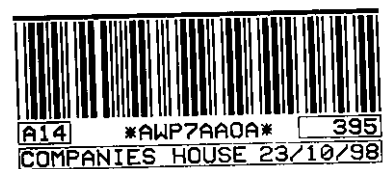


Company number : 2263563  
(England and Wales)

**Royle Recruitment Limited**

**ABBREVIATED FINANCIAL STATEMENTS**

**Period 1 January 1997 to 31 March 1998**



**Royle Recruitment Limited**  
**REPORT OF THE DIRECTORS**

The directors present their report with the abbreviated financial statements of the company for the period 1 January 1997 to 31 March 1998.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the period under review was that of work contracting and staff bureau.

**REVIEW OF BUSINESS**

The results for the period and financial position of the company are as shown in the annexed financial statements.

The company continued to trade satisfactorily during the period and the directors are encouraged by the company's position at the period end.

The retained profit of £33,303 will be transferred to reserves.

**DIVIDENDS**

Interim dividends of £100,000 were paid during the period.

**DIRECTORS**

The directors of the company in office during the year and their beneficial interests in the issued share capital were as follows:-

<u>Name</u>	<u>Class of Capital</u>	<u>31.03.98</u>	<u>01.01.97</u>
Mrs A N Craven	Ordinary £1	10,968	12,750
R M Craven	Ordinary £1	10,968	9,187
Mrs A N and Mr R M Craven	Ordinary £1	1	-

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:-


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements 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 to enable them to ensure that the financial statements 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.

**AUDITORS**

The auditors, Hardcastle France, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

  
.....  
R M Craven - Secretary

Dated: 8 July 1998

**Royle Recruitment Limited**

**Report of the Auditors to**  
**Royle Recruitment Limited**

**Under Section 247B of the Companies Act 1985**

We have examined the abbreviated financial statements on pages four to fifteen, together with the full financial statements of the company for the period ended 31 March 1998 prepared under Section 226 of the Companies Act 1985.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages four to fifteen are properly prepared in accordance with that provision.

*Hardcastle France*

Hardcastle France  
Registered Auditors  
Chartered Accountants  
Malton

Dated: 16 October 1998

**Royle Recruitment Limited**

**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
**for the period 1 January 1997 to 31 March 1998**

			Year ended 31/12/96
		£	£
	Notes		
GROSS PROFIT		497,421	394,217
ADMINISTRATIVE EXPENSES		316,327	287,647
OPERATING PROFIT	3	181,094	106,570
INTEREST PAYABLE AND SIMILAR CHARGES	4	8,008	6,117
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		173,086	100,453
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	39,783	25,578
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		133,303	74,875
DIVIDENDS	6	100,000	64,314
RETAINED PROFIT FOR THE FINANCIAL PERIOD	16	33,303	10,561

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the above two financial periods.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the above two financial periods.

**Royle Recruitment Limited**

**ABBREVIATED BALANCE SHEET**


**As at 31 March 1998**

31/12/96

		£	£	£
	<u>Notes</u>			
<b><u>FIXED ASSETS</u></b>				
Intangible assets	7		12,338	13,650
Tangible assets	8		27,593	33,443
			-----	-----
			39,931	47,093
			-----	-----
<b><u>CURRENT ASSETS</u></b>				
Debtors	9	435,600		431,654
Cash at bank and in hand		160		48,524
		-----		-----
		435,760		480,178
<b><u>CREDITORS: Amounts falling</u></b>				
due within one year	10	338,284		423,917
		-----		-----
<b><u>NET CURRENT ASSETS</u></b>			97,476	56,261
			-----	-----
<b><u>TOTAL ASSETS LESS CURRENT</u></b>				
<b><u>LIABILITIES</u></b>			137,407	103,354
<b><u>CREDITORS: Amounts falling</u></b>				
due after more than one year	11		(25,000)	(25,000)
<b><u>PROVISIONS FOR LIABILITIES</u></b>				
<b><u>AND CHARGES</u></b>				
	12		(1,800)	(1,050)
			-----	-----
			110,607	77,304
			=====	=====
<b><u>CAPITAL AND RESERVES</u></b>				
Called up share capital	13		21,937	21,937
Profit and loss account	16		85,607	52,304
Capital redemption reserve	16		3,063	3,063
			-----	-----
<b><u>SHAREHOLDERS' FUNDS</u></b>			110,607	77,304
	17		=====	=====

These abbreviated financial statements have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to medium sized companies.

ON BEHALF OF THE BOARD

  
Mrs A N Craven - Director

Approved by the Board on 8 July 1998

**Royle Recruitment Limited**

**CASH FLOW STATEMENT**  
**for the period 1 January 1997 to 31 March 1998**

		<u>1998</u>	Year ended 31 December <u>1996</u>
		£	£
	<u>Notes</u>		
<u>NET CASH INFLOW FROM</u> <u>OPERATING ACTIVITIES</u>	21	45,793	139,656
<u>RETURNS ON INVESTMENT</u> <u>AND SERVICING OF FINANCE</u>	23	(8,008)	(6,117)
<u>TAXATION</u>		(35,060)	(13,247)
<u>CAPITAL EXPENDITURE</u>	23	(4,671)	(2,919)
<u>DIVIDENDS PAID</u>		(100,000)	(64,314)
<u>FINANCING</u>	23	(21,894)	19,434
		-----	-----
<u>(DECREASE)/INCREASE IN CASH</u>		<u>(123,840)</u>	<u>72,493</u>

**Royle Recruitment Limited**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**  
**for the period 1 January 1997 to 31 March 1998**

1. **ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

**Turnover**

Turnover represents net invoiced sales of goods and services excluding value added tax.

**Goodwill**

Goodwill represents purchased goodwill on the acquisition of Royle. The goodwill is amortised straight line over 20 years to write it off over its estimated useful life.

If, in the opinion of the directors, the goodwill has suffered a permanent diminution in value, then the amount of the permanent diminution is charged to the profit and loss account.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:-

Leasehold land and buildings	- 4% on cost
Plant and machinery etc.	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

**Deferred taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

**Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease at a constant proportion of the outstanding balance of capital repayments.

**Pension costs**

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account of the year in which they are payable to the scheme.

**Royle Recruitment Limited**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**  
**for the period 1 January 1997 to 31 March 1998**

2. **STAFF COSTS**

	1998	Year ended 31 December 1996
	£	£
Wages and salaries	3,611,723	2,693,338
Social security costs	220,836	176,072
Pension costs	20,000	43,000
	<u>3,852,559</u>	<u>2,912,410</u>

3. **OPERATING PROFIT**

The operating profit is stated after charging:

Directors' emoluments	85,155	91,131
Depreciation of tangible fixed assets	5,596	6,060
Amortisation of intangible fixed assets	1,312	1,050
Loss on disposal of fixed assets	4,925	921
Auditors' remuneration	3,515	4,160
	<u>85,155</u>	<u>91,131</u>

Directors' emoluments are made up as follows:-

Directors' emoluments (including benefits in kind)	65,155	48,131
Directors' pension contributions	20,000	43,000
	<u>85,155</u>	<u>91,131</u>

During the year retirement benefits were accruing to two (1996- two ) directors in respect of money purchase pension schemes.

4. **INTEREST PAYABLE AND SIMILAR CHARGES**

On bank loans and overdrafts	5,672	4,594
On other loans	1,753	779
	<u>7,425</u>	<u>5,373</u>
On finance leases and hire purchase contracts	583	744
	<u>8,008</u>	<u>6,117</u>



**Royle Recruitment Limited**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**  
**for the period 1 January 1997 to 31 March 1998**

5. **TAXATION**

	<u>1998</u>	Year ended 31 December <u>1996</u>
	£	£
UK corporation tax at 21.6% (1996 :24.25%)	38,961	25,571
Deferred taxation	750	-
	-----	-----
	39,711	25,571
Underprovision in respect of previous year	72	7
	-----	-----
	<u>39,783</u>	<u>25,578</u>

6. **DIVIDENDS**

Equity shares: Dividends paid	<u>100,000</u>	<u>64,314</u>
----------------------------------	----------------	---------------

7. **INTANGIBLE FIXED ASSETS**

	<u>Goodwill</u>
	£
<b><u>COST</u></b>	
At 1 January 1997 and 31 March 1998	29,500
	-----
<b><u>AMORTISATION</u></b>	
At 1 January 1997	15,850
Charge for period	1,312
	-----
At 31 March 1998	17,162
	-----
<b><u>NET BOOK VALUE</u></b>	
At 31 March 1998	12,338
	-----
At 31 December 1996	<u>13,650</u>

**Royle Recruitment Limited**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**  
**for the period 1 January 1997 to 31 March 1998**

8. **TANGIBLE FIXED ASSETS**

	Leasehold property (short leasehold)	Fixtures and fittings	Motor vehicles	Totals
		£	£	£
<b><u>COST</u></b>				
At 1 January 1997	7,899	47,067	11,675	66,641
Additions	-	4,671	-	4,671
Disposals	-	-	(11,675)	(11,675)
At 31 March 1998	7,899	51,738	-	59,637
<b><u>DEPRECIATION</u></b>				
At 1 January 1997	2,450	23,998	6,750	33,198
Charge for period	395	5,201	-	5,596
Eliminated on disposal	-	-	(6,750)	(6,750)
As at 31 March 1998	2,845	29,199	-	32,044
<b><u>NET BOOK VALUE</u></b>				
As at 31 March 1998	5,054	22,539	-	27,593
As at 31 December 1996	5,449	23,069	4,925	33,443

The net book value of motor vehicles includes £Nil (1996 : £4,925) in respect of assets held under hire purchase contracts. The amount of depreciation in respect of such assets amounted to £Nil (1996 : £1,642).

9. **DEBTORS**

	1998	Year ended 31 December 1996
	£	£
Trade debtors	381,305	395,525
Other debtors	54,295	36,129
	435,600	431,654
Amounts falling due after more than one year:-		
Other debtors	5,252	-

**Royle Recruitment Limited**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**  
**for the period 1 January 1997 to 31 March 1998**

10 **CREDITORS: AMOUNTS FALLING**  
**DUE WITHIN ONE YEAR**

	1998	Year ended 31 December 1996
	£	£
Bank overdraft (secured)	106,738	31,261
Obligations under hire purchase contracts (secured)	-	2,500
Trade creditors	65,610	129,043
Other creditors	165,936	261,113
	<u>338,284</u>	<u>423,917</u>
Taxation and social security included in above totals	<u>200,539</u>	<u>257,107</u>

Security for the bank overdraft is provided by an unlimited guarantee by Mr R M Craven and Mrs A N Craven.

Obligations under hire purchase contracts are secured on the assets acquired.

11. **CREDITORS: AMOUNTS FALLING DUE**  
**AFTER MORE THAN ONE YEAR**

Other loan	<u>25,000</u>	<u>25,000</u>
Debt due after more than one year - repayable between two and five years	<u>25,000</u>	<u>25,000</u>

12. **PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred taxation		
Provision at 1 January 1997	1,050	1,050
Transfer for the period	750	-
	<u>1,800</u>	<u>1,050</u>

13. **CALLED UP SHARE CAPITAL**  
**Ordinary shares of £1 each**

Authorised	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid	<u>21,937</u>	<u>21,937</u>

**Royle Recruitment Limited**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**  
**for the period 1 January 1997 to 31 March 1998**

14. **CONTINGENT LIABILITIES**

The company had no contingent liabilities at 31 March 1998 (1996 : £Nil).

15. **CAPITAL COMMITMENTS**

There were no capital commitments at 31 March 1998 (1996 : £Nil).

16. **RESERVES**

	Capital redemption reserve	Profit and loss account	Total
	£	£	£
At 1 January 1997	3,063	52,304	55,367
Retained profit for the financial period	-	33,303	33,303
	-----	-----	-----
At 31 March 1998	3,063	85,607	88,670
	=====	=====	=====

17. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1998	Year ended 31 December 1996
	£	£
Profit for the financial period	133,303	74,875
Dividends	(100,000)	(64,314)
	-----	-----
Purchase of own shares	33,303	10,561
	-	(24,493)
	-----	-----
Net addition/(reduction) in shareholders' funds	33,303	(13,932)
Opening shareholders' funds	77,304	91,236
	-----	-----
Closing shareholders' funds - all equity	110,607	77,304
	=====	=====

**Royle Recruitment Limited**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**  
**for the period 1 January 1997 to 31 March 1998**

18. **PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The scheme is funded by contributions from the company. The funds of the scheme are administered by trustees. The trustees of the scheme are the directors of the company, Barnett Waddingham Trustees Limited and Mr R W Miers of Messrs Harrowell Shaftoe Solicitors.

The total pension costs charge for the period in these accounts amounted to £20,000 (1996 : £43,000).

There are no prepaid contributions.

19. **ANNUAL COMMITMENTS UNDER OPERATING LEASES**

At 31 March 1998, the company had annual commitments under non-cancellable operating leases which expire as follows:-

	<u>1998</u>	<u>Year ended</u> <u>31 December</u> <u>1996</u>
	<u>£</u>	<u>£</u>
Land and buildings - over five years	13,500	13,500
Other operating leases - within one to two years	-	7,183
- less than one year	7,183	-
	<u>20,683</u>	<u>20,683</u>

20. **TRANSACTIONS WITH RELATED PARTIES**

The controlling parties during the year were Mrs A N Craven and Mr R M Craven.

The company entered into transactions during the period with the Royle Recruitment Retirement Benefit Scheme of which both Mr and Mrs Craven are members and trustees.

During the period the company paid contributions to the scheme of £20,000 (1996 : £43,000) and received a loan from the scheme of £Nil (1996 : £25,000). This loan was outstanding at 31 March 1998.

Security for the bank borrowings is provided by an unlimited guarantee by Mr R M Craven and Mrs A N Craven.

**Royle Recruitment Limited**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**  
**for the period 1 January 1997 to 31 March 1998**

21. **RECONCILIATION OF OPERATING PROFIT**  
**NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1998	Year ended 31 December 1996
	£	£
Operating profit	181,094	106,570
Depreciation charges	6,908	7,110
Loss on sale of fixed assets	4,925	921
Decrease/(Increase) in debtors	8,949	(70,771)
(Decease)/Increase in creditors	(156,083)	95,826
	-----	-----
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>45,793</u>	<u>139,656</u>

22. **RECONCILIATION OF NET CASH FLOW**  
**TO MOVEMENT IN NET DEBT**

(Decrease)/Increase in cash for the period	123,840	(72,493)
Capital element of hire purchase contracts	(2,500)	(3,333)
Loans	(5,252)	25,000
Repayment of loans	(14,142)	22,260
	-----	-----
Change in net debt	101,946	(28,566)
Net debt at 1 January 1997	26,213	54,779
	-----	-----
Net debt at 31 March 1998	<u>128,159</u>	<u>26,213</u>

**Royle Recruitment Limited**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**  
**for the period 1 January 1997 to 31 March 1998**

23. **ANALYSIS OF CASH FLOWS FOR HEADINGS**  
**NETTED IN THE CASH FLOW STATEMENT**

	1998	Year ended 31 December 1996
	£	£
<i><u>Returns on investments and servicing of finance</u></i>		
Interest paid	(7,425)	(5,373)
Interest element of hire purchase contracts	(583)	(744)
	-----	-----
<u>Net cash outflow for returns on investments and servicing of finance</u>	<u>(8,008)</u>	<u>(6,117)</u>
	=====	=====
<i><u>Capital expenditure</u></i>		
Purchase of tangible fixed assets	(4,671)	(8,939)
Sale of tangible fixed assets	-	6,020
	-----	-----
<u>Net cash outflow for capital expenditure</u>	<u>(4,671)</u>	<u>(2,919)</u>
	=====	=====
<i><u>Financing</u></i>		
Capital element of hire purchase contracts	(2,500)	(3,333)
Purchase of own shares	-	(24,493)
Loans	(5,252)	25,000
Repayment of directors' loan account	(15,418)	21,816
Receipt of staff loans	1,276	444
	-----	-----
<u>Net cash outflow from financing</u>	<u>(21,894)</u>	<u>19,434</u>
	=====	=====

24. **ANALYSIS OF CHANGES IN NET DEBT**

	<u>At 01/01/97</u>	<u>Cash flows</u>	<u>At 31/03/98</u>
Cash in hand and at bank	17,263	(123,840)	(106,577)
Hire purchase agreements	(2,500)	2,500	-
Debt due within one year	(15,976)	14,142	(1,834)
Debt due after more than one year	(25,000)	5,252	(19,748)
	-----	-----	-----
	<u>(26,213)</u>	<u>(101,946)</u>	<u>(128,159)</u>
	=====	=====	=====