

Securicor Recruitment Services Limited

FINANCIAL STATEMENTS

for the year ended

30 September 1997



Securicor Recruitment Services Limited

DIRECTORS AND OFFICERS

DIRECTORS

R J R Benson
D G Cowden
I Cowden
T L Dighton
A J Hanscomb
C N Leonard
H W McKay
E V Robinson
I Roots

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 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of recruitment consultancy and the provision of temporary staff.

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. Subsequent to the year end the process of integrating the operations of Pinpoint Employment Agency Limited, a wholly owned subsidiary, was commenced.

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 1996:-

| | |
|--------------|-----------------------------|
| J L Allen | (Resigned 31 December 1997) |
| I Cowden | |
| C N Leonard | |
| J J Pack | (Resigned 2 January 1998) |
| J J Ponting | (Resigned 31 January 1997) |
| R J R Benson | (Appointed 22 January 1997) |
| H W McKay | (Appointed 1 June 1997) |
| A J Hanscomb | (Appointed 1 October 1997) |
| I Roots | (Appointed 1 October 1997) |
| E V Robinson | (Appointed 1 October 1997) |
| D G Cowden | (Appointed 2 January 1998) |
| T L Dighton | (Appointed 2 January 1998) |

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

No director other than parent company directors had any interest in the share capital of the company or its parent company, Securicor plc.

The following options were granted to directors, who are not holding company directors, over ordinary shares in Securicor plc during the year.

| | Number of shares |
|-------------|---------------------|
| RJR Benson | 27,250 |
| DG Cowden | 27,250 |
| I Cowden | 13,390 |
| TL Dighton | 18,290 |
| AJ Hanscomb | 6,070 |
| CN Leonard | 19,410 |
| EV Robinson | 7,140 |
| I Roots | 8,920 |

Securicor Recruitment Services Limited

DIRECTORS' REPORT

FIXED ASSETS

The significant changes in fixed assets during the year are explained in notes 6 to 8 to the financial statements.

DEVELOPMENT EXPENDITURE

Development expenditure is dealt with in accordance with the accounting policy stated on page 9.

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.

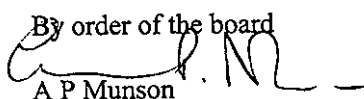
TAX STATUS

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

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



A P Munson

Secretary

9 January 1998

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 1997 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

9 January 1998

Securicor Recruitment Services Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 September 1997

| | <i>Notes</i> | 1997 £ | 1996 £ |
|---|--------------|------------|------------|
| TURNOVER | 1 | 56,559,902 | 43,355,101 |
| Cost of Sales | | 45,455,999 | 34,282,246 |
| Gross profit | | 11,103,903 | 9,072,855 |
| Administration expenses | | 10,514,097 | 8,535,285 |
| OPERATING PROFIT | | 589,806 | 537,570 |
| Interest payable | 2 | 459,361 | 233,131 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 3 | 130,445 | 304,439 |
| Taxation | 5 | 123,396 | 195,175 |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | 14 | 7,049 | 109,264 |

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

Securicor Recruitment Services Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 September 1997

| | 1997 £ | 1996 £ |
|--|-----------|-----------|
| Profit for the financial year | 7,049 | 109,264 |
| Goodwill written off | (6,400) | - |
| | <hr/> | <hr/> |
| Total recognised gains and losses relating to the year | 649 | 109,264 |
| | <hr/> | <hr/> |

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no material difference between reported profits shown on page 6 and the profit for the relevant periods restated in a historical cost basis.

RECONCILIATION OF SHAREHOLDERS' FUNDS

| | 1997 £ | 1996 £ |
|---|-------------|-------------|
| Profit for the financial year | 7,049 | 109,264 |
| Goodwill on acquisitions deducted from reserves | (6,400) | - |
| | <hr/> | <hr/> |
| Net increase in shareholders funds | 649 | 109,264 |
| Shareholders' funds at start of year | (3,465,722) | (3,574,986) |
| | <hr/> | <hr/> |
| Shareholders' funds at end of year | (3,465,073) | (3,465,722) |
| | <hr/> | <hr/> |

Securicor Recruitment Services Limited

BALANCE SHEET

30 September 1997

| | Notes | 1997 £ | 1996 £ |
|--|-------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Intangible assets | 6 | 1,252,058 | 1,171,677 |
| Tangible assets | 7 | 803,838 | 845,543 |
| Investments | 8 | 1,945,016 | 41,346 |
| | | <u>4,000,912</u> | <u>2,058,566</u> |
| CURRENT ASSETS | | | |
| Debtors | 9 | 9,876,236 | 8,446,992 |
| Cash at bank and in hand | | 241,581 | 7,705 |
| | | <u>10,117,817</u> | <u>8,454,697</u> |
| CREDITORS: Amounts falling due within one year | 10 | 9,255,802 | 5,168,767 |
| | | <u>862,015</u> | <u>3,285,930</u> |
| NET CURRENT ASSETS | | | |
| | | <u>4,862,927</u> | <u>5,344,496</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| CREDITORS: Amounts falling due after more than one year | 11 | 8,328,000 | 8,810,218 |
| | | <u>(3,465,073)</u> | <u>(3,465,722)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 12 | 831,200 | 831,200 |
| Profit and loss account | 14 | (4,296,273) | (4,296,922) |
| SHAREHOLDERS' FUNDS | 17 | <u>(3,465,073)</u> | <u>(3,465,722)</u> |

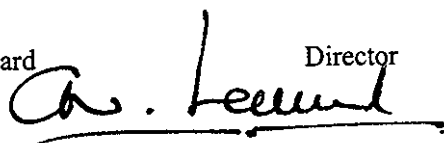
Approved by the board on 9 January 1998

D Cowden

Director

C Leonard

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.

DEVELOPMENT EXPENDITURE

Development expenditure represents expenditure, mainly of a revenue nature, incurred in establishing new branches. Development expenditure is amortised over a period of up to 5 years commencing in the year after that in which the costs have been incurred.

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 1997

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 | 1997 £ | 1996 £ |
|---|-----------|-----------|
| Loans and overdrafts wholly repayable within 5 years other than by installments | 34,201 | 59,889 |
| Loans with parent company | 425,160 | 173,242 |
| | <hr/> | <hr/> |
| | 459,361 | 233,131 |
| | <hr/> | <hr/> |

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

| | | |
|-----------------------------------|---------|---------|
| Charge for the year: | | |
| owned assets | 344,417 | 310,964 |
| amortisation on intangible assets | 286,536 | 226,070 |
| Operating lease rentals: | | |
| Plant and machinery | 10,761 | 17,738 |
| Land and buildings | 792,473 | 649,258 |
| Auditors' remuneration | 15,000 | 14,000 |
| | <hr/> | <hr/> |

4. EMPLOYEES

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

| | | |
|------------------------------------|-----------|-----------|
| Management | 4 | 7 |
| Administration | 275 | 241 |
| | <hr/> | <hr/> |
| | 279 | 248 |
| | <hr/> | <hr/> |
| | 1997 £ | 1996 £ |
| Staff costs for the above persons: | | |
| Wages and salaries | 5,579,555 | 4,239,728 |
| Social security costs | 565,853 | 454,186 |
| Other pension costs | 112,820 | 75,746 |
| | <hr/> | <hr/> |
| | 6,258,228 | 4,769,660 |
| | <hr/> | <hr/> |

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

4. EMPLOYEES (*continued*)

The company's share of the costs of the Securicor Group's defined benefit pension scheme amounted to £112,820 (1996: £75,746).

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 | 1997 £ | 1996 £ |
|--|---------------|---------------|
| Aggregate Emoluments | 245,593 | 179,682 |
| Compensation for loss of office | 30,000 | - |
| | <hr/> 275,593 | <hr/> 179,682 |
| Highest paid director: Aggregate Emoluments | <hr/> 90,263 | <hr/> 83,726 |
| Accrued pension at year end | <hr/> 4,732 | <hr/> 2,236 |

5. TAXATION

| | 1997 £ | 1996 £ |
|---------------------------------------|---------------|---------------|
| Based on the profit for the year: | | |
| UK Corporation tax at 32% (1996: 33%) | 123,396 | 194,029 |
| Under provision in prior year | - | 1,146 |
| | <hr/> 123,396 | <hr/> 195,175 |

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

6. INTANGIBLE FIXED ASSETS

Development expenditure

| | |
|------------------------|-----------|
| Cost: | £ |
| At 1 October 1996 | 1,654,563 |
| Additions | 366,917 |
| At 30 September 1997 | 2,021,480 |
| Amortisation: | |
| At 1 October 1996 | 482,886 |
| Provision for the year | 286,536 |
| At 30 September 1997 | 769,422 |
| Net Book Value: | |
| At 30 September 1997 | 1,252,058 |
| At 30 September 1996 | 1,171,677 |

7. TANGIBLE FIXED ASSETS

| | <i>Short-term leasehold properties</i> £ | <i>Fixtures, fittings and equipment</i> £ | <i>Total</i> £ |
|---------------------|---|--|-------------------|
| Cost or valuation | | | |
| 1 October 1996 | 491,185 | 915,423 | 1,406,608 |
| Additions | 43,496 | 259,311 | 302,807 |
| Disposals | (18,109) | (62,636) | (80,745) |
| 30 September 1997 | 516,572 | 1,112,098 | 1,628,670 |
| Depreciation | | | |
| 1 October 1996 | 189,565 | 371,500 | 561,065 |
| Charged in the year | 91,070 | 253,347 | 344,417 |
| Disposals | (18,109) | (62,541) | (80,650) |
| 30 September 1997 | 262,526 | 562,306 | 824,832 |
| Net book value | | | |
| 30 September 1997 | 254,046 | 549,792 | 803,838 |
| 30 September 1996 | 301,620 | 543,923 | 845,543 |

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

| | | |
|----|--------------------------|------------------|
| 8. | FIXED ASSETS INVESTMENTS | £ |
| | At 1 October 1996 | 41,346 |
| | Additions | 1,903,670 |
| | At 30 September 1997 | <u>1,945,016</u> |

Details of group undertakings at 30 September 1997:

| <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 | Recruitment agency | Ordinary | 100% | £59,759 | £172,775 |

Executive 2000 Search and Selection Limited has a financial year end 30 September 1997 and is registered in England and Wales.

Pinpoint Employment Agency Limited was acquired on 4 October 1996 and has a financial year end 30 September 1997. 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 | 1997 £ | 1996 £ |
| | Due within one year | | |
| | Trade debtors | 8,301,829 | 7,368,852 |
| | Amounts owed by parent company and fellow subsidiary undertakings | 752,848 | 591,172 |
| | Other debtors | 53,817 | 47,863 |
| | Prepayments and accrued income | 767,742 | 439,105 |
| | | <u>9,876,236</u> | <u>8,446,992</u> |

Securicor Recruitment Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

| | | | |
|-----|--|-----------|-----------|
| 10. | CREDITORS: Amounts falling due within one year | 1997 £ | 1996 £ |
| | Bank loans and overdrafts | - | 338,884 |
| | Trade creditors | 277,356 | 561,977 |
| | Amounts owed to parent company and fellow subsidiary undertakings | 4,305,109 | 207,765 |
| | Taxation and social security costs | 2,875,150 | 2,640,619 |
| | Corporation tax | 115,425 | 194,030 |
| | Other creditors | 501,182 | 215,114 |
| | Accruals and deferred income | 1,181,580 | 1,010,378 |
| | | <hr/> | <hr/> |
| | | 9,255,802 | 5,168,767 |
| | | <hr/> | <hr/> |
| 11. | CREDITORS: Amounts falling due in more than one year | 1997 £ | 1996 £ |
| | Other creditors | 380,000 | - |
| | Interest free amounts owed to parent company | 7,948,000 | 5,300,000 |
| | Interest bearing amounts owed to parent company | - | 3,510,218 |
| | | <hr/> | <hr/> |
| | | 8,328,000 | 8,810,218 |
| | | <hr/> | <hr/> |
| 12. | SHARE CAPITAL | 1997 £ | 1996 £ |
| | Authorised 1,000,000 ordinary shares of £1 each | 1,000,000 | 1,000,000 |
| | | <hr/> | <hr/> |
| | Allotted, issued and fully paid 831,200 ordinary share of £1 each | 831,200 | 831,200 |
| | | <hr/> | <hr/> |

13. ULTIMATE HOLDING COMPANY

The company's ultimate parent company is Securicor plc, which is registered in England and Wales. Copies of the financial statements of 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 1997

| | 1997 £ | 1996 £ |
|--|-------------|-------------|
| 14. PROFIT AND LOSS ACCOUNT | | |
| 1 October 1996 | (4,296,922) | (4,406,186) |
| Profit for the financial year | 7,049 | 109,264 |
| Goodwill written off | (6,400) | - |
| | <hr/> | <hr/> |
| 30 September 1997 | (4,296,273) | (4,296,922) |
| | <hr/> | <hr/> |
| 15. COMMITMENTS UNDER OPERATING LEASES | | |
| At 30 September 1997 the company had annual commitments under non-cancellable operating leases as follows: | | |
| | 1997 £ | 1996 £ |
| Plant and machinery | | |
| expiring in the first year | 3,641 | 7,835 |
| expiring in the second to fifth year | 310 | 3,950 |
| Land and buildings | | |
| expiring in the first year | 243,005 | 224,093 |
| expiring in the second to fifth year | 90,645 | 80,475 |
| expiring after five years | 382,923 | 326,738 |
| | <hr/> | <hr/> |
| | 720,524 | 643,091 |
| | <hr/> | <hr/> |
| 16. GROUP SUPPORT | | |
| The parent company has confirmed its willingness to support the company up to the level of deficiency of shareholders funds shown by the balance sheet at 30 September 1997. | | |
| 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS | | |
| | 1997 £ | 1996 £ |
| Profit for the year | 7,049 | 109,264 |
| Goodwill written off | (6,400) | - |
| | <hr/> | <hr/> |
| Net addition to shareholders' funds | 649 | 109,264 |
| Opening shareholders' funds | (3,465,722) | (3,574,986) |
| | <hr/> | <hr/> |
| Closing shareholders' funds | (3,465,073) | (3,465,722) |
| | <hr/> | <hr/> |