

# Securicor Recruitment Services Limited

## FINANCIAL STATEMENTS

for the year ended

30 September 1996



# Securicor Recruitment Services Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

J L Allen  
J L Ponting  
I L E Cowden  
C N Leonard  
J J Pack

### SECRETARY

AP Munson

### 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

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The directors submit their report and the financial statements of Securicor Recruitment Services Limited for the year ended 30 September 1996.

### PRINCIPAL ACTIVITIES

The principal activities of the company are those of recruitment consultancy and the provision of temporary staff.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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.

### 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 during the year commencing 1 October 1995:

J L Allen	
I L E Cowden	Appointed 31 July 1996
P T Humphrey	Resigned 31 July 1996
C N Leonard	
H W McKay	Resigned 24 November 1995
J J Pack	Appointed 31 July 1996
J L Ponting	
C C Shirlcliffe	Resigned 31 July 1996
R S W H Wiggs	Resigned 31 July 1996

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

No director, who is not also a holding company director, had any interest in the share capital of the company or its parent company Securicor plc, other than as follows:

	Ordinary shares 1996
J L Allen	349

No comparative figures are shown for the previous year as the directors' interests were, at that time, in shares of Securicor Group plc and Security Services plc.

During the year I L E Cowden, who is not a holding company director, exercised options held over 2,000 'A' non-voting shares in Securicor Group plc.

# Securicor Recruitment Services Limited

## DIRECTORS' REPORT

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### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (*continued*)

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
I L E Cowden	25,510
C N Leonard	42,850
J J Pack	71,420
J L Ponting	18,360

### 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.

### FIXED ASSETS

The significant changes in fixed assets during the year are detailed 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.

### POST BALANCE SHEET EVENTS

On the 4th of October 1996 the company acquired 100% of the share capital of Pinpoint Employment Agency Ltd (trading as Round Peg Recruitment) a Midlands-based general employment agency. The consideration was £1.9 million.

### TAX STATUS

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

### 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 reappointed for the succeeding financial year.

By order of the board



AP Munson  
Secretary

10 January 1997

# Securicor Recruitment Services Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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, the 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.

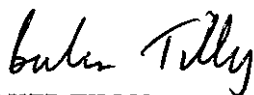
### **Basis of opinion**

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 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 30 September 1996 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

10 January 1997

# Securicor Recruitment Services Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1996

	<i>Notes</i>	1996 £	1995 £
TURNOVER	1	43,355,101	31,207,801
Cost of sales		(34,282,246)	(24,407,481)
Gross profit		<u>9,072,855</u>	<u>6,800,320</u>
Administration expenses		(8,535,285)	(6,484,578)
OPERATING PROFIT		<u>537,570</u>	<u>315,742</u>
Interest payable	2	(233,131)	(63,231)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>304,439</u>	<u>252,511</u>
Taxation	5	(195,175)	(183,732)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION, RETAINED	14	<u><u>109,264</u></u>	<u><u>68,779</u></u>

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

# Securicor Recruitment Services Limited

## BALANCE SHEET

30 September 1996

	Notes	1996 £	1995 £
<b>FIXED ASSETS</b>			
Intangible assets	6	1,171,677	873,312
Tangible assets	7	845,543	891,633
Investments	8	41,346	41,346
		<u>2,058,566</u>	<u>1,806,291</u>
<b>CURRENT ASSETS</b>			
Debtors	9	8,446,992	5,617,751
Cash at bank and in hand		7,705	83,165
		<u>8,454,697</u>	<u>5,700,916</u>
<b>CREDITORS: Amounts falling due within one year</b>	10	5,168,767	3,650,193
<b>NET CURRENT ASSETS</b>		<u>3,285,930</u>	<u>2,050,723</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,344,496	3,857,014
<b>CREDITORS: Amounts falling due after more than one year</b>	11	(8,810,218)	(7,432,000)
		<u>(3,465,722)</u>	<u>(3,574,986)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	831,200	831,200
Profit and loss account	14	(4,296,922)	(4,406,186)
<b>Shareholders' funds</b>		<u>(3,465,722)</u>	<u>(3,574,986)</u>

Approved by the board on 10 January 1997  
and signed on its behalf by

Director



Director



# Securicor Recruitment Services Limited

## FINANCIAL STATEMENTS

for the year ended 30 September 1996

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	1996 £	1995 £
Profit for the financial year		109,264	68,779
Goodwill written off	6(b)	-	(508,738)
Total recognised gains and losses relating to the year		<u>109,264</u>	<u>(439,959)</u>

### 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 on an historical cost basis.

### RECONCILIATION OF MOVEMENTS OF SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	109,264	68,779
Goodwill on acquisitions deducted from reserves	-	(508,738)
Net increase/(decrease) in shareholders' funds	<u>109,264</u>	<u>(439,959)</u>
Shareholders' funds at beginning of year	(3,574,986)	(3,135,027)
Shareholders' funds at end of year	<u>(3,465,722)</u>	<u>(3,574,986)</u>

# Securicor Recruitment Services Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

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

### TURNOVER

Turnover represents the invoiced value, net of value added tax, of services provided to customers.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost. Depreciation is calculated to write off the cost of the assets by equal annual instalments over their economic life.

Details of depreciation rates are as follows:-

Short term leasehold property	over the life of the lease
Fixtures fittings and equipment	3 to 10 years

### LEASES

Annual rentals payable under operating leases are charged to the profit and loss account, and future rental obligations are disclosed in note 15 to the accounts.

### 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.

### PENSION

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.

### DEFERRED TAXATION

Provision is made for deferred taxation at known rates of corporation tax on the excess of the book value of those assets qualifying for taxation allowances over their written down values for tax purposes, except when the tax benefit can be expected with reasonable probability to be retained for the foreseeable future.

# Securicor Recruitment Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1996

### 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

	1996 £	1995 £
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Loans and overdrafts wholly repayable within 5 years

other than by instalments

Loans with parent company

59,889

48,327

173,242

14,904

233,131

63,231

1996  
£

1995  
£

### 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

amortisation on intangible assets

Operating lease rentals:

plant and machinery

land and buildings

Auditors' remuneration

310,964

224,170

226,070

154,746

17,738

26,626

649,258

525,483

14,000

14,000

### 4 EMPLOYEES

	1996 No.	1995 No.
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The average monthly number of persons (including directors) employed by the company during the year was:

Management

Administration

7

6

241

195

248

201

1996  
£

1995  
£

Staff costs for the above persons:

Wages and salaries

Social security costs

Other pension costs

4,239,728

3,467,966

454,186

353,733

75,746

38,231

4,769,660

3,859,930

# Securicor Recruitment Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1996

### 4 EMPLOYEES (*continued*)

#### PENSIONS

The company's share of the costs of the Group's defined benefit pension scheme amounted to £75,746 (1995: £38,231).

The pension costs are assessed on the advice of independent qualified actuaries using the projected unit credit method. The most recent actuarial valuation was 5 April 1994. The assets of the scheme are held in separate trustee administered funds.

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

#### DIRECTORS' REMUNERATION

	1996 £	1995 £
Directors' emoluments (including pension contributions and benefits in kind)	179,682	161,901

The directors' fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:

	1996 £	1995 £
The Chairman	Nil	Nil
The highest paid director	83,726	73,544

The number of other directors who received emoluments (excluding pension contributions) in the following ranges was:

	1996	1995
£0 - £5,000	3	3
£20,001 - £25,000	-	1
£25,001 - £30,000	1	-
£40,001 - £45,000	1	-
£55,001 - £60,000	-	1

### 5 TAXATION

Based on the profit for the year:

	1996 £	1995 £
UK corporation tax	194,029	147,732
Under provided in earlier years	1,146	36,000
	195,175	183,732

# Securicor Recruitment Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1996

6	INTANGIBLE FIXED ASSETS			£
a)	Development expenditure			
	Cost:			
	1 October 1995			1,130,128
	Additions			524,435
	30 September 1996			1,654,563
	Amortisation:			
	1 October 1995			256,816
	Provision for the year			226,070
	30 September 1996			482,886
	Net book value			
	30 September 1996			1,171,677
	30 September 1995			873,312
b)	Purchased goodwill written off to reserves on acquisition:			
		1996	1995	
		£	£	
	Consideration and costs of acquisition	-	513,376	
	Net assets acquired	-	4,638	
		-	508,738	
7	TANGIBLE FIXED ASSETS			
		Short-term leasehold properties	Fixtures, fittings and equipment	Total
		£	£	£
	Cost:			
	1 October 1995	451,630	846,454	1,298,084
	Additions	74,572	191,272	265,844
	Disposals	(35,017)	(122,303)	(157,320)
	30 September 1996	491,185	915,423	1,406,608
	Depreciation			
	1 October 1995	132,345	274,106	406,451
	Charged in the year	92,237	218,727	310,964
	Disposals	(35,017)	(121,333)	(156,350)
	30 September 1996	189,565	371,500	561,065
	Net book value			
	31 September 1996	301,620	543,923	845,543
	30 September 1995	319,285	572,348	891,633

# Securicor Recruitment Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1996

8	FIXED ASSET INVESTMENTS	£
	1 October 1995	41,346
	Additions	-
	30 September 1996	<u>41,346</u>

Details of group undertakings at 30 September 1996:

Name of company	Nature of business	Class of shares held	Proportion of class held	Capital and reserves at year end	(Loss) in year
Executive 2000 Search and Selection Limited	Recruitment agency	Ordinary	100%	£47,849	£(10,197)

Executive 2000 Search and Selection Limited has a financial year end 30 September 1996 and is registered in England and Wales.

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

		1996 £	1995 £
9	DEBTORS		
	Due within one year:		
	Trade debtors	7,368,852	4,277,075
	Amounts owed by parent company fellow subsidiary undertakings	591,172	398,205
	Other debtors	47,863	36,214
	Prepayments and accrued income	439,105	906,257
		<u>8,446,992</u>	<u>5,617,751</u>
		1996 £	1995 £
10	CREDITORS: Amounts falling due within one year		
	Bank overdrafts and short term loans	338,884	-
	Trade creditors	561,977	577,413
	Amounts owed to parent company and fellow subsidiary undertakings	207,765	113,903
	Other taxation and social security costs	2,640,619	1,873,232
	Corporation tax	194,030	183,734
	Other creditors	215,114	139,247
	Accruals and deferred income	1,010,378	762,664
		<u>5,168,767</u>	<u>3,650,193</u>

# Securicor Recruitment Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1996

	1996 £	1995 £
11 CREDITORS: Amounts falling due in more than one year		
Interest free amounts owed to parent company	5,300,000	5,300,000
Interest bearing amounts owed to parent company	3,510,218	2,132,000
	<u>8,810,218</u>	<u>7,432,000</u>

The amounts owed to the parent company represent loans from Securicor plc which are considered to be of a long term capital nature. The interest bearing loan bears interest of 1% above the base rate.

12 SHARE CAPITAL	1996 £	1995 £
Authorised:		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted, issued and fully paid:		
831,200 ordinary shares of £1 each	<u>831,200</u>	<u>831,200</u>

### 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.

14 PROFIT AND LOSS ACCOUNT	1996 £	1995 £
1 October 1995	(4,406,186)	(3,966,227)
Profit for the year	109,264	68,779
Goodwill written off (note 6(b))	-	(508,738)
30 September 1996	<u>(4,296,922)</u>	<u>(4,406,186)</u>

# Securicor Recruitment Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1996

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### 15 COMMITMENTS UNDER OPERATING LEASES

At 30 September 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996 £	1995 £
Plant and machinery		
expiring in the first year	7,835	3,680
expiring in the second to fifth year	3,950	13,431
Land and buildings		
expiring in the first year	224,093	52,650
expiring in the second to fifth year	80,475	41,820
expiring after five years	326,738	309,229
	<u>643,091</u>	<u>420,810</u>

### 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 1996.

### 17 POST BALANCE SHEET EVENTS

On the 4th of October 1996 the company acquired 100% of the share capital of Pinpoint Employment Agency Ltd (trading as Round Peg Recruitment) a Midlands-based general employment agency. The consideration was £1.9 million.