

Saxton Bampfylde Hever plc  
(Formerly Saxton Bampfylde International plc)

Consolidated accounts 30 September 1998  
together with directors' and auditors' reports

Registered number: 2018211



## Directors' report

For the year ended 30 September 1998

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 1998.

### 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 group turnover has increased by 7% to £4,439,833 (1997 - £4,168,750).

The net profit for the year after tax for the group has increased from £4,053 in 1997 to £169,051.

The directors expect the general level of activity to continue.

### Change of name

The company changed its name on 31 March 1998 by way of a special resolution dated 24 November 1997 from Saxton Bampfylde International plc to Saxton Bampfylde Hever plc.

### Results and dividends

The results for the year ended 30 September 1998 are set out in the consolidated profit and loss account on page 4. The directors do not propose a dividend (1997: £nil).

### 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 1998 Ordinary Shares or date of resignation, if earlier	At 30 September 1997 Ordinary Shares or date of appointment, if later
A.N.S. Saxton	Nil	17,500 'A' Shares
S.J. Bampfylde	35,000 'A' shares	17,500 'A' Shares
D. Stevenson (resigned 18 November 1998)	11,300 'B' shares	7,600 'B' Shares
D.R.H. Board	Nil	Nil
L.C. Thellusson (resigned 31 March 1998)	Nil	Nil
G.G.N. Mackenzie (resigned 5 June 1998)	Nil	Nil
P.J. Drew (appointed 19 February 1998)	Nil	Nil

S. J. Bampfylde is also an adviser to Hydra Associates Limited. Details of transactions with this company are given in Note 22 to the accounts.

### Close company status

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

## Directors' report (continued)

### Charitable donations

The Group contributed £42,794 (1997 - £39,158) to charities during the year.

### Year 2000

The directors are aware of the potential impact of the Year 2000 on the Group's computer systems and have taken steps to ensure that such remedial action as is required is completed well in advance of the calendar year end.

### 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.

35 Old Queen Street  
London  
SW1H 9JA

By order of the Board,



18 January 1999

M E A Le Neve Foster  
Secretary

Auditors' report

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Reading

To the Shareholders of Saxton Bampfylde Hever plc:

We have audited the accounts on pages 4 to 18 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 1998 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

18 January 1999

# Consolidated profit and loss account

For the year ended 30 September 1998

	Note	Continuing operations	
		1998 £	1997 £
<b>Turnover</b>	2	4,439,833	4,168,750
Administrative expenses		(4,253,658)	(4,091,870)
Other operating income	3	19,068	2,433
<b>Operating profit</b>		205,243	79,313
Investment income	4	10,077	17,338
Interest payable and similar charges	5	(19,362)	(11,463)
<b>Profit on ordinary activities before taxation</b>	6	195,958	85,188
Tax on profit on ordinary activities	8	(26,907)	(81,135)
<b>Profit on ordinary activities after taxation, being retained profit for the financial year</b>	14	169,051	4,053

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 1998

	Note	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	9	282,544	265,824
Investments	10	241	-
		<u>282,785</u>	<u>265,824</u>
<b>Current assets</b>			
Debtors	11	1,328,576	1,019,500
Cash at bank and in hand		148,893	579,017
		<u>1,477,469</u>	<u>1,598,517</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(1,272,381)</u>	<u>(1,522,088)</u>
<b>Net current assets</b>		<u>205,088</u>	<u>76,429</u>
<b>Total assets less current liabilities</b>		<u>487,873</u>	<u>342,253</u>
<b>Creditors: Amounts falling due after more than one year</b>	13	<u>(55,907)</u>	<u>(79,338)</u>
<b>Net assets</b>		<u>431,966</u>	<u>262,915</u>
<b>Capital and reserves</b>			
Called-up share capital	14	50,000	50,000
Profit and loss account	15	381,960	212,909
<b>Equity shareholders' funds</b>	16	<u>431,960</u>	<u>262,909</u>
Minority interests		6	6
<b>Total capital employed</b>		<u>431,966</u>	<u>262,915</u>

The accounts on pages 4 to 18 were approved by the board of directors on 18 January 1998 and signed on its behalf by:



S J Bampfylde

Director

18 January 1999

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

# Balance sheet

As at 30 September 1998

	Note	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	9	282,544	265,824
Investments	10	337	96
		<u>282,881</u>	<u>265,920</u>
<b>Current assets</b>			
Debtors	11	1,328,576	1,019,500
Cash at bank and in hand		148,791	578,915
		<u>1,477,367</u>	<u>1,598,415</u>
Creditors: Amounts falling due within one year	12	(1,272,381)	(1,522,088)
<b>Net current assets</b>		<u>204,986</u>	<u>76,327</u>
<b>Total assets less current liabilities</b>		<u>487,867</u>	<u>342,247</u>
Creditors: Amounts falling due after more than one year	13	(55,907)	(79,338)
<b>Net assets</b>		<u>431,960</u>	<u>262,909</u>
<b>Capital and reserves</b>			
Called-up share capital	14	50,000	50,000
Profit and loss account	15	381,960	212,909
<b>Equity shareholders' funds</b>	16	<u>431,960</u>	<u>262,909</u>

The accounts on pages 4 to 18 were approved by the board of directors on 18 January 1998 and signed on its behalf by:



S J Bampfylde

Director

18 January 1999

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

## Consolidated cash flow statement

For the year ended 30 September 1998

	Notes	1998 £	1997 £
<b>Net cash (outflow) inflow from operating activities</b>	17	(122,520)	551,909
Returns on investments and servicing of finance	18	(9,285)	5,875
Taxation	18	(90,407)	(65,635)
Capital expenditure and financial investment	18	(120,576)	(128,813)
<b>Cash (outflow) inflow before financing</b>		(342,788)	363,336
Financing	18	(87,736)	(69,584)
<b>(Decrease) increase in cash</b>	19	(430,524)	293,752

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



# Notes to accounts

30 September 1998

## 1 Accounting policies

A summary of the principal 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 Hever plc and its subsidiary undertakings made up to 30 September 1998. 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.

#### *i) Investments*

Current asset investments are stated at the lower of cost and net realisable value. Fixed asset investments are shown at cost less any provision required for permanent diminution in value.

## Notes to accounts (continued)

### 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.

### 3 Other operating income

	1998 £	1997 £
Profit on disposal of fixed assets	17,505	1,009
Exchange gain	1,563	1,424
	<u>19,068</u>	<u>2,433</u>

### 4 Investment income

	1998 £	1997 £
Interest receivable	<u>10,077</u>	<u>17,338</u>

### 5 Interest payable and similar charges

	1998 £	1997 £
Interest on bank loans and overdrafts	4,224	3,695
Interest on hire purchase contracts	15,138	7,768
	<u>19,362</u>	<u>11,463</u>

### 6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1998 £	1997 £
Staff costs (see Note 7)	2,406,254	2,809,267
Auditors' remuneration		
- audit fees	14,000	13,500
- non-audit services	4,350	2,500
Depreciation of owned assets	136,790	127,160
Depreciation of assets held under hire purchase agreements	68,821	51,137
Rentals under operating leases		
- land and buildings	139,100	139,100
- plant and machinery	<u>1,170</u>	<u>8,932</u>

## Notes to accounts (continued)

### 7 Staff costs

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

	1998 £	1997 £
Salaries	1,917,353	2,117,974
Social security costs	191,735	211,797
Pension costs	297,166	479,496
	<u>2,406,254</u>	<u>2,809,267</u>

The average monthly number of persons employed by the Group during the period was 40 (1997 - 36) consisting of consultants and people involved in office management.

### Directors' remuneration

#### Remuneration

The remuneration of the directors was as follows:

	1998 £	1997 £
Emoluments	1,063,541	1,157,144
Company contributions to money purchase pension schemes	226,039	422,910
	<u>1,289,580</u>	<u>1,580,054</u>

#### Pensions

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

	1998 Number	1997 Number
Money purchase schemes	<u>6</u>	<u>5</u>

## Notes to accounts (continued)

### 7 Staff costs (continued)

#### *Highest paid director*

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

	1998 £	1997 £
Emoluments	447,517	572,346
Company contributions to money purchase pension schemes	105,000	100,000
	<u>552,517</u>	<u>672,346</u>

### 8 Tax on profit on ordinary activities

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

	1998 £	1997 £
Corporation tax at 21% (1997 – 22.5%)	18,000	81,500
Adjustment to current taxation in respect of prior year	8,907	(365)
	<u>26,907</u>	<u>81,135</u>

The tax charge has been decreased in the current year by the impact of timing differences relating to amounts accrued in respect of pension costs. A deferred tax asset of approximately £40,000 (1997 – £79,000) has not been recognised in the accounts on grounds of prudence.

## Notes to accounts (continued)

### 9 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	212,716	77,822	73,859	271,094	98,016	733,507
Additions	27,850	-	73,811	117,235	10,680	229,576
Disposals	-	(43,254)	(17,312)	(10,659)	-	(71,225)
End of year	240,566	34,568	130,358	377,670	108,696	891,858
<b>Depreciation</b>						
Beginning of year	156,546	77,822	26,755	173,888	32,672	467,683
Charge for year	36,085	-	32,589	100,705	36,232	205,611
Disposals	-	(43,254)	(12,984)	(7,742)	-	(63,980)
End of year	192,631	34,568	46,360	266,851	68,904	609,314
<b>Net book value</b>						
Beginning of year	56,170	-	47,104	97,206	65,344	265,824
End of year	47,935	-	83,998	110,819	39,792	282,544

### 10 Fixed asset investments

	Subsidiary undertakings and participating interests £	Listed investments £	Total £
<b>Cost and net book value</b>			
Beginning of year	96	-	96
Additions	-	241	241
End of year	96	241	337

The company holds 94 £1 ordinary shares, being 94% (1997: 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% (1997: 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 Fixed asset investments (continued)

Listed investments comprise investments which are listed on the London Stock Exchange. The market value of these investments was £241 at 30 September 1998.

### 11 Debtors

	Group and Company	
	1998	1997
	£	£
Trade debtors	1,040,621	660,308
Other debtors	48,081	5,725
Prepayments and accrued income	239,874	353,467
	<u>1,328,576</u>	<u>1,019,500</u>

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

	Group and Company	
	1998	1997
	£	£
Obligations under hire purchase agreements	71,300	50,714
Trade creditors	91,185	103,335
Other creditors		
- UK Corporation tax payable	18,000	81,500
- VAT	184,310	123,664
- Social security and PAYE	56,617	50,568
- Other creditors	61,492	59,220
Accruals	666,816	1,012,785
Deferred income	122,661	40,302
	<u>1,272,381</u>	<u>1,522,088</u>

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

	Group and Company	
	1998	1997
	£	£
Obligations under hire purchase agreements falling due within 5 years	<u>55,907</u>	<u>79,338</u>

## Notes to accounts (continued)

### 14 Called-up share capital

	1998	1997
	£	£
<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>

### 15 Reserves

	Group and Company	
	1998	1997
	£	£
Profit and loss account -		
Beginning of year	212,909	208,856
Retained profit for the year	169,051	4,053
End of year	<u>381,960</u>	<u>212,909</u>

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

	Group and Company	
	1998	1997
	£	£
Shareholders' funds at beginning of year	262,909	258,856
Retained profit for the year	169,051	4,053
Shareholders' funds at end of year	<u>431,960</u>	<u>262,909</u>

### 17 Reconciliation of operating profit to operating cash flows

	Continuing operations	
	1998	1997
	£	£
Operating profit	205,243	79,313
Depreciation charges	205,611	178,297
Profit on sale of tangible fixed assets	(17,505)	(1,009)
Increase in debtors	(309,076)	(112,589)
Decrease (increase) in creditors	(206,793)	407,897
Net cash (outflow) inflow from operating activities	<u>(122,520)</u>	<u>551,909</u>



## Notes to accounts (continued)

### 18 Analysis of cash flows

	1998 £	1997 £
<i>Returns on investments and servicing of finance</i>		
Interest received	10,077	17,338
Interest paid (including interest element of hire purchase rentals)	(19,362)	(11,463)
<b>Net cash (outflow) inflow</b>	<b>(9,285)</b>	<b>5,875</b>
<i>Taxation</i>		
UK corporation tax paid	(90,407)	(65,635)
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(145,085)	(137,813)
Purchase of investments	(241)	-
Sale of tangible fixed assets	24,750	9,000
<b>Net cash outflow</b>	<b>(120,576)</b>	<b>(128,813)</b>
<i>Financing</i>		
Capital element of hire purchase rental payments	(87,736)	(69,584)

### 19 Analysis and reconciliation of net funds

	1 October 1997 £	Cash flow £	Other non-cash changes £	30 September 1998 £
Cash at bank and in hand	579,017	(430,524)	-	148,493
Hire purchase agreements	(130,052)	87,736	(84,491)	(126,807)
<b>Net funds</b>	<b>448,965</b>	<b>(342,788)</b>	<b>(84,491)</b>	<b>21,686</b>

## Notes to accounts (continued)

### 19 Analysis and reconciliation of net funds (continued)

	1998 £	1997 £
(Decrease) increase in cash in the year	(430,524)	293,752
Cash outflow resulting in decrease in debt and lease financing	87,736	69,584
Change in net debt resulting from cash flows	(342,788)	363,336
New hire purchase agreements	(84,491)	(154,563)
Movement in net funds in year	(427,279)	208,773
Net funds at beginning of year	448,965	240,192
Net funds at end of year	21,686	448,965

### 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.

#### 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 6. The minimum annual rentals under the foregoing leases are as follows:

	Group and Company	
	Property £	Plant and machinery £
1998		
Operating leases which expire		
- within 1 year	-	1,050
- between 2-5 years	14,100	120
- after 5 years	125,000	-
	139,100	1,170
1997		
Operating leases which expire		
- within 1 year	-	1,050
- between 2-5 years	14,100	-
- after 5 years	125,000	-
	139,100	1,050

## Notes to accounts (continued)

### **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 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 £297,166 (1997 - £479,496). Accrued pension costs at the year end were £10,500 (1997 - £213,000).

### **22 Directors' materials interests in contracts**

During the year S. J. Bampfylde was adviser to the Board of Hydra Associates Limited. This company employed the services of Saxton Bamfylde Hever plc for total fees of £21,240.