

InterRecruit Limited
(formerly known as Intereurope Recruitment Limited)

Directors' Report and Financial Statements

30 June 2000

Registered Number 2277343



InterRecruit Limited
(formerly known as Intereurope Recruitment Limited)

Directors' Report and Financial Statements

For the Year Ended 30 June 2000

Directors	D H Immanuel A R Horn
Company Secretary	A R Horn
Bankers	National Westminster Bank Plc St James's & Piccadilly Branch PO Box 2DG 208 Piccadilly London W1A 2DG
Solicitors	Blake Lapthorn Kings Court 21 Brunswick Place Southampton Hampshire SO15 2AQ Coffin Mew & Clover Fareham Point Wickham Road Fareham Hampshire PO16 7AU
Auditors	Grant Thornton Enterprise House Isambard Brunel Road Portsmouth Hampshire PO1 2RZ
Registered Office	21-23 East Street Fareham Hampshire PO16 0BZ

InterRecruit Limited
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Directors' report and financial statements

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InterRecruit Limited **(formerly known as Intereurope Recruitment Limited)**

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 30 June 2000.

Change of name

The Company changed its name to InterRecruit Limited on 4 January 2000.

Business review and results

The principal activity of the Company is the provision of recruitment services.

The profit on ordinary activities after taxation amounted to £85,447 (1999: £35,251). After dividends a loss of £14,553 (1999: profit of £35,251) was transferred to reserves.

The results for the year are set out on page 6 of the financial statements.

Dividends

The Directors propose the payment of a final dividend on ordinary shares of £100,000 (1999: £nil).

Directors

The Directors who served since 1 July 1999 were:

D H Immanuel (Chairman)

A R Horn

D Montgomery (appointed 29 September 1999 and resigned 22 September 2000)

Directors' interests

No Director held any beneficial interests in the shares of the Company during the year. The Directors are also Directors of the Parent Company, Intereurope Technology Services Plc and their interests are disclosed in the directors' report of that company.

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Directors' report *(continued)*

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit 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; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This report was approved by the Board of Directors on 22 January 2001


A R Horn

Secretary

21-23 East Street
Fareham
Hampshire
PO16 0BZ

InterRecruit Limited
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Report of the Auditors to the members of InterRecruit Limited

We have audited the financial statements on pages 6 to 14, which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of Directors and Auditors

As described on page 4, the Company's Directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

Grant Thornton
Registered Auditors
Chartered Accountants

22 January 2001

Enterprise House
Isambard Brunel Road
Portsmouth
Hampshire
PO1 2RZ

InterRecruit Limited
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Profit and loss account
for the year ended 30 June 2000

	<i>Note</i>	2000 £	1999 £
Turnover	2	1,803,640	1,610,725
Cost of sales		<u>(1,530,945)</u>	<u>(1,376,416)</u>
Gross Profit		272,695	234,309
Administrative expenses		<u>(153,531)</u>	<u>(186,256)</u>
Profit on ordinary activities before taxation	3	119,164	48,053
Taxation on profit on ordinary activities	4	<u>(33,717)</u>	<u>(12,802)</u>
Profit on ordinary activities after taxation		85,447	35,251
Dividends paid and proposed on equity	7	<u>(100,000)</u>	-
Retained (loss)/profit for the year		<u>(14,553)</u>	35,251
Retained profit brought forward		<u>35,251</u>	-
Retained profit carried forward		<u><u>20,698</u></u>	<u><u>35,251</u></u>

There are no recognised gains or losses other than the loss for the year as reported above.

There is also no difference between the profit on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents.

All of the above results relate to continuing activities.

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Balance sheet
at 30 June 2000

	Note	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	8		27,616		22,698
Current assets					
Debtors	9	337,801		364,789	
Bank		<u>4,459</u>		<u>9,856</u>	
		342,260		374,645	
Creditors: amounts falling due within one year	10	<u>(349,176)</u>		<u>(362,090)</u>	
Net current (liabilities)/assets			<u>(6,916)</u>		<u>12,555</u>
Net assets			<u>20,700</u>		<u>35,253</u>
Capital and reserves					
Called up share capital	11		2		2
Profit and loss account	12		<u>20,698</u>		<u>35,251</u>
Equity shareholder's funds			<u>20,700</u>		<u>35,253</u>

These financial statements were approved by the Board of Directors on 22 January 2001 and were signed on its behalf by:


A R Horn
Director

InterRecruit Limited (formerly known as Intereurope Recruitment Limited)

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

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

Cash flow statement

The Company has taken advantage of the exemption available under FRS1 (revised 1996) not to prepare a cash flow statement as it fulfils the criteria for a small company under the Companies Act 1985.

Depreciation

Depreciation is provided by the Company so as to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Equipment, fixtures and fittings	-	3 to 5 years
Software	-	2 years
Motor vehicles < 4 years old at purchase date	-	4 years
Motor vehicles > 4 years old at purchase date	-	2 years

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation under the liability method only to the extent that it is probable that an actual liability will crystallise.

Pension Scheme

Pension costs are charged to the profit and loss account so as to recognise the cost of pensions on a systematic and rational basis over employees' working lives.

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Notes *(continued)*

2 Turnover

The Company has only one class of business, that of the supply of contract staff and arises wholly in the United Kingdom.

3 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is arrived at after charging the following:

	2000 £	1999 £
Depreciation	12,214	17,210
Auditors' remuneration - audit	3,200	2,650
- non audit fees	600	-
Management charges from Group Companies	<u>35,883</u>	<u>24,701</u>

4 Taxation on profit on ordinary activities

The charge in the profit and loss account is calculated as follows:

	2000 £	1999 £
Corporation tax	17,837	4,788
Group relief	15,884	8,014
Adjustment relating to prior year	(4)	-
	<u>33,717</u>	<u>12,802</u>

5 Remuneration of directors

In the opinion of the Directors, it is not practicable to apportion emoluments among the various Directorships within the Group. Accordingly, the emoluments of D H Immanuel (Chairman), A R Horn and D Montgomery who were also directors of Intereurope Technology Services plc, are reported in the financial statements of that company.

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Notes *(continued)*

6 Employee numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	2000	1999
	Number	Number
Management and administrative staff	3	4
Production staff	6	6
	<u>9</u>	<u>10</u>

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£	£
Wages and salaries	734,056	684,959
Social security costs	70,590	67,364
Pension costs (note 15)	1,451	2,333
	<u>806,097</u>	<u>754,656</u>

7 Dividends

	2000	1999
	£	£
Equity shares – paid	<u>100,000</u>	<u>-</u>

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Notes (continued)

8 Tangible fixed assets

	Equipment, fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>			
At 1 July 1999	60,828	24,489	85,317
Transfers in	31,232	12,195	43,427
Additions	7,941	12,999	20,940
Disposals	-	(22,685)	(22,685)
At 30 June 2000	<u>100,001</u>	<u>26,998</u>	<u>126,999</u>
<i>Depreciation</i>			
At 1 July 1999	48,916	13,703	62,619
Transfers in	29,175	7,371	36,546
Charge for year	8,606	3,608	12,214
Disposals	-	(11,996)	(11,996)
At 30 June 2000	<u>86,697</u>	<u>12,686</u>	<u>99,383</u>
<i>Net book value</i>			
At 30 June 2000	<u><u>13,304</u></u>	<u><u>14,312</u></u>	<u><u>27,616</u></u>
At 30 June 1999	<u><u>11,912</u></u>	<u><u>10,786</u></u>	<u><u>22,698</u></u>

9 Debtors

	2000 £	1999 £
Trade debtors	323,308	341,631
Amounts recoverable on contracts	12,462	20,937
Sundry debtors	1,454	1,473
Prepayments	577	748
	<u><u>337,801</u></u>	<u><u>364,789</u></u>

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Notes (continued)

10 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	1,998	1,454
Amounts owed to group undertakings	256,918	286,521
Other creditors including taxation and social security:		
Corporation tax	17,833	4,788
Other taxation	15,373	12,120
Social security	14,163	10,828
Other creditors	28,268	23,608
Accruals	14,623	22,771
	<u>349,176</u>	<u>362,090</u>

11 Share capital

	Authorised £	Allotted, called up and fully paid £
At 30 June 2000 and 1999: Ordinary shares of £1 each	<u>100</u>	<u>2</u>

12 Reconciliation of movement in shareholder's funds

	2000 £	1999 £
Profit for the financial year	85,447	35,251
Dividends	(100,000)	-
Net (reduction)/addition to shareholder's funds	(14,553)	35,251
Opening shareholder's funds at 1 July	35,253	2
Closing shareholder's funds at 30 June	<u>20,700</u>	<u>35,253</u>

13 Deferred taxation

At 30 June 2000, the Company had a deferred tax asset of £8,600 (1999: £11,401) arising from accelerated capital allowances which has not been reflected in these financial statements.

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Notes *(continued)*

14 Contingent liabilities

The Company is party to a group VAT registration with certain other Group undertakings. At 30 June 2000, the contingent liability relating thereto amounted to £67,539 (1999: £57,454).

15 Pensions

The Company is part of a Group pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group, being invested with an insurance company. Pension contributions are determined by a qualified independent actuary on the basis of the triennial valuations using the attained age method. The most recent valuation was at 6 April 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 8% per annum, that increases in pensionable salaries would average 6% per annum and that dividend growth on equities would be 4% per annum compound.

The most recent valuation showed that the market value of the scheme's assets was £2,943,000 and that the actuarial value of those assets represented 113% of the benefits that had been accrued to members after allowing for expected future increases in earnings. The contributions of the Group during the year and the previous year were £nil. Employee contributions have remained at 5% of pensionable pay in accordance with the scheme's rules.

16 Capital commitments

There were no capital commitments at 30 June 2000 (1999: £nil).

17 Related party transactions

The company has taken exemption under Financial Reporting Standard No 8 not to disclose transactions between group companies.

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Notes *(continued)*

18 Parent undertaking and controlling party

The company's immediate parent undertaking is Intereurope Technology Services plc, which is registered in England. It has included the company in its group accounts, copies of which are available from its registered office: 21-23 East Street, Fareham, Hampshire PO16 0BZ. In the directors' opinion, the company's ultimate parent undertaking and controlling party is Ridgmount Holdings Limited, which is registered in England.