

Saxton Bampfylde Hever plc

Consolidated accounts 30 September 1999
together with directors' and auditors' reports

Registered number: 2018211

Directors' report

For the year ended 30 September 1999

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 1999.

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 10% to £4,875,050 (1998 - £4,439,833).

The net profit for the year after tax for the group has decreased from £169,051 in 1998 to £12,931.

The directors expect the general level of activity to continue.

Results and dividends

The results for the year ended 30 September 1999 are set out in the consolidated profit and loss account on page 4. The directors do not propose a dividend (1998: £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 beginning and end of year
A.N.S. Saxton (resigned 23 July 1999)	Nil
S. J. Bampfylde	35,000 'A' shares
D. Stevenson (resigned 18 November 1998)	11,300 'B' shares
D.R.H. Board	Nil
P.J. Drew	Nil
M.E.A. Le Neve Foster (appointed 26 May 1999)	Nil

S. J. Bampfylde was a director of Hydra Associates Limited. Details of transactions with this company are given in Note 21 to the accounts. He resigned on 2 September 1999. P J Drew is a director of Women's Royal Volunteer Service. Details of transactions with this organisation are given in Note 21 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 £43,318 (1998 - £42,794) 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 took steps to ensure that such remedial action as was required had been completed well in advance of the calendar year end. Since the year end no significant Year 2000 problems have been encountered.

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.

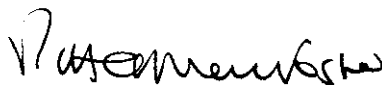
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the 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,



M E A Le Neve Foster
Director

Date 2 March 2000

Auditors' report



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 1999 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

Date 2 March 2000

Consolidated profit and loss account

For the year ended 30 September 1999

	Note	Continuing operations	
		1999 £	1998 £
Turnover	2	4,875,050	4,439,833
Administrative expenses		(4,805,622)	(4,234,590)
Operating profit		69,428	205,243
Interest receivable and similar income	3	8,387	10,077
Interest payable and similar charges	4	(17,625)	(19,362)
Profit on ordinary activities before taxation	5	60,190	195,958
Tax on profit on ordinary activities	7	(47,259)	(26,907)
Profit on ordinary activities after taxation, being retained profit for the financial year	14	<u>12,931</u>	<u>169,051</u>

There are no recognised gains or losses in either year 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 1999

	Note	1999 £	1998 £
Fixed assets			
Tangible assets	8	261,077	282,544
Investments	9	241	241
		<u>261,318</u>	<u>282,785</u>
Current assets			
Debtors	10	1,326,696	1,328,576
Cash at bank and in hand		402,752	148,893
		<u>1,729,448</u>	<u>1,477,469</u>
Creditors: Amounts falling due within one year	11	<u>(1,492,192)</u>	<u>(1,272,381)</u>
Net current assets		<u>237,256</u>	<u>205,088</u>
Total assets less current liabilities		<u>498,574</u>	<u>487,873</u>
Creditors: Amounts falling due after more than one year	12	<u>(53,677)</u>	<u>(55,907)</u>
Net assets		<u>444,897</u>	<u>431,966</u>
Capital and reserves			
Called-up share capital	13	50,000	50,000
Profit and loss account	14	394,891	381,960
Equity shareholders' funds	15	<u>444,891</u>	<u>431,960</u>
Minority interests		6	6
Total capital employed		<u>444,897</u>	<u>431,966</u>

The accounts on pages 4 to 18 were approved by the board of directors on 2 March 2000 and signed on its behalf by:



S.J. Bampfylde

Director

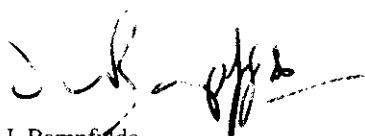
The accompanying notes are an integral part of this consolidated balance sheet.

Company balance sheet

As at 30 September 1999

	Note	1999 £	1998 £
Fixed assets			
Tangible assets	8	261,077	282,544
Investments	9	337	337
		<u>261,414</u>	<u>282,881</u>
Current assets			
Debtors	10	1,326,696	1,328,576
Cash at bank and in hand		402,650	148,791
		<u>1,729,346</u>	<u>1,477,367</u>
Creditors: Amounts falling due within one year	11	<u>(1,492,192)</u>	<u>(1,272,381)</u>
Net current assets		<u>237,154</u>	<u>204,986</u>
Total assets less current liabilities		<u>498,568</u>	<u>487,867</u>
Creditors: Amounts falling due after more than one year	12	<u>(53,677)</u>	<u>(55,907)</u>
Net assets		<u>444,891</u>	<u>431,960</u>
Capital and reserves			
Called-up share capital	13	50,000	50,000
Profit and loss account	14	394,891	381,960
Equity shareholders' funds	15	<u>444,891</u>	<u>431,960</u>

The accounts on pages 4 to 18 were approved by the board of directors on 2 March 2000 and signed on its behalf by:


S.J. Bampfylde

Director

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

Consolidated cash flow statement

For the year ended 30 September 1999

	Notes	1999 £	1998 £
Net cash inflow (outflow) from operating activities	16	506,518	(122,520)
Returns on investments and servicing of finance	17	(9,238)	(9,285)
Taxation	17	(16,759)	(90,407)
Capital expenditure and financial investment	17	(133,395)	(120,576)
Cash inflow (outflow) before financing		347,126	(342,788)
Financing	17	(93,267)	(87,736)
Increase (decrease) in cash	18	253,859	(430,524)

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

Notes to accounts

30 September 1999

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 1999. 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 original historical cost less accumulated depreciation and any provision for impairment in value.

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.

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 denominated 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, even if the payments are not made on such a basis.

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 for impairment 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 Interest receivable and similar income

	1999 £	1998 £
Bank interest receivable	<u>8,387</u>	<u>10,077</u>

4 Interest payable and similar charges

	1999 £	1998 £
Interest on bank loans and overdrafts	4,558	4,224
Interest on hire purchase contracts	<u>13,067</u>	<u>15,138</u>
	<u>17,625</u>	<u>19,362</u>

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1999 £	1998 £
Depreciation of owned assets	153,785	136,790
Depreciation of assets held under hire purchase agreements	96,469	68,821
Rentals under operating leases		
- land and buildings	139,100	139,100
- plant and machinery	240	1,170
Auditors' remuneration		
- audit fees	15,100	14,000
- non-audit services	<u>3,500</u>	<u>4,350</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:

	1999 £	1998 £
Salaries	2,465,953	1,917,353
Social security costs	276,014	191,735
Pension costs	363,815	297,166
	<u>3,105,782</u>	<u>2,406,254</u>

The average monthly number of persons employed by the Group during the period was 41 (1998 - 40) consisting of consultants and people involved in office management.

Directors' remuneration

Remuneration

The remuneration of the directors was as follows:

	1999 £	1998 £
Emoluments	1,006,566	1,063,541
Company contributions to money purchase pension schemes	238,504	226,039
	<u>1,245,070</u>	<u>1,289,580</u>

Pensions

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

	1999 Number	1998 Number
Money purchase schemes	<u>5</u>	<u>6</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:

	1999 £	1998 £
Emoluments	436,170	447,517
Company contributions to money purchase pension schemes	105,000	105,000
	<u>541,170</u>	<u>552,517</u>

7 Tax on profit on ordinary activities

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

	1999 £	1998 £
Corporation tax at 20.5% (1998: 21%)	48,500	18,000
Adjustment to current taxation in respect of prior year	(1,241)	8,907
	<u>47,259</u>	<u>26,907</u>

A deferred tax asset of approximately £48,000 (1998 - £29,000) 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 £
Cost						
Beginning of year	240,566	34,568	130,358	377,670	108,696	891,858
Additions	30,127	-	51,911	109,118	44,006	235,162
Disposals	(24,540)	(34,568)	-	(62,314)	-	(121,422)
End of year	246,153	-	182,269	424,474	152,702	1,005,598
Depreciation						
Beginning of year	192,631	34,568	46,360	266,851	68,904	609,314
Charge for year	36,923	-	45,568	116,862	50,901	250,254
Disposals	(20,003)	(34,568)	-	(60,476)	-	(115,047)
End of year	209,551	-	91,928	323,237	119,805	744,521
Net book value						
Beginning of year	47,935	-	83,998	110,819	39,792	282,544
End of year	36,602	-	90,341	101,237	32,897	261,077

9 Fixed asset investments

	Subsidiary undertakings and participating interests £	Listed investments £	Total £
Cost and net book value			
Beginning and end of year	96	241	337

The company holds 94 £1 ordinary shares, being 94% (1998: 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% (1998: 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.

Listed investments comprise investments which are listed on the London Stock Exchange. The market value of these investments was £175 at 30 September 1999.

Notes to accounts (continued)

10 Debtors

	Group and Company	
	1999	1998
	£	£
Trade debtors	919,869	1,040,621
Other debtors	11,309	48,081
Prepayments and accrued income	395,518	239,874
	<u>1,326,696</u>	<u>1,328,576</u>

11 Creditors: Amounts falling due within one year

	Group and Company	
	1999	1998
	£	£
Obligations under hire purchase agreements	76,180	71,300
Trade creditors	216,153	91,185
Other creditors		
- UK Corporation tax payable	48,500	18,000
- VAT	127,862	184,310
- Social security and PAYE	65,638	56,617
- Other creditors	123,815	61,492
Accruals	739,994	666,816
Deferred income	94,050	122,661
	<u>1,492,192</u>	<u>1,272,381</u>

12 Creditors: Amounts falling due after more than one year

	Group and Company	
	1999	1998
	£	£
Obligations under hire purchase agreements falling due within 5 years	<u>53,677</u>	<u>55,907</u>

Notes to accounts (continued)

13 Called-up share capital

	1999 £	1998 £
<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	
	1999 £	1998 £
<i>Profit and loss account:</i>		
Beginning of year	381,960	212,909
Retained profit for the year	12,931	169,051
End of year	<u>394,891</u>	<u>381,960</u>

15 Reconciliation of movement in equity shareholders' funds

	Group and Company	
	1999 £	1998 £
Shareholders' funds at beginning of year	431,960	262,909
Retained profit for the year	12,931	169,051
Shareholders' funds at end of year	<u>444,891</u>	<u>431,960</u>

16 Reconciliation of operating profit to operating cash flows

	Continuing operations	
	1999 £	1998 £
Operating profit	69,428	205,243
Depreciation charges	250,254	205,611
Loss (profit) on sale of tangible fixed assets	525	(17,505)
Decrease (increase) in debtors	1,880	(309,076)
Increase (decrease) in creditors	184,431	(206,793)
Net cash inflow (outflow) from operating activities	<u>506,518</u>	<u>(122,520)</u>

Notes to accounts (continued)

17 Analysis of cash flows

	1999 £	1998 £
<i>Returns on investments and servicing of finance</i>		
Interest received	8,387	10,077
Interest paid (including interest element of hire purchase rentals)	(17,625)	(19,362)
Net cash outflow	(9,238)	(9,285)
<i>Taxation</i>		
UK corporation tax paid	(16,759)	(90,407)
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(139,205)	(145,085)
Purchase of investments	-	(241)
Sale of tangible fixed assets	5,810	24,750
Net cash outflow	(133,395)	(120,576)
<i>Financing</i>		
Capital element of hire purchase rental payments	(93,307)	(87,736)

18 Analysis and reconciliation of net funds

	1 October 1998 £	Cash flow £	Other non-cash changes £	30 September 1999 £
Cash at bank and in hand	148,893	253,859	-	402,752
Hire purchase agreements	(127,207)	93,267	(95,917)	(129,857)
Net funds	21,686	347,126	(95,917)	272,895

Notes to accounts (continued)

18 Analysis and reconciliation of net funds (continued)

	1999 £	1998 £
Increase (decrease) in cash in the year	253,859	(430,524)
Cash outflow resulting in decrease in debt and lease financing	93,267	87,736
Change in net debt resulting from cash flows	347,126	(342,788)
New hire purchase agreements	(95,917)	(84,491)
Movement in net funds in year	251,209	(427,279)
Net funds at beginning of year	21,686	448,965
Net funds at end of year	272,895	21,686

19 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 5. The minimum annual rentals under the foregoing leases are as follows:

	Group and Company	
	Property £	Plant and machinery £
1999		
Operating leases which expire		
- within 1 year	14,100	-
- between 2-5 years	-	240
- after 5 years	125,000	-
	139,100	240
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

Notes to accounts (continued)

20 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 £363,815 (1998 - £297,166). Accrued pension costs at the year end were £20,000 (1998 - £10,500).

21 Directors' material interests in contracts

During the year S.J. Bampfylde was a director of Hydra Associates Limited. This company employed the services of Saxton Bampfylde Hever plc for total fees of £23,600 (1998: £21,240). He resigned as a director on 2 September 1999.

During the year P.J. Drew was a director of the Women's Royal Volunteer Service. This organisation employed the services of Saxton Bampfylde Hever plc for total fees of £16,000 (1998: £Nil).