

**MICHAEL PAGE HOLDINGS LIMITED**

**Report and Financial Statements**

**31 December 2002**

**Deloitte & Touche  
London**



**REPORT AND FINANCIAL STATEMENTS 2002**

<b>CONTENTS</b>	<b>Page</b>
<b>Directors' report</b>	<b>1</b>
<b>Statement of directors' responsibilities</b>	<b>2</b>
<b>Independent auditors' report</b>	<b>3</b>
<b>Profit and loss account</b>	<b>4</b>
<b>Statement of total recognised gains and losses</b>	<b>4</b>
<b>Balance sheet</b>	<b>5</b>
<b>Notes to the accounts</b>	<b>6</b>

## **DIRECTORS' REPORT**

The directors present their annual report together with the audited financial statements for the year ended 31 December 2002.

### **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 directors are satisfied with the company's position at 31 December 2002 and propose to continue with the current activities in 2003.

### **RESULTS AND DIVIDENDS**

The profit for the year is set out on page 4. A dividend of £8,282,358 (2001 - £nil) 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**

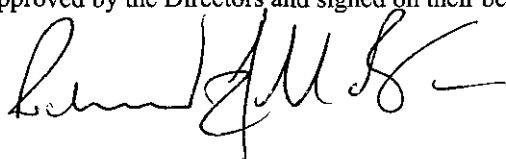
The directors had no interests in the shares of the company or any other group company other than Michael Page International plc; these interests are disclosed in the financial statements of that company.

### **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 2002 were 36 (2001: 46).

Approved by the Directors and signed on their behalf.



R McBride

Secretary

15 July 2003

## **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 2002 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 19. 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.

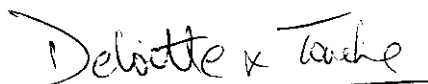
**Basis of audit opinion**

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**

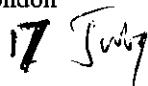
In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche**

Chartered Accountants and Registered Auditors

London



2003

**PROFIT AND LOSS ACCOUNT**  
Year ended 31 December 2002

	Note	2002 £'000	2001 £'000
<b>TURNOVER</b>	1	22,029	20,783
Administrative expenses		(21,255)	(20,516)
<b>OPERATING PROFIT</b>	2	774	267
Loss on sale of investments		-	(295)
Income from shares in group undertaking		8,282	11,211
Interest receivable and similar income	3	758	308
Interest payable and similar charges	4	(1)	(68)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		9,813	11,423
Tax on profit on ordinary activities	7	(629)	(11)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		9,184	11,412
Dividends paid	8	(8,282)	-
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		902	11,412

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

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
Year ended 31 December 2002

	2000 £'000	1999 £'000
Profit attributable to shareholders	902	11,412
Foreign currency translation differences	61	-
<b>Total recognised gains relating to the year</b>	963	11,412

**BALANCE SHEET**  
**31 December 2002**

	Note	2002 £'000	2001 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	4,678	5,439
Investments	10	1,379	814
		<u>6,057</u>	<u>6,253</u>
<b>CURRENT ASSETS</b>			
Debtors	11	176,417	144,348
Cash at bank and in hand		17,304	10,246
		<u>193,721</u>	<u>154,594</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(188,312)</u>	<u>(150,344)</u>
<b>NET CURRENT ASSETS</b>		<u>5,409</u>	<u>4,250</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>11,466</u>	<u>10,503</u>
<b>NET ASSETS</b>		<u>11,466</u>	<u>10,503</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	829	829
Share premium account	15	682	682
Capital redemption reserve	15	50	50
Profit and loss account	15	9,905	8,942
<b>EQUITY SHAREHOLDERS' FUNDS</b>	16	<u>11,466</u>	<u>10,503</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

15 July 2003.



S R Puckett

Director

NOTES TO THE ACCOUNTS  
Year ended 31 December 2002

## 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

	2002 £'000	2001 £'000
Operating profit is stated after charging:		
Staff costs (note 6)	8,522	8,467
Depreciation of owned tangible fixed assets	1,940	1,684
Auditors' remuneration – audit services	139	133
– taxation services	232	41
Loss on disposal of tangible fixed assets	42	31
Operating lease rentals - other	2,657	2,433



NOTES TO THE ACCOUNTS  
Year ended 31 December 2002

## 3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £'000	2001 £'000
Bank interest	758	308

## 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £'000	2001 £'000
Bank interest	1	68

## 5. DIRECTORS' REMUNERATION

Directors' remuneration is made up as follows:

	2002 £'000	2001 £'000
Directors' emoluments:		
Remuneration	1,009	1,351
Pension scheme contributions in respect of money purchase schemes	116	115
	1,125	1,466
	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	607	998
Pension scheme contributions in respect of money purchase schemes	97	95

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

## 6. EMPLOYEE INFORMATION

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

	2002 No.	2001 No.
Management	5	5
Administration	220	212
	225	217
Employment costs comprised:		
	£'000	£'000
Wages and salaries	7,407	7,372
Social security costs	774	783
Other pension costs	341	312
	8,522	8,467

At the year end there were no contributions payable to the pension scheme fund (2001 – £nil).

NOTES TO THE ACCOUNTS  
Year ended 31 December 2002

## 7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

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

	2002 £'000	2001 £'000
<b>Taxation relating to the current year:</b>		
United Kingdom corporation tax at 30% (2001: 30%)	795	(177)
Adjustments in respect of prior periods	6	849
<b>Total current tax charge</b>	<b>801</b>	<b>672</b>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(172)	(661)
<b>Tax on profit on ordinary activities</b>	<b>629</b>	<b>11</b>
	2002 £'000	2001 £'000
<b>Factors affecting the taxation charge/(credit) for the year:</b>		
Profit on ordinary activities before taxation	9,813	11,423
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 30% (2001: 30%)	2,944	3,427
<b>Effects of:</b>		
Disallowable items	197	110
Capital allowances in excess of depreciation	(7)	(209)
Other timing differences	146	(231)
UK dividends received	(2,485)	(3,363)
Loss on sale of investments	-	89
Adjustment to tax charge in respect of prior periods	6	849
<b>Current tax charge for the year</b>	<b>801</b>	<b>672</b>

There are no material items affecting future tax charges.

NOTES TO THE ACCOUNTS  
Year ended 31 December 2002

## 8. DIVIDENDS

	2002 £'000	2001 £'000
Dividend paid of 49.93 pence (2001: £nil) per ordinary share	8,282	-

## 9. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2002	1,682	8,913	375	10,970
Additions	351	969	47	1,367
Net group transfers	(77)	(22)	-	(99)
Disposals	(32)	(403)	(60)	(495)
At 31 December 2002	1,924	9,457	362	11,743
<b>Depreciation</b>				
At 1 January 2002	928	4,431	172	5,531
Charge for the year	332	1,526	82	1,940
Net group transfers	(27)	(14)	-	(41)
Disposals	(5)	(330)	(30)	(365)
At 31 December 2002	1,228	5,613	224	7,065
<b>Net book value</b>				
At 31 December 2002	696	3,844	138	4,678
At 31 December 2001	754	4,482	203	5,439

NOTES TO THE ACCOUNTS  
Year ended 31 December 2002

## 10. INVESTMENTS

Investments in subsidiaries:	£'000
Cost:	
At 1 January 2002	814
Additions	565
	<hr/>
At 31 December 2002	1,379
	<hr/>

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

The company's principal subsidiary undertakings at 31 December 2002, 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.

## 11. DEBTORS

	2002 £'000	2001 £'000
Amounts owed by group undertakings	152,203	135,369
Other debtors	5,720	-
Corporation tax	16,836	7,438
Deferred tax asset (note 13)	287	115
Prepayments and accrued income	1,371	1,426
	<hr/>	<hr/>
	176,417	144,348
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## NOTES TO THE ACCOUNTS

Year ended 31 December 2002

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

	2002 £'000	2001 £'000
Trade creditors	677	758
Amounts owed to group undertakings	185,405	144,998
Other tax and social security	667	790
Accruals and deferred income	1,563	3,798
	<u>188,312</u>	<u>150,344</u>

## 13. DEFERRED TAX

	2002 £'000	2001 £'000
Deferred taxation, which has been fully provided, is as follows:		
Capital allowances in excess of depreciation	(65)	131
Other timing differences	(222)	(246)
	<u>(287)</u>	<u>(115)</u>
The movement in the deferred taxation provision/(asset) is as follows:		
Balance at 1 January	(115)	546
Amounts credited to the profit and loss account	(172)	(661)
Balance at 31 December	<u>(287)</u>	<u>(115)</u>

## 14. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
<b>Authorised:</b>		
22,000,000 ordinary shares of 5p each	<u>1,100</u>	<u>1,100</u>
<b>Allotted, called up and fully paid:</b>		
16,586,997 ordinary shares of 5p each	<u>829</u>	<u>829</u>

## 15. RESERVES

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2002	682	50	8,942
Retained profit for the year	-	-	902
Foreign currency translation differences	-	-	61
At 31 December 2002	<u>682</u>	<u>50</u>	<u>9,905</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 2002

## 16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Profit for the financial year	9,184	11,412
Dividends	(8,282)	-
Retained profit for the financial year	902	11,412
Foreign currency translation differences	61	-
Opening shareholders' funds/(deficit)	10,503	(909)
Closing shareholders' funds	11,466	10,503

## 17. COMMITMENTS AND CONTINGENT LIABILITIES

## Capital commitments

There were capital commitments of £2,325,000 at 31 December 2002 (2001 – £27,000).

## Lease commitments

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

	2002 £'000	2001 £'000
Leases which expire:		
- within one year	528	718
- between two and five years	440	-
- after five years	2,610	1,531
	3,578	2,249

## 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 2002 amounted to £3,439,929 (2001 – £4,772,515).

## 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 2002 of £1,778,840 (2001 – £nil).

## 18. 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.

## 19. 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.