

## Saxton Bampfylde International plc

Consolidated accounts 30 September 1997  
together with directors' and auditors' reports

Registered number: 2018211



## Directors' report

For the year ended 30 September 1997

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 1997.

### 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 15% to £4,168,750 (1996 - £3,612,823).

The net profit for the year after tax has decreased to £4,053 from £73,437 in 1996.

The directors expect the general level of activity to continue.

### Results and dividends

The results for the year ended 30 September 1997 are set out in the profit and loss account on page 4. The directors do not propose a dividend (1996: £66,500).

### 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 1997 Ordinary Shares	At 30 September 1996 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	Nil	Nil
G.N. Mackenzie	Nil	Nil

### Close company status

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

### Charitable donations

The Group contributed £39,158 (1996 - £37,501) 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

23 January 1998

# ARTHUR ANDERSEN

## Auditors' report

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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 1997 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  
Chartered Accountants and Registered Auditors

Abbots House  
Abbey Street  
Reading  
RG1 3BD

23 January 1998

# Consolidated Profit and loss account

For the year ended 30 September 1997

	Note	Continuing operations	
		1997	1996
		£	£
<b>Turnover</b>	2	4,168,750	3,612,823
Administrative expenses		(4,091,870)	(3,483,320)
Other operating income	3	2,433	8,976
<b>Operating profit</b>		79,313	138,479
Interest receivable		17,338	10,238
Interest payable and similar charges	4	(11,463)	(8,605)
<b>Profit on ordinary activities before taxation</b>	5	85,188	140,112
Tax on profit on ordinary activities	7	(81,135)	(66,675)
<b>Profit on ordinary activities after taxation, being profit for the financial year</b>		4,053	73,437
Dividends paid and proposed		-	(66,500)
<b>Retained profit for the year</b>	14	4,053	6,937

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

A statement of movements on reserves is given in Note 14.

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

# Consolidated Balance Sheet

As at 30 September 1997

	Note	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	8	<u>265,824</u>	<u>159,736</u>
<b>Current assets</b>			
Debtors	10	1,019,500	906,911
Cash at bank and in hand		<u>579,017</u>	<u>285,265</u>
		1,598,517	1,192,176
<b>Creditors: Amounts falling due within one year</b>	11	<u>(1,522,088)</u>	<u>(1,088,691)</u>
<b>Net current assets</b>		<u>76,429</u>	<u>103,485</u>
<b>Total assets less current liabilities</b>		<u>342,253</u>	<u>263,221</u>
<b>Creditors: Amounts falling due after more than one year</b>	12	<u>(79,338)</u>	<u>(4,359)</u>
<b>Net assets</b>		<u>262,915</u>	<u>258,862</u>
<b>Capital and reserves</b>			
Called-up share capital	13	50,000	50,000
Profit and loss account	14	<u>212,909</u>	<u>208,856</u>
<b>Equity shareholders' funds</b>	15	<u>262,909</u>	<u>258,856</u>
Minority interests		<u>6</u>	<u>6</u>
<b>Total capital employed</b>		<u>262,915</u>	<u>258,862</u>

Signed on behalf of the Board



S J Bampfylde

Director

23 January 1998

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

# Balance Sheet

As at 30 September 1997

	Note	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	8	265,824	159,736
Investments	9	96	96
		<u>265,920</u>	<u>159,832</u>
<b>Current assets</b>			
Debtors	10	1,019,500	906,911
Cash at bank and in hand		578,915	285,163
		<u>1,598,415</u>	<u>1,192,074</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(1,522,088)</u>	<u>(1,088,691)</u>
<b>Net current assets</b>		<u>76,327</u>	<u>103,383</u>
<b>Total assets less current liabilities</b>		<u>342,247</u>	<u>263,215</u>
<b>Creditors: Amounts falling due after more than one year</b>	12	<u>(79,338)</u>	<u>(4,359)</u>
<b>Net assets</b>		<u>262,909</u>	<u>258,856</u>
<b>Capital and reserves</b>			
Called-up share capital	13	50,000	50,000
Profit and loss account	14	212,909	208,856
<b>Equity shareholders' funds</b>	15	<u>262,909</u>	<u>258,856</u>

Signed on behalf of the Board



S J Bampfylde

Director

23 January 1998

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

# Consolidated cash flow statement

For the year ended 30 September 1997

	Note	1997 £	1996 £
<b>Net cash inflow from operating activities</b>	16	<u>551,909</u>	<u>272,249</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		17,338	10,238
Interest paid (including interest element of hire purchase rentals)		<u>(11,463)</u>	<u>(8,605)</u>
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>5,875</u>	<u>1,633</u>
<b>Taxation</b>			
UK Corporation tax paid (including Advance Corporation Tax)		<u>(65,635)</u>	<u>(24,525)</u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire fixed assets		(137,813)	(130,518)
Receipts from the sale of tangible fixed assets		<u>9,000</u>	<u>13,097</u>
<b>Net cash outflow from capital expenditure and financial investment</b>		<u>(128,813)</u>	<u>(117,421)</u>
<b>Equity dividends paid</b>		<u>-</u>	<u>(66,500)</u>
		<u>363,336</u>	<u>65,436</u>
<b>Financing activities</b>			
Capital element of hire purchase rental payments		<u>(69,584)</u>	<u>(26,592)</u>
<b>Net cash outflow from financing activities</b>		<u>(69,584)</u>	<u>(26,592)</u>
<b>Increase in cash in the year</b>	17	<u>293,752</u>	<u>38,844</u>

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



# Notes to accounts

30 September 1997

## 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 1997. 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
Motor vehicles	-	4 years
Computer equipment and software	-	3 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

	1997 £	1996 £
Profit on disposal of fixed assets	1,009	1,543
Exchange gain (Note 16)	1,424	7,433
	<u>2,433</u>	<u>8,976</u>

### 4 Interest payable and similar charges

	1997 £	1996 £
Interest on bank loans and overdrafts	3,695	3,809
Interest on hire purchase contracts	7,768	4,796
	<u>11,463</u>	<u>8,605</u>

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1997 £	1996 £
Staff costs (see Note 6)	2,809,267	2,133,529
Auditors' remuneration		
- audit fees	13,500	12,500
- non-audit services	2,500	16,700
Depreciation of owned assets	127,160	71,251
Depreciation of assets held under hire purchase agreements	51,137	31,774
Rentals under operating leases		
- land and buildings	139,100	139,100
- plant and machinery	8,932	10,572
	<u></u>	<u></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:

	1997 £	1996 £
Salaries	2,117,974	1,681,999
Social security costs	211,797	171,564
Pension costs	479,496	279,966
	<u>2,809,267</u>	<u>2,133,529</u>

The average monthly number of persons employed by the Group during the period was 36 (1996 - 33) consisting of consultants and people involved in office management.

### Directors' remuneration

#### Remuneration

The remuneration of the directors was as follows:

	1997 £	1996 £
Emoluments	1,157,144	953,671
Company contributions to money purchase pension schemes	422,910	233,212
	<u>1,580,054</u>	<u>1,186,883</u>

#### Pensions

The number of directors who were members of pension schemes was as follows:

	1997	1996
Money purchase schemes	5	5
Defined benefit schemes	-	-
	<u>5</u>	<u>5</u>

## Notes to accounts (continued)

### 6 Staff costs (continued)

#### *Highest paid director*

The above amounts for remuneration include the following in respect of the highest paid director:

	1997 £	1996 £
Emoluments	572,346	398,361
Company contributions to money purchase pension schemes	100,000	99,000
	<u>672,346</u>	<u>497,361</u>

### 7 Tax on profit on ordinary activities

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

	1997 £	1996 £
Corporation tax at 22.5% (1996 - 24.5%)	81,500	66,000
Adjustment to current taxation in respect of prior year	(365)	675
	<u>81,135</u>	<u>66,675</u>

The tax charge for the year has been increased by the tax effect of items disallowable for tax purposes totalling approximately £12,000 (1996 - £14,000). A deferred tax asset of approximately £79,000 (1996 - £31,000) has not been recognised in the accounts on grounds of prudence.

# Notes to accounts (continued)

## 8 Tangible fixed assets

Group and Company	Office furniture & equipment £	Motor vehicles £	Motor vehicles held under hire purchase contracts £	Computer equipment and software £	Computer equipment held under hire purchase contracts £	Total £
<b>Cost</b>						
Beginning of year	203,139	-	127,095	165,967	-	496,201
Additions	13,577	-	56,547	124,236	98,016	292,376
Transfers	-	109,783	(109,783)	-	-	-
Disposals	(4,000)	(31,961)	-	(19,109)	-	(55,070)
End of year	<u>212,716</u>	<u>77,822</u>	<u>73,859</u>	<u>271,094</u>	<u>98,016</u>	<u>733,507</u>
<b>Depreciation</b>						
Beginning of year	128,639	-	90,627	117,199	-	336,465
Charge for year	31,907	19,455	18,465	75,798	32,672	178,297
Transfers	-	82,337	(82,337)	-	-	-
Disposals	(4,000)	(23,970)	-	(19,109)	-	(47,079)
End of year	<u>156,546</u>	<u>77,822</u>	<u>26,755</u>	<u>173,888</u>	<u>32,672</u>	<u>467,683</u>
<b>Net book value</b>						
Beginning of year	<u>74,500</u>	<u>-</u>	<u>36,468</u>	<u>48,768</u>	<u>-</u>	<u>159,736</u>
End of year	<u>56,170</u>	<u>-</u>	<u>47,104</u>	<u>97,206</u>	<u>65,344</u>	<u>265,824</u>

## 9 Fixed asset investments

	Company	
	1997 £	1996 £
<b>Cost and net book value</b>		
Beginning of year	96	94
Additions	-	2
End of year	<u>96</u>	<u>96</u>

The company holds 94 £1 ordinary shares, being 94% (1996: 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. The company holds 2 £1 ordinary shares, being 100% (1996: 100%) of the issued share capital of ARC Advertised Recruitment and Consultancy Limited. This company is registered in England and Wales and did not trade during the year.

## Notes to accounts (continued)

### 10 Debtors

	Group and Company	
	1997	1996
	£	£
Trade debtors	660,308	605,035
Other debtors	5,725	6,404
Prepayments and accrued income	353,467	295,472
	<u>1,019,500</u>	<u>906,911</u>

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

	Group and Company	
	1997	1996
	£	£
Obligations under hire purchase agreements	50,714	40,714
Trade creditors	103,335	150,947
Other creditors		
- UK Corporation tax payable	81,500	49,375
- VAT	123,664	114,305
- Social security and PAYE	50,568	59,356
- ACT payable	-	16,625
- Other creditors	59,220	23,998
Accruals	1,012,785	534,582
Deferred income	40,302	98,789
	<u>1,522,088</u>	<u>1,088,691</u>

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

	Group and Company	
	1997	1996
	£	£
Obligations under hire purchase agreements falling due within 5 years	<u>79,338</u>	<u>4,359</u>

## Notes to accounts (continued)

### 13 Called-up share capital

	1997 £	1996 £
<i>Authorised, allotted, called-up and fully-paid:</i>		
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>

### 14 Reserves

	Group and Company	
	1997 £	1996 £
Profit and loss account -		
Beginning of year	208,856	201,919
Retained profit for the year	4,053	6,937
End of year	<u>212,909</u>	<u>208,856</u>

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

	Group and Company	
	1997 £	1996 £
Shareholders' funds at beginning of year	258,856	251,919
Retained profit for the year	4,053	6,937
Shareholders' funds at end of year	<u>262,909</u>	<u>258,856</u>

### 16 Reconciliation of operating profit to net cash inflow from operating activities

	1997 £	1996 £
Operating profit	79,313	138,479
Depreciation of tangible fixed assets	178,297	103,025
Profit on sale of tangible fixed assets	(1,009)	(1,543)
Increase in debtors	(112,589)	(293,411)
Increase in creditors	407,897	325,699
Net cash inflow from operating activities	<u>551,909</u>	<u>272,249</u>



## Notes to accounts (continued)

### 17 Analysis and reconciliation of net funds

	1 October 1996 £	Cash flow £	Other non-cash changes £	30 September 1997 £
Cash at bank and in hand	285,265	293,752	-	579,017
Hire purchase agreements	(45,073)	69,584	(154,563)	(130,052)
Net funds	<u>240,192</u>	<u>363,336</u>	<u>(154,563)</u>	<u>448,965</u>

	1997 £	1996 £
Increase in cash in the year	293,752	38,844
Cash inflow from increase in debt and lease financing	<u>69,584</u>	<u>26,592</u>
Change in net debt resulting from cash flows	363,336	65,436
New hire purchase agreements	<u>(154,563)</u>	<u>-</u>
Movement in net funds in year	208,773	65,436
Net funds at beginning of year	<u>240,192</u>	<u>174,756</u>
Net funds at end of year	<u>448,965</u>	<u>240,192</u>

### 18 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)

### 18 Guarantees and other financial commitments (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 £
1997		
Operating leases which expire		
- within 1 year	-	1,050
- within 2-5 years	14,100	-
- after 5 years	125,000	-
	<u>139,100</u>	<u>1,050</u>
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>

### 19 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 bonus, and employees can make additional contributions as they consider appropriate.

In addition the Company contributes to a separate scheme for Anthony Saxton and Stephen Bampfylde.

The total pension cost for the year was £479,496 (1996 - £279,966). Accrued pension costs at the year end were £213,000 (1996 - £30,000).