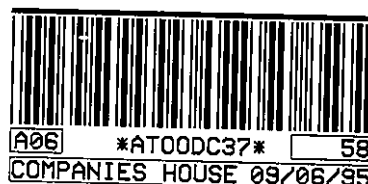


AGB Recruitment Limited and subsidiary companies

**Directors' report and consolidated
financial statements**

**for the period from 1 September 1993 to
31 December 1994**

Registered number 2849488



AGB Recruitment Limited and subsidiary companies

Directors' report and consolidated financial statements

<i>Contents</i>	<i>Page</i>
Chairman's statement	1-2
Directors' report	3-5
Statement of directors' responsibilities	6
Auditors' report	7
Consolidated profit and loss account	8
Consolidated balance sheet	9
Parent company balance sheet	10
Consolidated cash flow statement	11
Notes	12-24

AGB Recruitment Limited and subsidiary companies

Chairman's statement

I am pleased to report on the first period of trading of the company since it commenced business on 23 December 1993.

On that date the company acquired the goodwill, trade and related fixed assets of People (Recruitment) Limited, a company with thirteen branches specialising in predominantly industrial based recruitment services.

In 1994 the business was rationalised and rebranded under the Recruit name and a structure was put in place to develop employment services with an equal spread of commercial and industrial businesses.

As a result of this policy we acquired in May the Mary McCoombe agency in Bristol and opened nine new branches by August to give us a geographical network in some of the strongest industrial and commercial centres in England.

In October we acquired Euro-Professionals Limited which consisted of a chain of eight commercial offices in South East England. The number of branches was subsequently rationalised to seven which brought the number of operational branches to thirty.

In trading terms the group has had a very successful period and although recording a loss of £88,685 the performance exceeded our expectations.

This result is all the more creditable when it is considered that £436,000 was written off in the period, being the revenue cost incurred in opening and developing new branches. A more startling statistic was the performance of the original thirteen branches. In 1993 as People (Recruitment) Limited those branches incurred a loss of £619,000 in the ten months to 31 October 1993. On an annualised basis the turn around in 1994 to a profit of £348,000 represented an increase of more than £1 million. This is illustrated below:

Results of original People (Recruitment) Limited branches

	AGB Recruitment Ltd Year to 31 December 1994 £'000	People (Recruitment) Ltd 10 months to 31 October 1993 £'000
Sales	16,396	7,786
Cost of sales	15,005	7,801
Gross profit/(loss)	1,391	(15)
Administration expenses	894	410
Profit/(loss) before interest	497	(425)
Interest payable	149	194
Profit/(loss) from original branches	<u>348</u>	<u>(619)</u>

AGB Recruitment Limited and subsidiary companies

Chairman's statement (continued)

Market conditions look favourable for the recruitment industry in 1995. Traditionally recruitment companies tend to be among the first businesses to benefit from an upturn after a period of recession and our figures indicate a significant improvement in the market. These indications are certainly borne out by the various statistics relating to employment services, not least those detailing the unfilled vacancies published by the Department of Employment.

Currently trends shown by the unfilled vacancies notified by job centres indicate that business is now approaching the levels of the mid 1980's.

During 1995 we intend to develop a strategy to provide specialist recruitment services from more than 30 recruitment centres.

Already the branch network is split into two specialist divisions covering commercial and all aspects of industrial and technical recruitment. In these divisions we will be developing our permanent placement business to an advanced level in line with the growth of our temporary contracting services.

The company will open new branches in selected areas to complement our existing branch network. We will also be looking for growth by acquisition to increase core business and other niche areas to enable the company to offer an all round employment service to customers and applicants alike.

To enable the company to proceed with its development plans a further £1 million was injected by the shareholders in March 1995 which is reflected in the pro forma balance sheet in the Annual Report and Accounts.

We have now also created a separate company for our Retail division in order that it can maximise its position as the market leader in providing D.I.Y. recruitment and engineering services to large retail chains. In 1994 this division more than doubled its size and is expected to achieve a similar performance in the current period.

Another area of progress during 1994 has been made by our Events division which has increased its activity by more than 50%. With the development of services to sporting venues such as Wembley, Silverstone and Cheltenham the prospects for growth in this area are very encouraging.

Finally, you will notice from the accounts that the Board decided to write off the whole of the goodwill of £1.378 million arising from the three acquisitions in the period to a goodwill reserve. This policy has been adopted in line with the other companies in the industry and in the absence of any revision to SSAP 22 by the accountancy bodies.

All in all it has been a very successful first period's trading and I would like to thank the management team whose experience in the industry has enabled us to add value to the businesses that were acquired during the period and the staff who have worked hard to help us grow to the mutual benefit of all.



AG Berry
Chairman

KPMG

AGB Recruitment Limited and subsidiary companies

Directors' report

The directors present their annual report and the audited financial statements for the period from 1 September 1993 to 31 December 1994.

Principal activities and business review

The principal activity of the group is the provision of employment services. A detailed review of the group's activities and prospects for 1995 is included in the chairman's statement.

The company was incorporated on 1 September 1993. Information relating to its issue of share capital is set out in note 13.

Recruit PLC, the company's wholly owned subsidiary, was incorporated on 18 November 1993 and the company subscribed for one ordinary share. On 20 December 1993, Recruit PLC increased its authorised share capital to 500,000 ordinary shares and the company subscribed for an additional 499,999 shares.

On 8 September 1994, Recruit PLC increased its authorised share capital to 1,000,000 ordinary shares and the company subscribed for 500,000 shares.

On 23 December 1993, the group purchased a 13 branch network of employment agencies from People (Recruitment) Limited for a consideration of £500,000.

On 16 May 1994, the group purchased the fixed assets and goodwill of Mary McCoombe Staff Agency in Bristol for a gross consideration of £135,000.

On 7 October 1994, the group acquired the whole of the issued share capital of Euro-Professionals Limited, a company with an eight branch network of recruitment agencies, for a consideration of £207,000.

At 31 December 1994, the group was trading from 30 locations.

Financial results

During the period under review, the group incurred a loss of £88,685 which has been transferred to reserves.

The directors do not recommend the payment of a dividend.

Significant changes in fixed assets

All fixed assets were purchased during the period through acquisitions of businesses and as a result of new branch openings. Details of movements in fixed assets during the period are given in note 8.

AGB Recruitment Limited and subsidiary companies

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the period were as follows:

Antony G Berry	(appointed 30 November 1993)
David E Atkins	(appointed 1 December 1993)

PJ Coleman was appointed as a director on 30 January 1995.

The directors who held office at the end of the financial period had the following interests in the ordinary shares of the company as recorded in the register of directors' share interests:

	Interest at end of period	Interest at beginning of period or date of appointment
Antony G Berry	395,000	-
David E Atkins	25,000	-

According to the register of directors' interests, no rights to subscribe for ordinary shares in group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Political and charitable contributions

The group made no political contributions during the period. Donations to UK charities amounted to £1,390.

Post balance sheet events

On 16 January 1995, AGB Recruitment Limited purchased 50,000 £1 shares in Recruit Retail Services PLC, formerly Optionimpact PLC, a company incorporated on 18 October 1994. Recruit Retail Services PLC took over the business of the retail division of Recruit PLC on 16 January 1995.

On 29 March 1995, the shareholders subscribed for an additional £1,000,000 of share capital. The effect of this has been set out in detail as a proforma addendum to the consolidated balance sheet on page 9 and company balance sheet on page 10.

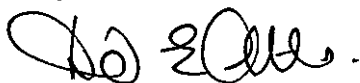
AGB Recruitment Limited and subsidiary companies

Directors' report *(continued)*

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. Pursuant to section 386 of the Companies Act 1985, a resolution is to be put to the forthcoming Annual General Meeting which, if passed, would result in the company not being required to reappoint its auditors annually. KPMG would then continue as the company's auditors.

By order of the board



DE Atkins
Secretary

Recruit House
45-47 High Street
HEMEL HEMPSTEAD
Herts
HP1 3AG

AGB Recruitment Limited and subsidiary companies

Statement of 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 group and of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group 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 group and to prevent and detect fraud and other irregularities.



Aquis Court
31 Fishpool Street
St Albans
Herts
AL3 4RF

Auditors' report to the members of AGB Recruitment Limited

We have audited the financial statements on pages 8 to 24.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of financial statements. 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 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 group'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 affairs of the company and the group as at 31 December 1994 and of the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

5 May 1995

*Chartered Accountants
Registered Auditors*

AGB Recruitment Limited and subsidiary companies

Consolidated profit and loss account for the period ended 31 December 1994

	<i>Note</i>	1994 £
Turnover - acquisitions	2	17,229,256
Cost of sales (including new branch costs of £435,929)		(16,148,445)
Gross profit		1,080,811
Administrative expenses		(1,042,214)
Operating profit - acquisitions		38,597
Interest payable and similar charges	6	(127,282)
(Loss) on ordinary activities before taxation	3-5	(88,685)
Tax on loss on ordinary activities	7	-
(Loss) on ordinary activities after taxation		(88,685)

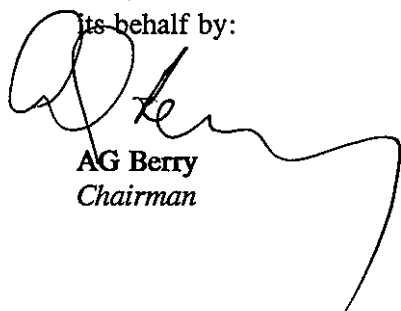
The group has no recognised gains or losses in the current period other than the loss for the period.

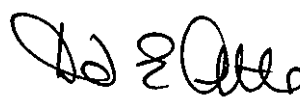
AGB Recruitment Limited and subsidiary companies

Consolidated balance sheet at 31 December 1994

	Note	1994		Proforma balance sheet incorporating injection of share capital on 29 March 1995 (see note 13)	
		£	£	£	£
Fixed assets					
Tangible assets	8		703,496		703,496
Current assets					
Debtors	10	4,750,792		4,750,792	
Cash at bank and in hand		34,694		1,034,694	
		<u>4,785,486</u>		<u>5,785,486</u>	
Creditors: amounts falling due within one year	11	<u>(5,804,247)</u>		<u>(5,804,247)</u>	
Net current liabilities			<u>(1,018,761)</u>		<u>(18,761)</u>
Total assets less current liabilities			(315,265)		684,735
Creditors: amounts falling due after more than one year	12		<u>(151,185)</u>		<u>(151,185)</u>
Net (liabilities)/assets			<u>(466,450)</u>		<u>533,550</u>
Capital and reserves					
Called up share capital	13		1,000,000		2,000,000
Profit and loss account	15		(122,685)		(122,685)
Goodwill reserve	15		<u>(1,343,765)</u>		<u>(1,343,765)</u>
Shareholders' funds			<u>(466,450)</u>		<u>533,550</u>

These financial statements were approved by the board of directors on 5 May 1995 and were signed on its behalf by:


AG Berry
Chairman

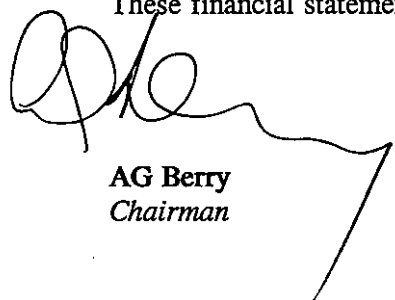

DE Atkins
Director

AGB Recruitment Limited and subsidiary companies

Balance sheet at 31 December 1994

	Note	1994	Proforma balance sheet incorporating injection of share capital on 29 March 1995 (see note 13)
		£	£
Fixed assets			
Investments	9	1,021,147	2,021,147
Creditors: amounts falling due within one year	11	(21,147)	(21,147)
Net current liabilities		<u>(21,147)</u>	<u>(21,147)</u>
Net assets		<u>1,000,000</u>	<u>2,000,000</u>
Capital and reserves			
Called up share capital	13	<u>1,000,000</u>	<u>2,000,000</u>
Shareholders' funds		<u>1,000,000</u>	<u>2,000,000</u>

These financial statements were approved by the board on 5 May 1995 and were signed on its behalf by:


AG Berry
Chairman


DE Atkins
Director

AGB Recruitment Limited and subsidiary companies

Consolidated cash flow statement

for the period ended 31 December 1994

	Note	£	1994 £
Net cash (outflow) from operating activities	19		(1,020,308)
Return on investments and servicing of finance			
Interest paid		(122,984)	
Interest element of finance lease rental payments		(4,298)	
		<hr/>	
Net cash (outflow) from returns on investment and servicing of finance			(127,282)
Investing activities			
Purchase of tangible fixed assets		(416,316)	
Purchases of subsidiary undertaking and businesses (net of cash and cash equivalents acquired)	20	(976,495)	
		<hr/>	
Net cash (outflow) from investing activities			(1,392,811)
Net cash (outflow) before financing			(2,540,401)
			<hr/>
Financing			
Issue of ordinary share capital		(1,000,000)	
Invoice discounting		(1,390,410)	
Capital element of finance lease rental payments		24,775	
		<hr/>	
Net cash inflow from financing			(2,365,635)
Decrease in cash and cash equivalents	22		(174,766)
			<hr/>
			(2,540,401)
			<hr/>

AGB Recruitment Limited and subsidiary companies

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 group and company's financial statements.

Basis of preparation

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

Basis of consolidation

The group accounts consolidate the accounts of AGB Recruitment Limited and all its subsidiary undertakings. These accounts are made up to 31 December 1994.

The consolidated accounts are based on accounts of subsidiary undertakings which are coterminous with those of the parent company. The results of Euro-Professionals Limited are consolidated from the date of acquisition on 7 October 1994 to 31 December 1994.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is taken to a separate goodwill reserve on acquisition and is amortised through the profit and loss reserve over a period of 20 years. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited direct to reserves.

In the company's accounts, investments in subsidiary undertakings are stated at cost.

In accordance with Section 230(4) of the Companies Act 1985 AGB Recruitment Limited is exempt from the requirement to present its own profit and loss account. AGB Recruitment Limited made no profit or loss for the period.

AGB Recruitment Limited and subsidiary companies

Notes (continued)

1 Accounting policies (continued)

Fixed assets and depreciation

Depreciation is provided by the group 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:

Leasehold land	
and buildings	- life of lease
Office furniture	
and equipment	- 4 to 10 years
Motor vehicles	- 4 years

No depreciation is provided on freehold land.

Leases

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions costs

The group operates a group personal pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Development expenditure

Expenditure on development of new operating branches is written off against profits in the year in which it is incurred.

Taxation

The charge for taxation is based on the loss for the year 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 tax only to the extent that it is probable that an actual liability will crystallise.

AGB Recruitment Limited and subsidiary companies

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers during the period.

2 Analysis of turnover and loss before taxation

The group's turnover and loss before taxation reflect its single activity which is the provision of employment services in the UK.

3 Loss on ordinary activities before taxation

1994

£

Loss on ordinary activities before taxation is stated

after charging

Auditors' remuneration:

Audit

28,500

Depreciation and other amounts written
off tangible fixed assets:

Owned

84,764

Leased

15,406

Hire of assets - operating leases

124,444

after crediting

Rents receivable from property

12,195

The total amount charged to revenue for the hire of equipment amounted to £144,148. This comprises rentals payable under operating leases as well as depreciation on equipment held under finance leases together with the related finance charges.

AGB Recruitment Limited and subsidiary companies

Notes (continued)

4 Remuneration of directors

	1994 £
Directors' emoluments:	
Remuneration as executives	<u>93,632</u>

The emoluments, excluding pension contributions, of the chairman were £37,367 and those of the highest paid director were £56,265. The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

	Number of directors 1994
£35,001 - £40,000	1
£55,001 - £60,000	1

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows:

	Number of employees 1994
Operational	86
Administrative	<u>19</u>
	<u>105</u>

The aggregate payroll costs of these persons were as follows:

	1994 £
Wages and salaries	2,024,467
Social security costs	210,058
Other pension costs (see note 18)	<u>81,458</u>
	<u>2,315,983</u>

AGB Recruitment Limited and subsidiary companies

Notes (continued)

6 Interest payable and similar charges

	1994 £
On bank loans, overdrafts and other loans wholly repayable within five years	122,984
Finance charges payable in respect of finance leases and hire purchase contracts	4,298
	<u>127,282</u>

7 Taxation

No provision for taxation, current or deferred, has been made as the group has tax losses available to carry forward in the sum of approximately £475,000.

8 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Group					
<i>Cost</i>					
Additions	126,951	205,987	332,487	138,241	803,666
At end of period	126,951	205,987	332,487	138,241	803,666
<i>Depreciation and diminution in value</i>					
Charge for period	12,653	43,495	22,803	21,219	100,170
At end of period	12,653	43,495	22,803	21,219	100,170
<i>Net book value</i>					
At 31 December 1994	114,298	162,492	309,684	117,022	703,496

The company had no fixed assets at 31 December 1994.

The net book value of land and buildings for the group comprises short leasehold properties. Included in the total net book value of motor vehicles is £74,834 in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £15,406.

AGB Recruitment Limited and subsidiary companies

Notes (continued)

9 Fixed asset investments

Company	Shares in subsidiary undertakings £
<i>Cost</i>	
Additions	1,021,147
At end of period	<u>1,021,147</u>

The principal companies in which the company's interest is more than 10% are as follows:

	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held
<i>Subsidiary undertakings</i>			
Recruit PLC	England	Recruitment consultants	100
Euro-Professionals Limited	England	Recruitment consultants	100
Recruit Trustees Limited	England	Dormant	100

AGB Recruitment Limited and subsidiary companies

Notes (continued)

9 Fixed asset investments (continued)

The group acquired the assets and business of People (Recruitment) Limited on 23 December 1993, the assets and business of Mary McCoombe Staff Agency on 16 May 1994 and the entire ordinary share capital of Euro-Professionals Limited on 7 October 1994. During the period the company also subscribed for the entire ordinary share capital of Recruit PLC, formerly Aldwick Recruitment Limited. The consideration and fair value of the assets and liabilities acquired are given in the table below. The goodwill arising of £1,377,765 has been taken to the goodwill reserve and will be amortised through the profit and loss reserve over 20 years.

Book values and fair values to group

	Euro-Professionals Limited	People (Recruitment) Limited	Other	Total
	£	£	£	£
Tangible fixed assets	50,483	238,000	8,500	296,983
Debtors	637,911	-	-	637,911
Cash at bank and in hand	399	3,600	-	3,999
Creditors	(815,749)	(103,106)	-	(918,855)
Bank overdraft	(74,415)	-	-	(74,415)
Bank CID	(399,605)	-	-	(399,605)
	<u>(600,976)</u>	<u>138,494</u>	<u>8,500</u>	<u>(453,982)</u>
Goodwill	850,158	413,708	113,899	1,377,765
	<u>249,182</u>	<u>552,202</u>	<u>122,399</u>	<u>923,783</u>
Satisfied by				
Cash	249,182	552,202	104,695	906,079
Deferred consideration	-	-	17,704	17,704
	<u>249,182</u>	<u>552,202</u>	<u>122,399</u>	<u>923,783</u>

Included in the group loss for the period is a profit of £76,149 relating to Euro-Professionals Limited. Euro-Professionals Limited made a loss of £533,076 from the beginning of its financial year to the date of acquisition. The previous financial statements of Euro-Professionals Limited were made up to 31 December 1993 and showed a loss of £68,900.

AGB Recruitment Limited and subsidiary companies

Notes (continued)

10 Debtors

	Group 1994 £
Amounts falling due within one year	
Trade debtors	4,334,652
Prepayments and accrued income	380,376
	<hr/>
	4,715,028
Amounts falling due after more than one year	
Prepayments and accrued income	35,764
	<hr/>
	4,750,792
	<hr/>

11 Creditors: amounts falling due within one year

	Group 1994 £	Company 1994 £
Bank loans and overdrafts (secured)	209,460	-
Invoice discounting (secured)	1,790,015	-
Obligations under finance leases and hire purchase contracts (see note 12)	22,407	-
Trade creditors	505,356	-
Amounts owed to subsidiary undertaking	-	21,147
Tax and social security	2,425,336	-
Other creditors	851,673	-
	<hr/>	<hr/>
	5,804,247	21,147
	<hr/>	<hr/>

The security over the bank overdraft and invoice discounting is a debenture dated 20 December 1993 held by Lloyds Bank PLC over all the assets of Recruit PLC.

AGB Recruitment Limited and subsidiary companies

Notes (continued)

12 Creditors: amounts falling due after more than one year

	Group 1994 £
Obligations under finance leases and hire purchase contracts	43,185
Other creditors	108,000
	<hr/>
	151,185
	<hr/>

All these amounts are repayable within five years.

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	Group 1994 £
Within one year	28,834
In the second to fifth years	51,769
	<hr/>
	80,603
Less future finance charges	(15,011)
	<hr/>
	65,592
	<hr/>

AGB Recruitment Limited and subsidiary companies

Notes (continued)

13 Called up share capital

	Group and company 1994 £
<i>Authorised</i>	
Ordinary shares of £1 each	1,000,000
<i>Allotted, called up and fully paid</i>	
Ordinary shares of £1 each	1,000,000

On 23 December 1993, the company issued 250,000 "A" ordinary shares and 249,999 "B" ordinary shares for cash of £499,999 to finance the acquisition of People (Recruitment) Limited. On 31 August 1994, the company consolidated the "A" ordinary and "B" ordinary shares and issued an additional 500,000 £1 ordinary shares for cash of £500,000 to finance branch openings and the acquisition of Euro-Professionals Limited.

On 29 March 1995, the company increased its authorised share capital to £2 million and issued a further 1,000,000 shares to provide additional working capital. The directors have provided a proforma balance sheet at 31 December 1994 on page 9 and page 10 to reflect the injection of a further £1 million of shareholders' funds which took place after the balance sheet date. This proforma balance sheet does not take account of trading after 31 December 1994.

14 Reconciliation of movements in shareholders' funds

	Group 1994 £	Company 1994 £
Loss for the financial period	(88,685)	-
New share capital subscribed	1,000,000	1,000,000
Goodwill arising on acquisitions	(1,377,765)	-
Net movement in shareholders' funds	(466,450)	1,000,000
Opening shareholders' funds	-	-
Closing shareholders' funds	(466,450)	1,000,000

AGB Recruitment Limited and subsidiary companies

Notes (continued)

15 Reserves

	Group Goodwill reserve £	Group Profit and loss account £
Loss for the period	-	(88,685)
Goodwill arising on acquisition	(1,377,765)	-
Transfer to profit and loss reserve	34,000	(34,000)
	<u>(1,343,765)</u>	<u>(122,685)</u>

The cumulative amount of goodwill which has been taken to reserves is £1,377,765.

16 Contingent liabilities

The company has guaranteed the overdrafts of its subsidiaries; the amount outstanding at the year end was £1,918,386.

17 Commitments

- (i) Neither the company nor the group had any capital commitments at 31 December 1994.
- (ii) Annual commitments under non-cancellable operating leases in respect of land and buildings are as follows:

	Group 1994 £
Operating leases which expire:	
Within one year	20,350
In the second to fifth year inclusive	142,500
After more than five years	302,308
	<u>465,158</u>

18 Pension scheme

The group operates a group personal pension scheme. The pension cost charge for the period represents contributions payable by the group to the fund and amounted to £81,458.

AGB Recruitment Limited and subsidiary companies

Notes (continued)

19 Reconciliation of operating profit to net cash (outflow) from operating activities

	1994 £
Operating profit	38,597
Depreciation charge	100,170
(Increase) in debtors	(4,112,881)
Increase in creditors	2,953,806
	<hr/>
Net cash (outflow) from operating activities	(1,020,308)
	<hr/>

20 Analysis of the net (outflow) of cash and cash equivalents in respect of the purchase of subsidiary undertaking and businesses

	1994 £
Cash consideration	(906,079)
Cash at bank and in hand acquired	3,999
Bank overdrafts acquired	(74,415)
	<hr/>
Net (outflow) of cash and cash equivalents	(976,495)
	<hr/>

All the cash flows, except for the £1,000,000 inflow from the issue of ordinary share capital, arose from the subsidiary and businesses acquired in the period.

21 Analysis of changes in financing during the period

	Share capital £	Loans and finance lease obligations £	Total £
Net cash inflow from financing	1,000,000	1,365,635	2,365,635
Invoice discounting obligations of subsidiary undertaking acquired during the period	-	399,605	399,605
Inception of finance lease contracts	-	90,367	90,367
	<hr/>	<hr/>	<hr/>
Balance at 31 December 1994	1,000,000	1,855,607	2,855,607
	<hr/>	<hr/>	<hr/>

AGB Recruitment Limited and subsidiary companies

Notes (continued)

22 Analysis of changes in cash and cash equivalents

	Cash £	Overdraft £	Net £
Net cash inflow/(outflow) and balance at 31 December 1994	34,694	(209,460)	(174,766)

23 Post balance sheet events

On 16 January 1995, AGB Recruitment Limited purchased 50,000 £1 shares in Recruit Retail Services PLC, formerly Optionimpact PLC, a company incorporated on 18 October 1994. Recruit Retail Services PLC took over the business of the retail division of Recruit PLC on 16 January 1995.

On 29 March 1995, the shareholders subscribed for an additional £1,000,000 of share capital. The effect of this has been set out as a pro-forma addendum to the consolidated balance sheet on page 9 and to the company balance sheet on page 10.