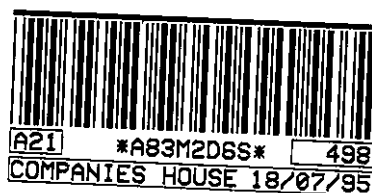


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SECURICOR RECRUITMENT SERVICES LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 1994



Baker Tilly  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

DIRECTORS AND OFFICERS

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DIRECTORS

J L Allen  
P T Humphrey  
C N Leonard  
J L Ponting  
C C Shirtcliffe  
R S W H Wiggs

SECRETARY

A P Munson

REGISTERED OFFICE

Sutton Park House  
15 Carshalton Road  
Sutton  
Surrey SM1 4LD

AUDITORS

Baker Tilly  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

**DIRECTORS' REPORT**

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The directors have pleasure in presenting their report together with the financial statements of the company for the year ended 30 September 1994.

**PRINCIPAL ACTIVITY**

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

**RESULTS**

The trading profit for the year after taxation is shown in the profit and loss account on page 6.

The directors consider that the company's state of affairs is satisfactory and that future results will be of a similar nature.

**FIXED ASSETS**

The movement in fixed assets during the year is shown in notes 6 to 9 to the financial statements.

**DEVELOPMENT EXPENDITURE**

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

**AUDITORS**

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors of the company will be submitted to the members at the Annual General Meeting.

**DIRECTORS**

The following directors have held office since 1 October 1993:-


R S W H Wiggs	
J L Allen	
P T Humphrey	
H W McKay	(resigned 24 November 1994)
C C Shirtcliffe	
R P Slee	(resigned 30 September 1994)
C N Leonard	
J L Ponting	(appointed 21 January 1994)

DIRECTORS' REPORT

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## DIRECTORS' INTERESTS IN SHARES

No director other than parent company directors had any interest in the share capital of the company or its parent company, Securicor Group Plc, other than as follows:



J L Allen

Securicor Group plc	
'A' ordinary shares	
30.09.94	01.10.93
349	349

By order of the board



A P Munson  
Secretary

24 February 1995

SECURICOR RECRUITMENT SERVICES LIMITED

Statement of directors' responsibilities in respect  
of the preparation of financial statements

Company law requires the 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 and loss 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 17.

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 of those statements and to report our opinion to you.

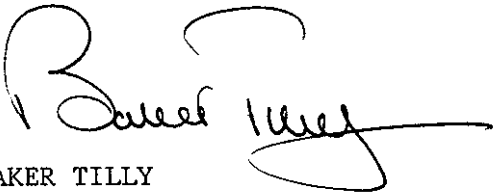
Basis of opinion

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 1994 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

24 February 1995

PROFIT AND LOSS ACCOUNT  
for the year ended 30 September 1994

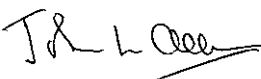
	Notes	1994	1993
TURNOVER	1	21,126,804	12,216,097
Cost of sales		16,288,554	9,345,831
Gross profit		<u>4,838,250</u>	<u>2,870,266</u>
Administration expenses		4,466,302	2,896,781
OPERATING PROFIT/(LOSS)	1	<u>371,948</u>	<u>(26,515)</u>
Interest charge	2	42,280	83,948
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>329,668</u>	<u>(110,463)</u>
Taxation	5	128,982	(37,505)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED	16	<u>£ 200,686</u>	<u>£ (72,958)</u>

BALANCE SHEET  
30 September 1994

	Notes	1994	1993
<b>FIXED ASSETS</b>			
Intangible assets	6	671,664	329,995
Tangible assets	7	616,872	334,619
Investments	9	85,688	85,688
		<u>1,374,224</u>	<u>750,302</u>
<b>CURRENT ASSETS</b>			
Debtors	10	4,126,666	3,304,084
Cash at bank and in hand		3,716	2,265
		<u>4,130,382</u>	<u>3,306,349</u>
<b>CREDITORS -</b>			
due within one year			
Bank overdrafts and short term loans		641,538	886,273
Other	11	2,793,095	1,835,815
		<u>3,434,633</u>	<u>2,722,088</u>
<b>NET CURRENT ASSETS</b>		<u>695,749</u>	<u>584,261</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>£2,069,973</u>	<u>£1,334,563</u>
<b>CREDITORS -</b>			
due after one year			
Loans	12	5,205,000	4,635,000
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	831,200	831,200
Profit and loss account	16	(3,966,227)	(4,131,637)
<b>Equity shareholders funds</b>		<u>(3,135,027)</u>	<u>(3,300,437)</u>
		<u>£2,069,973</u>	<u>£1,334,563</u>

Approved by the board on 24 February 1995

J L Allen



J L Ponting



)  
)  
) Directors  
)  
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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1994	1993
Profit/(loss) for the financial year	200,686	(72,958)
Goodwill written off (note 6(b))	(35,276)	(275,334)
	<u>165,410</u>	<u>(348,292)</u>
Prior year adjustment	-	(245,095)
	<u>          </u>	<u>          </u>
Total gains and losses recognised since last annual report	<u>£165,410</u>	<u>£(593,387)</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 a historical cost basis.

RECONCILIATION OF MOVEMENTS OF SHAREHOLDERS FUNDS

Profit/(loss) for the financial year	200,686	(72,958)
Goodwill on acquisitions deducted from reserves	(35,276)	(275,334)
	<u>165,410</u>	<u>(348,292)</u>
Net increase/(decrease) in shareholders funds		
Shareholders funds at start of year	(3,300,437)	(2,952,145)
	<u>          </u>	<u>          </u>
Shareholders funds at end of year	<u>£3,135,027</u>	<u>£(3,300,437)</u>

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements are prepared on 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 (FRS 1) and has not produced a cash flow statement.

### TURNOVER

Turnover represents sales excluding Value Added Tax by the company to clients.

### DEPRECIATION

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	5 to 10 years
Computer equipment	3 to 4 years
Motor vehicles	3 years.

### LEASES

Assets held under finance leases are included in tangible fixed assets at their capital value and depreciated in accordance with the policy stated above. The capital element of future rentals is included within creditors and the finance charge element is charged to the profit and loss account over the period of the lease.

Annual rentals payable under operating leases are charged to the profit and loss account, and future rental obligations are disclosed in note 16 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.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1994

1. TURNOVER AND PROFIT/(LOSS) ON ORDINARY  
ACTIVITIES BEFORE TAXATION

The company's turnover and profit/(loss) before taxation were all derived from its principal activity. Sales were all made in the United Kingdom.

	1994	1993
Turnover	21,126,804	12,216,097
Operating profit/ (loss)	371,948	(26,515)

2. INTEREST CHARGE

Loans and overdrafts wholly repayable within 5 years other than by instalments	26,030	63,860
Loans with parent company	16,250	20,088
	<u>£42,280</u>	<u>£83,948</u>

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

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

Charge for the year:		
owned assets	172,096	75,331
amortisation on intangible assets	50,505	42,859
Operating lease rentals:		
Plant and machinery	24,442	29,800
Land and buildings	331,118	157,115
Auditors' remuneration	13,500	13,750

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1994

	1994	1993
4. EMPLOYEES		
Staff costs for the above persons:		
Wages and salaries	2,541,751	1,475,962
Social security costs	251,152	147,048
Other pension costs	19,082	8,702
	<u>£2,811,985</u>	<u>£1,631,712</u>
	<u>          </u>	<u>          </u>
The average weekly number of persons (including directors) employed by the company during the year was:	No.	No.
Management	8	7
Administration	136	79
	<u>144</u>	<u>86</u>
	<u>          </u>	<u>          </u>

The company's share of the costs of the Securicor Group's defined benefit pension scheme amounted to £19,082 (1993: £8,702).

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 1994. 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 Group Plc.

NOTES TO THE FINANCIAL STATEMENTS  
for the year 30 September 1994

	1994	1993
DIRECTORS' REMUNERATION		
Other emoluments (including pension contributions and benefits in kind)	£224,162	£123,487
The directors' fees and other emoluments disclosed above (excluding pension contributions) includes amounts paid to:		
The chairman	£Nil	£Nil
The highest paid director	£59,485	£44,993
The number of other directors who received emoluments (excluding pension contributions) in the following ranges was:		
£0 - £5,000	No. 3	No. 3
£35,001 - £40,000	-	1
£40,001 - £45,000	-	1
£45,001 - £50,000	1	-
£55,001 - £60,000	2	-
	6	5
	=	=
5. TAXATION		
Based on the loss for the year:		
UK corporation tax at 33% (1993: 33%)	128,982	-
Group relief receipt	-	(37,505)
	£128,982	£(37,505)

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1994

6. INTANGIBLE FIXED ASSETS

(a) Development expenditure

Cost:		
At 1 October 1993		381 560
Additions		392,174
		<u>773,734</u>
At 30 September 1994		
Amortisation:		
At 1 October 1993		51,565
Provision for the year		50,505
		<u>102,070</u>
At 30 September 1994		
Net book value:		
At 30 September 1994		£671,664
		<u>£329,995</u>
At 30 September 1993		

(b) Purchased goodwill written off to reserves on acquisition:

Consideration and costs of acquisition	35,276	233,285
Net liabilities acquired	-	42,049
	<u>£35,276</u>	<u>£275,334</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1994

## 7. TANGIBLE FIXED ASSETS

	Short-term leasehold properties	Plant, equipment and vehicles	TOTAL
Cost:			
At 1 October 1993	135,776	379,969	515,745
Additions at cost	178,557	275,792	454,349
Disposals	(5,904)	(101,719)	(107,623)
At 30 September 1994	308,429	554,042	862,471
Depreciation:			
At 1 October 1993	26,367	154,759	181,126
Provision for the year	42,632	129,464	172,096
Disposals	(5,904)	(101,719)	(107,623)
At 30 September 1994	63,095	182,504	245,599
Net book value:			
At 30 September 1994	£245,334	£371,538	£616,872
At 30 September 1993	£109,409	£225,210	£334,619

## 8. CAPITAL COMMITMENTS

	1994	1993
Contracted	£ -	£ -
Authorised but not contracted	£ -	£110,108

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1994

## 9. FIXED ASSET INVESTMENTS

1 October 1993 and 30 September 1994 £85,688

Details of group undertakings:

Name of company	Nature of business	Class of shares held	Proportion of class held	Capital and reserves at year end	Profit in year
Executive 2000 Search & Selection Limited	Recruitment Agency	Ordinary	100%	£80,108	£12,496
PMM (Staff Agency) Limited	Dormant	Ordinary	100%	£100	£-
Securicor Facilities Management Limited	Dormant	Ordinary	100%	£44,240	£-
Workshop Recruitment Services 1991 Limited	Dormant	Ordinary	100%	£2	£-

All subsidiaries have a financial year end 30 September 1994 and are registered in England and Wales.

The company has relied on the exemption under s 228 Companies Act 1985 from preparing group accounts as the company is itself a subsidiary undertaking of Securicor Group Plc a company registered in England and Wales.

	1994	1993
10. DEBTORS		
Trade debtors	3,144,490	2,308,133
Amounts owed by parent company and fellow subsidiary undertakings	405,103	612,772
Other debtors	29,774	27,470
Prepayments and accrued income	547,299	355,709
	<u>£4,126,666</u>	<u>£3,304,084</u>



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1994

	1994	1993
11. CREDITORS		
Due within one year:		
Trade creditors	438,345	229,343
Amounts owed to parent company and fellow subsidiary undertakings	241,691	162,997
Taxation and social security costs	1,218,649	899,679
Corporation tax	128,982	-
Other creditors	178,964	197,717
Hire purchase and finance leases	5,396	12,737
Accruals and deferred income	581,068	333,342
	<u>£2,793,095</u>	<u>£1,835,815</u>

Included in the amount due to group undertakings is an amount of £89,000 bearing interest of 1% above the base rate.

## 12. CREDITORS

Due after one year:		
Amounts owed to parent company	<u>£5,205,000</u>	<u>£4,635,000</u>

The amount owed to parent company of £5,205,000 represents a loan from Securicor Group Plc which is non interest bearing, considered to be of a long term capital nature and is likely to be converted into permanent share capital at some future date.

## 13. DEFERRED TAXATION

The amount of deferred taxation in respect of accelerated capital allowances and other timing differences, calculated by the liability method, and for which no provision is made in these accounts is £78,755 (1993: £81,674).

	1994	1993
14. SHARE CAPITAL		
Authorised:		
1,000,000 ordinary shares of £1 each	<u>£1,000,000</u>	<u>£1,000,000</u>
Allotted, issued and fully paid:		
831,200 ordinary shares of £1 each	<u>£831,200</u>	<u>£831,200</u>

## 15. PARENT COMPANY

The company's ultimate parent company is Securicor Group Plc, which is registered in England and Wales.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 1994

	1994	1993
16. PROFIT AND LOSS ACCOUNT		
1 October 1993	(4,131,637)	(3,783,345)
Profit/(loss) for year	200,686	(72,958)
Goodwill written off (note 6(b))	(35,276)	(275,334)
30 September 1994	<u>£(3,966,227)</u>	<u>£(4,131,637)</u>
17. OPERATING LEASE COMMITMENTS		
Commitments for the year to 30 September 1994 on operating leases which expire:		
Plant and machinery:		
within 1 year	3,377	2,591
between 1 and 5 years	25,166	10,123
Land and buildings:		
within 1 year	48,855	10,900
between 1 and 5 years	75,100	87,832
more than 5 years	137,055	84,375
	<u>£289,553</u>	<u>£195,821</u>
18. 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 1994.

TRADING PROFIT AND LOSS ACCOUNT  
for the year ended 30 September 1994

	1994	1993
Commissions receivable permanent staff	637,346	347,421
Commissions receivable temporary staff	20,489,458	11,868,676
	<u>21,126,804</u>	<u>12,216,097</u>
Less: COST OF SALES		
Wages - productive	16,060,927	9,225,299
Other direct expenses	227,627	120,532
	<u>16,288,554</u>	<u>9,345,831</u>
GROSS PROFIT	<u>4,838,250</u>	<u>2,870,266</u>
Less: OVERHEADS		
Management recharges	-	(12,400)
Doubtful debt provision and write offs	41,236	128,633
Salaries and incentives	2,599,158	1,631,712
Staff recruitment expenses	37,318	38,025
Insurance	50,943	40,430
Marketing and promotion	95,564	40,549
Depreciation and amortisation	222,601	118,190
Legal and professional fees	71,885	58,492
Motor expenses	205,601	135,932
Printing, postage and stationery	201,325	127,378
Light and heat	22,883	20,318
Rent and rates	363,150	247,402
Computer expenses	47,391	45,107
Telephone and fax	196,768	127,720
Travel and subsistence	78,083	21,790
Entertaining	11,809	9,731
Interest and charges	59,238	95,288
Repairs and renewals	14,920	31,964
Branch expenses	58,379	28,139
Equipment leasing costs	24,442	29,800
Loss on sale of fixed assets	4,378	730
Training and courses	83,994	15,799
Quality control	17,516	-
	<u>4,508,582</u>	<u>2,980,729</u>
NET PROFIT/(LOSS) FOR THE YEAR BEFORE TAXATION	<u>£ 329,668</u>	<u>£ (110,463)</u>

This page does not form part of the statutory financial statements.