

**EUROMEDICA PLC**

**Report and Financial Statements**

**31 March 2000**

**Deloitte & Touche  
Leda House  
Station Road  
Cambridge CB1 2RN**



**REPORT AND FINANCIAL STATEMENTS 2000**

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**REPORT AND FINANCIAL STATEMENTS 2000**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

K Worrall  
B Blackden  
P Woods

**SECRETARY**

D Cameron-Chileshe

**REGISTERED OFFICE**

Buckland House  
Waterside Drive  
Langley Business Park  
Slough SL3 6EZ

**BANKERS**

Barclays Bank PLC  
PO Box 756  
Slough SL1 4SG

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Leda House  
Station Road  
Cambridge CB1 2RN

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2000.

**ACTIVITIES**

The company's principal activity is as an international human resource and executive search consultancy in the field of health care.

**REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The directors are satisfied with the performance of the company in its first year as a member of the Professional Staff plc group. Turnover was maintained at £2.3m despite the average number of consultants during the year being 20% less than in 1999. Turnover was particularly strong in the fourth quarter as we brought in a new compliment of consultants and expanded our Cambridge office. Professional Staff also acquired the company's related operations in France, Belgium and Germany and this will enable us to develop our European business more rapidly. As a result, the directors believe that the company is well positioned to increase turnover and improve operating margins in the forthcoming financial year.

**DIVIDENDS**

The directors do not recommend the payment of a dividend.

**DIRECTORS AND THEIR INTERESTS**

The present directors are listed on page 1. All directors served throughout the year. P Banks resigned as a director on 19 May 2000. No director held any interest in the share capital of the company.

**AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

**YEAR 2000**

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the Year 2000 issue. As at the date of this report the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business. However the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not anticipated to be significant.

**CREDITORS' PAYMENT POLICY**

The company's policy is to make payment on or before the due date, which is typically 30 days from the invoice date. The number of days credit actually taken at 31 March 2000 was 26 days (1999 - 39 days).

**DIRECTORS' REPORT (continued)****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

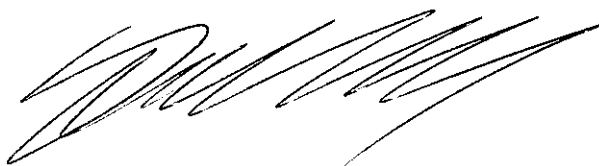
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors  
and signed on behalf of the Board

*on 5th June, 2000*



Secretary



## **AUDITORS' REPORT TO THE MEMBERS OF EUROMEDICA PLC**

We have audited the financial statements on pages 5 to 17 which have been prepared under the accounting policies set out on page 9.

### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 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 the company's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and  
Registered Auditors

20 June 2000

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 2000**

	Note	2000 £	1999 £
<b>TURNOVER: continuing operations</b>	2	2,274,871	2,258,699
Cost of sales		958,492	967,259
Gross profit		1,316,379	1,291,440
Administrative expenses		1,054,985	912,155
<b>OPERATING PROFIT: continuing operations</b>	4	261,394	379,285
Interest receivable and similar income		1,564	6,480
Interest payable and similar charges	5	(963)	(824)
		601	5,656
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		261,995	384,941
Tax on profit on ordinary activities	6	82,528	95,154
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES</b>	7	179,467	289,787

The statement of movements on reserves is shown in note 7.

There are no recognised gains or losses for the current financial year and the preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET  
31 March 2000

	Note	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible assets	8	319,731	191,077
<b>CURRENT ASSETS</b>			
Debtors	9	842,067	706,523
Cash at bank and in hand		3,128	123,630
		845,195	830,153
<b>CREDITORS: amounts falling due within one year</b>	10	394,029	423,549
<b>NET CURRENT ASSETS</b>		451,166	406,604
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		770,897	597,681
<b>CREDITORS: amounts falling due after more than one year</b>	11	-	(8,843)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	(8,738)	(6,146)
		762,159	582,692
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	57,500	57,500
Share premium account	7	81,500	81,500
Profit and loss account	7	623,159	443,692
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		762,159	582,692

These financial statements were approved by the Board of Directors on 5th June, 2000

Signed on behalf of the Board of Directors



KEVIN WORRALL

Director



**CASH FLOW STATEMENT**  
**Year ended 31 March 2000**

	2000 £	1999 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	261,394	379,285
Depreciation charges	84,564	64,799
Loss (profit) on disposal of tangible fixed assets	1,864	(172)
Increase in debtors	(135,544)	(332,690)
Decrease in creditors	(11,764)	(4,314)
<b>Net cash inflow from operating activities</b>	<u>200,514</u>	<u>106,908</u>
Net cash inflow from operating activities	200,514	106,908
Returns on investments and servicing of finance (note 1)	601	5,656
Taxation	(92,455)	(14,662)
Capital expenditure (note 1)	(245,082)	(114,570)
Financing (note 1)	<u>(106,422)</u> <u>(14,080)</u>	<u>(16,668)</u> <u>(2,420)</u>
<b>Decrease in cash</b>	<u>(120,502)</u>	<u>(19,088)</u>
<b>Reconciliation of net cash flow to movement in net funds (note 2)</b>		
Decrease in cash in the year	(120,502)	(19,088)
Cash outflow from decrease in debt and lease financing	<u>14,080</u>	<u>2,420</u>
Change in net funds resulting from cash flows	(106,422)	(16,668)
New finance lease and hire purchase contract	<u>-</u>	<u>(16,500)</u>
Movement in net funds in the year	(106,422)	(33,168)
Net funds at 1 April 1999	<u>109,550</u>	<u>142,718</u>
<b>Net funds at 31 March 2000</b>	<u>3,128</u>	<u>109,550</u>

**NOTES TO THE CASH FLOW STATEMENT**  
**Year ended 31 March 2000**

	2000 £	1999 £
<b>1. GROSS CASH FLOWS</b>		
<b>Returns on investments and servicing of finance</b>		
Interest received	1,564	6,480
Interest paid	-	(24)
Finance lease and hire purchase interest paid	(963)	(800)
	<u>601</u>	<u>5,656</u>
 <b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(255,275)	(121,070)
Receipts from sales of tangible fixed assets	40,193	6,500
	<u>(215,082)</u>	<u>(114,570)</u>
 <b>Financing</b>		
Capital element of finance lease and hire purchase contracts	(14,080)	(2,420)

**2. ANALYSIS OF CHANGES IN NET FUNDS**

	2000 £	Cash flows £	1999 £
Cash at bank and in hand	3,128	(120,502)	123,630
Finance lease and hire purchase contracts	-	14,080	(14,080)
<b>TOTAL</b>	<u>3,128</u>	<u>(106,422)</u>	<u>109,550</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000****1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Depreciation is provided to write off the cost of fixed assets over their anticipated working lives. The rates of depreciation are as follows:

Motor vehicles	25% per annum on cost
Office equipment	25% per annum on cost
Computer equipment	33% per annum on cost
Fixtures and fittings	15% per annum on cost

**Deferred taxation**

Deferred taxation is provided on timing differences arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

**Leases**

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease rentals in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**Pension costs**

The company contributes to certain employees' personal money purchase pension plans. Contributions are charged to the profit and loss account as they become payable.

**Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

**2 TURNOVER**

Turnover represents amounts derived from the provision of services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

The turnover is attributable to a single activity, as an international human resource and executive search consultancy in the field of health care.

Geographical analysis of turnover by destination of sale.

	2000 £	1999 £
United Kingdom	1,113,524	1,211,566
Rest of Europe	1,013,922	779,025
USA	77,764	207,123
Rest of World	69,661	60,985
	<u>2,274,871</u>	<u>2,258,699</u>

**3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2000 £	1999 £
<b>Directors' remuneration</b>		
Emoluments (excluding pension contributions)	<u>268,394</u>	<u>137,532</u>
Company contributions to money purchase and similar pension schemes in respect of directors' services	<u>28,900</u>	<u>10,000</u>

	2000 No	1999 No
<b>The number of directors who:</b>		
■ are members of a money purchase pension scheme	2	2

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

**3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)**

	2000 £	1999 £
<b>Remuneration of the highest paid director:</b>		
Aggregate of emoluments (excluding pension contributions)	152,465	78,325
Company contributions to money purchase and similar pension schemes in respect of director's services	8,500	-
	2000 No	1999 No
<b>Average number of persons employed</b>		
Consultants	7	9
Administration and research	18	14
	25	23
	2000 £	1999 £
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	1,104,196	980,982
Social security costs	124,034	101,772
Pension costs	87,695	111,441
	1,315,925	1,194,195

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

**4 OPERATING PROFIT**

	2000 £	1999 £
<b>Operating profit is after charging:</b>		
Depreciation		
Owned assets	84,564	61,345
Leased assets	-	3,454
Loss on disposal of fixed assets	1,864	-
Rentals under operating leases		
Other operating leases	70,006	63,254
Auditors' remuneration	8,500	7,000
	<u>          </u>	<u>          </u>
<b>and after crediting:</b>		
Profit on disposal of fixed assets	-	172
	<u>          </u>	<u>          </u>

The auditors also received £900 (1999 - £2,275) for non audit services.

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	2000 £	1999 £
Bank loans and overdrafts	-	24
Finance leases and hire purchase contracts	963	800
	<u>          </u>	<u>          </u>
	963	824
	<u>          </u>	<u>          </u>

**6 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2000 £	1999 £
United Kingdom corporation tax at 30% (1999 - 31%)	76,571	89,091
Deferred taxation	2,592	6,146
	<u>          </u>	<u>          </u>
	79,163	95,237
Adjustments to prior years' tax provisions		
Corporation tax	3,365	(83)
	<u>          </u>	<u>          </u>
	82,528	95,154
	<u>          </u>	<u>          </u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

**7 STATEMENT OF MOVEMENTS ON RESERVES**

	Profit and loss account £	Share premium account £
At 1 April 1999	443,692	81,500
Profit retained for the year	179,467	-
At 31 March 2000	623,159	81,500

**8 TANGIBLE FIXED ASSETS**

	Motor vehicles £	Office equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 1999	133,929	176,701	87,448	398,078
Additions in year	168,307	54,237	32,731	255,275
Disposals in year	(101,515)	(13,071)	-	(114,586)
At 31 March 2000	200,721	217,867	120,179	538,767
<b>Accumulated depreciation</b>				
At 1 April 1999	74,341	94,090	38,570	207,001
Charge in year	38,026	37,377	9,161	84,564
Disposals in year	(67,313)	(5,216)	-	(72,529)
At 31 March 2000	45,054	126,251	47,731	219,036
<b>Net book value</b>				
At 31 March 2000	155,667	91,616	72,448	319,731
At 31 March 1999	59,588	82,611	48,878	191,077

The net book value of the company's motor vehicles includes £nil (1999 - £24,174) in respect of assets held under finance leases and hire purchase contracts.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

**9 DEBTORS**

	2000 £	1999 £
Trade debtors	736,842	597,014
Amounts owed by fellow subsidiaries	72,887	7,784
Other debtors	-	12,794
Prepayments and accrued income	32,338	88,931
	<u>842,067</u>	<u>706,523</u>

All amounts are due within one year.

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts	-	5,237
Trade creditors	99,251	109,706
Amounts owed to fellow subsidiaries	-	12,596
Amounts owed to related parties	-	21,756
Corporation tax	67,515	80,034
Other taxes and social security	102,237	46,839
Accruals and deferred income	125,026	147,381
	<u>394,029</u>	<u>423,549</u>

Details of amounts owed to the related parties are shown in note 18.

**11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts	-	8,843
	<u>-</u>	<u>8,843</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

**12 BORROWINGS**

	2000 £	1999 £
Analysis of loan repayments:		
Other loans including finance leases and hire purchase contracts net of future finance charges		
Within one year or on demand	-	5,237
Between two and five years	-	8,843
	<u>-</u>	<u>14,080</u>

**13 PROVISIONS FOR LIABILITIES AND CHARGES**

	Balance at 1 April 1999 £	Charged to Profit and loss account £	Applied £	Balance at 31 March 2000 £
Deferred taxation	6,146	2,592	-	8,738

The amounts of deferred taxation provided and unprovided in the accounts are:

	Provided 2000 £	Provided 1999 £	Not Provided 2000 £	Not Provided 1999 £
Accelerated capital allowances	8,738	6,146	-	-

**14 CALLED UP SHARE CAPITAL**

	2000 £	1999 £
<b>Authorised</b>		
1,000,000 ordinary shares of £1.00 each	1,000,000	1,000,000
<b>Called up, allotted and fully paid</b>		
57,500 ordinary shares of £1.00 each	57,500	57,500

# NOTES TO THE ACCOUNTS

## Year ended 31 March 2000

### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit attributable to members of the company	179,467	289,787
Opening shareholders' funds	582,692	324,561
Prior period adjustment	-	(31,656)
Opening shareholders' funds as restated	582,692	292,905
Closing shareholders' funds	762,159	582,692

The prior period adjustment reflected the revision of the company's accounting policy for work in progress. Consultants' costs are charged to the profit and loss account as incurred, and fee income is recognised on invoice. The change in accounting policy is consistent with industry standards and with the policy adopted by the company's parent, Professional Staff plc.

### 16. FINANCIAL COMMITMENTS

#### Operating lease commitments

At 31 March 2000 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings	
	2000 £	1999 £
Leases which expire:		
Within 2-5 years	85,000	58,000

### 17. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company and immediate and ultimate controlling party is Professional Staff plc, a company registered in England and Wales. Group accounts of Professional Staff plc can be obtained from The Secretary, Buckland House, Waterside Drive, Langley Business Park, Slough, SL3 6EZ.

# NOTES TO THE ACCOUNTS

## Year ended 31 March 2000

### 18 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under Financial Reporting Standard 8 and has not separately disclosed details of transactions with fellow subsidiary companies.

Chartwell House Corporate Services Limited and People in Health Limited were related parties during 1999 because of shareholdings held by former directors of the company. All such transactions were at arm's length and at full market value. The transactions and balances outstanding with the company were as follows:

	Related Party	1999 £
<b>Chartwell House Corporate Services Limited</b>	<b>R Evans</b>	
Management fee		6,300
Secretarial and management accounting services		53,358
Balance included in creditors		20,346
<b>People in Health Limited</b>	<b>J F Fulford</b>	
Expenses		1,200
Balance included in creditors		1,410

There were no related party transactions requiring disclosure during the year ended 31 March 2000.