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HAYS GROUP LTD
(FORMERLY THE PROPRIETORS OF HAY'S WHARF, LIMITED)

REPORT & ACCOUNTS

30TH JUNE 1981



HAYS GROUP LTD

REPORT & ACCOUNTS

30TH JUNE 1981

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HAYS GROUP LTD

REPORT OF THE DIRECTORS

Nine months ended 30th June 1981

The Directors submit their report and the audited accounts for the nine months ended 30th June 1981.

CHANGE OF NAME

At the Annual General Meeting held on 5th February 1981 resolutions were passed that the company shall not re-register as a public company and that the name of the company be changed from THE PROPRIETORS OF HAY'S WHARF, LIMITED to HAYS GROUP LTD.

ACCOUNTING PERIOD

The Company's financial year end has been changed to 30th June to comply with that of its parent company with the result that the attached financial statements cover a period of nine months only.

ACCOUNTS

Trading profit before taxation was £2,708,000 from which various amounts have been deducted as shown in the Profit and Loss Account on page 8. The balance of £10,390,000 has been transferred to reserves.

No interim dividend was paid during the period and the Directors do not recommend payment of a final dividend.

DIRECTORS

The following were Directors of the Company during the period.

Mr. F.M. Al-Sabah
 Mr. B.A. Dawson
 Mr. D.F. Buchanan
 Mr. F.K. Jaffar
 Mr. A.A. Al-Abdulaly (Appointed on 6th November 1980.)

No Director had any interest in the share capital of the company or its parent company at any time during the period.

No Director had an interest in any subsisting contract or arrangement at the end of or during the financial period to which the Company or any subsidiary was a party.

EXECUTIVES

The following persons serve the Company as Executives :-

| | | |
|---------------------|---|---|
| Mr. D.S. Clarabut | - | Chief Executive |
| Mr. R.E. Cook | - | Deputy Chief Executive/Finance/ Business Services Division |
| Mr. G.S.C. Clarabut | - | Marine Services Division |
| Mr. M.C. Everist | - | Packaging & Distribution Division |
| Mr. D.J.W. Browne | - | Oils and Chemicals Division |
| Mr. P.D.T. Roberts | - | Warehousing Division |
| Mr. R.E. Frost | - | Farmhouse Division (acquired 5.6.81.) |

HAYS GROUP LTD

REPORT OF THE DIRECTORS - Continued

ACTIVITIES OF THE GROUP

The Company, its subsidiaries and associated companies provide general and security storage, transport and distribution, bottling, export packing and tanker-broking services, mainly for the foods and chemical industries and operate shipping and lighterage fleets. Merchanting of chemical products is undertaken.

Lists of companies engaged in these activities are given on pages 21 & 22.

CLASSIFICATION OF TURNOVER AND PROFITABILITY

| | % of Turnover | Trading Profit Contribution (before tax) £'000 |
|----------------------------|---------------|---|
| Packaging and Distribution | | |
| United Kingdom | 20.83 | 1,038 |
| Belgium | 2.17 | (286) |
| Oils and Chemicals | | |
| United Kingdom | 33.44 | 565 |
| Republic of Ireland | 1.24 | (96) |
| United States of America | 0.12 | (29) |
| Warehousing | 16.30 | 627 |
| Marine Services | 21.61 | 296 |
| Business Services | | |
| United Kingdom | 4.17 | 362 |
| Belgium | 0.12 | (20) |
| | <u>100.00</u> | |
| Real Estate | | 251 |
| | | <u>2,708</u> |

CHANGES IN FIXED ASSETS

During the period the Group disposed of its interest in the Tooley Street Estate for a total consideration of £16,975,000.

All changes during the period are shown in Note 5 to the Accounts on page 15

CHANGES IN THE GROUP

During the period the following subsidiaries were acquired for a total consideration of £15,801,189.

Channel Coasters Limited.
 Farmhouse Securities Limited with its subsidiaries.
 London Document Bureau Limited with its subsidiary.
 London Microfilm Bureau Limited with its subsidiaries.

HAYS GROUP LTD

REPORT OF THE DIRECTORS - Continued

SHARES AND LOAN STOCK

On 31st December 1980 the whole of the outstanding 9½% Unsecured Loan Stock 1979/82 of £576,000 was redeemed at par plus accrued interest.

At an Extraordinary General Meeting held on 4th June 1981 the share capital of the Company was re-organised by converting each Cumulative Preference Share of £1 and each Deferred Share of £1 into Ordinary Shares of £1 each ranking pari passu with the existing ordinary shares for all purposes.

EMPLOYEES

The average number of persons including Directors employed by the Group in each week of the period in the United Kingdom was 3,167 and the aggregate gross remuneration paid or payable to such persons totalled £15,473,623.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Charitable contributions totalled £3,525. No contributions were made for political purposes.

EXPORTS

The value of the goods exported by the Group was £400,000. In addition, a substantial proportion of the Group's charges related to export services and to "invisible export" earnings, derived from shipping and associated services.

AUDITORS

Touche Ross & Co., have expressed their willingness to continue in office as Auditors of the Company and a Resolution to this effect will be proposed at the forthcoming Extraordinary General Meeting.

BY ORDER OF THE BOARD



N.H. CHASE - Secretary.

10th December 1981.

REPORT OF THE AUDITORS

to the Members of Hays Group Ltd

We have audited the accounts and notes on pages 5 to 22
in accordance with approved Auditing Standards.

In our opinion the accounts and notes give a true and fair view
of the state of affairs of the company and the group at 30th June
1981 and of the profit and source and application of funds of the
group for the nine months period then ended and comply with the
Companies Acts 1948 to 1981.

Touche Ross & Co.

10th December 1981

CHARTERED ACCOUNTANTS

Hill House,
1, Little New Street,
London EC4A. 3TR.

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

ACCOUNTING POLICIES

(a) GROUP ACCOUNTS

The group accounts have been prepared under the historical cost convention, as modified by the revaluation of properties, and consolidate the accounts of the company and its subsidiaries noted on pages 21 and 22 made up to 30th June 1981, with the exception of Farmhouse Securities Limited. This company was acquired on 5th June 1981 and the group accounts incorporate the audited balance sheet as at 31st May 1981 and the unaudited management profit from the date of acquisition to 30th June 1981.

Following the change in the year end date from 30th September to 30th June the Group's results are for a nine months period. But in the case of the main subsidiaries operating abroad, whose year end was and continues to be 30th June, the results are for a 12 month period.

The effective date for accounting for both acquisitions and disposals of subsidiaries and investments in associated companies is the earlier of the date on which consideration passes or the date on which the contract becomes unconditional.

(b) ASSOCIATED COMPANIES

The companies in which the group owns at least 20% of the equity and in which, in the opinion of the directors, it also exercises a significant influence in the management, are listed on page 22.

The proportion of the profits of such companies and of the post-acquisition reserves, attributable to the group shareholding, are included in the consolidated profit and loss account and consolidated balance sheet. The associated companies made up their accounts to dates other than 30th June. The unaudited management results from the dates of the latest audited accounts up to 30th June 1981 are incorporated into the group accounts.

(c) FOREIGN CURRENCIES

The assets, liabilities and trading results of the foreign subsidiaries and other amounts in foreign currency, with the exception of certain matched foreign currency assets and liabilities which are stated at fixed sterling amounts, have been translated at the rates ruling at 30th June 1981.

Translation differences arising from the translation of the opening balance sheets of foreign subsidiaries at the year end rate, have been dealt with in reserves. Other translation differences have been dealt with in the profit and loss account.

Continued/.....

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

ACCOUNTING POLICIES - Continued

(d) TURNOVER

Turnover consists of sales and excludes VAT, intra-group transactions, turnover by associated companies and disbursements (mainly customs duties) paid on behalf of customers.

(e) PREMIUMS ARISING ON THE ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES

The premiums arising on acquisition represent the excess of the cost of the shares in subsidiary companies over the value of their net assets at the date of acquisition, less amounts written off. They are written off in five equal annual instalments, commencing in the year following acquisition.

(f) DEFERRED TAXATION

The amount set aside for deferred taxation represents the deferred liability calculated at the current rate of corporation tax on all timing differences, except to the extent that it is considered that the tax reduction arising will continue for the foreseeable future.

(g) FIXED ASSETS AND DEPRECIATION

Fixed assets, other than properties which have been the subject of revaluation, are shown at cost, less United Kingdom Government grants where applicable. Where revaluations have taken place, these values are adopted in the accounts in substitution for cost.

Depreciation of fixed assets is on a straight line basis calculated at annual rates estimated to write off each asset (net of relevant government grants) over the term of its useful life.

The rates generally in use are as follows:-

| | |
|--|--|
| Freehold Properties :- | No depreciation is provided |
| Land and Investment Properties | |
| Freehold Buildings | The book value is written off on a straight line basis over the remaining useful life of the building. |
| Leasehold Properties:- | |
| Investment Properties held on long lease | No depreciation is provided |
| Other Properties | The book value is written off over the unexpired period of the lease |
| Plant, Machinery, Fixtures and Cold Store Insulation | 2½% to 50% |
| Motor Vehicles | 20% to 25% |
| Trailers | 12½% to 25% |
| Furniture and Office Equipment | 5% to 20% |
| Ships and Craft | 5% to 20% |

Continued/.....

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

ACCOUNTING POLICIES - Continued

(h) STOCK AND WORK IN PROGRESS

Stock and work in progress have been valued at the lower of cost and net realisable value.

Cost comprises, in the case of :-

- (i) Products manufactured or processed by the group, direct material and labour costs plus an appropriate allocation of the relevant overheads.
- (ii) Bought in goods, invoice price.

Net realisable value is the actual or estimated selling price, less any further costs to be incurred before sale.

(i) LEASING OF PLANT AND MACHINERY

Leasing rentals are charged against profits evenly over the anticipated useful life of the assets rather than over the term of each particular lease. In certain cases, therefore a proportion of the leasing rental payments is carried forward as deferred revenue expenditure included in debtors.

(j) PRE-OPERATIONAL COSTS RELATING TO NEW CONSTRUCTION

In order to provide a fair view of profits arising from the operation of the group's assets, interest and other costs relating to the pre-commissioning period of new construction have been excluded from Trading Profit and shown as a separate deduction in the consolidated profit and loss account.

(k) PROPERTY VALUATION

Surpluses arising on property valuation are credited to reserves. Valuation deficits are charged to reserves when there are existing surpluses from previous valuations of the particular properties. Otherwise valuation deficits are treated as extraordinary items in the profit and loss account.

HAYS GROUP LTD AND SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
NINE MONTHS ENDED 30TH JUNE 1981

| | | 9 months ended 30th June 1981 | Year ended 30th September 1980 |
|--|------|-------------------------------------|--------------------------------------|
| | NOTE | £'000 | £'000 |
| TURNOVER | | 59,700 | 70,700 |
| TRADING PROFIT BEFORE TAXATION | | 2,708 | 4,643 |
| Pre-operational interest charges | | 317 | 200 |
| | | 2,391 | 4,443 |
| Depreciation attributable to surplus on valuation of freehold buildings | | 402 | - |
| PROFIT BEFORE TAXATION | 1 | 1,989 | 4,443 |
| TAXATION | 2 | (314) | 99 |
| | | 2,303 | 4,344 |
| MINORITY INTEREST | | 2 | - |
| PROFIT AFTER TAXATION AND BEFORE EXTRAORDINARY ITEMS | | 2,301 | 4,344 |
| EXTRAORDINARY ITEMS | 3 | (8,089) | 1,208 |
| NET SURPLUS | 4 | 10,390 | 3,136 |
| DIVIDENDS | | | |
| Cumulative Preference Shares | | - | 91 |
| Ordinary Shares | | - | 555 |
| | | | 646 |
| SURPLUS TRANSFERRED TO RESERVES | 10 | 10,390 | 2,490 |

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

AT 30TH JUNE 1981

| | | 30th June 1981 | 30th September 1980 |
|--------------------------------------|------|-------------------|------------------------|
| | NOTE | £'000 | £'000 |
| FIXED ASSETS | 5 | 74,001 | 80,877 |
| TRADE INVESTMENTS | 7 | 3,129 | 702 |
| CURRENT ASSETS | | | |
| Stock & Work in Progress | 8 | 4,526 | 3,335 |
| Debtors | | 22,113 | 18,309 |
| Bank Balances & Cash | | 10,819 | 619 |
| | | 37,458 | 22,263 |
| | | 114,588 | 103,342 |
| CURRENT LIABILITIES | | | |
| Creditors | | 22,669 | 12,301 |
| Bank Overdrafts (unsecured) | | 2,921 | 3,984 |
| Loan Capital repayable within 1 year | 12 | 9,292 | 3,443 |
| Taxation | | 2,389 | 930 |
| | | 37,271 | 20,658 |
| | | 77,317 | 83,184 |
| CAPITAL AND RESERVES | | | |
| Share Capital | 9 | 44,987 | 44,987 |
| Reserves | 10 | 20,119 | 21,871 |
| | | 65,106 | 66,858 |
| PREMIUMS ON ACQUISITION | 11 | 11,699 | 1,168 |
| | | 53,407 | 65,690 |
| MINORITY INTEREST | | 9 | - |
| LOAN CAPITAL | 12 | 9,703 | 15,996 |
| DEFERRED TAXATION | 13 | - | 321 |
| PROVISIONS | 14 | 1,130 | 1,177 |
| AMOUNT OWING TO PARENT COMPANY | | 13,068 | - |
| | | 77,317 | 83,184 |

The accounts were approved by the Board of Directors on 10th December, 1981

[Signature] DIRECTOR
[Signature] DIRECTOR

HAYS GROUP LTD
BALANCE SHEET
AT 30TH JUNE 1981

| | | 30th June 1981 | 30th September 1980 |
|--------------------------------------|------|-------------------|------------------------|
| | NOTE | £'000 | £'000 |
| FIXED ASSETS | 5 | 76 | 40 |
| SUBSIDIARY COMPANIES | 6 | 85,542 | 82,294 |
| TRADE INVESTMENTS | 7 | 2,273 | 75 |
| CURRENT ASSETS | | | |
| Stock & Work in Progress | | 14 | - |
| Debtors | | 307 | 278 |
| Bank Balances & Cash | | 7,572 | 2 |
| | | 7,893 | 280 |
| | | 85,784 | 82,627 |
| CURRENT LIABILITIES | | | |
| Creditors | | 4,479 | 558 |
| Bank Overdrafts (unsecured) | | 3,249 | 3,447 |
| Loan Capital repayable within 1 year | 12 | 7,482 | 2,027 |
| Taxation including Group Relief | | 150 | 400 |
| | | 15,360 | 6,432 |
| | | 80,424 | 76,257 |
| CAPITAL & RESERVES | | | |
| Share Capital | 9 | 44,987 | 44,987 |
| Reserves | 10 | 18,504 | 20,836 |
| | | 63,491 | 65,823 |
| LOAN CAPITAL | 12 | 3,000 | 9,179 |
| DEFERRED TAXATION | 13 | - | 309 |
| PROVISIONS | 14 | 865 | 946 |
| AMOUNT OWING TO PARENT COMPANY | | 13,068 | - |
| | | 80,424 | 76,257 |

The accounts were approved by the Board of Directors on 10th December, 1981

 DIRECTOR

 DIRECTOR

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

SOURCE AND APPLICATION OF FUNDS

NINE MONTHS ENDED 30TH JUNE 1981

| | 9 months ended 30th June 1981 | | Year ended 30th September 1980 | |
|---|-------------------------------------|----------|--------------------------------------|----------|
| | £'000 | £'000 | £'000 | £'000 |
| SOURCE OF FUNDS | | | | |
| PROFIT BEFORE TAXATION | | 1,989 | | 4,443 |
| Adjustments for items not involving the movement of funds:- | | | | |
| Depreciation | 3,219 | | 2,864 | |
| Excess depreciation of fixed assets sold | (274) | | (243) | |
| Provisions | 34 | | 62 | |
| Profits retained in associated companies | (78) | | (61) | |
| Exchange adjustments | 53 | | 22 | |
| | | 2,954 | | 2,644 |
| TOTAL GENERATED FROM OPERATIONS | | 4,943 | | 7,087 |
| FUNDS FROM OTHER SOURCES | | | | |
| Proceeds from sale of fixed assets | 17,790 | | 863 | |
| Proceeds from sale of investments | 65 | | 28 | |
| Tax creditors acquired | 1,767 | | - | |
| Minority interest acquired | 7 | | - | |
| | | 19,629 | | 891 |
| | | 24,572 | | 7,978 |
| APPLICATION OF FUNDS | | | | |
| Purchase of Fixed Assets | 13,984 | | 12,689 | |
| Purchase of Investments | 2,467 | | 114 | |
| Dividends paid | - | | 1,641 | |
| Tax paid | 270 | | 598 | |
| Group relief paid | 3,068 | | - | |
| Purchase of goodwill, being premiums arising on acquisition of subsidiaries | 10,783 | | - | |
| Ex-gratia pensions paid | 81 | | 137 | |
| Extraordinary items | 653 | | 545 | |
| Working capital -decrease (1980 -increase) | | | | |
| Stock | 1,191 | | (87) | |
| Debtors | 3,804 | | 1,532 | |
| Creditors | (10,368) | | 2,184 | |
| | (5,373) | | 3,629 | |
| | | 25,933 | | 19,353 |
| | | (1,361) | | (11,375) |
| EFFECT ON GROUP BORROWINGS | | | | |
| Loan Capital -decrease (1980 -increase) | | 444 | | (6,370) |
| Bank Balances -increase (1980 -decrease) | | 11,263 | | (5,005) |
| Increase in amount owing to parent company | | (13,068) | | - |
| | | (1,361) | | (11,375) |

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

NINE MONTHS ENDED 30TH JUNE 1981

| 1. PROFIT BEFORE TAXATION | 9 months ended 30th June 1 9 8 1 | | Year ended 30th September 1 9 8 0 | |
|--|--|-------|---|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Profit before taxation is stated after crediting :- | | | | |
| Interest receivable | | 313 | | 145 |
| Net rents from properties | | 307 | | 861 |
| Share of profits of Associated Companies | | 78 | | 61 |
| Unrealised exchange gains | | 535 | | 371 |
| After charging :- | | | | |
| Depreciation | 3,219 | | 2,922 | |
| Less depreciation attributable to the surplus on valuation of freehold buildings transferred from reserves | - | | 58 | |
| | | 3,219 | | 2,864 |
| Interest payable :- | | | | |
| Overdraft, bank loans & loans repayable within five years | 1,411 | | 2,173 | |
| Long-term Loans | 17 | | 20 | |
| | | 1,428 | | 2,193 |
| Remuneration of Auditors (Parent £29,000 1980 £21,000) | | 208 | | 180 |
| Hire of plant, machinery and ships | | 1,579 | | 1,859 |
| Directors emoluments :- | | | | |
| Fees | | 9 | | 16 |
| Management remuneration | | - | | 156 |
| Pension premiums | | 25 | | 45 |
| Payment to past directors (1981 - see note 3) | | - | | 10 |
| | | £ | | £ |
| Emoluments (excluding pension premiums) of Directors :- | | | | |
| Chairman's emoluments 1.10.80 - 30.6.81 | | - | | - |
| Chairman's emoluments 1.10.79 - 10.9.80 | | - | | 24,431 |
| Chairman's emoluments 11.9.80 - 30.9.80 | | - | | - |
| Highest paid director 1.10.80 - 30.6.81 | | 5,625 | | - |

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - Continued

NINE MONTHS ENDED 30TH JUNE 1981

| 1. PROFIT BEFORE TAXATION - Continued | 9 months ended 30th June 1981 | Year ended 30th September 1980 |
|---------------------------------------|-------------------------------------|--------------------------------------|
|---------------------------------------|-------------------------------------|--------------------------------------|

Other Directors' emoluments fell within the following ranges :-

| | NUMBER | |
|-----------------|--------|------|
| | 1981 | 1980 |
| £0-£5,000 | 3 | 2 |
| £5,001-£10,000 | - | 2 |
| £15,001-£20,000 | - | 2 |
| £20,001-£25,000 | - | 4 |

Three Directors waived fees totalling £14,400 (1980 - Eight Directors £9,626)

Employees' emoluments in excess of £20,000 fell within the following range :-

| | NUMBER | |
|-----------------|--------|------|
| | 1981 | 1980 |
| £25,001-£30,000 | 5 | - |

The Directors' and Employees' emoluments ranges are based on annualised equivalents of the remuneration of the nine months period.

| 2. TAXATION - based on the profits for the period excluding extraordinary items | 9 months ended 30th June 1981 £'000 | Year ended 30th September 1980 £'000 |
|---|--|---|
| Corporation tax @ 52% | - | 20 |
| Overseas taxation - Profits | 6 | 6 |
| - Deferred tax | (12) | (1) |
| Associated company | 48 | 32 |
| | <u>42</u> | <u>57</u> |
| Advance corporation tax | - | 235 |
| Overprovision - Corporation tax | (47) | (193) |
| - Deferred tax | (309) | - |
| | <u>(314)</u> | <u>99</u> |

In arriving at the taxation charge for the period no provision has been made for deferred taxation of approximately £960,000 (1980 - £2,400,000) because no liability is expected to arise in the foreseeable future.

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS ~ Continued

NINE MONTHS ENDED 30TH JUNE 1981

| 3. EXTRAORDINARY ITEMS | 9 months ended 30th June 1981 £'000 | Year ended 30th September 1980 £'000 |
|---|--|---|
| Losses less net realised profits on the disposal of properties | 65 | 85 |
| Valuation surpluses released from Reserves | (12,062) | (114) |
| | <u>(11,997)</u> | <u>(29)</u> |
| Premiums on acquisition of shares in subsidiaries written off (Note 11) | 252 | 474 |
| Closure costs | 271 | 90 |
| Payments to past directors | 123 | - |
| Revaluations deficits | - | 272 |
| Other non-recurring items including costs of early loan repayments | 194 | 352 |
| | <u>(11,157)</u> | <u>1,159</u> |
| Related group relief and taxation | 3,068 | 49 |
| | <u>(8,089)</u> | <u>1,208</u> |

The group relief payment is principally in respect of the taxation arising on the sale of the Tooley Street Estate.

| 4. NET SURPLUS | 9 months ended 30th June 1981 £'000 | Year ended 30th September 1980 £'000 |
|--|--|---|
| The net deficit (1980 - surplus) after extraordinary items dealt with in the accounts of Hays Group Ltd. | <u>(2,332)</u> | <u>3,595</u> |

BAIS GROUP LTD AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - Continued

NINE MONTHS ENDED 30TH JUNE 1981

5. FIXED ASSETS

| | Freehold Properties £'000 | Leasehold Long £'000 | Properties Short £'000 | Plant and Machinery £'000 | Ships and Craft £'000 | TOTAL £'000 |
|---------------------------------|---------------------------------|----------------------------|------------------------------|---------------------------------|-----------------------------|----------------|
| A. GROUP | | | | | | |
| COST AND VALUATION | | | | | | |
| 30th September 1980 | 49,005 | 2,085 | 5,284 | 18,121 | 21,396 | 95,891 |
| Additions during the period | 3,907 | - | 245 | 4,230 | 1,844 | 10,226 |
| Grants receivable | (316) | - | - | (280) | - | (596) |
| Assets of subsidiaries acquired | 1,468 | - | 384 | 2,950 | 756 | 5,558 |
| Exchange adjustments | (104) | - | (2) | (65) | - | (171) |
| Reclassifications | (27) | - | - | (25) | - | (52) |
| | 53,933 | 2,085 | 5,911 | 24,931 | 23,996 | 110,856 |
| Disposals at cost or valuation | (10,821) | (2,025) | (4,180) | (501) | (805) | (18,332) |
| 30th June 1981 | 43,112 | 60 | 1,731 | 24,430 | 23,191 | 92,524 |

These amounts are based on :-

| | | | | | | |
|-------------------|--------|----|-------|--------|--------|--------|
| Cost | 6,094 | - | 1,323 | 24,430 | 23,191 | 55,479 |
| Valuation in 1973 | - | - | 8 | - | - | 8 |
| 1980 | 37,018 | 60 | 400 | - | - | 37,037 |

AGGREGATE DEPRECIATION

| | | | | | | |
|---|------|---|-----|-------|-------|--------|
| 30th September 1980 | 33 | - | 120 | 7,762 | 7,099 | 15,014 |
| Provided from Profit & Loss Account | 671 | 4 | 117 | 1,414 | 1,013 | 3,219 |
| Eliminated in respect of disposals | - | - | - | (312) | (531) | (843) |
| Relating to assets of subsidiaries acquired | 4 | - | 62 | 970 | 168 | 1,204 |
| Exchange adjustments | (2) | - | (2) | (42) | - | (46) |
| Reclassifications | (25) | - | - | - | - | (25) |
| 30th June 1981 | 681 | 4 | 297 | 9,792 | 7,749 | 18,523 |

BOOK VALUES

| | | | | | | |
|---------------------|--------|-------|-------|--------|--------|--------|
| 30th September 1980 | 48,972 | 2,085 | 5,164 | 10,339 | 14,297 | 80,877 |
| 30th June 1981 | 42,431 | 56 | 1,434 | 14,638 | 15,442 | 74,001 |

Long leases are for terms of not less than 50 years unexpired at 30th June 1981.

Freehold properties of £43,112,000 include land and investment properties of £9,645,000 which are not depreciated.

B. COMPANY

| | | | | | | |
|-------------------------------------|---|---|---|------|---|------|
| COST 30th September 1980 | - | - | - | 79 | - | 79 |
| Additions during the period | - | - | - | 53 | - | 53 |
| Intra-Group transfers | - | - | - | 9 | - | 9 |
| | - | - | - | 143 | - | 143 |
| Disposals at cost | - | - | - | 43 | - | 43 |
| 30th June 1981 | - | - | - | 100 | - | 100 |
| AGGREGATE DEPRECIATION | - | - | - | 39 | - | 39 |
| 30th September 1980 | - | - | - | 10 | - | 10 |
| Provided from Profit & Loss Account | - | - | - | (30) | - | (30) |
| Eliminated in respect of disposals | - | - | - | 5 | - | 5 |
| Intra-Group transfers | - | - | - | - | - | - |
| 30th June 1981 | - | - | - | 24 | - | 24 |
| BOOK VALUES | - | - | - | 40 | - | 40 |
| 30th September 1980 | - | - | - | 76 | - | 76 |
| 30th June 1981 | - | - | - | - | - | - |

C. FUTURE CAPITAL EXPENDITURE

| | GROUP | | COMPANY | |
|---|-------|-------|---------|-------|
| | 1981 | 1980 | 1981 | 1980 |
| | £'000 | £'000 | £'000 | £'000 |
| Contracted for but not provided for in these accounts | 4,700 | 5,456 | 422 | nil |
| Authorised by the Directors but not contracted for | 2,091 | 3,374 | 404 | nil |

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - Continued

NINE MONTHS ENDED 30TH JUNE 1981

| 6. SUBSIDIARY COMPANIES | 1981 £'000 | 1980 £'000 |
|-------------------------------------|---------------|---------------|
| Shares | 57,498 | 37,025 |
| Amounts due from subsidiaries | 38,565 | 51,751 |
| | <u>96,063</u> | <u>88,776</u> |
| Deduct: Amounts due to subsidiaries | 10,521 | 6,482 |
| | <u>85,542</u> | <u>82,294</u> |

The subsidiary companies are shown on pages 21 & 22.

The company's investment in its subsidiaries is revalued each period to recognise the net asset value of each subsidiary at the end of the period and the unamortised premium arising on acquisition.

7. TRADE INVESTMENTS

| A. GROUP | 1981 £'000 | 1980 £'000 |
|---|---------------|---------------|
| Unlisted :- | | |
| Associated companies at cost plus share of post acquisition reserves | 228 | 196 |
| Others - Directors' valuation 1981 £2,901,000 (1980 £506,000) | 2,901 | 506 |
| | <u>3,129</u> | <u>702</u> |
| B. COMPANY | 1981 £'000 | 1980 £'000 |
| Unlisted : | | |
| Associated companies at cost | 77 | 75 |
| Others - Directors' valuation 1981 £2,196,000 (1980 Nil) | 2,196 | - |
| | <u>2,273</u> | <u>75</u> |

The associated companies are shown on Page 22.

| 8. STOCK & WORK IN PROGRESS | 1981 £'000 | 1980 £'000 |
|-----------------------------------|---------------|---------------|
| Long-term work in progress | 230 | - |
| Less progress payments | 230 | - |
| | <u>-</u> | <u>-</u> |
| Finished goods & work in progress | 178 | 260 |
| Consumable stores | 1,275 | 1,242 |
| Raw Materials | 230 | 437 |
| Goods for resale | 2,843 | 1,396 |
| | <u>4,526</u> | <u>3,335</u> |

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - Continued

NINE MONTHS ENDED 30TH JUNE 1981

| 9 | SHARE CAPITAL | 1981 £'000 | 1980 £'000 |
|---|--|---------------|---------------|
| | Authorised | | |
| | 2,000,000 Cumulative Preference Shares of £1 each | - | 2,000 |
| | 28,505,552 Ordinary Shares of £1 each | - | 28,505 |
| | 52,000,000 Ordinary Shares of £1 each | 52,000 | - |
| | 21,494,448 Deferred Shares of £1 each | - | 21,495 |
| | | <hr/> 52,000 | <hr/> 52,000 |
| | Issued and Fully Paid | | |
| | 1,997,817 Cumulative Preference Shares of £1 each | - | 1,998 |
| | 21,494,448 Ordinary Shares of £1 each | - | 21,494 |
| | 44,986,713 Ordinary Shares of £1 each | 44,987 | - |
| | 21,494,448 Deferred Shares of £1 each | - | 21,495 |
| | | <hr/> 44,987 | <hr/> 44,987 |

By a Special Resolution of the Company passed on 4th June 1981 the share capital of the Company was re-organised by converting each Cumulative Preference Share of £1 and each Deferred Share of £1 each into Ordinary Shares of £1 each, each ranking pari passu with the existing Ordinary Shares of all purposes.

In the opinion of the Directors the Company's ultimate holding company is St. Martins (Industrial) Limited, which is incorporated in the United Kingdom.

| 10. | RESERVES | GROUP £'000 | COMPANY £'000 |
|-----|--|----------------|------------------|
| | As at 30th September 1981 | 21,871 | 20,836 |
| | Valuation surpluses realised and transferred to profit and loss account (Note 3) | (12,062) | - |
| | Surplus transferred from profit & loss account | 10,390 | (2,332) |
| | Translation differences in respect of foreign subsidiaries | (80) | - |
| | | <hr/> 20,119 | <hr/> 18,504 |
| | As at 30th June 1981 | <hr/> 20,119 | <hr/> 18,504 |

The group reserves include profits of £137,000 retained in associated companies.

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - Continued

NINE MONTHS ENDED 30TH JUNE 1981

| 11. PREMIUMS ON ACQUISITION OF SHARES IN SUBSIDIARIES | 1981 | | 1980 | |
|---|----------------------|---------------|---------------------|---------------|
| | £'000 | | £'000 | |
| As at 30th September 1980 | 1,168 | | 1,567 | |
| Arising on the acquisition of new subsidiaries | 10,783 | | 75 | |
| Charged to profit and loss account (Note 3) | (252) | | (474) | |
| | <u>11,699</u> | | <u>1,168</u> | |
| As at 30th June 1981 | <u><u>11,699</u></u> | | <u><u>1,168</u></u> | |
| 12. LOAN CAPITAL | GROUP | | COMPANY | |
| | 1981 | 1980 | 1981 | 1980 |
| | £'000 | £'000 | £'000 | £'000 |
| Banks | | | | |
| Secured | 7,386 | 7,136 | - | - |
| Unsecured | 3,737 | 11,337 | 3,000 | 10,630 |
| Other | | | | |
| Secured | | | - | - |
| 7% Loan | 290 | 290 | - | - |
| Unsecured | | | - | - |
| 12½% Debenture | 100 | 100 | - | - |
| 9½% Loan Stock | - | 576 | - | 576 |
| Loan Notes | 7,482 | - | 7,482 | - |
| | <u>18,995</u> | <u>19,439</u> | <u>10,482</u> | <u>11,206</u> |
| Less: Loan capital repayable within 1 year, included in current liabilities | 9,292 | 3,443 | 7,482 | 2,027 |
| | <u>9,703</u> | <u>15,996</u> | <u>3,000</u> | <u>9,179</u> |
| The aggregate amounts of loan capital repayable:- | | | | |
| between one & two years | 1,732 | 2,972 | 188 | 1,452 |
| between two & five years | 4,578 | 9,376 | 1,347 | 5,637 |
| in five years or more | 3,393 | 3,648 | 1,465 | 2,090 |
| | <u>9,703</u> | <u>15,996</u> | <u>3,000</u> | <u>9,179</u> |

Terms

- (i) 7% Loan is repayable in two instalments in 1985 and 1987
- (ii) 12½% Debenture is redeemable at the option of a Subsidiary Company.
- (iii) The Loan Notes bear interest at a variable rate determined monthly by reference to the London Inter Bank Offered Rate. They are repayable on 4th June 1983 or at any date before then subject to one month's notice from the Noteholders.

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - Continued

NINE MONTHS ENDED 30TH JUNE 1981

| | GROUP £'000 | COMPANY £'000 |
|-------------------------------------|----------------|------------------|
| 13. DEFERRED TAXATION | | |
| As at 30th September 1980 | 321 | 309 |
| Released to Profit and Loss Account | (321) | (309) |
| | <hr/> | <hr/> |
| As at 30th June 1981 | - | - |
| | <hr/> | <hr/> |

The composition of the deferred taxation balance and of the potential amount of deferred taxation for all timing difference is:-

| A. GROUP | Provided | | Potential Amount | |
|--|----------|-------|------------------|---------|
| | 1981 | 1980 | 1981 | 1980 |
| | £'000 | £'000 | £'000 | £'000 |
| Estimated taxation in respect of chargeable gains on revalued properties | - | - | 6,657 | 8,825 |
| Taxation postponed on the disposal of properties | - | 309 | - | 309 |
| Excess of tax allowances over depreciation | - | 12 | 18,973 | 17,122 |
| Stock appreciation relief | - | - | 26 | 153 |
| Tax losses carried forward | - | - | (4,634) | (2,085) |
| Other timing differences | - | - | (96) | (390) |
| Available advance corporation tax | - | - | (3,365) | (3,325) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | 321 | 17,561 | 20,609 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| B. COMPANY | Provided | | Potential Amount | |
| | 1981 | 1980 | 1981 | 1980 |
| | £'000 | £'000 | £'000 | £'000 |
| Taxation postponed on the disposal of properties | - | 309 | - | 309 |
| Available advance corporation tax | - | - | (3,320) | (3,285) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | 309 | (3,320) | (2,976) |
| | <hr/> | <hr/> | <hr/> | <hr/> |

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - Continued

NINE MONTHS ENDED 30TH JUNE 1981

14. PROVISIONS

| | GROUP £'000 | COMPANY £'000 |
|--------------------------------|----------------|------------------|
| As at 30th September 1980 | 1,177 | 946 |
| Provided in the period | 34 | - |
| Charged in respect of pensions | (81) | (81) |
| | <u>1,130</u> | <u>865</u> |
| As at 30th June 1981 | <u>1,130</u> | <u>865</u> |

15. CONTINGENT LIABILITIES

| | GROUP | | COMPANY | |
|--|---------------|---------------|---------------|---------------|
| | 1981 £'000 | 1980 £'000 | 1981 £'000 | 1980 £'000 |
| Bills of Exchange discounted | 649 | 178 | - | - |
| Bank & other guarantees | 81 | 84 | 17,951 | 23,230 |
| Uncalled amounts on shares | 1 | 1 | 1 | 1 |
| Claims for which no provision has been made as the Directors consider them unfounded | 542 | 394 | - | - |
| | <u>1,273</u> | <u>657</u> | <u>17,952</u> | <u>23,231</u> |

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

SUBSIDIARY COMPANIES OF

Hays Group Ltd as at 30th June 1981, which traded at any time during the period, except where otherwise indicated.

(Wholly owned, registered in England and operating in the United Kingdom except where otherwise stated).

Packaging and Distribution

- *Agence Continentale et Anglaise S.A. (Incorporated and operating in Belgium)
- *Spinhayer S.A. (Incorporated and operating in Belgium)
- Interbond Distribution Limited
- St. Olaf Bonding Company Limited
- Strathleven Bonded Warehouses Limited

Oils and Chemicals

- Hays Oils & Chemicals Limited (Registered in Scotland)
- Richard Smith Limited (Registered in Scotland)
- The Ross Chemical and Storage Company Limited (Registered in Scotland)
- Dunn Brothers Manchester Limited
- Traffic Services Limited
- *James A. Beck & Son Limited (Incorporating Irode Sales) (Registered in Northern Ireland)
- *James A. Beck Chemicals Limited (Incorporated and operating in the Republic of Ireland)
- Carbonoff Manufacturing Limited (Incorporated and operating in the Republic of Ireland)
- Trafco (U.K.) Limited
- Trafco U.S.A. Inc. (Incorporated and operating in the U.S.A.)
- Henry Rodger & Company Limited (Registered in Scotland)
- Dexstar Chemicals Limited
- Hays Fine Chemicals Limited (Registered in Scotland)
- Duncan Independent Chemical Suppliers Limited
- Frederick Allen & Sons (Chemicals) Limited
- Sadler & Co. Limited
- Sadler & Co. (Chemicals) Limited

Warehousing

- Dagenham Storage Company Limited
- United Kingdom Cold Storage Limited
- Newington Fruit Company Limited

Marine Services

- Bowker & King Limited
- Humphery & Grey (Lighterage) Limited
- London & Rochester Trading Co. Limited, trading as Crescent Shipping with its subsidiaries
- Thos. W. Purvis Limited
- Babyssa Limited
- Channel Coasters Limited (acquired 31st October 1980)
- Cubow Limited

Business Services

- St. Olaf Insurance Brokers Limited
- Hay's Computer Services Limited
- Hays Business Services Limited
- *Hays Business Services S.A. (Incorporated and operating in Belgium)
- London Microfilm Bureau Limited (acquired 8th May 1981) with its subsidiaries
 - L M B Consultancy Services Limited
 - L M B (Petrochemical & Engineering) Services Limited
 - Microfilm Suppliers, Processing & Duplicating Co. Limited
- London Documents Bureau Limited (acquired 28th November 1980) with its 60% interest in
 - *Dublin Documents Bureau Limited

HAYS GROUP LTD AND SUBSIDIARY COMPANIES

SUBSIDIARY COMPANIES - Continued

Real Estate

London Bridge Developments Limited
 London Bridge Properties Limited

Farmhouse

- *Farmhouse Securities Limited (acquired 5th June 1981) with its subsidiaries
- *Crowthorne Transport Company Limited
 - *Farmhouse Frozen Foods Limited
 - *Farmhouse Group Services Limited
 - *North London Cold Store (St. Albans) Limited
 - *Selected Continental Foods Limited
 - *T.C.D. Temperature Controlled Distribution Limited
 - *Thames Valley Foods Limited
 - *James Bridgman (1981) Limited
 - *Cardiff Poultry Packers Limited

INVESTMENTS IN ASSOCIATED COMPANIES as at 30th June 1981

| | Equity held by | |
|--|----------------|--------------------------------------|
| | Parent % | Subsidiary % |
| *Supalink Limited (at 1st September 1980, total issued capital 100,000 shares of £1 each fully paid). | 50 | |
| *Midland Document Exchange Limited (acquired 11th March 1981) (at 30th June 1981 total issued capital 2,000 shares of £1 each) | 50 | |
| *Pekoe Packaging Limited (at 30th September, 1980 total issued capital 1,800 shares of £1 each). | | Dagenham Storage Company Limited. |

33½

- * Companies, the accounts of which have been audited by firms other than the
 Auditors of the Holding Company.

Details of all subsidiaries and trade investments not listed above will be annexed
 to the Company's next annual return as required by Sections 3 and 4 of the Companies
 Act 1967.