

S 75320

18 MAY 1988

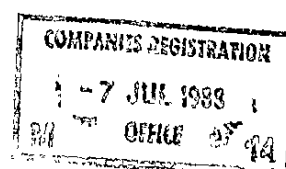
RELIANCE SERVICE BUREAU LIMITED

BALANCE SHEET

AND

ACCOUNTS

31 OCTOBER 1987



Reliance Service Bureau Limited

Contents

	<u>Page</u>
Directors, Officers and Advisers	1
Report of the Directors	2 & 3
Profit and Loss Account	4
Balance Sheet	5 & 6
Source and application of funds	7 & 8
Notes to the Accounts	9 to 15
Report of the Auditors	16

Reliance Service Bureau Limited
Directors, Officers and Advisers

Directors

I P Marvin
J Barn
S Chinnery
L Crawford
I Jeff
L Morton
M Powell

Secretary and Registered Office

C Lowe JP FCCA
Blue Arrow House
Camp Road
St Albans
Hertfordshire
AL1 5UA

Auditors

Longcrofts
Chartered Accountants
Longcroft House
Victoria Avenue
Bishopsgate
London
EC2M 4NS

Solicitors

Allen & Overy
9 Cheapside
London
EC2V 6AD

Bankers

Barclays Bank PLC
Abbey Branch
3 High Street
St Albans
Hertfordshire
AL3 4EE

Reliance Service Bureau Limited

Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31 October 1987.

Review of business activities and future development

The principal activity of the Company throughout the year was that of staff recruitment agents. The trading performance of the Company during the year was extremely satisfactory with further expansion of the Company's activities.

The directors believe that the Company is now ideally placed to benefit from the increasing demand for recruitment services and they will continue to pursue a policy of controlled expansion incorporating both the opening of new branches and also selective acquisitions of established businesses.

Results

The results for the year are set out in the profit and loss account on page 4 and the accompanying notes.

The directors recommend that a dividend of £2,000,000 be paid on the ordinary share capital of the Company.

Directors and their interests

S Chinery, L Crawford, N Davies, C McCusker and M Powell held office as directors throughout the year.

A G Berry and M S Crosswell resigned from the Board on 1 November 1986.

On 1 September 1987 I P Marvin was appointed to and P J Eade resigned from the Board.

On 2 December 1987 J Barn, I Jeff and L Morton were appointed to and N Davies and C McCusker resigned from the Board.

The beneficial interests of the directors at 31 October 1987 in the shares of the ultimate holding company, Blue Arrow PLC were as follows:-

	Ordinary shares	
	of 5p each At 31 October 1987	of 25p each At 31 October 1986
I P Marvin	375,000	
S Chinnery	-	-
L Crawford	-	-
N Davies	-	-
C McCusker	-	-
M Powell	-	-

On 1 September 1987 I P Marvin had a beneficial interest in 275,000 Ordinary Shares of 5p each in Blue Arrow PLC.

None of the directors has had an interest in any contract entered into by the Company during the year under review.

Reliance Service Bureau Limited

Report of the Directors

Fixed assets

Details of tangible fixed assets are set out in note 4 to the accounts.

Employment policy

The policy of the Company is to give full and fair consideration to applications for employment received from disabled persons having regard to their particular aptitudes and abilities. Employees who become unable to carry out their duties are given individual consideration. Disabled employees may be eligible for special training.

Special emphasis is placed on training of staff and a full range of internally organised training courses are provided for this purpose.

On a more centralised basis, employees are updated on developments within the Group by the circulation of an internal newspaper currently produced on a monthly basis.

Auditors

The auditors, Longcrofts, Chartered Accountants, have expressed their willingness to continue in office and a resolution will be proposed at the forthcoming Annual General Meeting for their re-appointment.

By Order of the Board



C Lowe

Secretary

8 January 1988

Reliance Service Bureau Limited

Profit and Loss Account

For the year ended 31 October 1987

	<u>Notes</u>	<u>1987</u> £	<u>1986</u> £
Turnover		23,847,437	19,669,993
Net profit on ordinary activities before taxation	2	2,227,565	1,887,033
Taxation	3	800,000	762,000
Net profit on ordinary activities after taxation		1,427,565	1,125,033
Dividend		2,000,000	-
Retained (loss)/profit transferred to reserves	9	(572,435)	1,125,033

The notes on pages 9 to 15 form an integral part of these accounts.

Reliance Service Bureau Limited

Balance Sheet

At 31 October 1987

	<u>Notes</u>	<u>1987</u> £	<u>1986</u> £
Fixed assets			
Tangible	4	814,188	746,119
Current assets			
Debtors	5	8,115,947	8,006,000
Cash and bank		2,238,177	15,706
		10,354,124	8,021,706
Creditors - amounts falling due within one year	6	8,107,392	4,618,857
Net current assets		2,246,732	3,402,849
Total assets less current liabilities		3,060,920	4,148,968
Creditors - amounts falling due after more than one year	6	547,592	908,205
Provisions for liabilities and charges	7	340,000	495,000
		2,173,328	2,745,763

Continued../..

Reliance Service Bureau Limited

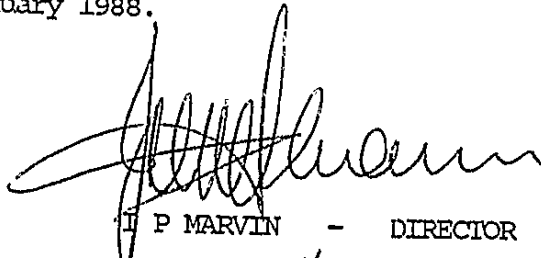
Balance Sheet

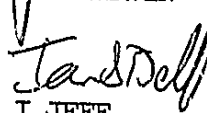
At 31 October 1987

	<u>Notes</u>	<u>1987</u> £	<u>1986</u> £
Capital and reserves			
Called up share capital	8	6,969	6,969
Profit and loss account	9	2,166,359	2,738,794
		<hr/>	<hr/>
		2,173,328	2,745,763
		<hr/>	<hr/>

The notes on pages 9 to 15 form an integral part of these accounts.

Approved by board resolution on 8 January 1988.


I P MARVIN - DIRECTOR


I JEFF - DIRECTOR

Reliance Service Bureau Limited
Source and Application of Funds
For the year ended 31 October 1987

	<u>1987</u> £	<u>1986</u> £
Source of funds		
Generated from operations		
Net profit on ordinary activities before taxation and extraordinary items	2,227,565	1,887,033
Adjustment for items not involving the movement of funds:		
Depreciation of tangible fixed assets	274,285	320,436
	<hr/> 2,501,850	<hr/> 2,207,469
Funds from other sources		
Proceeds of disposal of tangible fixed assets	4,776	3,416
	<hr/> 2,506,626	<hr/> 2,210,515
Total source of funds		
Application of funds		
Purchase of tangible fixed assets	347,130	296,570
Corporation tax paid	-	72,648
Decrease in hire purchase funding	360,613	320,815
	<hr/> 707,743	<hr/> 690,033
Total application of funds		
Net source of funds	<hr/> 1,798,883	<hr/> 1,520,482

continued../..

Reliance Service Bureau Limited
Source and Application of Funds
For the year ended 31 October 1987

Represented by:-	<u>1987</u> £	<u>1986</u> £
Movements in working capital		
Debtors and prepayments	(1,001,010)	1,713,167
Intra-group balances	770,696	845,828
Creditors and accruals	(536,995)	(669,041)
	<hr/>	<hr/>
	(767,309)	1,889,954
Movement in net liquid funds:		
Cash and bank balances	2,566,192	(369,472)
	<hr/>	<hr/>
	1,798,883	1,520,482
	<hr/>	<hr/>

Reliance Service Bureau Limited

Notes to the Accounts

For the year ended 31 October 1987

1. Accounting policies

Basis of accounts preparation

The accounts are prepared under the historical cost convention.

Turnover

Turnover represents the invoiced value of services rendered, exclusive of credits and value added tax and is derived entirely in the United Kingdom from the principal activity.

Depreciation

Tangible fixed assets are depreciated over their anticipated useful lives, using the straight line method, at the following rates:-

Leasehold properties	Over period of lease
Motor vehicles	25%
Furniture and equipment	10 - 20%
Assets held for leasing	Over period of lease

Doubtful debts

Specific provisions are made dependent on the age of the debt and the directors opinion as to the recoverability of the debt.

Hire purchase

Hire purchase instalments outstanding represent future liabilities to finance companies, exclusive of future interest.

Deferred taxation

Deferred taxation is provided on material timing differences when in the opinion of the directors, there is a reasonable probability of a liability arising in the foreseeable future.

Reliance Service Bureau Limited

Notes to the Accounts

For the year ended 31 October 1987

	<u>1987</u> £	<u>1986</u> £
2. <u>Operating results</u>		
Comprise:		
Turnover	23,847,437	19,669,993
Cost of sales	15,389,896	12,363,461
Gross profit	8,457,541	7,306,532
Administration expenses	6,229,976	5,419,499
Net profit on ordinary activities before taxation	2,227,565	1,887,033
and are after charging:-		
Depreciation	274,285	320,436
Hire of equipment	-	3,174
Auditors' remuneration	24,000	20,350
Interest payable on bank and other borrowings repayable within five years	132,577	173,637
Staff costs	2,012,686	1,863,804
Directors' remuneration	254,034	134,271
Staff costs:		
Salaries	1,795,292	1,660,156
Social security costs	203,450	187,201
Other pension costs	13,944	16,447
	2,012,686	1,863,804

Reliance Service Bureau Limited

Notes to the Accounts

For the year ended 31 October 1987

	<u>1987</u> £	<u>1986</u> £
The average number of persons employed full-time by the Company during the year, excluding directors, was	190	179
Directors remuneration, excluding pension contributions:		
Chairman		Nil
Chairman and highest paid director	79,806	50,750
Other directors whose remuneration was within the ranges:		
	Nos	Nos
£0 - 5,000	4	2
£5,001 - 10,000	-	2
£10,001 - 15,000	-	3
£20,001 - 25,000	-	1
£25,001 - 30,000	1	-
£35,001 - 40,000	2	-
£55,001 - 60,000	1	-

3. Taxation

Comprises UK corporation tax calculated at the rate of 35% (1986 - 37%) in respect of:

Corporation tax payable	955,000	882,000
Deferred taxation	(155,000)	(120,000)
	<u>800,000</u>	<u>762,000</u>

Reliance Service Bureau Limited

Notes to the Accounts

For the year ended 31 October 1987

4. Tangible fixed assets

	<u>Short leasehold properties</u> £	<u>Motor vehicles</u> £	<u>Furniture and equipment</u> £	<u>Plant held for leasing</u> £	<u>Total</u> £
Cost					
At 1 November 1986	275,911	52,917	1,012,683	1,424,976	2,766,487
Additions -- third party	104,373	95,790	142,906	-	343,069
-- intra group	-	-	4,061	-	4,061
Disposals - intra group	-	-	(5,422)	-	(5,422)
At 31 October 1987	380,284	148,707	1,154,228	1,424,976	3,108,195
Depreciation					
At 1 November 1986	142,002	12,498	592,514	1,273,354	2,020,368
Charge for the year	26,310	24,634	118,566	104,775	274,285
Disposals - intra group	-	-	(646)	-	(646)
At 31 October 1987	168,312	37,132	710,434	1,378,129	2,294,007
Net book value					
31 October 1987	211,972	111,575	443,794	46,847	814,188
31 October 1986	133,909	40,419	420,169	151,622	746,119

Reliance Service Bureau Limited

Notes to the Accounts

For the year ended 31 October 1987

5. <u>Debtors</u>	<u>1987</u> <u>£</u>	<u>1986</u> <u>£</u>
Trade debtors	4,588,003	5,147,472
Finance lease rentals	983,894	1,383,707
Amount due from group companies	2,347,951	1,236,994
Sundry debtors and prepayments	196,099	237,827
	<hr/>	<hr/>
	8,115,947	8,006,000

Included in finance lease rentals are amounts due after one year of
£561,015 (1986 - £983,882).

6. <u>Creditors</u>	<u>1987</u> <u>£</u>	<u>1986</u> <u>£</u>
Amounts falling due within one year:		
Bank overdrafts	-	343,721
Hire purchase	366,939	318,994
Trade creditors	283,795	266,220
Corporation tax	2,321,822	1,366,822
VAT	685,293	594,362
Sundry creditors and accruals	743,831	599,887
PAYE and social security	484,011	380,135
Amounts due to group companies	2,623,124	282,863
Wages	598,577	465,853
	<hr/>	<hr/>
	8,107,392	4,618,857

Reliance Service Bureau Limited

Notes to the Accounts

For the year ended 31 October 1987

6. Creditors (continued)

	<u>1987</u> £	<u>1986</u> £
Amounts falling due after more than one year		
Hire purchase	547,592	908,205

7. Provisions for liabilities and charges

Deferred taxation

At 1 November 1986	495,000	615,000
Transfer to profit and loss	(155,000)	(120,000)
At 31 October 1987	340,000	495,000

Represented by:-

Accelerated capital allowances provided for in full	340,000	495,000
---	---------	---------

8. Share capital

	Nos	<u>1987</u> £	Nos	<u>1986</u> £
Authorised:				
Ordinary shares of £1 each	9,931	9,931	9,931	9,931
Ordinary shares of 1p each	6,900	69	6,900	69
		10,000		10,000
Allotted, called up and fully paid				
Ordinary shares of £1 each	6,900	6,900	6,900	6,900
Ordinary shares of 1p each	6,900	69	6,900	69
		6,969		6,969

Reliance Service Bureau Limited

Notes to the Accounts

For the year ended 31 October 1987

9. <u>Profit and loss account</u>	<u>1987</u> <u>£</u>	<u>1986</u> <u>£</u>
Balance at 1 November 1986	2,738,794	1,613,761
Transfer for the year	(572,435)	1,125,033
	<hr/>	<hr/>
Balance at 31 October 1987	2,166,359	2,738,794
	<hr/>	<hr/>

10. Capital commitments

- (a) Capital expenditure authorised by the directors but not contracted for
- | | |
|-----------|---------|
| 1,085,000 | 641,000 |
| <hr/> | <hr/> |
- (b) The Company has numerous premises operated under leases whose terms, conditions and lengths of expiry vary considerably. The aggregate annual rental of these premises amounts to £524,000 (1986 - £436,000).

11. Ultimate holding company

The ultimate holding company is Blue Arrow PLC, a company incorporated in England.

Reliance Service Bureau Limited

Report of the Auditors to the Members

We have audited the financial statements on pages 4 to 15 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the Company's affairs at 31 October 1987 and of its result and source and application of funds for the year then ended and comply with the Companies Act 1985.

Longcroft House
Victoria Avenue
Bishopsgate
London
EC2M 4NS

15 January 1988



Longcrofts
Chartered Accountants