

Company Registration No. 1682110

Hays Office Services Limited

Report and Financial Statements

30 June 2004



Hays Office Services Limited

Report and financial statements 2004

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Hays Office Services Limited

Report and financial statements 2004

Officers and professional advisers

Directors

L J D Cassells	(resigned 12 January 2004)
P D Brougham	(resigned 16 August 2004)
D G Richardson	(resigned 5 November 2004)
Hays Nominees Limited	(appointed 5 November 2004)

Secretary

S E Bort	(appointed 28 January 2004)
R Layton	(resigned 28 January 2004)

Registered office

141 Moorgate
London
EC2M 6TX

Solicitors

Freshfields
Whitefriars
65 Fleet Street
London
EC4Y 1HS

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Hays Office Services Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2004.

Principal activities, business review and future prospects

On 23 March 2004 the trade and assets of the business were sold to The Astron Group Limited and the company has ceased to trade.

The principal activity of the company during the year was the provision of document storage and delivery, shredding services and mail services.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend (2003: nil).

The company achieved a turnover of £3,710,000 (2003: £4,399,000) and a loss before taxation of £3,170,000 (2003: profit of £964,000).

Directors and their interests

The directors who served throughout the year and subsequently, except as noted, are shown on page 1.

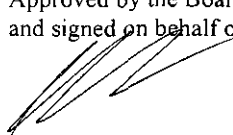
No director had any interest in any contract or arrangement to which the company or any subsidiary was a party either at the end of or during the financial year. None of the directors had any interest in the share capital of the company or any other group company.

Policy on the payment of creditors

It is normal practice of the company to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions.

At 30 June 2004 there were nil (2003: nil) creditor days outstanding.

Approved by the Board of Directors
and signed on behalf of the Board


S E Bort
Company Secretary

28 April 2005

Hays Office Services Limited

Statement of directors' responsibilities

United Kingdom 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 year and of the profit or loss of the company for that period. In preparing those financial statements, we 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; and
- prepare the financial statements on a 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 requirements of the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Hays Office Services Limited

We have audited the financial statements of Hays Office Services Limited for the year ended 30 June 2004 which comprise the profit and loss account, the balance sheet, the reconciliation of movement in equity shareholders' funds and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 1985. We also report 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

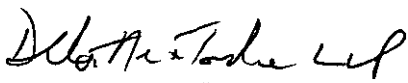
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 30 June 2004 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

28 April 2005

Hays Office Services Limited

Profit and loss account Year ended 30 June 2004

	Note	2004 £'000	2003 £'000
Turnover	1, 2	3,710	4,399
Cost of sales		(3,110)	(3,435)
Gross profit		600	964
Operating exceptional items - write off of group balances	3	(3,806)	-
Total operating (loss)/profit	4	(3,206)	964
(Loss)/profit on ordinary activities before interest and taxation		(3,206)	964
Interest receivable	6	36	-
(Loss)/profit on ordinary activities before taxation		(3,170)	964
Tax on (loss)/profit on ordinary activities	7	(191)	(289)
Retained (loss)/profit on ordinary activities after taxation for the financial year	12	(3,361)	675

The company has no recognised gains or losses other than the results for the year as set out above. Accordingly no statement of total recognised gains and losses is required.

All of the activities of the company are classed as discontinued.

Hays Office Services Limited

Balance sheet 30 June 2004

	Note	2004 £000	2003 £000
Current assets			
Debtors	8	-	4,168
		-	4,168
Creditors: amounts falling due within one year	9	(755)	(1,562)
Net current (liabilities)/assets		(755)	2,606
Total assets less current (liabilities)/assets		(755)	2,606
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	(755)	2,606
Equity shareholders' funds		(755)	2,606

These financial statements were approved by the Board of Directors on 28 April 2005.

Signed on behalf of the Board of Directors



JW Martin

(On behalf of Hays Nominees Limited)

Hays Office Services Limited

Reconciliation of movement in equity shareholder's funds Year ended 30 June 2004

	2004 £	2003 £
(Loss)/profit for the financial year	(3,361)	675
Opening shareholders' equity funds	<u>2,606</u>	<u>1,931</u>
Closing shareholders' equity funds	<u>(755)</u>	<u>2,606</u>

Hays Office Services Limited

Notes to the accounts Year ended 30 June 2004

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom law and accounting standards. The accounting policies described below have been applied consistently in the current and preceding year.

Cash flow statement

Under Financial Reporting Standard No. 1 (revised) the company is exempt from the requirement to produce a cash flow statement as the ultimate parent, Hays plc, includes the company in its own published consolidated financial statements which are publicly available.

Turnover

Turnover represents amounts receivable in respect of distribution services. Turnover is stated exclusive of Value Added Tax.

Pension costs

The company participates in pension schemes operated by the Hays plc group. The Hays plc group operates three pension schemes under which retirement benefits for the employees are funded by group companies and employees. The group accounts for pension costs in accordance with SSAP24 and has adopted the disclosure requirements under the transitional arrangement for implementing FRS17 'Retirement Benefits'.

Deferred taxation

Deferred tax is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax or a right to pay less tax at a future date, at rates expected to apply when they crystallise. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company in the UK.

An analysis of turnover is given below:

	2004 £'000	2003 £'000
United Kingdom	3,710	4,399

3. Exceptional items

	2004 £'000	2003 £'000
Write off of group balance	3,806	-

During the year the directors concluded that an amount of £3,806,000 due from a fellow group subsidiary company was not recoverable.

Hays Office Services Limited

Notes to the accounts Year ended 30 June 2004

4. Operating profit

The audit fees for the company were borne by the immediate parent company, Hays Commercial Services Limited, trading as Hays DX in the current and preceding year.

5. Employee information

	2004 No.	2003 No.
The average monthly number of employees (including executive directors) employed during the year was:		
By Activity:		
Office and management	4	5
Operations	124	166
	<u>128</u>	<u>171</u>
	£'000	£'000
The aggregate payroll costs of the above were:		
Wages and salaries	2,410	2,283
Social security costs	151	175
Pension costs	88	113
	<u>2,649</u>	<u>2,571</u>

The directors did not receive any emoluments or pension contributions in respect of qualifying services to the company in the current or preceding year.

6. Interest receivable

	2004 £'000	2003 £'000
Interest on Corporation tax repayment	<u>36</u>	<u>-</u>

Hays Office Services Limited

Notes to the accounts Year ended 30 June 2004

7. Tax on profit on ordinary activities

	2004 £'000	2003 £'000
In respect of the year:		
Corporation tax based on the results for the year at 30% (2003 – 30%)	191	289
Current taxation	191	289
Factors affecting tax charge for the year:		
(Loss)/profit on ordinary activities before tax	(3,170)	964
(Loss)/profit on ordinary activities before tax at 30% (2003: 30%)	(951)	289
Effects of:		
Permanent differences (non-deductible loan write off)	1,142	-
	191	289

8. Debtors

	2004 £'000	2003 £'000
Amounts owed by group undertakings	-	3,816
Other debtors	-	352
	-	4,168

9. Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Amounts owed to group undertakings	632	1,409
Corporation tax	123	153
	755	1,562

10. Related party transactions

The company has taken advantage of the exemption granted under Financial Reporting Standard 8, "Related Party Disclosures" to a subsidiary undertaking 90 per cent or more of whose voting rights are controlled within the group. The accounts of Hays plc consolidate the transactions of the company.

Hays Office Services Limited

Notes to the accounts Year ended 30 June 2004

11. Share capital

	2004 £	2003 £
Authorised share capital:		
100,000 ordinary shares of £1 each	100,000	100,000

	2004 £	2003 £
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	2	2

12. Profit and loss account

	2004 £'000	2003 £'000
Balance brought forward	2,606	1,931
Retained (loss)/profit for the financial year	(3,361)	675
Balance carried forward	(755)	2,606

13. Ultimate parent company

The ultimate parent and controlling company is Hays plc, which is incorporated in Great Britain and registered in England and Wales.

The immediate parent company is Hays Commercial Services Limited, which is incorporated in Great Britain and registered in England and Wales.

The smallest and largest group of companies of which the company is a member and for which consolidated financial statements are produced is that headed by Hays plc.

Copies of the group accounts of Hays plc can be obtained from 141 Moorgate, London EC2M 6TX

14. Pensions

The company participates in pension schemes operated by the Hays group. The Hays group operates a number of pension schemes for employees and Directors. The most significant pension scheme, the Hays pension scheme, is a defined benefit scheme.

Pension costs under SSAP24

The Scheme actuary, an employee of Mercer Human Resource Consulting, assessed the Hays Pension Scheme as at 1 July 2002 using projected unit method and a market based valuation approach to ascertain its cost to the group. The principal financial assumptions were that the rate of return would be 4.2% per annum higher than the rate of inflation, that increases in past and future pensions would be in line with price inflation, and the future salary growth would exceed price inflation by between 1.5% per annum and 3.0% per annum, depending on salary levels at the valuation date. Following the actuarial valuation it was agreed that the group would pay an average contribution rate of 9.8% of annual salaries, subject to review at future valuations.

At the date of the latest actuarial valuation the market value of the assets of the Hays pension scheme was £192.5 million and the actuarial value of the asset was sufficient to cover 85% of the benefits that accrued to members, after allowing for expected increases in future earnings. The next scheduled actuarial valuation of the Hays Pension Scheme will be as at 30 June 2005.

Hays Office Services Limited

Notes to the accounts Year ended 30 June 2004

14. Pensions (continued)

The total pension cost of the company for the year ended 30 June 2004 was £88,000 (2003: £113,000).

FRS 17 disclosures

The Hays group pension schemes operate across a number of Hays group companies. It is not possible to separate out the assets and liabilities of these schemes in a reasonable and consistent manner between the different group companies which contribute to them. Under FRS 17 the schemes will therefore be accounted for as defined contribution schemes by Hays Office Services Limited. Full disclosures in relation to the Hays group pension schemes are given in the accounts of Hays plc. Key details of these schemes are shown below.

The actuarial valuations of the Hays Pension Scheme were updated to 30 June 2004 by the Scheme actuary, an employee of Mercer Human Resource Consulting. The principal assumptions used are shown below:

	2004	2003
Rate of increase in salaries	5.45%	5.10%
Rate of increase of pensions in payment and deferment	2.95%	2.60%
Discount rate	5.73%	5.26%
Inflation assumption	2.95%	2.60%

The assets and liabilities of the scheme on an FRS17 basis, along with the expected rate of return on scheme assets are shown below:

	2004		2003	
		£'m		£'m
Equities	8.00%	190.4	7.50%	160.2
Bonds	5.37%	43.6	4.90%	46.7
Cash and other assets	4.50%	64.7	3.75%	2.9
		<hr/>		<hr/>
Market value of scheme assets		298.7		209.8
Present value of scheme liabilities		(366.9)		(368.8)
		<hr/>		<hr/>
Implied deficit surplus in the scheme		(68.2)		(159.0)
Related deferred tax asset		20.5		47.7
		<hr/>		<hr/>
Net pension liability under FRS17		<u>(47.7)</u>		<u>(111.3)</u>

Future profile of Hays Pension Scheme

The Hays Pension Scheme closed to new members on 1 July 2001. This will result in the age profile of the active membership rising over time and hence, under the method required to calculate FRS17 liabilities, the future cost in relation to this scheme will rise.

The Group has considered the impact of the FRS17 deficit in respect of the Group, its employees and pensioners. The deficit arises mainly as a result of recent turbulence in the financial markets but also as a result of revising the assumption of likely growth in employee salaries to reflect a more conservative position. In the context of the prudent funding structure of the Group, the Group is in a strong position to manage this long term liability to the satisfaction and benefit of all stakeholders.

15. Sale of trade and assets

On 23 March 2004 the trade and assets of the business were sold to The Astron Group Limited.