

SCIENCE RECRUITMENT GROUP LIMITED
(formerly Lab Staff Limited)

Report and Financial Statements

31 March 2000



REPORT AND FINANCIAL STATEMENTS 2000

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OFFICERS & PROFESSIONAL ADVISERS

DIRECTORS

B P Blackden
P J Lowman
K A Worrall

SECRETARY

A Thorpe

REGISTERED OFFICE

Buckland House
Waterside Drive
Langley Business Park
Slough
Berkshire
SL3 6EZ

BANKERS

Barclays Bank Plc

AUDITORS

Deloitte & Touche
Chartered Accountants

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2000.

ACTIVITIES

The company's main activity has been that of an employment business operating in the laboratory sciences sector.

RESULTS AND DIVIDENDS

The company made a profit after taxation of £1,657,000 (1999 - 2,717,000). No dividends were paid or proposed (1999 - £7,224,000).

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Market weakness and increased competition contributed to a decline in revenue to £18.5 million but the company continues to lead the market for temporary staffing services in the UK scientific sector. The directors have implemented a number of initiatives to maintain the company's market leadership. The company now offers a range of recruitment services through its three trading divisions SRG Lab Staff, SRG Sciencetech and SRG Executive with further service offerings to be launched in the forthcoming financial year. The directors are confident that the longer term prospects for the company remain positive.

DIRECTORS AND THEIR INTERESTS

The current directors are shown on page 1. Changes in directors during the year were:

B R Culver	resigned 17 August 1999
C D W Smith	resigned 25 October 1999
E J Manning	resigned 25 October 1999
P J Lowman	appointed 25 October 1999

No director had any interest in the shares of the company as defined by the Companies Act 1985 at any time during the year. Messrs Blackden and Worrall are also directors of Professional Staff plc, the company's ultimate parent company and the interests of these directors in the shares of the parent company are disclosed in the financial statements of that company.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



A Thorpe
Secretary

30 October 2000

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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a 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' REPORT TO THE MEMBERS OF SCIENCE RECRUITMENT GROUP LIMITED (formerly Lab Staff Limited)

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with 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's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE

Chartered Accountants and
Registered Auditors

Date 30 Oct 2000

SCIENCE RECRUITMENT GROUP LIMITED
(formerly Lab Staff Limited)

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2000

	Note	2000 £'000	1999 £'000
TURNOVER – continuing operations	1	18,499	21,539
Cost of sales		(12,732)	(14,623)
Gross profit		5,767	6,916
Administrative expenses		(3,349)	(2,925)
OPERATING PROFIT – continuing operations		2,418	3,991
Interest receivable and similar income	3	-	2
Interest payable and similar charges	4	-	(12)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	2,418	3,981
Tax on profit on ordinary activities	6	(761)	(1,264)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,657	2,717
Equity dividends	7	-	(7,224)
Profit (loss) retained for the year		1,657	(4,507)
Profit and loss account brought forward		2,016	6,523
Profit and loss account carried forward		3,673	2,016

There were no recognised gains or losses in either the current or preceding financial period other than as stated above. Accordingly, a statement of total recognised gains and losses has not been presented.

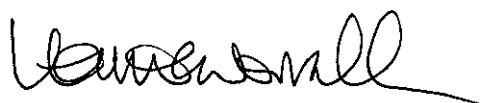
SCIENCE RECRUITMENT GROUP LIMITED
(formerly Lab Staff Limited)

BALANCE SHEET
31 March 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible assets	8	593	318
CURRENT ASSETS			
Debtors	9	4,618	3,976
Cash at bank and in hand		1,859	2,050
		6,477	6,026
CREDITORS: amounts falling due within one year	10	(2,641)	(3,572)
NET CURRENT ASSETS		3,836	2,454
TOTAL ASSETS LESS CURRENT LIABILITIES		4,429	2,772
CAPITAL AND RESERVES			
Called up share capital	11	-	-
Share premium		756	756
Profit and loss account		3,673	2,016
EQUITY SHAREHOLDERS' FUNDS	12	4,429	2,772

These financial statements were approved by the Board of Directors on 30 October 2000.

Signed on behalf of the Board of Directors



K A Worrall
Director

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Depreciation

Depreciation is provided in equal instalments over the estimated useful life of the assets and is calculated on the cost of the assets.

The following rates are used:

Motor vehicles	25% per annum straight line
Fixtures and fittings	15% per annum straight line
Computers and equipment	33% per annum straight line

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Turnover

Turnover represents fees generated net of value added tax from the placement of temporary and permanent personnel predominantly in the United Kingdom.

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and hire purchase contracts and are depreciated over their estimated useful lives. The finance charges are allocated over the period of the contracts in proportion to the capital amount outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Foreign exchange

Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the year end. Any differences are dealt with in the profit and loss account.

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £'000	1999 £'000
Directors emoluments		
Emoluments	199	123
	<u>199</u>	<u>123</u>
Employee costs during the year (including directors)		
Wages and salaries	1,490	1,314
Social security costs	146	131
	<u>1,636</u>	<u>1,445</u>
	<u>1,636</u>	<u>1,445</u>
	No.	No.
Average number of persons employed:		
Management	12	10
Sales & Administration	43	37
	<u>55</u>	<u>47</u>
	<u>55</u>	<u>47</u>

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 £'000	1999 £'000
Bank interest	-	2
	<u>-</u>	<u>2</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £'000	1999 £'000
Bank loans and overdrafts	-	12
	<u>-</u>	<u>12</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000	1999
	£'000	£'000
Profit on ordinary activities before taxation is after charging:		
Depreciation:		
Owned assets	261	236
Auditors' remuneration		
Audit	15	15
Other	5	5
Serviced office rental	229	238
	<u>229</u>	<u>238</u>

6. TAXATION

	2000	1999
	£'000	£'000
UK Corporation tax at 30% (1999 – 31%)	761	1,264
	<u>761</u>	<u>1,264</u>

7. DIVIDENDS

	2000	1999
	£'000	£'000
Interim paid - £nil (1999 - £72,240) per equity ordinary share	-	7,224
	<u>-</u>	<u>7,224</u>

8. TANGIBLE FIXED ASSETS

	Motor Vehicles £'000	Fixtures And Fittings £'000	Computers and equipment £'000	Total £'000
Cost				
At 1 April 1999	164	77	714	955
Additions	201	24	356	581
Disposals	(112)	-	-	(112)
	<u>253</u>	<u>101</u>	<u>1,070</u>	<u>1,424</u>
At 31 March 2000	253	101	1,070	1,424
Depreciation				
At 1 April 1999	85	43	509	637
Disposals	(67)	-	-	(67)
Charge for the year	66	16	179	261
	<u>84</u>	<u>59</u>	<u>688</u>	<u>831</u>
At 31 March 2000	84	59	688	831
Net book value				
At 31 March 2000	169	42	382	593
At 31 March 1999	79	34	205	318

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

9. DEBTORS

	2000	1999
	£'000	£'000
Trade debtors	2,164	2,798
Amounts owed by group undertakings	2,388	1,029
Other debtors	54	2
Prepayments and accrued income	12	147
	<u>4,618</u>	<u>3,976</u>

All debtors are due within one year of the balance sheet date.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£'000	£'000
Trade creditors	103	74
Corporation tax	783	1,286
Other taxation and social security	974	1,238
Other creditors	486	718
Accruals	295	256
	<u>2,641</u>	<u>3,572</u>

11. CALLED UP SHARE CAPITAL

	2000	1999
	£	£
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£'000	£'000
Profit for the financial year	1,657	2,717
Dividends	-	(7,224)
Net addition to (reduction in) shareholders' funds	<u>1,657</u>	<u>(4,507)</u>
Opening shareholders' funds	2,772	7,279
Closing shareholders' funds	<u>4,429</u>	<u>2,772</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

13. CONTINGENCIES

The company's bankers hold a fixed and floating charge over the assets of the company as security over any overdraft. As at 31 March 2000, the company had cash in hand.

In addition, the company is subject to a cross guarantee covering any overdrafts of Professional Staff plc and certain subsidiaries. As at 31 March 2000 the contingent liability to the company in respect of this guarantee amounted to £6.4 million (1999 - £8.2 million). However, as Professional Staff plc and subsidiaries as a group had not utilised this facility at 31 March 2000, there was no net contingent liability to the group under these guarantee arrangements (1999 - £nil).

14. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company and controlling party of Science Recruitment Group Limited is Professional Staff plc, a company incorporated in Great Britain and registered in England and Wales. A copy of the consolidated accounts of Professional Staff plc can be obtained from The Secretary, Professional Staff plc, Buckland House, Waterside Drive, Langley Business Park, Slough, Berkshire, SL3 6EZ.

15. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No. 8, "Related Party Transactions", transactions with other group undertakings within, and investee related parties of, the Professional Staff plc group have not been disclosed in these financial statements.