



ARTHURANDERSEN

Alexander Mann Technology Limited

Annual report and accounts
for the year ended 30 September 2000

Registered number: 2073305



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Directors' report

For the year ended 30 September 2000

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 30 September 2000.

Principal activities

The principal activity of the company is that of professional recruitment consultants.

Business review

During the year the assets and operations of the following companies, all fellow subsidiaries, were transferred to Alexander Mann Technology Limited:

Alexander Mann Technology (Eton) Limited
AMA Sales & Selection Limited
Pinpoint International Limited
Sapphire Consulting International Limited

Results and dividends

The audited accounts for the year ended 30 September 2000 are set out on pages 5 to 15. The profit for the year after taxation was £1,287,101 (1999 - £682,581).

The directors recommend the payment of a final dividend of £268,747 on the ordinary shares (1999 – an interim dividend of £80,000 was paid on the 'A' ordinary shares).

Directors

The directors who served during the year and their beneficial interests in the shares of the company were as follows:

	Number of ordinary shares (or 'A' ordinary shares) held at 30 September 2000	Number of ordinary shares (or 'A' ordinary shares) held at 1 October 1999
J Caan	-	-
M O'Flynn	-	-

J Caan is a director of the company's ultimate parent company, Alexander Mann Group Limited, and his beneficial interest in the shares of that company is shown in its financial statements.

M O'Flynn's beneficial interest in the shares of Alexander Mann Group Limited is as follows:

	Number of ordinary shares held at 30 September 2000	Number of ordinary shares held at 1 October 1999
M O'Flynn	6,030,000	6,030,000

Directors' report (continued)

Auditors

During the year the directors appointed Arthur Andersen as auditors.

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

Alexander House
9-11 Fulwood Place
London
WC1V 6HG

By order of the Board,

A handwritten signature in black ink, appearing to read 'C Ross-Roberts', written over a horizontal line.

C Ross-Roberts

Date: 29 January 2001

Secretary

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 profit or loss of the company 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 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 enable them to ensure that the accounts comply with 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.



To the Shareholders of Alexander Mann Technology Limited

We have audited the accounts on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 at 30 September 2000 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen
Chartered Accountants and Registered Auditors

20 Old Bailey
London
EC4M 7AN

Date: 29th January 2001

Profit and loss account

For the year ended 30 September 2000

	Notes	2000 £	1999 £
Gross revenue		87,957,908	22,518,487
Turnover		43,343,268	22,518,487
Cost of sales		(37,757,202)	(19,148,054)
Gross profit		5,586,066	3,370,433
Administrative expenses		(3,423,976)	(2,062,602)
Operating profit		2,162,090	1,307,831
Finance charges (net)	1	(296,289)	(317,135)
Profit on ordinary activities before taxation	2	1,865,801	990,696
Tax on profit on ordinary activities	5	(578,700)	(308,115)
Profit on ordinary activities after taxation		1,287,101	682,581
Dividends paid and proposed	6	(268,747)	(80,000)
Retained profit for the year	14	1,018,354	602,581

All of the results presented above derive from continuing activities.

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

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

Balance sheet
30 September 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	7	180,710	31,741
Current assets			
Stocks and work-in-progress	8	81,861	360,472
Debtors	9	11,168,665	11,730,016
Cash at bank and in hand		452	-
		<u>11,250,978</u>	<u>12,090,488</u>
Creditors: Amounts falling due within one year	10	<u>(9,615,837)</u>	<u>(11,316,821)</u>
Net current assets		<u>1,635,141</u>	<u>773,667</u>
Total assets less current liabilities		<u>1,815,851</u>	<u>805,408</u>
Creditors: Amounts falling due after more than one year	11	<u>-</u>	<u>(7,911)</u>
Net assets		<u>1,815,851</u>	<u>797,497</u>
Capital and reserves			
Called-up share capital	12	90,001	90,001
Profit and loss account	14	<u>1,725,850</u>	<u>707,496</u>
Shareholders' funds	15	<u>1,815,851</u>	<u>797,497</u>

The accounts on pages 5 to 15 were approved by the board of directors on 29 January 2001 and signed on its behalf by:



J Caan

Director

Date: 29 January 2001

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

Statement of accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The company has taken advantage of the exemption from the requirement of FRS 1 to present a cash flow statement because it is a wholly owned subsidiary of Alexander Mann Group Limited which prepares consolidated accounts which are publicly available.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings	4 years
Plant and machinery	4 years
Computer equipment	3 years
Motor vehicles	3 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

Gross revenue

Gross revenue comprises turnover together with contractor costs incurred by clients where those costs are managed under an outsourcing agreement with the company. The purpose of this disclosure is to show the amount at which turnover would have been stated had the relevant contractors been contracted by the company rather than contracted directly by the clients.

Turnover

Turnover represents the sales value of services provided to outside customers in the normal course of business, net of VAT and other sales related taxes, together with fees and commissions earned in respect of gross revenue.

Statement of accounting policies

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Notes to accounts

30 September 2000

1 Finance charges (net)

Investment income

	2000 £	1999 £
Other interest receivable and similar income	20,817	-
	<u>20,817</u>	<u>-</u>

Interest payable and similar charges

	2000 £	1999 £
Bank loans and overdrafts	19,820	5,518
Interest on overdue tax	447	6,503
Invoice factoring charges	296,839	305,114
	<u>317,106</u>	<u>317,135</u>

Finance charges (net)

	2000 £	1999 £
Investment income	20,817	-
Less: Interest payable and similar charges	(317,106)	(317,135)
	<u>(296,289)</u>	<u>(317,135)</u>

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2000 £	1999 £
Depreciation and amounts written off tangible fixed assets		
- owned	26,869	15,152
- held under finance leases and hire purchase contracts	5,142	6,500
Operating lease rentals		
- plant and machinery	35,844	-
Auditors' remuneration for audit services	<u>64</u>	<u>11,500</u>

Notes to accounts (continued)

3 Staff costs

The average monthly number of employees (including executive directors) was:

	2000 Number	1999 Number
Sales	99	25
Administration	14	5
	<u>113</u>	<u>30</u>

	2000 £	1999 £
Their aggregate remuneration comprised:		
Wages and salaries	5,013,232	1,260,209
Social security costs	525,000	122,844
Other pension costs	39,936	-
	<u>5,578,168</u>	<u>1,383,053</u>

4 Directors' remuneration and transactions

Remuneration

The remuneration of the directors was as follows:

	2000 £	1999 £
Emoluments	113,000	122,730
Contributions to personal pension schemes	7,935	-
	<u>120,935</u>	<u>122,730</u>

Directors' interests

Other than those disclosed in the directors' report, no directors who held office at 30 September 2000 had any interests in the shares and debentures of group undertakings.

Directors' transactions

No other disclosable transactions have taken place with directors in the year or the prior year.

Notes to accounts (continued)

5 Tax on profit on ordinary activities

The tax charge comprises:

	2000 £	1999 £
UK Corporation tax at 30% (1999 – 31%)	578,700	308,115
	<u>578,700</u>	<u>308,115</u>

6 Dividends paid and proposed

	2000 £	1999 £
Dividends paid and proposed		
<i>Equity shares</i>		
- interim paid of £2.99 (1999 - £nil) per ordinary share	268,747	-
- interim paid of £nil (1999 - £0.89) per 'A' ordinary share	-	80,000
	<u>268,747</u>	<u>80,000</u>

Notes to accounts (continued)

7 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Computer equipment £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 October 2000	4,000	26,000	186,319	24,935	241,254
Additions	16,241	-	83,824	60,037	160,102
Disposals	-	(26,000)	-	-	(26,000)
Transfers	-	33,175	15,067	24,383	72,624
At 30 September 2000	<u>20,241</u>	<u>33,175</u>	<u>285,210</u>	<u>109,355</u>	<u>447,980</u>
Depreciation					
At 1 October 2000	1,167	13,920	173,755	20,671	209,513
Charge for the year	3,535	5,142	13,251	10,083	32,011
Transfers	-	16,674	12,903	13,880	43,457
Disposals	-	(17,712)	-	-	(17,712)
At 30 September 2000	<u>4,702</u>	<u>18,024</u>	<u>199,909</u>	<u>44,635</u>	<u>267,269</u>
Net book value					
At 30 September 2000	<u>15,539</u>	<u>15,151</u>	<u>85,301</u>	<u>64,719</u>	<u>180,710</u>
At 1 October 2000	<u>2,833</u>	<u>12,080</u>	<u>12,564</u>	<u>4,264</u>	<u>31,741</u>

The net book value of assets held under finance leases is £15,151 (1999 - £12,080). Depreciation charged on leased assets in the year is £5,142 (1999 - £6,500).

Notes to accounts (continued)

8 Stocks and work-in-progress

	2000	1999
	£	£
Work-in-progress	<u>81,861</u>	<u>360,472</u>

9 Debtors

	2000	1999
	£	£
Trade debtors	10,041,712	8,382,950
Amounts owed by group undertakings	660,054	3,342,801
Other debtors	-	4,265
Prepayments and accrued income	<u>466,899</u>	<u>-</u>
	<u>11,168,665</u>	<u>11,730,016</u>

All amounts shown under debtors fall due for payment within one year.

10 Creditors: Amounts falling due within one year

	2000	1999
	£	£
Other creditors		
Obligations under finance leases and hire purchase contracts	24,701	7,866
Bank loans and overdrafts	4,713,817	4,455,119
Trade creditors	587,623	981,740
Amounts owed to group undertakings	3,011,614	4,718,889
UK corporation tax	345,814	271,296
Other taxation and social security	511,456	743,903
Other creditors	83	58,147
Accruals and deferred income	<u>420,729</u>	<u>79,861</u>
	<u>9,615,837</u>	<u>11,316,821</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company.

Notes to accounts (continued)

11 Creditors: Amounts falling due after more than one year

	2000 £	1999 £
Other creditors		
Obligations under finance leases and hire purchase contracts	-	7,911
	<u>-</u>	<u>7,911</u>

Borrowings are repayable as follows:

	2000 £	1999 £
Finance leases		
Between one and two years	-	7,911
	<u>-</u>	<u>7,911</u>
On demand or within one year	24,701	7,866
	<u>24,701</u>	<u>15,777</u>

12 Called-up share capital

	2000 £	1999 £
<i>Authorised</i>		
100,000 ordinary shares of £1 each	100,000	100,000
100 "A" ordinary shares of 1p each	1	1
	<u>100,001</u>	<u>100,001</u>
<i>Allotted, called-up and fully-paid</i>		
90,000 ordinary shares of £1 each	90,000	90,000
100 "A" ordinary shares of 1p each	1	1
	<u>90,001</u>	<u>90,001</u>

13 Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

Notes to accounts (continued)

	2000 Land and buildings £	1999 Land and Buildings £
Expiry date		
- within one year	-	-
- between two and five years	67,469	-
- after five years	30,000	-
	<u>97,469</u>	<u>-</u>

14 Reserves

	Profit and loss account £	Total £
At 1 October 1999	707,496	707,496
Retained profit for the year	<u>1,018,354</u>	<u>1,018,354</u>
At 30 September 2000	<u>1,725,850</u>	<u>1,725,850</u>

15 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	1,287,101	682,581
Dividends	<u>(268,747)</u>	<u>(80,000)</u>
Net addition to shareholders' funds	<u>1,018,354</u>	<u>602,581</u>
Opening shareholders' funds	<u>797,497</u>	<u>194,916</u>
Closing shareholders' funds	<u>1,815,851</u>	<u>797,497</u>

16 Ultimate controlling party

The directors regard Alexander Mann Group Limited, a company incorporated in England and Wales, as the ultimate parent company and the ultimate controlling party.

Notes to accounts (continued)

Alexander Mann Group Limited is the parent company of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from 9-11 Fulwood Place, London, WC1V 6HG.

As a subsidiary undertaking of Alexander Mann Group Limited, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Alexander Mann Group Limited.