

ELAN COMPUTING LIMITED

Annual Report
and
Financial Statements

31 December 2000



Registered Number: 2114287

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DIRECTORS, OFFICERS AND ADVISERS

Directors

P M Anthony
A Derx
S Hill

Secretary and Registered Office

F Broadfield
Elan House
5-11 Fetter Lane
London
EC4A 1QX

Auditors

Arthur Andersen
Chartered Accountants and
Registered Auditors
20 Old Bailey
London
EC4M 7AN

Bankers

Royal Bank of Scotland
62/63 Threadneedle Street
London
EC2H 8LA

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of the Company for the year ended 31 December 2000.

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 and of the profit or loss of the Company for that year. 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;
- ◆ 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.

Review of business activities and future developments

On 11 January 2000, an unconditional offer was made for the Company's parent company, Elan Group Limited by Manpower PLC, a company registered in England and Wales.

The principal activity of the Company throughout the year was that of IT recruitment specialists. Turnover for the year was £200.5m (1999 restated - £144.3m) whilst operating profit for the year was £1.1m (1999 restated - £6.0m).

Results and dividends

The results of the Company for the year are set out in the profit and loss account on page 6.

The directors do not propose the payment of a final dividend for the year (1999 - £nil).

Directors and their interests

P M Anthony and A Derx held office as directors throughout the year.

On 13 March 2000, S P Anthony, A J Collins, M Fell, J M Hubert and T C Glucklich resigned as directors of the Company.

On 1 June 2000, S Hill was appointed as a director of the Company.

The directors who held office at 31 December 2000 had no beneficial interest in the shares of the Company or its holding companies that require disclosure under Schedule 7 of the Companies Act 1985.

None of the directors had a material interest in any contract entered into by the Company during the year under review or the prior year.

Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

At the year end the Company had an average of 6.7 days of purchases outstanding in trade creditors (1999 - 16.2 days).

Charitable donations

The Company made charitable donations during the year of £796 (1999 - £3,124).

Employment policy

The policy of the Company is to give full and fair consideration to applications for employment received from disabled persons, having regard to their particular aptitudes and abilities. Employees who become unable to carry on their duties are given individual consideration. Disabled employees may be eligible for special training.

The directors recognise the importance of communicating effectively with all levels of employees on matters which affect their current occupations and future prospects. Communication with employees is achieved through regular individual meetings at local level and through information briefing sessions and discussions with wider groups of employees.

Special emphasis is placed on training of staff and a full range of internally organised training courses is provided for this purpose.

Employment policy (continued)

The Company offers a range of employee benefits to staff who qualify by reason of seniority and length of service including a pension scheme, death-in-service benefits and private medical insurance.

Auditors

During the year, PricewaterhouseCoopers resigned as auditors and Arthur Andersen were appointed.

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board

Elan House
5-11 Fetter Lane
London
EC4A 1QX



A Derx
Director

19th JULY 2001

REPORT OF THE AUDITORS

To the Shareholders of Elan Computing Limited:

We have audited the financial statements on pages 6 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 10.

Respective responsibilities of directors and auditors

As described on page 2, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors
20 Old Bailey
London
EC4M 7AN

19 July 2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

		2000 £000	Restated 1999 £000
	Turnover		
	Continuing operations	200,471	147,310
<i>Note 1</i>	Cost of sales	<u>(169,307)</u>	<u>(121,716)</u>
<i>Note 1</i>	Gross profit	31,164	25,594
<i>Note 1</i>	Other operating expenses (net)	<u>(30,087)</u>	<u>(19,595)</u>
	Operating profit	1,077	5,999
<i>Note 2</i>	Investment income	21	18
<i>Note 3</i>	Interest payable and similar charges	<u>(733)</u>	<u>(676)</u>
<i>Note 4</i>	Profit on ordinary activities before taxation	365	5,341
<i>Note 5</i>	Taxation	<u>(892)</u>	<u>(1,645)</u>
	(Loss)/Profit on ordinary activities after taxation transferred to reserves	<u>(527)</u>	<u>3,696</u>
 Statement of total recognised gains and losses			
	(Loss)/Profit for the financial year and total recognised gains and losses relating to the year	(527)	3,696
	Prior year adjustment (see note 16)	388	(241)
	Total recognised gains and losses since last annual report	<u>(139)</u>	<u>3,455</u>

A statement of movements on reserves is given in note 15.

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

BALANCE SHEET **AT 31 DECEMBER 2000**

		2000 £000	Restated 1999 £000
	Fixed assets		
<i>Note 6</i>	Goodwill	645	751
<i>Note 7</i>	Tangible	3,699	2,131
<i>Note 8</i>	Investments	1,416	1,419
		<u>5,760</u>	<u>4,301</u>
	Current assets		
<i>Note 9</i>	Debtors	54,304	29,844
	Cash at bank and in hand	914	1,194
		<u>55,218</u>	<u>31,038</u>
<i>Note 10</i>	Creditors – amounts falling due within one year	(47,889)	(21,641)
	Net current assets	<u>7,329</u>	<u>9,397</u>
	Total assets less current liabilities	13,089	13,698
<i>Note 11</i>	Creditors – amounts falling due after more than one year	(331)	(413)
<i>Note 13</i>	Provisions for liabilities and charges	(90)	(90)
	Net assets	<u>12,668</u>	<u>13,195</u>
	Capital and reserves		
<i>Note 14</i>	Called up equity share capital	111	111
<i>Note 15</i>	Share premium account	1,728	1,728
<i>Note 15</i>	Profit and loss account	10,829	11,356
	Equity shareholders' funds	<u>12,668</u>	<u>13,195</u>

Signed on behalf of the board on 19th JULY 2001.

A Derx



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Directors

S Hill




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

ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

Basis of accounts preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards. The Company has not prepared group accounts as it is exempt from doing so under Section 228 Companies Act 1985 and Financial Reporting Standard 2, Accounting for Subsidiary Undertakings. The Company's intermediate holding company, Manpower PLC, prepares consolidated accounts which include the results of the Company and its subsidiaries.

Cash flow statement

As permitted by Financial Reporting Standard 1 (Revised 1996), Cash Flow Statements, the Company has not prepared a cash flow statement. The cash flows of the Company are included in the consolidated cash flow statement which appears in the consolidated accounts of Manpower Inc. The consolidated accounts of this group are available to the public (see note 18).

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction or at a contracted rate. The resulting monetary assets and liabilities are translated at the balance sheet rate and the exchange differences are dealt with in the profit and loss account.

Turnover

Turnover represents the invoiced value of services rendered, net of credits and value added tax and is derived entirely from the principal activity.

Geographical turnover analysis

Turnover was split between the following geographical locations:

	2000 £000	1999 £000
UK	183,088	133,110
Europe	<u>17,383</u>	<u>14,200</u>
	<u>200,471</u>	<u>147,310</u>

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and are depreciated over their anticipated useful lives, at the following rates:-

Leasehold properties	-	over period of lease
Motor vehicles	-	25% per annum reducing balance
Furniture and equipment	-	10% - 33.33% per annum straight line

Goodwill

Goodwill represents the difference between the cost of acquisition and the fair value of the net assets acquired. The capitalised costs relating to the acquisition of new trading divisions will be amortised over 10 years. All amortisation is calculated using the straight line method and is based on the directors' assessment of the estimated useful life of the assets acquired. Provision is made for impairment.

Investments

Fixed asset investments are stated at cost less any provision for impairment.

Trade debtors and accrued income

Trade debtors and accrued income include amounts invoiced to customers net of overseas factor advances together with accrued income in respect of amounts not yet billed to customers but for whom time sheets have been received from contractors.

Leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term, even if payments are not made on such a basis.

Assets held under finance leases are capitalised and depreciated over the shorter of the lease term or their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease.

Taxation

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

Deferred tax is provided on material timing differences when, in the opinion of the directors, there is a reasonable probability of a liability arising in the foreseeable future.

Pensions

The Company operates defined contribution pension schemes for certain permanent employees. Contributions are charged to the profit and loss account as incurred.

Related party transactions

Under the provisions of Financial Reporting Standard 8, Related Party Disclosures, the Company is not required to disclose details of transactions with other wholly owned group undertakings as it is a wholly owned subsidiary and the consolidated accounts in which the Company's results are included are available to the public.

NOTES TO THE ACCOUNTS

1. COST OF SALES, GROSS PROFIT AND OTHER OPERATING EXPENSES (NET)

	2000 £000	Restated 1999 £000
Cost of sales	<u>169,307</u>	<u>121,716</u>
Gross profit	<u>31,164</u>	<u>25,594</u>
Other operating expenses (net)	<u>30,087</u>	<u>19,595</u>

2. INVESTMENT INCOME

	2000 £000	1999 £000
Interest receivable	<u>21</u>	<u>18</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £000	1999 £000
On bank overdrafts	720	358
On other loans	4	10
On loans from group undertakings	<u>73</u>	<u>-</u>
	797	368
Exchange (gains)/losses	<u>(64)</u>	<u>308</u>
	<u>733</u>	<u>676</u>

4. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2000	1999
	£000	£000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets		
- on owned assets	761	465
- on assets held under finance leases	40	-
Goodwill amortisation	240	38
Audit fees	74	30
Other auditors fees	23	-
Property rentals, net	954	1,344
Staff costs	17,810	12,466
Directors' remuneration	<u>367</u>	<u>457</u>

Other remuneration, excluding that for audit services, received by the Company's auditors during 2000 amounted to £nil (1999 - £92,000).

	2000	1999
	£000	£000
Staff costs (including directors) of the Company were:		
Salaries	15,757	11,093
Social security costs	1,659	1,188
Other pension costs	<u>394</u>	<u>185</u>
	<u>17,810</u>	<u>12,466</u>

	2000	1999
	Nos	Nos
The average number of persons employed by the Company during the period, including directors, was:		
Branch and administrative staff	<u>448</u>	<u>336</u>

	2000	1999
	£000	£000
The remuneration of the Company's directors was as follows:		
Emoluments	367	457
Company contributions to money purchase pension schemes	-	-
	<u>367</u>	<u>457</u>

4. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** (continued)

	2000	1999
	£000	£000

The number of directors who were members of pension schemes was as follows:

Money purchase schemes	<u>1</u>	<u>-</u>
------------------------	----------	----------

	2000	1999
	£000	£000

The above amounts for remuneration include the following in respect of the highest paid director:

Emoluments	157	132
	<u>157</u>	<u>132</u>

5. **TAXATION**

	2000	1999
	£000	£000

Comprises UK corporation tax calculated at the rate of 30 % (1999 – 30.25%) in respect of:

Current taxation	892	1,645
	<u>892</u>	<u>1,645</u>

6. **GOODWILL**

	2000 £000	1999 £000
Cost		
At 1 January	789	-
Additions	-	789
At 31 December	<u>789</u>	<u>789</u>
Amortisation		
At 1 January	38	-
Charge for the year	<u>106</u>	<u>38</u>
	<u>144</u>	<u>38</u>
Net book value		
At 31 December	<u>645</u>	<u>751</u>

7. **TANGIBLE FIXED ASSETS**

	Motor vehicles £000	Furniture and equipment £000	Total £000
Cost			
At 1 January 2000	54	3,545	3,599
Additions	-	2,375	2,375
Disposals	(29)	(850)	(879)
At 31 December 2000	<u>25</u>	<u>5,070</u>	<u>5,095</u>
Depreciation			
At 1 January 2000	41	1,427	1,468
Charge for the year	3	798	801
Disposals	(23)	(850)	(873)
At 31 December 2000	<u>21</u>	<u>1,375</u>	<u>1,396</u>
Net book value			
At 31 December 2000	<u>4</u>	<u>3,695</u>	<u>3,699</u>
At 31 December 1999	<u>13</u>	<u>2,118</u>	<u>2,131</u>

The net book value of assets held under finance leases at 31 December 2000 was £13,000 (1999 - £42,000).

8. **FIXED ASSET INVESTMENTS**

	2000	1999
	£000	£000
Cost		
At 1 January	1,419	1,378
Additions	-	41
Disposals	(3)	-
At 31 December	<u>1,416</u>	<u>1,419</u>

At 31 December 2000, the Company's investment in subsidiary undertakings comprised the following companies:

	% owned	Principal Activity	Place of Incorporation
Elan Computing (Scotland) Limited	100	Dormant	England & Wales
Elan Computing (Northern) Limited	100	Dormant	England & Wales
Elan Computing (Midlands) Limited	100	Dormant	England & Wales
The House of Catalyst Limited	100	Dormant	England & Wales
Elan Computing (Netherlands) BV	100	Dormant	Netherlands
Elan Recruitment Limited	100	Employment Agents	Ireland
Elan Computing (Asia) Limited	100	Employment Agents	Hong Kong
Elan Computing (Deutschland) GmbH	88	Employment Agents	Germany
Elan Computing Schweiz AG, Zurich	100	Dormant	Switzerland

9. **DEBTORS**

	2000	Restated 1999
	£000	£000
Trade debtors	43,637	24,501
Other debtors	633	407
Amounts owed by other group undertakings	9,066	1,315
Prepayments and accrued income	968	3,621
	<u>54,304</u>	<u>29,844</u>

10. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £000	Restated 1999 £000
Bank loans and overdraft	13,225	910
Finance leases	13	18
Trade creditors	3,502	6,515
Amounts owed to other group undertakings	23,613	5,741
Amounts owed to subsidiary undertakings	88	88
Taxation and social security	777	-
Other creditors	2,817	4,453
Accruals and deferred income	3,854	3,916
	<u>47,889</u>	<u>21,641</u>

The bank loan is secured against trade debtors.

11. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £000	1999 £000
Bank loans	331	393
Finance leases	-	20
	<u>331</u>	<u>413</u>

12. ANALYSIS OF BORROWINGS

	2000		1999	
	Loans £000	Finance leases £000	Loans £000	Finance Leases £000
* In one year or less	85	-	-	18
* Between one and two years	110	-	241	20
* Between two and five years	221	-	152	-
	<u>416</u>		<u>393</u>	<u>38</u>
Less: included in creditors:				
Amounts falling due within one year	85	-	-	18
	<u>331</u>	<u>-</u>	<u>393</u>	<u>20</u>

13. **PROVISIONS FOR LIABILITIES AND CHARGES**

	Provided amount		Potential amount	
	2000	1999	2000	1999
	£000	£000	£000	£000
Deferred taxation in respect of accelerated capital allowances	90	90	-	-

14. **CALLED UP EQUITY SHARE CAPITAL**

	2000	1999
	£000	£000
Authorised		
12,500,000 Ordinary shares of 1p each	125	125
Allotted, called up and fully paid		
11,051,030 Ordinary shares of 1p each	111	111

There were no movements in share capital during the year.

15. **RECONCILIATION AND MOVEMENT IN RESERVES AND SHAREHOLDERS' FUNDS**

	Called-up share capital £000	Share premium account £000	Profit & loss account £000	Total equity Shareholders' Funds £000
At 1 January 2000 (as previously stated)	111	1,728	10,968	12,807
Prior year adjustment	-	-	388	388
At 1 January 2000 (as restated)	111	1,728	11,356	13,195
Loss for the year	-	-	(527)	(527)
At 31 December 2000	111	1,728	10,829	12,668

16. PRIOR YEAR ADJUSTMENT

During the year the directors changed the accounting policy in respect of Work In Progress. Previously no margin was recognised at the year-end on unbilled contractor timesheets. For the year ended 31 December 2000 the accounting policy now reflects the margin attributable to unbilled contractor timesheets. The comparatives in the primary statements and relevant notes have been restated to reflect the new policy.

	2000	1999
	£000	£000
Profit & Loss Account		
Increase in revenue	3,170	3,104
Increase in cost of sales	(2,774)	(2,716)
Increase in profit	<u>396</u>	<u>388</u>
Balance Sheet		
Increase in debtors	3,170	3,104
Increase in creditors	(2,774)	(2,716)
Increase in net assets	<u>396</u>	<u>388</u>

The prior year adjustment in the year ended 31 December 1999 amounting to £241,000 represented under provisions in respect of payments due to contractors as at 31 December 1998.

17. FINANCIAL COMMITMENTS

At 31 December 2000 the Company had entered into numerous operating leases in respect of its leasehold premises and motor vehicles, the terms, conditions and length of which vary considerably. The minimum annual rentals under the foregoing leases are as follows:-

	Leasehold property £000	Other £000	Total £000
At 31 December 2000			
Operating leases which expire:			
* within one year	1,424	-	1,424
* between one and five years	761	-	761
* after five years	1,174	-	1,174
	<u>3,359</u>	<u>-</u>	<u>3,359</u>

17. *FINANCIAL COMMITMENTS (continued)*

At 31 December 1999	Leasehold property £000	Other £000	Total £000
Operating leases which expire:			
* within one year	18	148	166
* between one and five years	132	113	245
* after five years	1,297	-	1,297
	<u>1,447</u>	<u>261</u>	<u>1,708</u>

18. *ULTIMATE HOLDING COMPANY*

The Company's ultimate parent company is Manpower Inc., a company incorporated in the United States of America.

The Company's immediate parent company is Elan Group Limited, a company registered in England and Wales.

The largest group in which the results of Elan Computing Limited are consolidated is that headed by Manpower Inc. whose principal place of business is at 5301 North Ironwood Road, Milwaukee, Wisconsin 53201, USA. The consolidated accounts of this group are available to the public and may be obtained from the above address.

The smallest group in which the results of Elan Computing Limited are consolidated is that headed by Manpower PLC whose principal place of business is at Manpower House, 272 High Street, Slough, Berkshire SL1 1LJ. The consolidated accounts of this group are available to the public and may be obtained from Companies House.