

Recruit PLC

Report and financial statements for the period ended 31 March 1999

Registered No. 2873036



Recruit PLC

Report and financial statements for the period ended 31 March 1999

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Company information

Registered office

19-21 Catherine Place
London
SW1E 6DX

Directors

R J Bradford
P J Fox
I G Robinson

Company secretary

D I Pennington

Auditors

PricewaterhouseCoopers
1 Embankment Place
London
WC2N 6NN

**Report of the directors
for the period ended 31 March 1999**

The directors present their report and the audited financial statements of the company for the period 29 December 1997 to 31 March 1999 (comparative period – year ended 28 December 1997).

Review of the business

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

Both the level of business and year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The retained profit for the financial period amounted to £320,000 (1997: £620,000) which has been transferred to reserves. The directors do not recommend the payment of a dividend.

Directors

The following have served as directors during the period:

R J Bradford	
P J Fox	
I G Robinson	(appointed 7 April 1998)
A G Berry	(resigned 26 March 1999)
D M Conway	(resigned 7 April 1998)
J B Markwell	(resigned 1 June 1999)
J H Slaymaker	(resigned 1 June 1999)

The directors do not have any interests in the share capital of the company.

Under Statutory Instrument No.802 made under the authority of Section 324(3) of the Companies Act 1985, the directors' interests in the share capital of the ultimate parent undertaking need not be disclosed.

Report of the directors for the period ended 31 March 1999 (continued)

Policy on payments to suppliers

The company's policy with regard to the payment of its suppliers is to:

- agree the terms of payment at the start of business with that supplier;
- ensure that the suppliers are made aware of the terms of payment; and
- pay in accordance with its contractual and legal obligations.

The company's average creditor payment period at 31 March 1999 was 30 days (1998: 30 days).

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 at the end of the financial period 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;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; 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 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.

Year 2000

The directors have considered the potential impact and extent of the Year 2000 issue on the business and operations of the company and consider that:

- The risk and uncertainties associated with the Year 2000 issue do not currently present a major threat to the company.
- The nature of the company's relationship with its customers, suppliers and other relevant parties is such that the company is not unduly dependent on the treatment by these entities of the Year 2000 issue.

The directors consider that they have taken adequate action and will continue to review the position as the Year 2000 approaches.

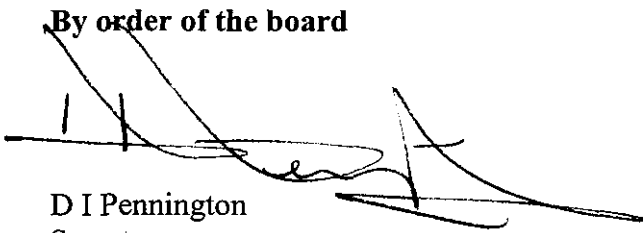
**Report of the directors
for the period ended 31 March 1999 (continued)**

Auditors

During the period, KPMG resigned as auditors and the directors appointed PricewaterhouseCoopers to fill a casual vacancy.

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of PricewaterhouseCoopers as auditors will be put to the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'D I Pennington', written over a horizontal line.

D I Pennington
Secretary
28 October 1999

**Report of the auditors to the members of
Recruit PLC**

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report, including as described on page 3 of the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 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 at 31 March 1999 and of its profit for the period 29 December 1997 to 31 March 1999 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

28 October 1999

Profit and loss account for the period ended 31 March 1999

	Notes	15 months ended 31 March 1999 £'000	Year ended 28 December 1997 £'000
Turnover		54,380	29,356
Cost of sales		<u>(39,056)</u>	<u>(21,575)</u>
Gross profit		15,324	7,781
Administrative expenses		<u>(14,507)</u>	<u>(7,208)</u>
Operating profit	2	817	573
Interest payable and similar charges	5	<u>(357)</u>	<u>(250)</u>
Dividends receivable from subsidiary companies		<u>-</u>	<u>297</u>
Profit on ordinary activities before taxation		460	620
Tax on profit on ordinary activities	6	<u>(140)</u>	-
Retained profit for the financial period	13	320	620

All amounts relate to continuing activities.

No statement of recognised gains and losses is required as there are no recognised gains or losses other than the results detailed above.

There is no difference between the results reported above and the equivalent results calculated on an unmodified historical cost basis.

Balance sheet as at 31 March 1999

	Notes	31 March 1999 £'000	28 December 1997 £'000
Fixed assets			
Tangible assets	7	834	1,014
Investments	8	52	52
		<u>886</u>	<u>1,066</u>
Current assets			
Debtors	9	9,600	6,909
Cash at bank and in hand		100	67
		<u>9,700</u>	<u>6,976</u>
Creditors: amounts falling due within one year	10	<u>(10,311)</u>	<u>(8,024)</u>
Net current liabilities		<u>(611)</u>	<u>(1,048)</u>
Total assets less current liabilities		<u>275</u>	<u>18</u>
Creditors: amounts falling due after more than one year	11	<u>(7)</u>	<u>(70)</u>
		<u>268</u>	<u>(52)</u>
Capital and reserves			
Called up share capital	12	2,000	2,000
Profit and loss account – (deficit)	13	(1,732)	(2,052)
Equity shareholders' funds	14	<u>268</u>	<u>(52)</u>

The financial statements on pages 6 to 14 were approved by the board of directors on 28 October 1999 and were signed on its behalf by:



R J Bradford - Director

Notes to the financial statements for the period ended 31 March 1999

1 Principal accounting policies

Basis of accounting

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

The Company is exempt under Section 229 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it is included in the consolidated financial statements of Carlisle Holdings Limited.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided so as to write off the cost less the estimated residual value of each asset on a straight line basis over its estimated useful life, as follows:

Leasehold land and buildings	over length of lease
Computer equipment	25% per annum
Fixtures and fittings	15% to 20% per annum
Motor vehicles	25% per annum

Fixed asset investments

Fixed asset investments are stated at cost less any provision required for any impairment in value.

Finance and operating leases

Tangible fixed assets held under finance lease contracts are capitalised and depreciated at the annual rates referred to above. Leasing costs are allocated to accounting periods so as to produce a constant rate of charge on the remaining balance of the leasing obligation.

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Deferred taxation

Deferred taxation is provided at current rates of tax using the liability method to take account of all timing differences between the recognition of income and expenditure for taxation and accounting purposes, only to the extent that they are reasonably expected to reverse in the foreseeable future without being replaced.

**Notes to the financial statements
for the period ended 31 March 1999 (continued)****Turnover**

Turnover comprises the invoiced value of services provided and goods supplied, net of value added tax.

Pension payments

Contributions payable to defined contribution pension schemes and to employees' own pension schemes are charged to the profit and loss account in the period in which they relate.

Cash flow statement

In accordance with FRS 1 (Revised) the company has not prepared a statement of cash flows for the current period as it is a wholly owned subsidiary of Carlisle Holdings Limited, who publishes consolidated financial statements which include a consolidated cash flow statement.

2 Operating profit

Operating profit is stated after charging:

	1999 £'000	1997 £'000
Depreciation of tangible fixed assets		
- owned assets	559	144
- leased assets	18	40
Operating lease rentals		
- land and buildings	1,216	760
- plant and equipment	438	271
Auditors' remuneration	31	32

Notes to the financial statements for the period ended 31 March 1999 (continued)

3 Staff costs and numbers

	1999	1997
	£'000	£'000
Staff costs during the period were:		
Wages and salaries	7,220	3,847
Social security costs	660	336
Other pension costs	142	110
	<u>8,022</u>	<u>4,293</u>

The average number of employees during the period was:

	1999	1997
	Number	Number
Operational	180	157
Office and management	60	43
	<u>240</u>	<u>200</u>

4 Directors' emoluments

	1999	1997
	£'000	£'000
Remuneration (including benefits in kind)	489	368
Pension contributions	41	58
	<u>530</u>	<u>426</u>

The emoluments of the highest paid director were £153,000 (1997: £84,000), plus pension contributions of £10,000 (1997: £13,000) to a money purchase scheme.

The number of directors for whom contributions were made towards money purchase pension schemes was 5 (1997: 7).

Notes to the financial statements for the period ended 31 March 1999 (continued)

5 Interest payable and similar charges

	1999 £'000	1997 £'000
Bank loans and overdrafts	33	-
Other loans including invoice discounting facilities	106	232
Finance lease obligations	15	18
Intercompany interest charges	203	-
	<u>357</u>	<u>250</u>

6 Tax on profit on ordinary activities

	1999 £'000	1997 £'000
UK corporation tax at 31 per cent (1997: 31 per cent)	83	-
Group relief payable	57	-
	<u>140</u>	<u>37</u>

7 Tangible fixed assets

	Short leasehold properties £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 29 December 1997	327	425	795	58	1,605
Additions at cost	65	324	82	-	471
Disposals	(40)	(399)	(259)	-	(698)
At 31 March 1999	<u>352</u>	<u>350</u>	<u>618</u>	<u>58</u>	<u>1,378</u>
Depreciation					
At 29 December 1997	112	218	250	11	591
Charge for the period	74	234	325	18	651
Disposals	(40)	(399)	(259)	-	(698)
At 31 March 1999	<u>146</u>	<u>53</u>	<u>316</u>	<u>29</u>	<u>544</u>
Net book values					
At 31 March 1999	<u>206</u>	<u>297</u>	<u>302</u>	<u>29</u>	<u>834</u>
At 28 December 1997	<u>215</u>	<u>207</u>	<u>545</u>	<u>47</u>	<u>1,014</u>

Motor vehicles are held under finance leases.

Notes to the financial statements for the period ended 31 March 1999 (continued)

8 Fixed asset investments

	1999 £'000	1997 £'000
Interest in group undertakings	<u>52</u>	<u>52</u>

The following were subsidiary undertakings at the end of the period:

Name of subsidiary

Arcade Agency Limited
Euro Professionals Limited
Recruit Retail Services plc

All subsidiary undertakings are 100% owned, comprising ordinary shares of £1 each, incorporated in Great Britain, registered in England and Wales and are non-trading entities.

9 Debtors

	1999 £'000	1997 £'000
Amounts falling due within one year		
Trade debtors	7,768	6,325
Amounts owed by group undertakings	1,237	-
Prepayments and accrued income	595	584
	<u>9,600</u>	<u>6,909</u>

10 Creditors: amounts falling due within one year

	1999 £'000	1997 £'000
Bank loans and overdrafts (secured)	2,442	496
Invoice discounting (secured)	-	2,517
Trade creditors	671	551
Obligations under finance leases	56	31
Amounts owed to group undertakings	1,692	1,387
Social security and other taxes	3,312	1,863
Other creditors	2,138	1,179
	<u>10,311</u>	<u>8,024</u>

Notes to the financial statements for the period ended 31 March 1999 (continued)

11 Creditors: amounts falling due after more than one year

	1999 £'000	1997 £'000
Obligations under finance leases	<u>7</u>	<u>70</u>

The maturity of obligations under finance leases is as follows:

	1999 £'000	1997 £'000
Within one year	71	47
In more than one year, but no more than five years	<u>11</u>	<u>91</u>
	82	138
Less future finance charges	<u>(19)</u>	<u>(37)</u>
	<u>63</u>	<u>101</u>

12 Called up share capital

	1999 £'000	1997 £'000
Authorised		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

13 Profit and loss account

	£'000
At 29 December 1997	(2,052)
Retained profit for the financial period	320
At 31 March 1999	<u>(1,732)</u>

Notes to the financial statements for the period ended 31 March 1999 (continued)

14 Reconciliation of movements in equity shareholders' funds

	1999 £'000	1997 £'000
Profit for the financial period	320	620
Other movements	-	(345)
Net movement in shareholders' funds	320	275
Opening shareholders' deficit	(52)	(327)
Closing shareholders' funds	268	(52)

15 Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	1999 £'000	1997 £'000
Land and buildings		
- expiring within one year	63	2
- expiring between two and five years	228	174
- expiring after five years	572	594
	863	770
Plant and equipment		
- expiring within one year	171	4
- expiring between two and five years	105	61
	276	65
	1,139	835

16 Related party transactions

The company has taken advantage of the exemption within Financial Reporting Standard 8 not to disclose transactions with other group companies.

17 Ultimate parent undertaking

The company's immediate parent undertaking is Carlisle Staffing Services Limited.

As at 31 March 1999, the company's ultimate parent undertaking was Carlisle Holdings Limited, a company registered in Guernsey. Portland Holdings Limited, a company incorporated in Belize and wholly owned by Mr M.A. Ashcroft, owned 60.34 percent of Carlisle Holdings Limited.

Copies of the consolidated financial statements of Carlisle Holdings Limited can be obtained from its registered office at 1 Le Marchant Street, St Peter Port, Guernsey, GY1 4HP, Channel Islands.