

**MICHAEL PAGE HOLDINGS LIMITED**

**Report and Financial Statements**

**31 December 1999**

**Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR**



**REPORT AND FINANCIAL STATEMENTS 1999**

<b>CONTENTS</b>	<b>Page</b>
<b>Director's report</b>	<b>1</b>
<b>Statement of director's responsibilities</b>	<b>2</b>
<b>Auditors' report</b>	<b>3</b>
<b>Profit and loss account</b>	<b>4</b>
<b>Balance sheet</b>	<b>5</b>
<b>Notes to the accounts</b>	<b>6</b>

## **DIRECTOR'S REPORT**

The director presents his report together with the audited financial statements for the year ended 31 December 1999.

### **PRINCIPAL ACTIVITIES**

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

### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The director is satisfied with the company's position at 31 December 1999 and proposes to continue with the current activities in 2000.

### **RESULTS AND DIVIDENDS**

The result for the year is set out on page 4. A dividend of £5,655,392 was paid during the year (1998 - £22,811,000).

### **DIRECTORS**

The directors, who served during the year, were as follows:

T W Benson (Chairman)  
I V Nash (resigned 30 June 1999)

### **DIRECTORS' INTERESTS**

The director is not required to disclose his interest in the shares of the ultimate parent company as this is incorporated in the United States of America.

Neither director had interests in the shares of the company or any group company at any time during the year.

Approved by the Director and signed on his behalf



T Webber  
Secretary  
19 October 2000

## **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

Company law requires the director 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 director is 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF  
MICHAEL PAGE HOLDINGS LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 6.

**Respective responsibilities of the director and auditors**

As described on page 2, the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Deloitte & Touche

Chartered Accountants and  
Registered Auditors

*20 October 2000*

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1999**

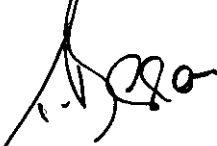
	Note	1999 £'000	1998 £'000
<b>TURNOVER</b>	1	3,275	5,978
Cost of sales		(2,891)	(5,410)
<b>OPERATING PROFIT</b>	2	384	568
Income from shares in group undertaking		5,655	21,879
Interest payable and similar charges	3	(216)	(206)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		5,823	22,241
Tax on profit on ordinary activities	6	(58)	(51)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		5,765	22,190
Dividends paid	7	(5,655)	(22,811)
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>		110	(621)
Retained profit at 1 January		-	621
<b>RETAINED PROFIT AT 31 DECEMBER</b>		110	-

All activities are derived from continuing operations.

BALANCE SHEET  
31 December 1999

	Note	£'000	1999 £'000	1998 £'000
<b>FIXED ASSETS</b>				
Tangible assets	8		4,269	3,953
Investments	9		730	645
			<u>4,999</u>	<u>4,598</u>
<b>CURRENT ASSETS</b>				
Debtors	10	2,751		21,378
<b>CREDITORS: amounts falling due within one year</b>				
	11	<u>(6,079)</u>	<u>(24,287)</u>	
<b>NET CURRENT LIABILITIES</b>				
			<u>(3,328)</u>	<u>(2,909)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				
			1,671	1,689
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>				
	12		<u>-</u>	<u>(128)</u>
<b>NET ASSETS</b>				
			<u>1,671</u>	<u>1,561</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	13		829	829
Share premium account			682	682
Capital redemption reserve			50	50
Profit and loss account			<u>110</u>	<u>-</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>				
			<u>1,671</u>	<u>1,561</u>

These financial statements were approved and signed by the Director on 19 October 2000.



T W Benson  
Director

## NOTES TO THE ACCOUNTS

### Year ended 31 December 1999

#### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable 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 UK 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

Corporation tax is provided on taxable profits at the current rate.

Deferred taxation is provided on timing differences arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

##### 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

	1999 £'000	1998 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	1,047	826
Loss/(profit) on disposal of tangible fixed assets	101	(25)
Operating lease rentals for land and buildings	1,688	1,176
	<hr/>	<hr/>

Auditors' remuneration for 1999 and 1998 was borne by another group company.



## NOTES TO THE ACCOUNTS

Year ended 31 December 1999

## 3. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £'000	1998 £'000
Group interest	216	206

## 4. DIRECTORS' REMUNERATION

Neither director received any remuneration in respect of their services to the company in 1999 (1998 - £nil).

## 5. EMPLOYEE INFORMATION

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

	1999 No.	1998 No.
Management	2	2
Administration	53	35
	55	37

Employment costs comprised:

	£'000	£'000
Wages and salaries	2,468	1,002
Social security costs	257	98
Other pension costs	22	20
	2,747	1,120

At the year end there were no contributions payable to the pension scheme fund (1998 - £nil).

## 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £'000	1998 £'000
The taxation charge for the year is made up as follows:		
Taxation relating to current year:		
United Kingdom corporation tax at 30% (1998 : 31%)	190	(45)
Deferred taxation	(142)	157
Taxation relating to prior years:		
United Kingdom corporation tax	51	(82)
Deferred taxation	(41)	21
	58	51

The effective tax rate is low as the majority of profits relate to dividends, subject to a group income election.

## 7. DIVIDENDS

	1999 £'000	1998 £'000
Dividend paid of 34.1p (1998: 137.5p) per ordinary share	5,655	22,811

NOTES TO THE ACCOUNTS  
Year ended 31 December 1999

## 8. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 1999	1,124	5,582	107	6,813
Additions	105	1,391	1	1,497
Net group transfers	-	(33)	15	(18)
Disposals	-	(660)	-	(660)
At 31 December 1999	1,229	6,280	123	7,632
<b>Depreciation</b>				
At 1 January 1999	633	2,197	30	2,860
Charge for the year	76	941	30	1,047
Net group transfers	-	(5)	3	(2)
Disposals	-	(542)	-	(542)
At 31 December 1999	709	2,591	63	3,363
<b>Net book value</b>				
At 31 December 1999	520	3,689	60	4,269
At 31 December 1998	491	3,385	77	3,953

## 9. INVESTMENTS

	£'000
Investments in subsidiaries:	
Cost:	
At 1 January 1999	645
Additions	85
At 31 December 1999	730

The company's principal subsidiary undertakings at 31 December 1999, their principal activities and countries of incorporation are set out below:

Name of undertaking	Country of incorporation	Principal activity
Michael Page UK Limited	Great Britain	Recruitment consultancy
Michael Page Limited	Great Britain	Recruitment consultancy
Accountancy Additions Limited	Great Britain	Recruitment consultancy
Accountancy Additions (North) Limited	Great Britain	Recruitment consultancy
Sales Recruitment Specialists Limited	Great Britain	Recruitment consultancy
Questor International Limited	Great Britain	Recruitment consultancy

# NOTES TO THE ACCOUNTS

## Year ended 31 December 1999

### 9. INVESTMENTS (continued)

Name of undertaking	Country of incorporation	Principal activity
Michael Page International (France) SA	France	Recruitment consultancy
Page Interim SA	France	Recruitment consultancy
Michael Page International (Espana) SA	Spain	Recruitment consultancy
Page Interim (Espana) SA	Spain	Recruitment consultancy
Michael Page International (Italia) Srl	Italy	Recruitment consultancy
Page Interim (Italia) Srl	Italy	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

The ordinary shares of the companies listed above are owned through Michael Page Partnership Limited.

All the companies listed above are 100% owned with the exception of Accountancy Additions Limited of which only 90% of ordinary share capital was owned at the balance sheet date. The minority interest was purchased by the Michael Page group subsequent to the year end. All companies operate principally in their country of incorporation.

### 10. DEBTORS

	1999 £'000	1998 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	1,536	20,628
Other debtors	269	269
Prepayments and accrued income	891	481
	<u>2,696</u>	<u>21,378</u>
Amounts falling due after more than one year:		
Deferred taxation (see note 12)	55	-
	<u>2,751</u>	<u>21,378</u>

### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £'000	1998 £'000
Bank overdraft	927	972
Trade creditors	49	339
Amounts owed to group undertakings	3,002	22,389
Corporation tax	190	-
Accruals and deferred income	1,911	587
	<u>6,079</u>	<u>24,287</u>

# NOTES TO THE ACCOUNTS

## Year ended 31 December 1999

### 12. DEFERRED TAXATION

	1999 £'000	1998 £'000
Deferred taxation, which has been fully provided, is as follows:		
Capital allowances in excess of depreciation	178	179
Other timing differences	(233)	(51)
	<u>(55)</u>	<u>128</u>
The movement in the deferred taxation provision is as follows:		
Balance at 1 January	128	(50)
Amounts (credited)/charged to the profit and loss account	(183)	178
Balance at 31 December	<u>(55)</u>	<u>128</u>

The deferred asset is included within Debtors (see note 10).

### 13. CALLED UP SHARE CAPITAL

	1999 £'000	1998 £'000
Authorised:		
22,000,000 ordinary shares of 5p each	<u>1,100</u>	<u>1,100</u>
Allotted, called up and fully paid:		
16,586,997 ordinary shares of 5p each	<u>829</u>	<u>829</u>

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £'000	1998 £'000
Profit attributable to shareholders	5,765	22,190
Dividends	(5,655)	(22,811)
Net additions to/(reductions in shareholders' funds	<u>110</u>	<u>(621)</u>
Opening shareholders' funds	1,561	2,182
Closing shareholders' funds	<u>1,671</u>	<u>1,561</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 1999

## 15. COMMITMENTS AND CONTINGENT LIABILITIES

## Capital commitments

There were capital commitments of £6,000 at 31 December 1999 (1998 - £124,000).

## Lease commitments

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

	1999 £'000	1998 £'000
Leases which expire:		
- between two and five years	1,295	1,290
- after five years	440	403
	<u>1,735</u>	<u>1,693</u>

## 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 1999 amounted to £3,811,000 (1998 : £3,787,000).

## 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 1999 of £1,635,000 (1998 : £nil).

## 16. 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.

## 17. ULTIMATE PARENT COMPANY

As at 31 December 1999, the company's ultimate parent company and controlling entity was Spherion Corporation, (formerly Interim Services Inc.), a corporation incorporated in the USA, which prepares group accounts that incorporate the accounts of the company. These group accounts are available from Spherion Corporation, 2050 Spectrum Boulevard, Fort Lauderdale, Florida, 33309, USA.

The immediate parent company is Michael Page Recruitment Group Limited and the accounts of the company are included within the group accounts of Michael Page Group PLC, a company incorporated in Great Britain. Copies of these group accounts are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

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.