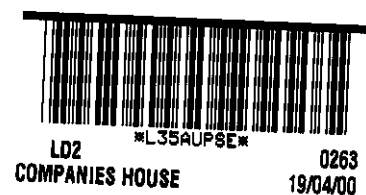


Heman Contracts Limited

Annual report and accounts
for the year ended 31 December 1998

Registered number: 2313954



Directors and Officers

Directors

D A Lake

M R Sarson

Registered office

24 Stafford Place

London

SW1E 6NG

Auditors

Arthur Andersen

20 Old Bailey

London

EC4M 7AN

Directors' report

For the year ended 31 December 1998

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1998.

Principal activities and business review

The company did not trade during the financial year and accordingly no profit and loss account is presented.

Dividends

The directors do not recommend the payment of a dividend (1997: £ Nil).

Directors

The directors who served during the year were:

J D Abrahamson (resigned 6 July 1999)

G I Brailey (resigned 25 March 1999)

R C Eden (resigned 25 March 1999)

P McDonald (resigned 24 March 1998)

M R Sarson was appointed a director on 25 March 1999 and D A Lake was appointed a director on 4 May 1999.

Directors' interests in shares

None of the directors had any interest in the share capital of the company at any time.

J D Abrahamson, G I Brailey and R C Eden were directors of the ultimate parent company at 31 December 1998 and their interests in the share capital of that company are as shown in the accounts of that company.

Year 2000

The majority of computer systems with embedded chips or processors have tended to rely on two rather than four digits to define a specific year. This created the risk that at 1 January 2000, the dates could have been treated as dates in the 1900s. The consequence of this could have been inaccurate transaction processing or system failure. This could have resulted in business interruption, financial loss or loss of reputation.

The Board is pleased to report that the Group experienced no Year 2000 problems. The total cost to the Group of Year 2000 compliance was approximately £500,000. This cost was written off to the Group profit and loss account.

The Group has now wound down its Year 2000 compliance team. The Group does not believe there are any significant Year 2000 residual risks. Appropriate contingency planning has been further developed to deal with the unlikely event of a Year 2000 problem or indeed any other internal or external failure.

Directors' report (continued)

This report was approved by the board on *14th* April 2000.

A handwritten signature in black ink, appearing to read 'M R Sarson', written in a cursive style.

M R Sarson
Director

24 Stafford Place
London
SW1E 6NG

Directors' responsibilities

Accounts, including adoption of going concern basis

Company law requires the directors 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 or loss for that period. After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts. In preparing the accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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 accounts 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.

Auditors' report

To the shareholders of Heman Contracts Limited

We have audited the accounts on pages 5 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

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

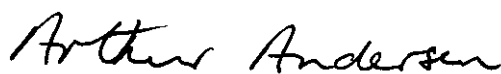
Basis of opinion

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 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 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 affairs of the company at 31 December 1998 and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

20 Old Bailey

London

EC4M 7AN

16 April 2000.

Balance sheet

31 December 1998

	Notes	1998 £	1997 £
Fixed Assets			
Investments	3	<u>50,000</u>	<u>50,000</u>
Current assets			
Debtors	4	3,205,000	3,155,000
Creditors: amounts falling due within one year	5	<u>(255,000)</u>	<u>(205,000)</u>
Net current assets		<u>2,950,000</u>	<u>2,950,000</u>
Net assets		<u>3,000,000</u>	<u>3,000,000</u>
Capital and reserves			
Called up share capital	6	6,400	6,400
Share premium account		2,499,000	2,499,000
Profit and loss account		<u>494,600</u>	<u>494,600</u>
Equity shareholders' funds		<u>3,000,000</u>	<u>3,000,000</u>

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

The accounts on pages 5 to 8 were approved by the board on *14th* April 2000.



M R Sarson
Director

Notes to the accounts

31 December 1998

1. Accounting policies

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

a) Basis of accounting

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

The company is dependent, in the absence of other funding, on the continued support of the ultimate parent company, The Corporate Services Group PLC. The directors believe that further support will continue to be made available by the ultimate parent company.

On this basis, the directors consider it appropriate to prepare the accounts on the going concern basis. The accounts do not include any adjustments that might be necessary if The Corporate Services Group PLC were not to provide further support.

b) Investments

Fixed asset investments are shown at cost less provision for impairment.

c) Consolidation

The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare group accounts because it is a wholly owned subsidiary of Corporate Services Group plc which prepares consolidated accounts which are publicly available. Accordingly, these accounts are those of the company and not of its group.

d) Profit and loss account

The company did not trade during the current or preceding year and, accordingly, a profit and loss account has not been prepared.

2. Directors

No remuneration was paid to the directors during the year (1997: £ Nil). No options to acquire shares in the company or in the ultimate parent company were granted to the directors during the year. One director exercised options over 49,897 shares in the ultimate parent company during the year.

3. Fixed asset investments

	Investment in subsidiary undertakings
Cost	£
1 January 1998 and 31 December 1998	<u>50,000</u>

In the opinion of the directors the aggregate market value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Notes to the accounts (continued)

3. Fixed asset investments (continued)

The company has investments in the following undertakings:

Name of undertaking	Principal activities	Class of shares held	Holding
Subsidiary undertakings			
Greycoat Executive Resourcing Limited	Executive search and selection	Ordinary	100%
Heman All-Tech Limited	Dormant	Ordinary	99%
Participating interest			
Manton Construction Limited	Dormant	Ordinary	50%

4. Debtors

	1998 £	1997 £
Amounts owed by other group undertakings	<u>3,205,000</u>	<u>3,155,000</u>

5. Creditors: amounts falling due within one year

	1998 £	1997 £
Amounts owed to other group undertakings	50,000	-
Corporation tax	<u>205,000</u>	<u>205,000</u>
	<u>255,000</u>	<u>205,000</u>

6. Share capital

	1998 £	1997 £
Authorised, allotted, issued and fully paid		
6,000 Deferred shares of £1 each	6,000	6,000
600 Ordinary shares of US\$1 each	<u>400</u>	<u>400</u>
	<u>6,400</u>	<u>6,400</u>

On a distribution, the holders of the deferred shares are not entitled to any dividend or any participation of whatever nature in the profits or assets of the company.

On a winding up, the holders of the deferred shares are entitled out of the surplus assets of the company to a return of the capital paid up on the deferred shares held.

The holders of deferred shares are not entitled to attend and vote at any general meeting of the company.

Notes to the accounts (continued)

7. Contingent liabilities

At 31 December 1997 the company had unlimited multilateral guarantees amounting to £149,552, secured by a fixed and floating charge over the assets of the company to secure the borrowings of certain group undertakings. The borrowings and guarantees have been extinguished as at 31 December 1998.

8. Related party transactions

The company has taken advantage of the exemption granted to 90% subsidiaries not to disclose transactions with group undertakings under the provisions of Financial Reporting Standard No. 8 "Related Party Disclosures".

9. Parent undertakings and controlling party

The company's immediate parent company is Forward Recruitment Consultants Limited, a company incorporated in Great Britain. The directors regard The Corporate Services Group PLC, a company incorporated in Great Britain, as the ultimate parent company and the ultimate controlling party.

The parent undertaking of the largest and smallest group which includes the company and for which group accounts are prepared is The Corporate Services Group PLC. Copies of the group accounts of The Corporate Services Group PLC have been delivered to, and are available from, the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.