

Recruit PLC and subsidiary companies

**Directors' report and consolidated
financial statements**

for the 52 week period ended 29 December 1996

Registered number 2873036



Recruit PLC and subsidiary companies

Directors' report and consolidated financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-2
Statement of directors' responsibilities	3
Auditors' report	4
Consolidated profit and loss account	5
Consolidated balance sheet	6
Parent company balance sheet	7
Consolidated cash flow statement	8
Notes	9-23

Recruit PLC and subsidiary companies

Directors' report

The directors present their report and the audited financial statements for the 52 week period ended 29 December 1996.

Principal activities and business review

The principal activity of the group is the provision of employment services.

On 17 December 1996 all of the shares in Recruit Retail Services PLC were transferred at nominal value from Recruit Holdings Limited, the company's parent undertaking, to Recruit PLC.

With effect from 1 January 1996, the company acquired the business and net assets of its wholly owned subsidiary, Arcade Agency Limited, at net asset value.

At 29 December 1996, the group was operating from 32 locations.

Financial results

During the period under review, the group made a profit of £101,403 (*1995: £1,083,633 loss*) which has been transferred to reserves.

The directors do not recommend the payment of a dividend (*1995: £nil*).

Significant changes in fixed assets

Details of movements in fixed assets during the year are given in note 10.

Directors and directors' interests

AG Berry
PJ Fox (appointed 7 April 1997)
DE Atkins (resigned 7 April 1997)
DM Conway
MP Davis
JB Markwell
JH Slaymaker
JI Barn (resigned 17 May 1996)

The directors held no disclosable interests in the company during the period. Information relating to the interests of AG Berry and DE Atkins in the shares of Recruit Holdings Limited may be found in the financial statements of that company.

Mr JB Markwell and Mr JH Slaymaker each have the right to subscribe for 22,500 ordinary £1 shares of Recruit Holdings Limited under Recruit Holdings Limited's share option scheme. The options will be exercised at £1 plus accumulated interest at 2% above the Lloyds Bank Plc base rate between the date of the options being granted and the option being exercised. The options were granted on 31 August 1994 and are exercisable on the earlier of 31 August 1997 or sale or flotation of Recruit Holdings Limited.

Recruit PLC and subsidiary companies

Directors' report *(continued)*

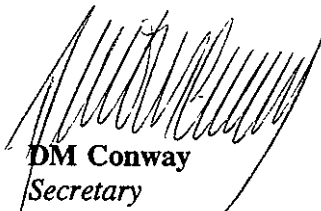
Political and charitable contributions

The group made no political or charitable contributions during the period.

Auditors

The directors will place a resolution before the Annual General Meeting to re-appoint KPMG as auditors for the ensuing year.

By order of the board


DM Conway
Secretary
13 May 1997

Albany Place
Hyde Way
WELWYN GARDEN CITY
Herts AL7 3BG

Recruit PLC 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 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 group and to prevent and detect fraud and other irregularities.



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31 Fishpool Street
St Albans
Herts
AL3 4RF

Auditors' report to the members of Recruit PLC

We have audited the financial statements on pages 5 to 23.

Respective responsibilities of directors and auditors

As described on page 3 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 29 December 1996 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG 21 May 1997

Chartered Accountants
Registered Auditor

Recruit PLC and subsidiary companies

Consolidated profit and loss account for the 52 week period ended 29 December 1996

	<i>Note</i>	For the 52 week period ended 29 December 1996 £	For the 52 week period ended 31 December 1995 £
Turnover	2		
Continuing operations		28,936,105	27,439,638
Cost of sales - including exceptional reorganisation costs of £Nil (1995: £187,292)	3, 7	(27,339,408)	(25,815,096)
Gross profit	3	1,596,697	1,624,542
Administrative expenses - including exceptional reorganisation costs of £Nil (1995: £860,886)	3, 7	(1,209,709)	(2,451,869)
Operating profit/(loss)			
Continuing operations		386,988	(827,327)
Interest payable and similar charges	8	(285,585)	(256,306)
Profit/(loss) on ordinary activities	4-8	101,403	(1,083,633)
Tax on profit/(loss) on ordinary activities	9	-	-
Profit/(loss) on ordinary activities after taxation	17	101,403	(1,083,633)

The group has no recognised gains or losses in the current or preceding period other than the profit/(loss) for the period.

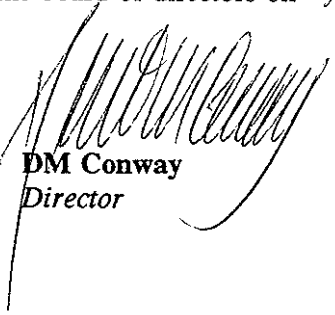
Recruit PLC and subsidiary companies

Consolidated balance sheet at 29 December 1996

	Note	1996 £	1996 £	1995 £	1995 £
Fixed assets					
Tangible assets	10		978,057		1,010,041
Current assets					
Debtors	12	6,782,884		5,205,503	
Cash at bank and in hand		34,249		27,012	
		<u>6,817,133</u>		<u>5,232,515</u>	
Creditors: amounts falling due within one year	13	<u>(8,237,042)</u>		<u>(6,770,325)</u>	
Net current liabilities			<u>(1,419,909)</u>		<u>(1,537,810)</u>
Total assets less current liabilities			<u>(441,852)</u>		<u>(527,769)</u>
Creditors: amounts falling due after more than one year	14		<u>(99,242)</u>		<u>(104,528)</u>
Net liabilities			<u><u>(541,094)</u></u>		<u><u>(632,297)</u></u>
Capital and reserves					
Called up share capital	15		2,000,000		2,000,000
Profit and loss account	17		(1,249,774)		(1,276,177)
Goodwill reserve	17		(1,291,320)		(1,356,120)
Shareholders' funds	16		<u><u>(541,094)</u></u>		<u><u>(632,297)</u></u>

These financial statements were approved by the board of directors on 13 May 1997 and were signed on its behalf by:


PJ Fox
Director


DM Conway
Director

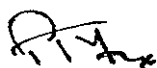
Recruit PLC and subsidiary companies

Company balance sheet at 29 December 1996

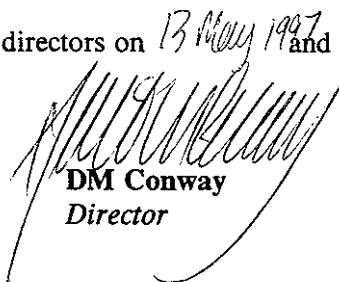
		1996 £	1996 £	1995 £	1995 £
Fixed assets					
Tangible assets	10		833,549		879,204
Investments	11		396,845		346,845
			<u>1,230,394</u>		<u>1,226,049</u>
Current assets					
Debtors	12	6,002,683		4,512,865	
Cash at bank and in hand		31,849		23,567	
		<u>6,034,532</u>		<u>4,536,432</u>	
Creditors: amounts falling due within one year	13	<u>(7,491,899)</u>		<u>(5,596,870)</u>	
Net current liabilities			<u>(1,457,367)</u>		<u>(1,060,438)</u>
Total assets less current liabilities			<u>(226,973)</u>		<u>165,611</u>
Creditors: amounts falling due after more than one year	14		<u>(99,242)</u>		<u>(104,528)</u>
Net (liabilities)/assets			<u>(326,215)</u>		<u>61,083</u>
Capital and reserves					
Called up share capital	15		2,000,000		2,000,000
Profit and loss account	17		(1,877,791)		(1,474,502)
Goodwill reserve	17		(448,424)		(464,415)
Shareholders' funds	16		<u>(326,215)</u>		<u>61,083</u>

These financial statements were approved by the board of directors on 13 May 1997 and were signed on its behalf by:

P Fox
Director



DM Conway
Director



Recruit PLC and subsidiary companies

Consolidated cash flow statement

for the 52 week period ended 29 December 1996

	<i>Note</i>	For the 52 week period ended 29 December 1996 £ £	For the 52 week period ended 31 December 1995 £ £
Net cash outflow from operating activities	20	(845,971)	(1,217,020)
Return on investment and servicing of finance			
Interest paid		(267,462)	(245,158)
Interest element of finance lease rental payments		(18,123)	(11,148)
		<u> </u>	<u> </u>
Net cash outflow from returns on investment and servicing of finance		(285,585)	(256,306)
Investing activities			
Purchase of tangible fixed assets		(157,121)	(443,568)
Sale of tangible fixed assets		43,739	114,395
Purchases of subsidiary undertaking and businesses (net of cash and cash equivalents acquired)	21	(10,200)	(112,634)
		<u> </u>	<u> </u>
Net cash outflow from investing activities		(123,582)	(441,807)
Net cash outflow before financing		<u>(1,255,138)</u>	<u>(1,915,133)</u>
Financing			
Issue of ordinary share capital		-	(1,000,000)
Invoice discounting		(1,113,768)	(961,383)
Capital element of finance lease rental payments		50,941	35,051
		<u> </u>	<u> </u>
Net cash inflow from financing	22	(1,062,827)	(1,926,332)
(Decrease)/increase in cash and cash equivalents	23	<u>(192,311)</u>	<u>11,199</u>
		<u>(1,255,138)</u>	<u>(1,915,133)</u>

Recruit PLC 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.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the company and group have sufficient funds to enable them to continue to trade for the foreseeable future and to meet its liabilities as they fall due. The directors consider that this is appropriate since the company has secured a letter of support from Recruit Holdings Limited, its parent company. On 1 April 1997 terms were agreed to inject £1 million into Recruit Holdings Limited through the issue of 666,667 £1 preference shares at £1.50 per share which will ensure that Recruit Holdings Limited is in a position to provide any financial support required.

Basis of consolidation

The group financial statements consolidate the financial statements of Recruit PLC and its subsidiary companies. These financial statements are made up to 29 December 1996.

The consolidated financial statements are based on financial statements of subsidiary undertakings which are coterminous with those of the parent company.

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 period 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 Recruit PLC is exempt from the requirement to present its own profit and loss account. Recruit PLC made a loss for the year of £377,098.

Recruit PLC 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 over their estimated useful economic lives as follows:

Leasehold land	
and buildings	- life of lease, straight line method
Fixtures and fittings	- 10 years, straight line method
Motor vehicles	- 4 years, reducing balance method
Computer equipment	- 4 years, straight line method

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 within 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 profit 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.

Turnover

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

Recruit PLC and subsidiary companies

Notes (continued)

2 Analysis of turnover and loss before taxation

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

3 Analysis of continuing operations

The total figures for continuing operations in 1995 include the following amounts relating to acquisitions: cost of sales £134,883, gross profit £7,443 and administrative expenses £7,794. There were no acquisitions in 1996.

4 Profit/(loss) on ordinary activities before taxation

	52 weeks ended 29 December 1996 £	52 weeks ended 31 December 1995 £
<i>Profit/(loss) on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	30,000	55,000
Other services	-	30,000
Depreciation and other amounts written off tangible fixed assets:		
Owned	110,463	119,483
Leased	68,316	28,375
Operating leases		
Hire of assets	193,689	193,995
Other	583,104	643,032
<i>after crediting</i>		
Rents receivable from property	74,216	50,028

The total amount charged to revenue for the hire of equipment amounted to £280,128 (1995: £233,518). This comprises rentals payable under operating leases as well as depreciation on equipment held under finance leases together with the related finance charges.

Recruit PLC and subsidiary companies

Notes (continued)

5 Remuneration of directors

	52 weeks ended 29 December 1996 £	52 weeks ended 31 December 1995 £
Directors' remuneration:		
Emoluments as executives	487,031	486,785
Compensation for loss of office	-	111,000
Compensation for termination of service contracts	-	260,000
	<u>487,031</u>	<u>857,785</u>

The emoluments, excluding pension contributions, of the chairman were £109,100 (1995: £107,485) and those of the highest paid director were £109,100 (1995: £194,769). The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

	Number of directors	
	1996	1995
£nil - £5,000	-	2
£25,001 - £30,000	1	-
£50,001 - £55,000	3	-
£60,001 - £65,000	1	2
£70,001 - £75,000	1	1
£75,001 - £80,000	-	1
£105,001 - £110,000	1	1
£190,001 - £195,000	-	1

6 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	
	1996	1995
Operational	156	164
Administrative	39	36
	<u>195</u>	<u>200</u>

Recruit PLC and subsidiary companies

Notes (continued)

6 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 29 December 1996 £	52 weeks ended 31 December 1995 £
Wages and salaries	3,911,705	4,015,199
Social security costs	389,724	370,413
Other pension costs (see note 19)	102,474	133,295
	<u>4,403,903</u>	<u>4,518,907</u>

7 Exceptional items

Included in cost of sales and administrative expenses are exceptional reorganisation costs of £Nil (1995: £187,292) and £Nil (1995: £860,886) respectively arising from the restructuring of the business and its management structure.

8 Interest payable and similar charges

	52 weeks ended 29 December 1996 £	52 weeks ended 31 December 1995 £
On bank loans, overdrafts and other loans wholly repayable within five years	267,462	245,158
Finance charges payable in respect of finance leases and hire purchase contracts	18,123	11,148
	<u>285,585</u>	<u>256,306</u>

9 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 £763,000 (1995: £701,000).

Recruit PLC and subsidiary companies

Notes (continued)

10 Tangible fixed assets

Group	Land and buildings	Computer equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At beginning of period	282,973	243,048	620,081	94,141	1,240,243
Additions	28,712	23,189	72,455	70,000	194,356
Disposals	-	(440)	-	(90,241)	(90,681)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	311,685	265,797	692,536	73,900	1,343,918
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At beginning of period	41,846	62,571	91,345	34,440	230,202
Reclassification	(47)	2,002	(1,955)	-	-
Charge for period	33,200	64,483	64,986	16,110	178,779
Disposals	-	(312)	-	(42,808)	(43,120)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	74,999	128,744	154,376	7,742	365,861
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 29 December 1996	<u>236,686</u>	<u>137,053</u>	<u>538,160</u>	<u>66,158</u>	<u>978,057</u>
At 31 December 1995	<u>241,127</u>	<u>180,477</u>	<u>528,736</u>	<u>59,701</u>	<u>1,010,041</u>

The net book value of land and buildings for the group comprises short leasehold properties. Included in the total net book value of assets other than land and buildings is £93,482 (1995: £164,274) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £68,316 (1995: £28,375).

Recruit PLC and subsidiary companies

Notes (continued)

10 Tangible fixed assets (continued)

Company	Land and buildings	Computer equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At beginning of period	252,243	211,556	509,023	94,141	1,066,963
Intercompany transfers	-	-	18,605	-	18,605
Additions	26,717	6,612	50,461	70,000	153,790
Disposals	-	(440)	-	(90,241)	(90,681)
At end of period	278,960	217,728	578,089	73,900	1,148,677
Depreciation					
At beginning of period	37,797	50,623	64,899	34,440	187,759
Intercompany transfers	-	-	14,144	-	14,144
Charge for period	30,568	56,467	53,200	16,110	156,345
Reclassifications	(47)	2,002	(1,955)	-	-
Disposals	-	(312)	-	(42,808)	(43,120)
At end of period	68,318	108,780	130,288	7,742	315,128
Net book value					
At 29 December 1996	210,642	108,948	447,801	66,158	833,549
At 31 December 1995	214,446	160,933	444,124	59,701	879,204

The net book value of land and buildings for the company comprises short leasehold properties.

Included in the total net book value of assets other than land and buildings is £93,482 (1995: £164,274) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £68,316 (1995: £28,375).

Recruit PLC and subsidiary companies

Notes (continued)

11 Fixed asset investments

Company	Shares in subsidiary undertakings	
	1996 £	1995 £
<i>Cost</i>		
At beginning of year	346,845	249,182
Additions	50,000	97,663
	<hr/>	<hr/>
At end of year	396,845	346,845
	<hr/>	<hr/>

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>			
Euro Professionals Limited	England	Recruitment Consultants	100
Arcade Agency Limited	England	Dormant	100
Recruit Retail Services Plc	England	Dormant	100

In December 1996, the company acquired the whole of the issued share capital of Recruit Retail Services Plc, a dormant company, at par from its parent company, Recruit Holdings Limited

With effect from 1 January 1996 the company acquired the trade and assets of its wholly owned subsidiary Arcade Agency Limited, for a consideration of £43, which was equivalent to its net asset value.

Recruit PLC and subsidiary companies

Notes (continued)

12 Debtors

	Group 1996 £	Company 1996 £	Group 1995 £	Company 1995 £
Amounts falling due within one year				
Trade debtors	6,287,391	5,546,901	4,712,221	4,072,724
Amounts owed by fellow subsidiary undertaking	-	-	-	113,713
Amounts owed by parent company	40,418	40,418	40,418	40,418
Prepayments and accrued income	429,097	389,386	421,379	260,539
	<u>6,756,906</u>	<u>5,976,705</u>	<u>5,174,018</u>	<u>4,487,394</u>
Amounts falling due after more than one year				
Prepayments and accrued income	25,978	25,978	31,485	25,471
	<u>6,782,884</u>	<u>6,002,683</u>	<u>5,205,503</u>	<u>4,512,865</u>

13 Creditors: amounts falling due within one year

	Group 1996 £	Company 1996 £	Group 1995 £	Company 1995 £
Bank loans and overdrafts (secured)	390,127	390,127	190,579	112,685
Invoice discounting (secured)	3,865,166	3,264,430	2,751,398	2,225,881
Trade creditors	475,388	394,382	491,081	331,674
Obligations under finance leases and hire purchase contracts (see note 14)	35,963	35,963	44,383	44,383
Amounts owed to fellow subsidiary undertakings	-	425,307	-	144,826
Tax and social security	2,188,797	1,815,826	1,648,331	1,333,500
Other creditors	1,281,601	1,165,864	1,644,553	1,403,921
	<u>8,237,042</u>	<u>7,491,899</u>	<u>6,770,325</u>	<u>5,596,870</u>

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

Recruit PLC and subsidiary companies

Notes *(continued)*

14 Creditors: amounts falling due after more than one year

	Group and company 1996 £	Group and company 1995 £
Obligations under finance leases and hire purchase contracts	<u>99,242</u>	<u>104,528</u>

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

	Group and company 1996 £	Group and company 1995 £
Within one year	53,713	61,823
In the second to fifth years	<u>130,381</u>	<u>143,567</u>
	184,094	205,390
Less future finance charges	<u>(48,889)</u>	<u>(56,479)</u>
	<u>135,205</u>	<u>148,911</u>

Recruit PLC and subsidiary companies

Notes (continued)

15 Called up share capital

	Group and company 1996 £	Group and company 1995 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

16 Reconciliation of movements in shareholders' funds

	Group 1996 £	Company 1996 £	Group 1995 £	Company 1995 £
Profit/(loss) for the financial period	101,403	(377,098)	(1,083,633)	(1,260,475)
New share capital subscribed	-	-	1,000,000	1,000,000
Goodwill arising on acquisition	-	-	(57,608)	(7,148)
Adjustment relating to goodwill on prior year acquisitions	<u>(10,200)</u>	<u>(10,200)</u>	<u>(45,753)</u>	<u>-</u>
Net movement in shareholders' funds	91,203	(387,298)	(186,994)	(267,623)
Opening shareholders' funds	<u>(632,297)</u>	<u>61,083</u>	<u>(445,303)</u>	<u>328,706</u>
Closing shareholders' funds	<u>(541,094)</u>	<u>(326,215)</u>	<u>(632,297)</u>	<u>61,083</u>

Recruit PLC and subsidiary companies

Notes (continued)

17 Reserves

	Group Goodwill reserve		Group Profit and loss account	
	1996	1995	1996	1995
	£	£	£	£
At 1 January 1996	(1,356,120)	(1,322,618)	(1,276,177)	(122,685)
Profit/(loss) for the period	-	-	101,403	(1083,633)
Goodwill arising on acquisition	-	(57,608)	-	-
Adjustment relating to prior year acquisitions	(10,200)	(45,753)	-	-
Transfer to profit and loss account	75,000	69,859	(75,000)	(69,859)
	<u>(1,291,320)</u>	<u>(1,356,120)</u>	<u>(1,249,774)</u>	<u>(1,276,177)</u>
At 29 December 1996				

	Company Goodwill reserve		Company Profit and loss account	
	1996	1995	1996	1995
	£	£	£	£
At 1 January 1996	(464,415)	(483,070)	(1,474,502)	(188,224)
Loss for the period	-	-	(377,098)	(1,260,475)
Adjustment to goodwill relating to prior year acquisitions	(10,200)	(7,148)	-	-
Transfer to profit and loss account	26,191	25,803	(26,191)	(25,803)
	<u>(448,424)</u>	<u>(464,415)</u>	<u>(1,877,791)</u>	<u>(1,474,502)</u>
At 29 December 1996				

The cumulative amount of goodwill which has been taken to reserves is £1,470,179 (1995: £1,459,979).

Recruit PLC and subsidiary companies

Notes (continued)

18 Commitments

- (i) Neither the company nor the group had any capital commitments at 29 December 1996 (1995: £Nil).
- (ii) Annual commitments under non-cancellable operating leases in respect of land and buildings are as follows:

	Group and company 1996 £	Group and company 1995 £
Operating leases which expire:		
Within one year	43,650	15,000
In the second to fifth year inclusive	199,248	142,150
After more than five years	511,680	597,928
	<u>754,578</u>	<u>755,078</u>

19 Pension scheme

The group operates a group personal pension scheme. The pension cost charged for the period represents contributions payable by the group to the scheme and amounted to £102,474 (1995: £133,295).

20 Reconciliation of operating profit/(loss) to net cash outflow from operating activities

	52 weeks ended 29 December 1996 £	52 weeks ended 31 December 1995 £
Operating profit/(loss)	386,988	(827,327)
Depreciation charge	178,779	147,858
Loss/(profit) on disposal of fixed assets	3,822	(4,441)
Increase in debtors	(1,577,381)	(414,183)
(Decrease)/increase in creditors	161,821	(118,927)
	<u>(845,971)</u>	<u>(1,217,020)</u>
Net cash outflow from operating activities		

Recruit PLC and subsidiary companies

Notes (continued)

21 Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertaking and businesses

	1996 £	1995 £
Cash consideration	-	(59,288)
Bank overdrafts acquired	-	(7,593)
	<hr/>	<hr/>
Net outflow of cash and cash equivalents	-	(66,881)
Cash outflow relating to prior year acquisitions	(10,200)	(45,753)
	<hr/>	<hr/>
Net outflow of cash and cash equivalents	(10,200)	(112,634)
	<hr/>	<hr/>

22 Analysis of changes in financing during the period

	Share capital £	Loans and finance lease obligations £	Total £
Balance at 1 January 1995	1,000,000	1,855,607	2,855,607
Net cash inflow from financing	1,000,000	926,332	1,926,332
Inception of finance lease contracts	-	118,370	118,370
	<hr/>	<hr/>	<hr/>
Balance at 31 December 1995	2,000,000	2,900,309	4,900,309
Net cash inflow from financing	-	1,062,827	1,062,827
Inception of finance lease contracts	-	37,235	37,235
	<hr/>	<hr/>	<hr/>
Balance at 29 December 1996	2,000,000	4,000,371	6,000,371
	<hr/>	<hr/>	<hr/>

Recruit PLC and subsidiary companies

Notes *(continued)*

23 Analysis of changes in cash and cash equivalents

	Cash £	Overdraft £	Net £
Balance at 31 December 1995	27,012	(190,579)	(163,567)
Net cash inflow/(outflow)	7,237	(199,548)	(192,311)
	<hr/>	<hr/>	<hr/>
Balance at 29 December 1996	34,249	(390,127)	(355,878)
	<hr/>	<hr/>	<hr/>

24 Related parties

As the company is a wholly owned subsidiary of Recruit Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Recruit Holdings Limited, within which this company is included, can be obtained from the address given in note 25.

25 Ultimate parent company

The company is a subsidiary undertaking of Recruit Holdings Limited which is the ultimate parent company registered in England.

The largest and smallest group in which the results of the company are consolidated is that headed by Recruit Holdings Limited. The consolidated accounts of this group are available to the public and may be obtained from Companies House, Maindy, Cardiff, CF4 3UZ.

Recruit PLC and subsidiary companies

Detailed company profit and loss account for the 52 week period ended 29 December 1996

	52 week period ended 29 December 1996 £	52 week period ended 31 December 1995 £
Turnover	23,809,839	22,078,604
Contribution	6,266,809	5,643,147
Branch overheads		
Establishment		
Rent	396,137	486,042
Rates and water	129,295	152,416
Services and insurance	29,105	63,911
Repairs	17,036	29,408
Light and heat	34,598	28,142
Cleaning	27,570	31,315
Rent and services	(21,617)	(48,498)
	612,124	742,736
Staff costs		
Salaries	2,489,338	1,931,271
Bonus	204,790	158,747
Temporary staff	66,797	106,986
Night duty	54,443	55,081
Employers NIC	268,509	245,346
Pension	64,782	54,577
Health insurance	14,574	10,274
Staff welfare	17,614	18,899
	3,180,847	2,581,181
Administration		
Motor expenses	223,851	226,332
Car leasing	138,986	137,736
Equipment maintenance	5,007	4,368
Stationery	13,102	10,854
Postage	88,237	74,192
Telephone and fax	76,880	39,534
Recruitment costs	130,298	154,724
Subscriptions	29,859	20,950
Couriers	6,027	5,895
Insurance	1,910	732
Travel and	39,837	50,097
Training	17,766	19,791
Miscellaneous	17,614	10,071
Management charge	3,242	16,145
	792,616	771,421

Recruit PLC and subsidiary companies

Detailed company profit and loss account for the 52 week period ended 29 December 1996

	52 week period ended 29 December 1996 £	52 week period ended 31 December 1995 £
Marketing		
Promotions	399,302	119,733
Classified advertising	279,937	259,531
Client entertaining	12,621	16,677
	<u>691,860</u>	<u>395,941</u>
Depreciation		
Leasehold property	20,507	22,456
Fixtures and fittings	31,102	30,710
Computers	23,183	19,940
Motor vehicles	6,509	10,817
	<u>81,301</u>	<u>83,923</u>
Finance		
Bad debts	44,086	35,185
Other finance costs	604	-
	<u>44,690</u>	<u>35,185</u>
Total branch overheads	<u>5,403,438</u>	<u>4,610,387</u>
Gross profit	<u>863,371</u>	<u>1,032,760</u>

Recruit PLC and subsidiary companies

Detailed company profit and loss account for the 52 week period ended 29 December 1996

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Gross profit	<hr/> 863,371	<hr/> 1,032,760

Recruit PLC and subsidiary companies

Detailed company profit and loss account for the 52 week period ended 29 December 1996

	52 week period ended 29 December 1996 £	52 week period ended 31 December 1995 £
Central overheads		
Establishment		
Rent	41,794	29,296
Rates and water	70,877	33,752
Services and insurance	7,432	5,547
Repairs and maintenance	8,808	1,947
Light and heat	17,907	13,110
Cleaning	11,586	7,606
Recharge to HQ branches	(43,637)	(5,523)
	<u>114,767</u>	<u>85,735</u>
Staff costs		
Gross salaries	420,615	530,718
Temporary staff	9,866	33,099
Employers NIC	41,995	49,502
Pension	25,385	64,368
Health insurance	9,189	2,438
Staff welfare	11,809	9,630
	<u>518,859</u>	<u>689,755</u>
Administration		
Motor expenses	29,963	37,817
Car leasing	12,976	19,104
Equipment rental	5,314	2,248
Equipment maintenance	27,327	5,021
Printing and stationery	1,516	7,471
Postage	599	14,886
Telephone and fax	21,260	24,165
Recruitment costs	9,862	6,899
Subscriptions and donations	2,306	7,158
Couriers	314	1,466
Insurance	9,092	8,947
Travel and accomodation	3,688	4,650
Education and training	251	837
Miscellaneous	958	4,348
	<u>125,426</u>	<u>145,017</u>
Advertising		
Promotions	34,540	56,722
Classified advertising	-	(16,090)
Client entertaining	12,470	16,520
	<u>47,010</u>	<u>57,152</u>

Recruit PLC and subsidiary companies

Detailed company profit and loss account for the 52 week period ended 29 December 1996

	52 Week period ended 29 December 1996 £	52 week period ended 31 December 1995 £
Finance		
Audit	26,547	62,118
Legal and professional	41,347	42,418
Bank charges	23,433	14,323
CID charges	43,345	43,664
Sale of assets	2,670	(3,574)
Provision for doubtful debt	-	80,000
	<u>137,342</u>	<u>238,949</u>
Depreciation		
Leasehold property	7,610	4,827
Fixtures and fittings	16,978	11,171
Computer equipment	27,589	18,621
Motor vehicles	7,966	8,533
Promotional costs	-	28,437
	<u>60,143</u>	<u>71,589</u>
Exceptional items		
Reorganisation costs	-	798,712
Total central overheads	<u>1,003,547</u>	<u>2,086,909</u>
Interest		
Bank	7,057	8,535
Lloyds CID	210,178	170,086
Other	19,687	27,705
	<u>236,922</u>	<u>206,326</u>
Net loss before tax	<u>(377,098)</u>	<u>(1,260,475)</u>