



Marshall-Wilkins

ACCOUNTS

MARSHALL-WILKINS LIMITED

Company No : 1977487

30 November 1994





Marshall-Wilkins

REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the year ended 30 November 1994.

PRINCIPAL ACTIVITY

The principal activities of the company are the provision of recruitment services, advertising and management consultancy.

REVIEW OF THE BUSINESS

Activity levels in the campaign recruitment market increased significantly during 1994. We also experienced further growth in the IT consulting business and total revenue increased by 28% to £1.624 million.

A reorganisation of the Group's activities in 1995 will make comparisons more difficult next year when Marshall-Wilkins will concentrate on the provision of recruitment services only.

RESULTS AND DIVIDENDS

The results of the company for the year are set out on page 4 and the movement in reserves is shown in Note 14 on page 10.

The directors cannot recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and the beneficial interests of those serving at the end of the year in the shares of the parent company, DIAGONAL PLC, were as follows:

	10p Ordinary shares	
	30 November 1994	30 November 1993
R. E. L. Cocks	70,000	70,000
D. P. Fidgeon	173,333	173,333
R. F. Wilkins	342,682	342,682

Ms E. C. Drummond and Messrs. M. T. Samuels and P. B. Moore, who also served throughout the year, are directors of the parent company and their interest in the shares of that company are disclosed in the accounts of DIAGONAL PLC.

No director has any interest in the shares of the company or any other subsidiary.

By order of the board

R. E. L. Cocks

Secretary

30th June 1995



Marshall-Wilkins

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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
- 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. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.



Marshall-Wilkins

AUDITORS' REPORT TO THE MEMBERS OF MARSHALL-WILKINS LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are 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 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 November 1994 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

TOUCHE ROSS & CO.

Chartered Accountants and Registered Auditors

Hill House
1 Little New Street
London EC4A 3TR

30th June 1995



Marshall-Wilkins

PROFIT AND LOSS ACCOUNT for the year ended 30 November 1994

	Note	1994	1993
TURNOVER	1 (a)	1,624,263	1,268,435
COST OF SALES		<u>(1,246,344)</u>	<u>(706,365)</u>
GROSS PROFIT		377,919	562,070
ADMINISTRATIVE EXPENSES		<u>(104,446)</u>	<u>(426,180)</u>
		273,473	135,890
AMOUNT WRITTEN OFF GOODWILL		<u>(1,000)</u>	<u>(1,000)</u>
OPERATING PROFIT		272,473	134,890
Interest receivable	5	1,346	-
Interest payable and similar charges	6	<u>(41,280)</u>	<u>(51,839)</u>
		<u>(39,934)</u>	<u>(51,839)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	232,539	83,051
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	<u>(60,488)</u>	<u>-</u>
PROFIT FOR THE YEAR	14	<u><u>£172,051</u></u>	<u><u>£83,051</u></u>

All activities derive from continuing operations.

There are no recognised gains or losses other than the profit for the financial period. Accordingly, no statement of total recognised gains and losses is given.

There are no movements in the shareholders' funds other than the profit for the financial period. Accordingly, no reconciliation of movement in shareholders' funds is given.



Marshall-Wilkins

BALANCE SHEET 30 November 1994

	Note	1994	1993
FIXED ASSETS			
Intangible assets	8	16,000	17,000
Tangible assets	9	98,942	98,195
		<u>114,942</u>	<u>115,195</u>
CURRENT ASSETS			
Debtors	10	274,058	340,432
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
	11	<u>(230,814)</u>	<u>(311,097)</u>
NET CURRENT ASSETS			
		<u>43,244</u>	<u>29,335</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		158,186	144,530
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	12	<u>(179,712)</u>	<u>(338,107)</u>
		<u>£(21,526)</u>	<u>£(193,577)</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Profit and loss account	14	<u>(22,526)</u>	<u>(194,577)</u>
EQUITY SHAREHOLDERS' FUNDS			
		<u>£(21,526)</u>	<u>£(193,577)</u>

APPROVED BY THE BOARD OF DIRECTORS

M. T. Samuels

R. E. L. Cocks

30th June 1995



Marshall-Wilkins

NOTES TO THE ACCOUNTS 30 November 1994

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with applicable Accounting Standards, using the historical cost convention. The particular accounting policies which the directors have adopted within that convention are set out below.

a) **Turnover**

Turnover is the amount derived from the provision of services falling within the company's ordinary activities after deduction of value added tax.

b) **Tangible fixed assets and depreciation**

Depreciation is calculated to write down the cost of fixed assets to their estimated residual values over the period of their estimated useful economic lives. The following rates have been used

Motor vehicles	- 30% p.a. reducing balance
Furniture, fixtures & fittings	- 15% p.a. straight line
Office equipment	- 20% p.a. straight line
Computer equipment	- 25% p.a. straight line

c) **Goodwill**

Goodwill arising on the acquisition of other group companies' businesses is being amortised over the estimated useful economic life through the profit and loss account. Useful economic life is determined by the directors as twenty years.

d) **Leased assets**

Fixed assets held under finance leases, including hire purchase, are capitalised and depreciated over their expected useful economic lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding. The costs of operating leases are charged to the profit and loss account as they accrue.

e) **Deferred taxation**

Deferred tax is provided at anticipated tax rates in respect of significant timing differences to the extent that it is probable that such tax will become payable.

f) **Pension costs**

The company participates in the DIAGONAL Contracted Out Money Purchase pension scheme on behalf of some members of staff. This involves the diversion of a portion of National Insurance Contributions into the fund. In addition contributions are made towards personal pension plans of certain senior officials. The pension cost represents the company's contributions made in respect of the accounting period.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is arrived at after charging

	1994	1993
	£	£
Amounts written off intangible assets	1,000	1,000
Depreciation - owned assets	5,760	4,479
- leased assets	27,848	14,895
Auditors' remuneration	3,750	2,525
Operating lease charges	448	768
	<u>38,806</u>	<u>23,667</u>



Marshall-Wilkins

NOTES TO THE ACCOUNTS 30 November 1994

3. EMPLOYEES

1994

1993

The average number employed by the company during the year, including those directors whose employment costs were borne by the company, was as follows

	<i>No. of employees</i>	
Operating	7	9
Sales	4	4
Administration	2	2
	<u>13</u>	<u>15</u>

The costs incurred in respect of these employees were as follows

Wages and salaries	440,805	533,565
Social security costs	45,337	57,679
Other pension costs	<u>11,755</u>	<u>11,548</u>
	<u>£497,897</u>	<u>£602,792</u>

4. DIRECTORS

1994

1993

The emoluments of the directors were as follows

Management remuneration	<u>£194,871</u>	<u>£187,015</u>
-------------------------	-----------------	-----------------

The management remuneration excluding pension contributions of directors was as follows

Chairman	<u>£-</u>	<u>£-</u>
Highest paid director	<u>£64,318</u>	<u>£52,381</u>

Other Directors

	<i>No. of directors</i>	
£0 to £5,000	two	one
£30,001 to £35,000	none	one
£40,001 to £45,000	none	one
£50,001 to £55,000	one	one
£60,001 to £65,000	<u>one</u>	<u>none</u>

5. INTEREST RECEIVABLE

1994

1993

Bank interest receivable	<u>£1,346</u>	<u>£-</u>
--------------------------	---------------	-----------



Marshall-Wilkins

NOTES TO THE ACCOUNTS 30 November 1994

6. INTEREST PAYABLE AND SIMILAR CHARGES	1994	1993
Group interest in respect of bank overdraft repayable within five years	36,250	45,718
Finance lease charges	<u>5,030</u>	<u>6,121</u>
	<u>£41,280</u>	<u>£51,839</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES	1994	1993
Taxation is based on the results for the year and comprises		
Corporation tax at 33% (effective rate - 31.3%; 1993 - nil)	<u>£60,488</u>	<u>£-</u>

The taxation charge for both years is low due to the utilisation of tax losses.

8. INTANGIBLE FIXED ASSETS	
Goodwill arising on acquisition of trade	
Cost	
At 1 December 1993	
and 30 November 1994	<u>20,000</u>
Amortisation	
At 1 December 1993	3,000
Provided in year	<u>1,000</u>
At 30 November 1994	<u>4,000</u>
Net book value	
At 30 November 1994	<u>£16,000</u>
At 30 November 1993	<u>£17,000</u>



Marshall-Wilkins

NOTES TO THE ACCOUNTS 30 November 1994

9. TANGIBLE FIXED ASSETS

	<i>Motor vehicles</i>	<i>Furniture, fixtures and fittings</i>	<i>Office equipment</i>	<i>Computer equipment</i>	<i>Total</i>
Cost					
At 1 December 1993	137,102	5,898	9,213	13,187	165,400
Additions	38,137	-	199	8,748	47,084
Disposals	(36,028)	-	-	-	(36,028)
At 30 November 1994	139,211	5,898	9,412	21,935	176,456
Depreciation					
At 1 December 1993	41,815	4,987	7,223	13,180	67,205
Charge for the year	30,835	689	663	1,421	33,608
Disposals	(23,299)	-	-	-	(23,299)
At 30 November 1994	49,351	5,676	7,886	14,601	77,514
Net book value					
At 30 November 1994	£89,860	222	1,526	7,334	£98,942
At 30 November 1993	£95,287	911	1,990	7	£98,195

Motor vehicles with a net book value of £80,154 (1993 - £89,916) are held under hire purchase agreements

10. DEBTORS

	<i>1994</i>	<i>1993</i>
Trade debtors	175,356	339,253
Amounts owed by group companies	96,332	-
Other debtors	436	134
Prepayments and accrued income	1,934	1,045
	<u>£274,058</u>	<u>£340,432</u>

11. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>1994</i>	<i>1993</i>
Bank overdraft	28,639	1,141
Trade creditors	55,347	28,587
Amount owed to group companies	17,254	184,979
Other creditors	4,083	1,075
Corporation tax payable	22,350	-
Group relief payable	9,284	-
Other taxation and social security	35,093	49,489
Obligations under finance leases	28,671	21,259
Accruals and deferred income	30,093	24,567
	<u>£230,814</u>	<u>£311,097</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.



Marshall-Wilkins

NOTES TO THE ACCOUNTS 30 November 1994

12. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1994	1993
Amount owed to parent company	150,000	300,000
Obligations under finance leases	<u>29,712</u>	<u>38,107</u>
	<u>£179,712</u>	<u>£338,107</u>

Obligations under finance leases fall due between two and five years.

13. SHARE CAPITAL

	1994	1993
Authorised, allotted and fully paid		
1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>

14. PROFIT AND LOSS ACCOUNT

Balance at 1 December 1993	(194,577)
Retained profit for the year	<u>172,051</u>
Balance at 30 November 1994	<u>£(22,526)</u>

15. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of DIAGONAL PLC, a company registered in England and Wales, the accounts of which can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF4 3UZ.

16. FINANCIAL COMMITMENTS

At 30 November 1994 the company had contracted to purchase tangible assets costing £2,132 (1993 - £nil) which are not included in these accounts.

17. CONTINGENT LIABILITIES

Cross-guarantee

The company has issued a guarantee in favour of National Westminster Bank PLC in respect of the indebtedness of the parent company and other subsidiaries to the bank. At 30 November 1994 the contingent liability amounted to £650,481 (1993 - £741,725).