

Saxton Bampfylde International plc

Consolidated accounts 30 September 1996  
together with directors' and auditors' reports

Registered number: 2018211

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## Directors' report

For the year ended 30 September 1996

The directors present their annual report on the affairs of the Group, together with the accounts and auditors' report, for the year ended 30 September 1996.

### Principal activity and business review

The principal activity of the Group continues to be that of management consultants. The Group provides executive search and advertised recruitment services.

Total turnover has increased by 26% to £3,612,823 (1995 - £2,878,012).

The net profit for the year after tax has increased to £73,437 from £6,159 in 1995.

The directors expect the general level of activity to continue.

### Results and dividends

The results for the year ended 30 September 1996 are set out in the profit and loss account on page 4. An interim dividend of £66,500 has been paid. The directors do not propose a final dividend.

### Directors and their interests

The directors who served during the year together with their interests in the shares of the Company are listed below:

	At 30 September 1996 Ordinary Shares	At 30 September 1995 Ordinary Shares
A.N.S. Saxton	17,500 'A' Shares	17,500 'A' Shares
S.J. Bampfylde	17,500 'A' Shares	17,500 'A' Shares
D. Stevenson	7,600 'B' Shares	7,600 'B' Shares
D.R.H. Board	Nil	Nil
L.C. Thellusson (appointed 16 October 1995)	Nil	Nil
G.N. Mackenzie (appointed 16 October 1995)	Nil	Nil

### Close company status

The Company is a close company within the provisions of the Taxes Act 1988.

### Charitable donations

The Group contributed £37,501 (1995 - £29,154) to charities during the year.

## Directors' report (continued)

### Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the results of the Group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

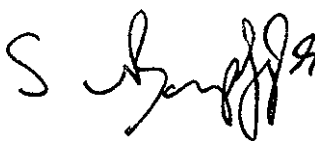
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,

35 Old Queen Street  
London  
SW1H 9JA



S J Bampfylde  
Secretary

31 March 1997

Auditors' report

Reading

To the Shareholders of Saxton Bampfylde International plc:

We have audited the accounts on pages 4 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

**Respective responsibilities of directors and auditors**

As described on page 2 the Company's directors are responsible for the preparation of the accounts. 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company and of the Group, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 30 September 1996 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Arthur Andersen*

Arthur Andersen  
Chartered Accountants and Registered Auditors

Abbots House  
Abbey Street  
Reading  
RG1 3BD

31 March 1997

# Consolidated Profit and loss account

For the year ended 30 September 1996

	Note	Continuing operations	
		1996 £	1995 £
Turnover	2	3,612,823	2,878,012
Administrative expenses		(3,483,320)	(2,865,610)
Other operating income	3	8,976	7,077
Operating profit		138,479	19,479
Interest receivable		10,238	13,415
Interest payable and similar charges	4	(8,605)	(10,475)
Profit on ordinary activities before taxation	5	140,112	22,419
Tax on profit on ordinary activities	7	(66,675)	(16,260)
Profit on ordinary activities after taxation, being profit for the financial year		73,437	6,159
Dividends paid and proposed	8	(66,500)	-
Retained profit for the year	15	6,937	6,159

There are no recognised gains or losses other than the profit for the year.

A statement of movements on reserves is given in Note 15.

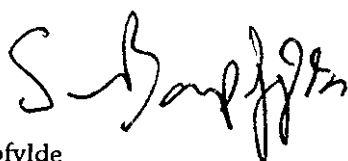
The accompanying notes are an integral part of this consolidated profit and loss account.

# Consolidated Balance Sheet

As at 30 September 1996

	Note	1996 £	1995 £
Fixed assets			
Tangible assets	9	159,736	143,797
Current assets			
Debtors	11	906,911	613,500
Cash at bank and in hand		285,265	452,415
		1,192,176	1,065,915
Creditors: Amounts falling due within one year	12	(1,088,691)	(912,714)
Net current assets		103,485	153,201
Total assets less current liabilities		263,221	296,998
Creditors: Amounts falling due after more than one year	13	(4,359)	(45,073)
Net assets		258,862	251,925
Capital and reserves			
Called-up share capital	14	50,000	50,000
Profit and loss account	15	208,856	201,919
Equity shareholders' funds	16	258,856	251,919
Minority interests		6	6
Total capital employed		258,862	251,925

Signed on behalf of the Board



S J Bampfylde

Director

31 March 1997

The accompanying notes are an integral part of this balance sheet.

# Balance Sheet

As at 30 September 1996

	Note	1996 £	1995 £
<b>Fixed assets</b>			
Tangible assets	9	159,736	143,797
Investments	10	96	94
		<u>159,832</u>	<u>143,891</u>
<b>Current assets</b>			
Debtors	11	906,911	613,500
Cash at bank and in hand		285,163	452,315
		<u>1,192,074</u>	<u>1,065,815</u>
<b>Creditors: Amounts falling due within one year</b>	12	(1,088,691)	(912,714)
<b>Net current assets</b>		<u>103,383</u>	<u>153,101</u>
<b>Total assets less current liabilities</b>		<u>263,215</u>	<u>296,992</u>
<b>Creditors: Amounts falling due after more than one year</b>	13	(4,359)	(45,073)
<b>Net assets</b>		<u>258,856</u>	<u>251,919</u>
<b>Capital and reserves</b>			
Called-up share capital	14	50,000	50,000
Profit and loss account	15	208,856	201,919
<b>Equity shareholders' funds</b>	16	<u>258,856</u>	<u>251,919</u>

Signed on behalf of the Board



S J Bampfylde

Director

31 March 1997

The accompanying notes are an integral part of this balance sheet.

# Consolidated cash flow statement

For the year ended 30 September 1996

	Note	1996 £	1995 £
Net cash inflow (outflow) from operating activities	17	<u>272,249</u>	<u>(72,721)</u>
Returns on investments and servicing of finance			
Interest received		10,238	13,415
Interest paid (including interest element of hire purchase rentals)		(8,605)	(10,475)
Dividends paid		<u>(66,500)</u>	<u>-</u>
Net cash (outflow) inflow from returns on investments and servicing of finance		<u>(64,867)</u>	<u>2,940</u>
Taxation			
UK Corporation tax paid (including Advance Corporation Tax)		<u>(24,525)</u>	<u>(58,411)</u>
Investing activities			
Payments to acquire fixed assets		(130,518)	(78,575)
Receipts from the sale of tangible fixed assets		<u>13,097</u>	<u>1,755</u>
Net cash outflow from investing activities		<u>(117,421)</u>	<u>(76,820)</u>
Net cash inflow (outflow) before financing activities		<u>65,436</u>	<u>(205,012)</u>
Financing activities			
Capital element of hire purchase rental payments	18	<u>(26,592)</u>	<u>(19,673)</u>
Net cash outflow from financing activities		<u>(26,592)</u>	<u>(19,673)</u>
Increase (decrease) in cash and cash equivalents	19	<u>38,844</u>	<u>(224,685)</u>

The accompanying notes are an integral part of this consolidated cash flow statement.



# Notes to accounts

30 September 1996

## 1 Accounting policies

A summary of the principal Group accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

### a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

### b) Basis of consolidation

The Group accounts consolidate the accounts of Saxton Bampfylde International plc and its subsidiary undertakings made up to 30 September 1996. The acquisition method of accounting has been adopted.

In the Company accounts, investments in subsidiary undertakings are stated at cost.

No profit and loss account is presented for the Company as provided by S230 of the Companies Act 1985. The Company's profit for the year is equal to the total Group profit as its subsidiary undertakings did not trade during the year.

### c) Turnover

Turnover represents fees invoiced for services provided, together with related recoverable expenses, net of value added tax. Fees and their related recoverable expenses are credited to the profit and loss account on the basis of the work done.

### d) Tangible fixed assets

Fixed assets are shown at cost less amounts written off.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life as follows:

Office furniture and equipment	-	7 years
Computer equipment	-	3 years
Motor vehicles	-	4 years

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### e) *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous years when it is recovered against corporation tax liabilities.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

#### f) *Pension Costs*

Amounts payable to the Company's defined contribution pension scheme are charged to the profit and loss account as they fall due. Any difference between amounts charged to the profit and loss account and contributions paid is included in the balance sheet.

#### g) *Foreign currency*

Transactions in foreign currencies are recorded at actual exchange rates as at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the year end.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### h) *Leases*

Assets held under hire purchase agreements are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over its useful economic life. Finance charges are allocated to accounting periods over the period of the lease so as to give a constant rate of charge on the outstanding balance. Payments are apportioned between finance charges and the reduction of the liability.

Operating lease rentals are charged on a straight line basis over the lease term.

### 2 Turnover

The turnover and pre-tax profit is attributable to one activity, that of management consultancy. The analysis of turnover by geographical market has been omitted.

## Notes to accounts (continued)

### 3 Other operating income

	1996 £	1995 £
Profit on disposal of fixed assets	1,543	1,235
Exchange gain	7,433	5,842
	<u>8,976</u>	<u>7,077</u>

### 4 Interest payable and similar charges

	1996 £	1995 £
Interest on bank loans and overdrafts	3,809	3,273
Interest on hire purchase contracts	4,796	7,202
	<u>8,605</u>	<u>10,475</u>

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1996 £	1995 £
Staff costs (see Note 6)	2,133,529	1,714,507
Auditors' remuneration		
- audit fees	12,500	12,000
- non-audit services	16,700	5,650
Depreciation of owned assets	71,251	55,033
Depreciation of assets held under hire purchase agreements	31,774	31,698
Rentals under operating leases		
- land and buildings	139,100	136,000
- plant and machinery	<u>10,572</u>	<u>12,266</u>

## Notes to accounts (continued)

### 6 Staff costs

Particulars of employees (including executive directors) are as shown below. Employee costs during the year amounted to:

	1996 £	1995 £
Salaries	1,681,999	1,340,073
Social security costs	171,564	136,687
Pension costs	279,966	237,747
	<u>2,133,529</u>	<u>1,714,507</u>

The average monthly number of persons employed by the Group during the period was 33 (1995 - 28) consisting of consultants and people involved in office management.

### Directors' remuneration:

Directors of the Company received the following remuneration, (including pension contributions):

	1996 £	1995 £
Emoluments for management services	<u>1,186,883</u>	<u>891,497</u>

The directors' remuneration shown above (excluding pension contributions) included:

	1996 £	1995 £
Chairman	<u>336,901</u>	<u>269,663</u>
Highest paid director	<u>398,361</u>	<u>315,165</u>

## Notes to accounts (continued)

### 6 Staff costs (continued)

Directors' emoluments (excluding pension contributions) fell within the following ranges:

	1996 Number	1995 Number
£ Nil - £ 5,000	1	1
£ 20,001 - £ 25,000	1	-
£ 70,001 - £ 75,000	1	-
£105,001 - £110,000	-	1
£120,001 - £125,000	1	-
£265,001 - £270,000	-	1
£315,001 - £320,000	-	1
£335,001 - £340,000	1	-
£395,001 - £400,000	1	-
	<u>1</u>	<u>-</u>

### 7 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and comprises:

	1996 £	1995 £
Corporation tax at 24.5% (1995: 25%)	66,000	25,100
Adjustment to current taxation in respect of prior year	675	(8,840)
	<u>66,675</u>	<u>16,260</u>

The tax charge for the year has been increased by the tax effect of items disallowable for tax purposes totalling approximately £14,000 (1995 - £11,000). A deferred tax asset of approximately £31,000 (1995 - £18,000) has not been recognised in the accounts.

### 8. Dividends paid and proposed

	1996 £	1995 £
Interim paid of 133p (1995 - Nil) per Ordinary 'A' share and	46,550	-
133p (1995 - Nil) per Ordinary 'B' share	19,950	-
	<u>66,500</u>	<u>-</u>

No final dividend is proposed.

## Notes to accounts (continued)

### 9 Tangible fixed assets

Group and Company	Office furniture & equipment £	Computer equipment £	Motor vehicles held under hire purchase contracts £	Total £
<b>Cost</b>				
Beginning of year	148,992	130,759	126,793	406,544
Additions	69,488	60,643	387	130,518
Disposals	(15,341)	(25,435)	(85)	(40,861)
End of year	<u>203,139</u>	<u>165,967</u>	<u>127,095</u>	<u>496,201</u>
<b>Depreciation</b>				
Beginning of year	110,658	93,193	58,896	262,747
Charge for year	30,471	40,780	31,774	103,025
Disposals	(12,490)	(16,774)	(43)	(29,307)
End of year	<u>128,639</u>	<u>117,199</u>	<u>90,627</u>	<u>336,465</u>
<b>Net book value</b>				
Beginning of year	<u>38,334</u>	<u>37,566</u>	<u>67,897</u>	<u>143,797</u>
End of year	<u>74,500</u>	<u>48,768</u>	<u>36,468</u>	<u>159,736</u>

### 10 Fixed asset investments

	Company	
	1996 £	1995 £
<b>Cost and net book value</b>		
Beginning of year	94	94
Additions	<u>2</u>	<u>-</u>
End of year	<u>96</u>	<u>94</u>

The Company holds 94 £1 ordinary shares, being 94% (1995: 94%), of the issued share capital of The Hever Group Limited. The Hever Group Limited is registered in England and Wales and did not trade during the year.

During the year a new wholly owned subsidiary, ARC Advertised Recruitment and Consultancy Limited, was acquired. ARC, Advertised Recruitment and Consultancy Limited, is registered in England and Wales and did not trade during the year. The company holds 2 £1 ordinary shares.

## Notes to accounts (continued)

### 11 Debtors

	Group and Company	
	1996	1995
	£	£
Trade debtors	605,035	439,145
Other debtors	6,404	4,828
Prepayments and accrued income	295,472	169,527
	<u>906,911</u>	<u>613,500</u>

### 12 Creditors: Amounts falling due within one year

	Group and Company	
	1996	1995
	£	£
Obligations under hire purchase agreements	40,714	26,592
Bank loans and overdrafts	-	205,994
Trade creditors	150,947	130,084
Other creditors		
- UK Corporation tax payable	49,375	23,850
- VAT	114,305	93,229
- Social security and PAYE	59,356	36,055
- ACT payable	16,625	-
- Other creditors	23,998	22,028
Accruals	534,582	337,659
Deferred income	98,789	37,223
	<u>1,088,691</u>	<u>912,714</u>

### 13 Creditors: Amounts falling due after more than one year

	Group and Company	
	1996	1995
	£	£
Obligations under hire purchase agreements	<u>4,359</u>	<u>45,073</u>

## Notes to accounts (continued)

### 14 Called-up share capital

	1996 £	1995 £
Authorised, allotted, called-up and fully-paid:		
35,000 ordinary 'A' shares of £1 each	35,000	35,000
15,000 ordinary 'B' shares of £1 each	15,000	15,000
	<u>50,000</u>	<u>50,000</u>

### 15 Reserves

	Group and Company	
	1996 £	1995 £
Profit and loss account		
Beginning of year	201,919	195,760
Retained profit for the year	6,937	6,159
End of year	<u>208,856</u>	<u>201,919</u>

### 16 Reconciliation of movement in equity shareholders' funds

	Group and Company	
	1996 £	1995 £
Shareholders' funds at beginning of year	251,919	245,760
Retained profit for the year	6,937	6,159
Shareholders' funds at end of year	<u>258,856</u>	<u>251,919</u>

### 17 Reconciliation of operating profit to net cash inflow (outflow) from operating activities

	1996 £	1995 £
Operating profit	138,479	19,479
Depreciation of tangible fixed assets	103,025	85,731
Profit on sale of tangible fixed assets	(1,543)	(1,235)
(Increase) decrease in debtors	(293,411)	(56,210)
Increase (decrease) in creditors	325,699	(120,486)
Net cash inflow (outflow) from operating activities	<u>272,249</u>	<u>(72,721)</u>



## Notes to accounts (continued)

### 18 Analysis of the balances of cash and cash equivalents

	Cash at bank £	Overdraft £	Total £
30 September 1995	452,415	(205,994)	246,421
Change in year	(167,150)	205,994	38,844
30 September 1996	<u>285,265</u>	<u>-</u>	<u>285,265</u>

### 19 Analysis of changes in financing

	Hire purchase contracts £	Share capital £	Total £
Beginning of year	71,665	50,000	121,665
Capital element of rental payments	(26,592)	-	(26,592)
End of year	<u>45,073</u>	<u>50,000</u>	<u>95,073</u>

### 20 Guarantees and other financial commitments

#### a) Deed of covenant

The Company has contracted to pay the sum of £10,300 (gross) per annum to the Charities Aid Foundation, under a deed of covenant, for four years from August 1996.

## Notes to accounts (continued)

### b) Lease commitments

The Group leases premises on short and long term operating leases. In addition the Group has entered into operating leases in respect of plant and machinery, the payments for which extend over a period of up to two years. Lease rentals paid in the year are shown in Note 5. The minimum annual rentals under the foregoing leases are as follows:

	Group and Company	
	Property £	Plant and machinery £
1996		
Operating leases which expire		
- within 1 year	-	4,168
- within 2-5 years	14,100	4,200
- after 5 years	125,000	-
	<u>139,100</u>	<u>8,368</u>
1995		
Operating leases which expire		
- within 1 year	-	4,408
- within 2-5 years	14,100	7,858
- after 5 years	125,000	-
	<u>139,100</u>	<u>12,266</u>

### 21 Pension arrangements

The Company maintains a defined contribution pension scheme. The scheme is open to all employees. The Company makes a contribution equivalent to 5% of the employees' prior year salary, and employees can make additional contributions as they consider appropriate.

In addition the Company contributes to separate schemes for the directors.

The total pension cost for the year was £279,966 (1995 - £237,747). Accrued pension costs at the year end were £30,000 (1995 - £Nil).