

**Company Registration No. 1823297**

**Michael Page Holdings Limited**

**Report and Financial Statements**

**31 December 2003**



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# **Michael Page Holdings Limited**

## **Report and financial statements 2003**

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# Michael Page Holdings Limited

## Directors' report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2003.

### Principal activities

The principal activities of the company during the year were to provide computer, property and other services to group companies and to act as a parent company.

### Review of the business and future developments

The directors are satisfied with the company's position at 31 December 2003 and propose to continue with the current activities in 2004.

### Results and dividends

The profit for the year is set out on page 4. A dividend of £3,548,521 (2002 - £8,282,358) was paid during the year.

### Directors

The directors who served throughout the year and at the date of this report were as follows:

T W Benson (Chairman)  
S R Puckett

### Directors' interests

The directors had no interests in the shares of the company or any other group company other than Michael Page International plc; these interests are disclosed in the financial statements of that company.

### Supplier payment policy

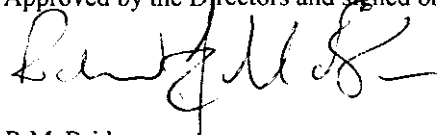
It is the policy of the Company to agree appropriate terms and conditions for transactions with suppliers (by means of standard written terms to individually negotiated contracts) and that payment should be made in accordance with those terms and conditions, provided that the supplier has also complied with them.

Creditor days for the Company at 31 December 2003 were 37 (2002: 36).

### Auditors

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP under the provisions of section 26(5) of the Companies Act 1989. Pursuant to s386 Companies Act 1985, an elective resolution was passed dispensing with the requirement to appoint auditors annually. Therefore Deloitte & Touche LLP are deemed to continue as auditors.

Approved by the Directors and signed on their behalf.



R McBride

Secretary

25 October 2004

## **Michael Page Holdings 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 as at the end of the financial year and of the profit or loss of the company 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; 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 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 Michael Page Holdings Limited**

We have audited the financial statements of Michael Page Holdings Limited for the year ended 31 December 2003 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 21. 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 the 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.

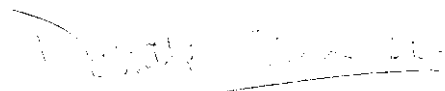
### **Basis of audit opinion**

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 affairs of the company as at 31 December 2003 and of its profit 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

2004

# Michael Page Holdings Limited

## Profit and loss account

Year ended 31 December 2003

	Note	Before exceptional items 2003 £'000	Exceptional items (note 3) 2003 £'000	After exceptional items 2003 £'000	2002 £'000
Turnover	1	21,985	-	21,985	22,029
Administrative expenses		(20,425)	(2,507)	(22,932)	(21,255)
Operating profit	2	1,560	(2,507)	(947)	774
Income from shares in group undertaking		3,549	-	3,549	8,282
Interest receivable and similar income	4	678	-	678	758
Interest payable and similar charges	5	-	-	-	(1)
Profit on ordinary activities before taxation		5,787	(2,507)	3,280	9,813
Tax credit/(charge) on profit on ordinary activities	8	(528)	752	224	(629)
Profit on ordinary activities after taxation		5,259	(1,755)	3,504	9,184
Dividends paid	9	(3,549)	-	(3,549)	(8,282)
Retained profit for the financial year	17	1,710	(1,755)	(45)	902

All activities are derived from continuing operations in the United Kingdom.

## Statement of total recognised gains and losses

Year ended 31 December 2003

	2003 £'000	2002 £'000
(Loss)/profit attributable to shareholders	(45)	902
Foreign currency translation differences	498	61
Total recognised gains relating to the year	453	963

# Michael Page Holdings Limited

## Balance sheet 31 December 2003

	Note	£'000	2003 £'000	£'000	2002 £'000
<b>Fixed assets</b>					
Tangible assets	10		7,213		4,678
Investments	11		7,242		1,379
			<u>14,455</u>		<u>6,057</u>
<b>Current assets</b>					
Debtors	12	209,225		176,417	
Cash at bank and in hand		13,263		17,304	
		<u>222,488</u>		<u>193,721</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(223,171)</u>		<u>(188,312)</u>	
<b>Net current (liabilities)/assets</b>			<u>(683)</u>		<u>5,409</u>
<b>Total assets less current liabilities</b>			13,772		11,466
<b>Provisions for liabilities and charges</b>	15		<u>(1,853)</u>		<u>-</u>
<b>Net assets</b>			<u>11,919</u>		<u>11,466</u>
<b>Capital and reserves</b>					
Called up share capital	16		829		829
Share premium account	17		682		682
Capital redemption reserve	17		50		50
Profit and loss account	17		10,358		9,905
<b>Equity shareholders' funds</b>	18		<u>11,919</u>		<u>11,466</u>

These financial statements were approved by the Board of Directors on *25 October* 2004.

Signed on behalf of the Board of Directors



S R Puckett

Director

# Michael Page Holdings Limited

## Notes to the accounts

Year ended 31 December 2003

### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below.

#### Accounting convention

The accounts have been prepared under the historical cost convention.

#### Turnover

Turnover represents fees charged to subsidiaries excluding VAT.

#### Tangible fixed assets

Tangible fixed assets are stated at original cost less accumulated depreciation. Depreciation is calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life at the following rates:

Leasehold improvements	10% per annum or period of lease if shorter
Furniture, fixtures and equipment	10% - 20% per annum
Motor vehicles	25% per annum

#### Investments

Fixed asset investments are shown at cost less provision for impairment in value.

#### Taxation

The charge for taxation is provided at rates of corporation tax ruling during the accounting period.

Deferred tax is provided in full on 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 based on current tax rates and law. Timing differences arise from the inclusion 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 unremitted earnings. 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.

#### Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost included in these accounts represents the contributions payable by the company to the fund in respect of the current year.

#### Operating leases

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

### 2. Operating profit

	2003 £'000	2002 £'000
Operating profit is stated after charging:		
Staff costs (note 7)	8,331	8,522
Depreciation of owned tangible fixed assets	1,714	1,940
Auditors' remuneration – statutory audit	140	139
Other services provided by the auditors – taxation compliance services	134	232
Operating lease rentals - other	3,705	2,657



# Michael Page Holdings Limited

## Notes to the accounts Year ended 31 December 2003

### 3. Exceptional items

	2003 £'000	2002 £'000
Property costs provision	(2,507)	-
	(2,507)	-
Taxation on exceptional item	752	-
	(1,755)	-

The property cost provision represents rentals and other unavoidable costs on onerous lease agreements on a vacant property (note 15).

### 4. Interest receivable and similar income

	2003 £'000	2002 £'000
Bank interest	678	758

### 5. Interest payable and similar charges

	2003 £'000	2002 £'000
Bank interest	-	1

### 6. Directors' remuneration

Directors' remuneration is made up as follows:

	2003 £'000	2002 £'000
Directors' emoluments:		
Remuneration	1,151	1,009
Pension scheme contributions in respect of money purchase schemes	120	116
	1,271	1,125
	No.	No.
Number of directors who are members of money purchase schemes	2	2
<b>Highest paid director</b>	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments	695	607
Pension scheme contributions in respect of money purchase schemes	100	97

The directors' remuneration relates to the services of the directors to the group as a whole.

# Michael Page Holdings Limited

## Notes to the accounts

Year ended 31 December 2003

### 7. Employee information

The average number of employees (including directors) during the year was as follows:

	2003 No.	2002 No.
Management	4	5
Administration	200	220
	<u>204</u>	<u>225</u>

Employment costs comprised:

	£'000	£'000
Wages and salaries	7,176	7,407
Social security costs	796	774
Other pension costs	359	341
	<u>8,331</u>	<u>8,522</u>

At the year end there were no contributions payable to the pension scheme fund (2002 – £nil).

### 8. Tax (credit)/charge on profit on ordinary activities

The taxation charge for the year is made up as follows:

	2003 £'000	2002 £'000
<b>Taxation relating to the current year:</b>		
United Kingdom corporation tax at 30% (2002: 30%)	(75)	795
Adjustments in respect of prior periods	<u>(297)</u>	<u>6</u>
Total current tax (credit)/charge	(372)	801
<b>Deferred taxation</b>		
Origination and reversal of timing differences	<u>148</u>	<u>(172)</u>
Tax (credit)/charge on profit on ordinary activities	<u>(224)</u>	<u>629</u>

# Michael Page Holdings Limited

## Notes to the accounts

### Year ended 31 December 2003

#### 8. Tax (credit)/charge on profit on ordinary activities (continued)

	2003 £'000	2002 £'000
<b>Factors affecting the taxation (credit)/charge for the year:</b>		
Profit on ordinary activities before taxation	3,280	9,813
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 30% (2002: 30%)	984	2,944
<b>Effects of:</b>		
Disallowable items	23	197
Capital allowances in excess of depreciation	4	(7)
Other timing differences	(21)	146
UK dividends received	(1,065)	(2,485)
Adjustment to tax charge in respect of prior periods	(297)	6
Current tax (credit)/charge for the year	(372)	801

#### Factors affecting future tax charges

As a result of recent changes in tax legislation, the company expects to obtain a deduction for corporation tax purposes when the Restricted Share Scheme vests in 2004. Based on the price of Michael Page shares at 31 December 2003, the deduction to taxable profits would be approximately £27m which, at the UK corporation tax rate of 30%, would reduce the tax charge in 2004 by approximately £8m.

#### 9. Dividends

	2003 £'000	2002 £'000
Dividend paid of 21.39 pence (2002: 49.93 pence) per ordinary share	3,549	8,282

# Michael Page Holdings Limited

## Notes to the accounts

Year ended 31 December 2003

### 10. Tangible fixed assets

	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2003	1,924	9,457	362	11,743
Additions	2,467	1,711	196	4,374
Net group transfers	-	(4)	-	(4)
Disposals	(271)	(788)	(254)	(1,313)
At 31 December 2003	4,120	10,376	304	14,800
<b>Depreciation</b>				
At 1 January 2003	1,228	5,613	224	7,065
Charge for the year	224	1,402	88	1,714
Net group transfers	-	-	-	-
Disposals	(328)	(651)	(213)	(1,192)
At 31 December 2003	1,124	6,364	99	7,587
<b>Net book value</b>				
At 31 December 2003	2,996	4,012	205	7,213
At 31 December 2002	696	3,844	138	4,678

### 11. Investments

Investments in subsidiaries:	£'000
Cost:	
At 1 January 2003	1,379
Additions	5,863
At 31 December 2003	7,242

The additions in the year relate to investments in Page Interim Italia (SpA), Michael Page International (Sweden) AB, Michael Page International (Belgium) NV/SA, and Michael Page Financial Services France SNC.

# Michael Page Holdings Limited

## Notes to the accounts

Year ended 31 December 2003

### 11. Investments (continued)

The company's principal subsidiary undertakings at 31 December 2003, their principal activities and countries of incorporation are set out below:

Name of undertaking	Country of incorporation	Principal activity
Michael Page Partnership Limited	Great Britain	Holding Company
Michael Page UK Limited	Great Britain	Recruitment consultancy
Michael Page Limited	Great Britain	Recruitment consultancy
Accountancy Additions Limited	Great Britain	Recruitment consultancy
Michael Page International (Deutschland) GmbH	Germany	Recruitment consultancy
Michael Page International (Nederland) BV	Netherlands	Recruitment consultancy
Michael Page International (Australia) Pty Limited	Australia	Recruitment consultancy
Michael Page International (Hong Kong) Limited	Hong Kong	Recruitment consultancy
Page Interim Italia (SpA)	Italy	Recruitment consultancy
Michael Page International (Sweden) AB	Sweden	Recruitment consultancy
Michael Page International (Belgium) NV/SA	Belgium	Recruitment consultancy

The ordinary shares of Michael Page Partnership Limited are 100% owned by Michael Page Holdings Limited. The ordinary shares of the other companies listed above are 100% owned within the group. All companies operate principally in their country of incorporation. The company has taken advantage of the exemption under section 228 of the Companies Act 1985 from the obligation to prepare and deliver group accounts. These financial statements present information about the company as an individual undertaking and not as a group.

### 12. Debtors

	2003 £'000	2002 £'000
Amounts owed by group undertakings	181,938	152,203
Other debtors	-	5,720
Corporation tax	25,382	16,836
Deferred tax asset (note 14)	139	287
Prepayments and accrued income	1,766	1,371
	<u>209,225</u>	<u>176,417</u>

### 13. Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Trade creditors	713	677
Amounts owed to group undertakings	218,240	185,405
Other tax and social security	600	667
Accruals and deferred income	3,618	1,563
	<u>223,171</u>	<u>188,312</u>

# Michael Page Holdings Limited

## Notes to the accounts

Year ended 31 December 2003

### 14. Deferred tax

	2003 £'000	2002 £'000
Deferred taxation, which has been fully provided, is as follows:		
Capital allowances in excess of depreciation	(61)	(65)
Other timing differences	(78)	(222)
	<u>(139)</u>	<u>(287)</u>
The movement in the deferred taxation provision/(asset) is as follows:		
Balance at 1 January	(287)	(115)
Amounts credited to the profit and loss account	148	(172)
Balance at 31 December	<u>(139)</u>	<u>(287)</u>

### 15. Provisions for liabilities and charges

	Vacant property provision (note 3) £'000
At 1 January 2003	-
Provided in year (note 3)	2,507
Utilised in year	(654)
At 31 December 2003	<u>1,853</u>

### 16. Called up share capital

	2003 £'000	2002 £'000
<b>Authorised:</b>		
22,000,000 ordinary shares of 5p each	1,100	1,100
<b>Allotted, called up and fully paid:</b>		
16,586,997 ordinary shares of 5p each	829	829

### 17. Reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2003	682	50	9,905
Retained loss for the year	-	-	(45)
Foreign currency translation differences	-	-	498
At 31 December 2003	<u>682</u>	<u>50</u>	<u>10,358</u>

# Michael Page Holdings Limited

## Notes to the accounts

Year ended 31 December 2003

### 18. Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Profit for the financial year	3,504	9,184
Dividends	(3,549)	(8,282)
Retained (loss)/profit for the financial year	(45)	902
Foreign currency translation differences	498	61
Opening shareholders' funds	11,466	10,503
Closing shareholders' funds	11,919	11,466

### 19. Commitments and contingent liabilities

#### Capital commitments

There were capital commitments of £528,000 at 31 December 2003 (2002 – £2,325,000).

#### Lease commitments

The company had financial commitments for rents payable under operating leases for land and buildings as follows:

	2003 £'000	2002 £'000
Leases which expire:		
- within one year	5	528
- between two and five years	1,420	440
- after five years	1,716	2,610
	3,141	3,578

#### VAT group registration

As a result of group registration for VAT purposes, the company is contingently liable for VAT liabilities arising in other companies within the VAT group which at 31 December 2003 amounted to £3,770,814 (2002 – £3,439,929).

#### Bank cross guarantees

The company has given cross-guarantees to its bankers in respect of overdraft facilities granted to certain other group companies. There was a contingent liability in respect of these guarantees as at 31 December 2003 of £47,770 (2002 – £1,778,840).

### 20. Related party transactions

The company is taking advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8 "Related Party Disclosures" not to disclose transactions with group companies which are related parties.

## **Michael Page Holdings Limited**

### **Notes to the accounts**

**Year ended 31 December 2003**

#### **21. Ultimate parent company**

The ultimate parent company is Michael Page International plc, a company incorporated in Great Britain. Michael Page International plc is the parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared. The immediate parent company is Michael Page Recruitment Group Limited. Copies of the group accounts are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.