

ANDERSEN

Total Work Services Limited

Annual Report and financial statements
for the year ended 31 December 2001

Registered number: 1989399



Directors' report

For the year ended 31 December 2001

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 2001.

Principal activity

The principal activity of the company is that of an employment agency.

Business review

The directors will endeavour to further develop the business through the expansion of customer numbers and geographical base.

On the 19 March 2002, the company was sold by AHL Europe Limited to Alchemy partners and existing management.

Results and dividends

The audited financial statements for the year ended 31 December 2001 are set out on pages 5 to 13. The profit for the year after taxation was £558,552 (2000 – profit £866,759).

The directors do not propose a dividend for the year (2000 - £nil).

Directors

The directors who served during the year were as follows:

K. Franklin	(resigned 19 March 2002)
E. Patterson	(resigned 19 March 2002)
I. Thornley	
J. Hardy	(appointed 19 March 2002)

Directors' interests

None of the directors have any interests in the shares of AHL Services Inc., the ultimate parent company, or other group companies which are required to be disclosed under the provisions of the Companies Act 1985.

Employees

The company's aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity, regardless of sex, religion or ethnic origin. The company does all that is practicable to meet its responsibilities towards the employment and training of disabled people. In the event that an employee becomes disabled, every effort will be made to provide continuity of employment in the same job or a suitable alternative.

The company involves staff in the decision making process and communicates regularly with them during the year. Their involvement in the company's performance is encouraged with an employee bonus scheme.

Directors' report (continued)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company 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, subject to any material departures disclosed and explained in the financial statements; 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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.

1642/43 Parkway
Solent Business Park
Whitely
Fareham
Hampshire
PO15 7AH

By order of the Board



J. Hardy
Director

14 May 2002

To the Shareholder of Total Work Services Limited

We have audited the financial statements of Total Work Services Limited for the year ended 31 December 2001 which comprise the Profit and loss account, Balance sheet and the related notes on pages 7 to 13. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. We consider the implications for our report if we become aware of any misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

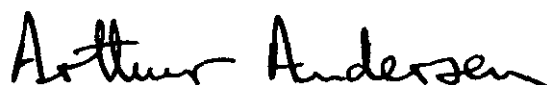
Basis of opinion

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 judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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 at 31 December 2001 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "Arthur Andersen". The signature is written in a cursive, flowing style.

Arthur Andersen

Chartered Accountants and Registered Auditors

180 Strand

London

WC2R 1BL

14 May 2002

Profit and loss account
For the year ended 31 December 2001

	Notes	Year ended 31 December 2001 £	Year ended 31 December 2000 £
Turnover		8,104,104	7,045,200
Cost of sales		(5,726,848)	(4,789,368)
Gross profit		2,377,256	2,255,832
Other operating expenses		(1,579,325)	(1,085,310)
Operating profit		797,931	1,170,522
Interest receivable and other income	4	-	318
Interest payable and similar charges	4	-	(2,081)
Profit on ordinary activities before taxation	1	797,931	1,168,759
Tax on profit ordinary activities	5	(239,379)	(302,000)
Profit on ordinary activities after taxation		558,552	866,759
Retained profit for the year	11	558,552	866,759

The accompanying notes are an integral part of this profit and loss account.

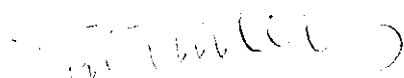
There are no recognised gains or losses in either year other than the profit for that year.

There are no movements in reserves during the year other than the profit for that year.

Balance sheet
31 December 2001

	Notes	31 December 2001 £	31 December 2000 £
Fixed assets			
Tangible assets	6	<u>6,761</u>	<u>8,125</u>
Current assets			
Debtors	7	3,103,007	1,948,356
Cash at bank and in hand		<u>-</u>	<u>62,019</u>
		2,018,395	2,010,375
Creditors: Amounts falling due within one year	8	<u>(1,904,610)</u>	<u>(1,371,894)</u>
Net current assets		<u>1,198,397</u>	<u>638,481</u>
Net assets		<u>1,205,158</u>	<u>646,606</u>
Capital and reserves			
Called-up share capital	9	10,000	10,000
Profit and loss account	10	<u>1,195,158</u>	<u>636,606</u>
Shareholder's funds	11	<u>1,205,158</u>	<u>646,606</u>
Dividend into:-		1,200,158	641,606
Equity shareholder's funds		<u>5,000</u>	<u>5,000</u>
Non-equity shareholder's funds		<u>1,205,158</u>	<u>646,606</u>

The financial statements on pages 5 to 13 were approved by the board of directors on 14 May 2002 and signed on its behalf by:



I. Thornley
Director

The accompanying notes are an integral part of this balance sheet.

Statement of accounting policies

31 December 2001

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding period.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write-off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold improvements	20% per annum
Computer equipment	33% per annum
Fixtures, fittings and office equipment	20% per annum
Motor vehicles	25% per annum

c) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

d) Turnover

The turnover for the period was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

e) Pension contributions

Company contributions to employees' personal pension schemes are charged against profit in the period the contributions are payable.

f) Leases

Assets held under finance leases are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of its useful economic life or the lease term. Finance costs are allocated to accounting periods over the period of the lease to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance costs and capital repayments.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

g) Cash flow statements

Under the provision of FRS 1 (Revised) "Cash Flow Statements", the company has not prepared a cash flow statement because its ultimate parent undertaking, AHL Services Inc., a company incorporated in the United States of America, has prepared consolidated financial statements which are publicly available and which include the cash flows of the company.

Notes to the accounts

31 December 2001

1 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2001 £	Year ended 31 December 2000 £
Depreciation of tangible fixed assets	1,982	1,924
Operating lease rentals	<u>129,728</u>	<u>115,434</u>

The audit fee of the company is borne by a fellow group company.

2 Staff costs

The average monthly number of employees (including executive directors) was:

	Year ended 31 December 2001	Year ended 31 December 2000
Agency temporary staff	589	674
Permanent administration staff	<u>38</u>	<u>21</u>
	<u>627</u>	<u>695</u>

Their aggregate remuneration comprised:

	Year ended 31 December 2001 £	Year ended 31 December 2000 £
Wages and salaries	5,568,580	5,461,596
Social security costs	413,530	245,011
Other pension costs	<u>535</u>	<u>11,388</u>
	<u>5,982,645</u>	<u>5,717,995</u>

Notes to the accounts (continued)

3 Directors' remuneration

None of the named directors of the company that served during the year received remuneration from the company (2000 - £nil). All employment costs attributable to the directors are borne by a fellow group company.

4 Interest and similar charges

	Year ended 31 December 2001 £	Year ended 31 December 2000 £
Bank overdraft interest payable	-	(2,081)
	<hr/>	<hr/>
	-	(2,081)
	<hr/>	<hr/>
Bank interest receivable	-	318
	<hr/>	<hr/>

5 Tax on profit on ordinary activities

The tax charge comprises:

	Year ended 31 December 2001 £	Year ended 31 December 2000 £
UK corporation tax at 30% (2000 - 30%)	239,379	(291,445)
Underprovision in respect of prior year	-	(10,555)
	<hr/>	<hr/>
	239,379	(302,000)
	<hr/>	<hr/>

Notes to the accounts (continued)

6 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2001	15,131	120,863	135,994
Additions	-	618	618
At 31 December 2001	<u>15,131</u>	<u>121,481</u>	<u>136,612</u>
Depreciation			
At 1 January 2001	15,131	112,738	127,869
Charge for year	-	1,982	1,982
At 31 December 2001	<u>15,131</u>	<u>114,720</u>	<u>129,851</u>
Net book value			
At 31 December 2001	<u>-</u>	<u>6,761</u>	<u>6,761</u>
At 31 December 2000	<u>-</u>	<u>8,125</u>	<u>8,125</u>

7 Debtors

	31 December 2001 £	31 December 2000 £
Trade debtors	1,556,173	1,424,592
Amounts owed by group undertakings	1,477,197	479,789
Other debtors	2,966	14,658
Prepayments and accrued income	66,671	29,317
	<u>3,103,007</u>	<u>1,948,356</u>

Notes to the accounts (continued)

8 Creditors: Amounts falling due within one year

	31 December 2001	31 December 2000
	£	£
Bank overdraft	(6,002)	-
Trade creditors	-	(89,580)
Amount owed to parent	-	(130,812)
Amount owed to group undertakings	(1,222,334)	(612,435)
UK corporation tax	(252,657)	(191,000)
Other taxation and social security	(310,752)	(219,098)
Other creditors	(75,733)	(9,987)
Accruals and deferred income	(37,132)	(118,982)
	<u>(1,904,610)</u>	<u>(1,371,894)</u>

Through AHL Services Inc., the ultimate parent company, AHL Europe Limited the ultimate UK parent of the company, participates in a group credit arrangement with First Union National Bank, a corporation with limited liability and domiciled in the United States of America. Under the terms of the credit arrangement the shares of the company are pledged in favour of First Union National Bank. This arrangement terminated on 19 March 2002 (see note 14).

9 Called-up share capital

	31 December 2001	31 December 2000
	£	£
<i>Authorised</i>		
5,000 'A' ordinary shares of £1 each	5,000	5,000
5,000 'B' ordinary shares of £1 each	5,000	5,000
	<u>10,000</u>	<u>10,000</u>
	£	£
<i>Allotted, called-up and fully-paid</i>		
5,000 'A' ordinary shares of £1 each	5,000	5,000
5,000 'B' ordinary shares of £1 each	5,000	5,000
	<u>10,000</u>	<u>10,000</u>

The 'B' shares are non-equity shares which carry the right to dividends by recommendation of the directors. Holders of 'B' shares do not have any voting rights, and on the event of winding up of the company, are not entitled to a share of the surplus.

Notes to the accounts (continued)

10 Reserves

	Profit and loss account £
At 1 January 2001	636,606
Retained profit for the year	558,552
At 31 December 2001	<u>1,195,158</u>

11 Reconciliation of movement in shareholder's funds

	31 December 2001 £	31 December 2000 £
Profit for the financial period	558,552	866,759
Opening shareholder's funds	<u>646,606</u>	<u>(220,153)</u>
Closing shareholder's funds	<u>1,205,158</u>	<u>646,606</u>

12 Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	31 December 2001		31 December 2000	
	Land and buildings £	Contract car hire £	Land and Buildings £	Contract car hire £
Expiry date				
- within one year	-	12,179	1,688	9,408
- between two to five years	65,590	-	-	16,584
- after five years	41,250	-	59,250	-
	<u>106,840</u>	<u>12,179</u>	<u>60,938</u>	<u>25,992</u>

13 Ultimate controlling party

The directors regard AHL Services Inc., a company incorporated in the United States of America, as the ultimate parent company and the ultimate controlling party.

The largest group in which the results of the company are consolidated is AHL Services Inc., whose financial statements are available to the public. The ultimate UK parent company and the smallest group in which the results of the company are consolidated is the AHL Europe Limited, a company incorporated in Great Britain.

Notes to the accounts (continued)

13 Ultimate controlling party (continued)

As a subsidiary undertaking of AHL Services Inc., the company has taken advantage of the exemption in FRS 8 "Related parties disclosure" from disclosing transactions with other members of the group headed by AHL Services Inc.

14 Subsequent events

On 19 March 2002, the company was sold by AHL Europe Limited to Alchemy Partners and existing management. From 19 March 2002, the new ultimate parent of the company is Defacto 975 Limited.