

RIGHT ASSOCIATES EMPLOYMENT LIMITED

ACCOUNTS

for the year ended 31 March 1997

1949160

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
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RIGHT ASSOCIATES EMPLOYMENT LIMITED**COMPANY INFORMATION****31 March 1997**

Company Number 1949160

DIRECTORSD B Pike
W M Pike**SECRETARY**

W M Pike

REGISTERED OFFICE1 - 6 City Buildings
Commercial Road
Portsmouth
Hampshire
PO1 4BD**BANKERS**Lloyds Bank plc
38 London Road
North End
Portsmouth**AUDITORS**Kidsons Impey
Chartered Accountants
Devonshire House
36 George Street
Manchester
M1 4HA

RIGHT ASSOCIATES EMPLOYMENT LIMITED

DIRECTORS' REPORT

31 March 1997

The directors present their report and the audited accounts for the year ended 31 March 1997.

Principal activities and business review

The principal activity continued to be an employment agency.

Profit, dividends and appropriations

The results for the year are shown in the profit and loss account on page 5.

Dividends of £110,000 were paid during the year. It is proposed that the retained profit be transferred directly to reserves.

Review of the business and future developments

The figures for the past year show an increase in excess of 50% in turnover and of over 30% in the pre tax profits on the previous year. I am confident that at least a similar increase in both will be achieved this year.

We have ceased the operations of Executive Search and have just opened a new office in Basingstoke, for which we have high hopes, having just signed a 3 year contract with Southern Electric for the supply of their Portsmouth and Basingstoke locations. This will build up to a team of over 100 during the next few months.

Having a strong team of sales people in the field and the backing of highly motivated and loyal teams in all our branches, we are in an excellent position to gain an even larger share of an ever growing market.

The morning training sessions which we hold daily in all our branches has really paid dividends in improving the skills and development of our people.

Fixed assets

The movements in fixed assets during the year are set out in the notes to the accounts.

Directors

The directors of the company at 31 March 1997 and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	31 March 1997 Ordinary shares of £1 each	31 March 1996 Ordinary shares of £1 each
D B Pike	19,999	19,999
Mrs W M Pike	1	1

Disabled Employees

The company gives full consideration to applications from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

RIGHT ASSOCIATES EMPLOYMENT LIMITED**DIRECTORS' REPORT****31 March 1997**

(Continued)

Employee involvement

Regular training meetings are held with management and employees. These meetings are designed to allow a free flow of information and ideas.

Statement of Directors' Responsibilities

We are required under company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company, and of the profit of the company for that period.

In preparing these accounts we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, and give details of any departures;
- prepare the accounts on a going concern basis unless in our view the company will be unable to continue in business;

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

Auditors

During the year, Kidsons Impey have been appointed as auditors of the company and have agreed to offer themselves for re-appointment.

On behalf of the board

W M Pike



Secretary

Registered Office:

1 - 6 City Buildings
Commercial Road
Portsmouth
Hampshire
PO1 4BD

1 July 1997

RIGHT ASSOCIATES EMPLOYMENT LIMITED**AUDITORS' REPORT****Auditors' report to the members of Right Associates Employment Limited**

We have audited the accounts on pages 5 to 16 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

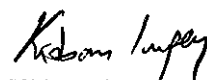
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey
Registered Auditors
Chartered Accountants

Devonshire House
36 George Street
Manchester
M1 4HA

2 July 1997

RIGHT ASSOCIATES EMPLOYMENT LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1997

	Note	1997 £	1996 £
Turnover	2	7,335,573	4,801,576
Cost of sales		(5,625,872)	(3,406,716)
Gross profit		1,709,701	1,394,860
Net operating expenses			
Distribution costs		(850,529)	(735,270)
Administrative expenses		(410,959)	(320,526)
Operating profit	3	448,213	339,064
Interest payable	5	(11,153)	(12,185)
Profit on ordinary activities before taxation		437,060	326,879
Taxation	6	(124,155)	(88,964)
Profit for the financial year		312,905	237,915
Dividends (including non-equity interests)	7	(110,000)	(75,000)
Retained profit for the year		202,905	162,915

Other movements in reserves are shown in note 16.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 March 1997

The company has had no recognised gains and losses during this year and last year other than profit for the financial year.

NOTES OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 31 March 1997

Profit on a historical cost basis does not differ from profit as shown in the profit and loss account.

The notes on pages 8 to 16 form part of these accounts.

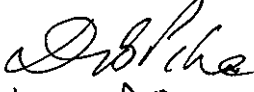
RIGHT ASSOCIATES EMPLOYMENT LIMITED

BALANCE SHEET

at 31 March 1997

		1997	1996
	Note	£	£
Fixed assets	8	279,703	206,322
Current assets			
Stocks	9	14,120	10,000
Debtors	10	949,826	700,633
Cash at bank and in hand		27,012	180,780
		<u>990,958</u>	<u>891,413</u>
Creditors: Amounts falling due within one year	11	(679,744)	(704,769)
Net current assets		<u>311,214</u>	<u>186,644</u>
Total assets less current liabilities		<u>590,917</u>	<u>392,966</u>
Creditors: Amounts falling due after more than one year	12	(38,134)	(43,088)
Net Assets		<u>552,783</u>	<u>349,878</u>
Capital and reserves			
Called up share capital	15	20,200	20,200
Profit and loss account	16	532,583	329,678
Total shareholder's funds	14	<u>552,783</u>	<u>349,878</u>
Attributable to:			
Equity shareholders		143,520	38,115
Non-equity shareholders		409,263	311,763
		<u>552,783</u>	<u>349,878</u>

The accounts on pages 5 to 16 were approved by the board of directors on 1 July 1997.

D B Pike  }
W M Pike  } Directors

RIGHT ASSOCIATES EMPLOYMENT LIMITED

CASH FLOW STATEMENT

for the year ended 31 March 1997

	1997	1996
	£	£
Net cash inflow from operating activities	196,586	551,366
Returns on investment and servicing of finance		
Finance charges payable on hire purchase contracts	10,494	9,093
Interest paid	659	3,092
Non equity dividends paid	110,000	75,000
	<u>(121,153)</u>	<u>(87,185)</u>
Net cash inflow from returns on investment and servicing of finance	75,433	464,181
Taxation		
Corporation tax paid (including advance corporation tax)	(94,947)	(81,866)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets:	117,614	132,977
Receipt from sale of tangible fixed assets:	(2,328)	(32,124)
Net cash (outflow) from investing activities	<u>(115,286)</u>	<u>(100,853)</u>
Financing		
Net cash (outflow) from financing	(18,968)	(23,617)
(Decrease)/increase in cash	<u>(153,768)</u>	<u>257,845</u>

Further details are given in note 19.

RIGHT ASSOCIATES EMPLOYMENT LIMITED**NOTES ON ACCOUNTS****31 March 1997****1 Principal accounting policies****Basis of accounting**

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Depreciation

Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost or valuation less any residual value over the expected useful lives which are as follows:

Motor vehicles	25% reducing balance
Fixtures and fittings	10% straight line
Computer equipment	25% reducing balance

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals payable under operating leases are charged against profits on a straight line basis over the period of the leases.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that the directors consider that a liability will crystallise in the foreseeable future.

Pensions

The company has created a funded unapproved retirement benefits scheme to provide relevant benefits for the members of the scheme. The company has not committed itself to provide or maintain any particular level of contribution or benefits. Contributions made to the fund are charged to the profit and loss account in the year in which they are made.

Capital Instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is calculated so as to give a consistent rate of return on the outstanding balance.

2 Turnover

Turnover represents the amount derived from the provision of services which fall within the company's ordinary activities arising entirely in the UK, stated net of valued added tax.

RIGHT ASSOCIATES EMPLOYMENT LIMITED

NOTES ON ACCOUNTS

31 March 1997

(continued)

3 Operating profit

	1997 £	1997 £	1997 £	1996 £
	Discontinued Operations	Continuing Operation	Total	Total
Turnover	365,891	6,969,682	7,335,573	4,801,576
Cost of sales	-	(5,625,872)	(5,625,872)	(3,406,716)
Gross profit	365,891	1,343,810	1,709,701	1,394,860
Net operating expenses				
Distribution costs	290,584	559,945	850,529	(735,270)
Administrative expenses	83,390	327,569	410,959	(320,526)
Operating (loss)/profit	(8,083)	456,296	448,213	339,064

Discontinued operations relates to the termination of the Executive Search division of the business during the year. An analysis is not shown on the face of the profit and loss account as the termination does not fall within the definition of discontinued operations as detailed in Financial Reporting Standard No.3 as its assets and liabilities cannot be clearly distinguished physically and operationally.

A detailed profit and loss account for the division was not maintained in 1996 so detailed comparative figures cannot be given. The Executive Search income in 1996 was approximately £95,000 and the directors estimate the costs were approximately equal to income.

	1997 £	1996 £
Operating profit is stated after charging:		
Staff costs (note 4)	6,417,681	4,048,984
Directors' emoluments (including pension contributions)	56,900	67,786
Auditors' remuneration	6,750	4,050
Operating leases		
- land and buildings	47,904	40,155
Exceptional items (included in administrative expenses)	55,057	-
Depreciation of tangible fixed assets - owned	32,039	28,244
- leased	21,180	17,767
The total amount charged against profits in respect of finance leases and hire purchase contracts is (of which part it shown as depreciation and the balance is shown as interest payable in note 5).	31,674	26,860

Exceptional items relates to the loss incurred by the company on the accountancy segment set up and later abandoned in the year.

4 Directors and employees

	1997 £	1996 £
Staff costs including directors' remuneration		
Wages and salaries	5,986,817	3,768,589
Social security costs	430,864	279,795
Pension costs	-	600
	6,417,681	4,048,984

RIGHT ASSOCIATES EMPLOYMENT LIMITED

NOTES ON ACCOUNTS

31 March 1997
(continued)

4 Directors and employees (Continued)

	Number	Number
Average number employed including executive directors		
Management	2	2
Administration and sales	42	31
Agency staff	579	334
	<hr/> 623	<hr/> 367
Directors	£	£
Directors emoluments	<hr/> 66,481	<hr/> 67,786

5 Interest payable

	1997	1996
	£	£
Bank loans and overdrafts	659	3,092
Finance leases and hire purchase contracts	10,494	9,093
	<hr/> 11,153	<hr/> 12,185

6 Taxation

	1997	1996
	£	£
Corporation tax on profit on ordinary activities	124,142	88,934
Corporation tax under-provided in previous years	13	30
	<hr/> 124,155	<hr/> 88,964

RIGHT ASSOCIATES EMPLOYMENT LIMITED

NOTES ON ACCOUNTS

31 March 1997

(continued)

7 Dividends

	1997 £	1996 £
Preferred ordinary shares:		
Paid: £5.50 per share (1996: £3.75 per share)	110,000	75,000

8 Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 1996	95,138	129,434	117,944	342,516
Additions	19,147	63,284	46,802	129,233
Disposals	(329)	-	(15,940)	(16,269)
At 31 March 1997	113,956	192,718	148,806	455,480
Depreciation				
At 1 April 1996	53,115	48,111	34,968	136,194
Charge for year	12,202	15,840	25,177	53,219
Disposals	-	-	(13,636)	(13,636)
At 31 March 1997	65,317	63,951	46,509	175,777
Net book amount				
At 31 March 1997	48,639	128,767	102,297	279,703
At 31 March 1996	42,023	81,323	82,976	206,322

The net book amount of fixtures, motor vehicles and equipment includes £70,316 (1996 £79,875) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

9 Stocks

	1997 £	1996 £
Stationery and training materials	14,120	10,000

10 Debtors

	1997 £	1996 £
Amounts falling due within one year		
Trade debtors	907,051	679,669
Other debtors	24,438	12,200
Prepayments and accrued income	18,337	8,764
	949,826	700,633

RIGHT ASSOCIATES EMPLOYMENT LIMITED

NOTES ON ACCOUNTS

31 March 1997

(continued)

11 Creditors: amounts falling due within one year:

	1997 £	1996 £
Trade creditors	17,286	46,237
Corporation tax	96,642	70,184
Other taxation and social security	461,122	405,883
Finance leases and hire purchase contracts (note 12)	24,239	26,634
Other creditors	61,201	132,408
Accruals and deferred income	19,254	23,423
	<u>679,744</u>	<u>704,769</u>

12 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Finance leases and hire purchase contracts	38,134	43,088

Obligations under finance leases and hire purchase contracts

These are payable over varying periods by monthly instalments as follows:

	1997 £	1996 £
In the next year	24,239	26,634
In the second to fifth years	38,134	43,088
After the fifth year	-	-
	<u>62,373</u>	<u>69,722</u>

13 Deferred taxation

	1997		1996	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Corporation tax deferred by:				
Capital allowances	17,728	-	10,202	-

The potential liability and provision are based on a corporation tax rate of 33% (1996 33%).

RIGHT ASSOCIATES EMPLOYMENT LIMITED

NOTES ON ACCOUNTS

31 March 1997
(continued)

14 Reconciliation of shareholders' funds

	1997 £	1996 £
Profit for the financial year	312,905	237,915
Dividends	(110,000)	(75,000)
Net addition to shareholders' funds	202,905	162,915
Opening shareholders' funds	349,878	186,963
Closing shareholders' funds	552,783	349,878

15 Called up share capital

	Authorised		Allotted, called up and fully paid up	
	1997 Number	1996 Number	1997 Number	1996 Number
Preferred Ordinary Shares of £1 each	20,000	20,000	20,000	20,000
New ordinary shares of £1 each	5,000	5,000	200	200
	25,000	25,000	20,200	20,200

The preferred ordinary shares are entitled to a dividend to a maximum of the balance on the secondary preferred fund.

The new ordinary shares are entitled to a dividend to the maximum of the balance on the new fund.

The preferred ordinary shares and the new ordinary shares each carry one vote at meetings.

On a winding up of the company the holders of the preferred ordinary shares shall be entitled to a sum equivalent to the nominal value of their shares plus the balance of the preferred and secondary preferred funds. The holders of the preferred ordinary shares received the above mentioned in priority to the holders of the new ordinary shares but subject thereto the balance of any surplus assets shall belong to the holders of the new ordinary shares.

RIGHT ASSOCIATES EMPLOYMENT LIMITED

NOTES ON ACCOUNTS

31 March 1997

(continued)

16 Profit and loss account

The profit and loss account reserve is divided between the funds. The movements on these funds during the year were as follows:

	Preferred Fund	Secondary Preferred Fund	New Fund	Total
As at 1 April 1996	166,763	125,000	37,915	329,678
Profit attributable to the members of the company	-	207,500	105,405	312,905
Dividends	-	(110,000)	-	(110,000)
As at 31 March 1997	166,763	222,500	143,320	532,583

The secondary preferred fund shall be credited with £200,000 per annum at the end of each accounting period commencing on or after 1 April 1995. In addition to the foregoing at the end of each such accounting period the secondary preferred fund shall be credited with a further sum as outlined in the company's Articles of Association.

The new fund is credited with the balance of the company's revenue reserve that is in excess of the total of the preferred and secondary preferred funds at the end of an accounting period.

17 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 March 1998.

	1997 Land and Buildings £	1996 Land and Buildings £
Expiring		
Within one year	-	-
Within one to five years	-	-
After five years	28,500	37,000
	28,500	37,000

The lease of land and buildings are subject to periodic rent reviews.

18 Related Party Transactions

Mr D B Pike owns 33% of the share capital of Rights International Limited. During the year repayments totalling £89,747 and new loans totalling £19,182 took place on the loan account with Rights International Limited. As at 31 March 1997, £8,065 is owed by Rights International Limited.

The company sold two motor vehicles with an aggregate net book value of £2,305 to D B Pike in the year for a total of £2,000. In addition, £1,000 (1996: £1,000) was owed by G Pike and £Nil (1996: £5,000) owed to T Pike, both of whom are related parties.

Mr D B Pike maintains a directors loan account with the company. £2,748 was owing to him at 31 March 1997. The account was overdrawn by a maximum amount of £23,499 during the year.

RIGHT ASSOCIATES EMPLOYMENT LIMITED

NOTES ON ACCOUNTS

31 March 1997

(continued)

19 Cash flow statement

a) Reconciliation of operating profit to net cash flow from operating activities

	1997	1996
	£	£
Operating profit	448,213	339,064
Depreciation	53,219	46,011
Loss on sale of fixed assets	305	3,447
(Increase) in stocks	(4,120)	(1,850)
(Increase) in debtors	(249,193)	(12,973)
(Decrease)/Increase in creditors	(51,838)	177,667
Net cash inflow from operating activities	196,586	551,366

b) Reconciliation of net cash flow to movement in net debt

	1997	1996
	£	£
(Decrease)/Increase in cash in year	(153,768)	257,845
Cash outflow from decrease in leasing finance	18,968	23,617
Change in net debt resulting from cash flows	(134,800)	281,462
New finance leases	(11,619)	(62,940)
Movement in net debt in the period	(146,419)	218,522
Net debt at 1 April 1996	111,058	(107,464)
Net debt at 31 March 1997	(35,361)	111,058

c) Analysis of changes in net debt

	At 1 April 1996	Cashflows	Other non- cash changes	At 31 March 1997
	£	£	£	£
Cash in hand and at bank	180,780	(153,768)	-	27,012
Finance leases	(69,722)	18,968	(11,619)	(62,373)
Total	111,058	(134,800)	(11,619)	(35,361)

RIGHT ASSOCIATES EMPLOYMENT LIMITED

NOTES ON ACCOUNTS

31 March 1997

(continued)

d) **Analysis of changes in financing during the year**

	Finance leases and hire purchase contracts £
Balance at 1 April 1995	30,399
Cash outflow from financing	(23,617)
Non cash movements	62,940
	<hr/>
Balance at 31 March 1996	69,722
Cash outflow from financing	(18,968)
Non cash movements	11,619
	<hr/>
Balance at 31 March 1997	62,373
	<hr/>

20 **Ultimate controlling party**

The ultimate controlling party is Mr D B Pike.

21 **Contingent liabilities**

There is a contingent liability in respect of a legal dispute with a competitor. The directors are confident that the competitor's claim will not succeed. It is not practicable at the current stage in the proceedings to make an estimate of the potential financial effect of the dispute.