 6 to 8 to the financial statements. During the year significant expenditure was incurred upgrading the company's main operating and finance software, and installing new servers and PCs to provide a better IT and communication infrastructure.

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.

YEAR 2000

A centrally managed programme was undertaken to address the impact on the business of the Year 2000. The company's operating systems passed through the millennium without mishap.

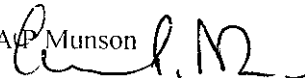
INTRODUCTION OF THE EURO

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

AJP Munson 

Secretary

10 January 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 6 to 15.

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 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 1999 and of its loss 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

10 January 2000

Securicor Recruitment Services Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 September 1999

			As restated
	Notes	1999 £	1998 £
TURNOVER	1	69,202,616	69,659,209
Cost of Sales		55,081,597	55,944,162
Gross profit		14,121,019	13,715,047
Administration expenses		12,800,880	11,665,026
OPERATING PROFIT		1,320,139	2,050,021
Interest payable	2	272,841	289,975
Exceptional items	6	1,996,870	
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(949,572)	1,760,046
Taxation	5	345,000	126,000
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	14	(1,294,572)	1,663,046

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

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no material difference between reported profits shown above and the profit for the relevant periods restated in a historical cost basis.

Securicor Recruitment Services Limited

BALANCE SHEET

30 September 1999

		As restated	
	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	7	1,113,518	885,162
Investments	8	- 1,945,016	
		<u>1,113,518</u>	<u>2,830,178</u>
CURRENT ASSETS			
Debtors	9	13,116,610	12,389,882
Cash at bank and in hand		7,844	8,604
		<u>13,124,454</u>	<u>12,398,486</u>
CREDITORS: Amounts falling due within one year	10	10,568,168	10,299,058
NET CURRENT ASSETS		<u>2,556,286</u>	<u>2,099,428</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,669,804	4,929,606
CREDITORS: Amounts falling due after more than one year	11	- 7,948,000	
PROVISION FOR LIABILITIES AND CHARGES	12	153,621	118,851
		<u>3,516,183</u>	<u>(3,137,245)</u>
CAPITAL AND RESERVES			
Called up share capital	13	8,779,200	831,200
Profit and loss account	15	(5,263,017)	(3,968,445)
SHAREHOLDERS' FUNDS	17	<u>3,516,183</u>	<u>(3,137,245)</u>

Approved by the board on 10 January 2000

..... *K. J. O'Connell* Director
 *K. J. O'Connell* 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 1999

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

	1999 £	1998 £
--	-----------	-----------

Loans with parent company	272,841	289,975
	<u>272,841</u>	<u>289,975</u>

3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £	1998 £
--	-----------	-----------

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

Owned Assets	549,202	364,320
--------------	---------	---------

Operating lease rentals:		
Land and buildings	631,970	896,915

Auditors' remuneration	18,000	17,000
------------------------	--------	--------

4. EMPLOYEES

	1999 No.	1998 No.
--	-------------	-------------

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

Operations	215	199
Sales	52	55
Administration	54	49
	<u>321</u>	<u>303</u>

	1999 £	1998 £
--	-----------	-----------

Staff costs for the above persons:

Wages and salaries	7,067,335	6,509,835
Social security costs	679,258	694,226
Other pension costs	98,737	123,127

	<u>7,845,330</u>	<u>7,327,188</u>
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Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

4. EMPLOYEES (*continued*)

The company's share of the costs of the Securicor Group's defined benefit pension scheme amounted to £ 98,737 (1998: £123,127).

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 6 April 1995. 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	1999 £	1998 £
Aggregate Emoluments	528,975	327,944
Compensation for loss of office	90,000	-
	<u>618,975</u>	<u>327,944</u>

Highest paid director: Aggregate Emoluments	129,976	102,072
Accrued pension at year end	<u>-</u>	<u>4,922</u>

5. TAXATION	1999 £	1998 £
Based on the profit for the year: UK Corporation tax at 32% (1998: 32%)	345,000	97,000
	<u>345,000</u>	<u>97,000</u>

6. EXCEPTIONAL ITEMS

During the year the Company has written off it's investment in both Pinpoint Employment Agency Limited and Executive 2000 Search and Selection Limited and the final balance of it's acquisition of the contracts of the Teamwork agency.

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

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 1999

7. TANGIBLE FIXED ASSETS

	<i>Short-term leasehold properties</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Total</i> £
Cost or valuation			
1 October 1998	529,207	1,225,064	1,754,271
Additions	104,370	672,993	777,363
Disposals	22,364	-	22,364
30 September 1999	611,213	1,898,057	2,509,270
Depreciation			
1 October 1998	312,527	556,582	869,109
Charged in the year	89,205	447,242	536,447
Disposals	9,804	-	9,804
30 September 1999	391,928	1,003,824	1,395,752
Net book value			
30 September 1999	£219,285	£894,233	£1,113,518
30 September 1998	£216,680	£668,482	£885,162

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

8.	FIXED ASSETS INVESTMENTS	£
	At 1 October 1998	1,945,016
	Amount written off	<u>(1,945,016)</u>
	At 30 September, 1999	<u><u>NIL</u></u>

Details of group undertakings at 30 September 1999:

<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>Loss in year</i>
Executive 2000 Search & Selection Limited	Dormant	Ordinary	100%	£47,849	£-
Pinpoint Employment Agency Limited	Dormant	Ordinary	100%	(£426,408)	£-

Executive 2000 Search and Selection Limited has a financial year end 30 September 1999 and is registered in England and Wales.

Pinpoint Employment Agency Limited has a financial year end 30 September 1999. 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	1999 £	1998 £
	Due within one year		
	Trade debtors	10,512,760	9,833,565
	Amounts owed by parent company and fellow subsidiary undertakings	972,886	1,209,368
	Other debtors	67,878	143,998
	Prepayments and accrued income	1,563,086	1,202,951
		<u>13,116,610</u>	<u>12,389,882</u>

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

10.	CREDITORS: Amounts falling due within one year	1999 £	1998 £
	Bank overdraft	1,499,259	1,352,301
	Trade creditors	309,789	640,475
	Amounts owed to parent company and fellow subsidiary undertakings	3,113,207	2,970,747
	Taxation and social security costs	3,483,951	3,514,868
	Corporation tax	282,766	64,425
	Other creditors	176,536	754,220
	Accruals and deferred income	1,702,660	1,002,022
		<u>10,568,168</u>	<u>10,299,058</u>

11.	CREDITORS: Amounts falling due in more than one year	1999 £	1998 £
	Interest free amounts owed to parent company	-	7,948,000
		<u>-</u>	<u>7,948,000</u>

12. PROVISION FOR LIABILITIES AND CHARGES

	Property Provision
Balance at 1 October 1998 as restated	118,851
Transfer from profit and loss account	81,780
Paid during the year	(47,010)
Balance at 30 September 1999	<u>153,621</u>

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

13.	SHARE CAPITAL	1999 £	1998 £
	Authorised		
	22,948,000 Ordinary Shares of £1 each (1998:1,000,000 shares)	22,948,000	1,000,000
		<u></u>	<u></u>
	Allotted, issued and fully paid		
	8,779,200 Ordinary Shares of £1 each (1998:831,200)	8,779,200	831,200
		<u></u>	<u></u>

14. ULTIMATE HOLDING COMPANY

At 30 September 1999 the ultimate holding company was Securicor (1996) plc which is registered in England and Wales. Copies of the group accounts for Securicor (1996) plc can be obtained from Sutton Park House, 15 Carshalton Road, Sutton, Surrey, SM1 4LD.

Under a scheme of arrangement completed in November 1999 the Securicor Group was reconstructed and the ultimate holding company became Securicor plc which is registered in England and Wales.

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

15. PROFIT AND LOSS ACCOUNT	As restated	
	1999	1998
	£	£
Balance at 1 October as previously reported	(3,878,594)	(4,296,273)
Prior year adjustment -	(89,851)	(1,335,218)
As restated	(3,968,445)	(5,631,491)
Profit for the financial year	(1,294,572)	1,663,046
Balance at 30 September 1999	(5,263,017)	(3,968,445)

This is in respect of property provisions made under the requirement of FRS12 to include provisions for onerous contracts on vacant premises. A provision of £118,851 was made. The tax effect of this is to produce a tax credit of £29,000.

16. COMMITMENTS UNDER OPERATING LEASES

At 30 September 1999 the company had annual commitments under non-cancelable operating leases as follows:

	1999	1998
	£	£
Plant and machinery:		
Expiring in the first year	-	6,219
Expiring in the second to fifth year	-	2,447
Land and buildings:		
Expiring in the first year	174,090	146,697
Expiring in the second to fifth year	165,019	90,645
Expiring after five years	292,681	383,058
	631,790	629,066

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	As restated	
	1999	1998
	£	£
(Loss)/profit for the year as restated	(1,294,572)	1,663,046
Share Capital issued	7,948,000	-
Net addition to shareholders' funds	6,653,428	1,663,046
Opening shareholders' funds as restated	(3,137,245)	(4,800,291)
Closing shareholders' funds	3,516,183	(3,137,245)

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

18.	CAPITAL COMMITMENTS	1999	1998
		£	£
	Amounts authorised and contracted for	Nil	89,000
		<u> </u>	<u> </u>

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 in not disclosing transactions with other group companies