

**ABC CONTRACT SERVICES LIMITED
DIRECTORS' REPORT AND**

FINANCIAL STATEMENTS

for the year ended 31 December 1995

Company number 2595508



ABC CONTRACT SERVICES LIMITED

DIRECTORS AND ADVISORS

DIRECTORS

JG Fowler
JD Abrahamson
GI Brailey
RC Eden
P McDonald
IP Havers
DA Trotman
MT Walton
N Bancroft

SECRETARY

JD Abrahamson

REGISTERED OFFICE

24 Stafford Place
London
SW1E 6NG

BANKERS

National Westminster Bank PLC
PO Box No 113
Cavell House
2a Charing Cross Road
London
WC2H 0PD

AUDITORS

Binder Hamlyn
20 Old Bailey
London
EC4M 7BH

ABC CONTRACT SERVICES LIMITED

DIRECTORS' REPORT for the year ended 31 December 1995

FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 31 December 1995.

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 the profit or loss 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 maintaining 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 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.

PRINCIPAL ACTIVITIES

The company's principal activity is that of an employment agency supplying temporary staff.

RESULTS

The results for the year and the financial position of the company at 31 December 1995 are shown in the financial statements which follow. These show a profit for the year of £2,947 (1994: £74,718). Movements in reserves are dealt with in note 13 to the financial statements.

DISPOSAL OF BUSINESS

On 30 November 1995, the business of ABC Contract Services Limited was sold to Forward Recruitment Consultants Limited.

DIVIDEND

The directors recommend the payment of a final dividend of £665,000 (1994 : £250,000).

ABC CONTRACT SERVICES LIMITED

DIRECTORS' REPORT for the year ended 31 December 1995

DIRECTORS

The directors during the year were as follows:

JG Fowler
JD Abrahamson
GI Brailey
RC Eden
P McDonald
IP Havers
DA Trotman
MT Walton
N Bancroft (appointed 17 August 1995)

DIRECTORS' INTERESTS

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

JG Fowler, JD Abrahamson, GI Brailey and RC Eden are also directors of the ultimate parent company and their interest in the share capital of that company is as shown in the financial statements of that company. Other directors have share options in the ultimate parent company as follows:

	Share options	
	1995	1994
P McDonald	75,000	75,000
IP Havers	30,000	30,000
DA Trotman	30,000	30,000
M T Walton	30,000	30,000

DIRECTORS' INSURANCE

The ultimate parent company maintains liability insurance on behalf of certain directors as permitted by Section 310(3) of the Companies Act 1985.

FIXED ASSETS

Details of movements in fixed assets during the year are set out in notes 6 and 7 to the financial statements.

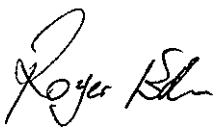
ABC CONTRACT SERVICES LIMITED

DIRECTORS' REPORT
for the year ended 31 December 1995

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 31st October 1996


Director R. EDEN

BINDER HAMLYN

20 Old Bailey
London EC4M 7BH

AUDITORS' REPORT to the Shareholders of ABC Contract Services Limited

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the 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 company's state of affairs at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Binder Hamlyn

Chartered Accountants and Registered Auditors

31 October 1996

ABC CONTRACT SERVICES LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1995**

	Notes	1995 Discontinued	1994 Discontinued
		£	£
Turnover		34,894,545	34,148,571
Cost of sales		(28,384,630)	(27,663,500)
Gross profit		6,509,915	6,485,071
Administrative expenses		(5,387,739)	(5,831,019)
Operating profit	2	1,122,076	654,052
Interest payable and similar charges	3	(354,129)	(329,334)
Profit on ordinary activities before taxation		767,947	324,718
Tax on profit on ordinary activities	4	(100,000)	-
Profit on ordinary activities after taxation		667,947	324,718
Dividend	5	(665,000)	(250,000)
Retained profit for the year transferred to reserves	13	2,947	74,718

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 1995**

There are no recognised gains and losses other than the profit as shown above.


ABC CONTRACT SERVICES LIMITED

BALANCE SHEET
as at 31 December 1995

	Notes	1995	1994
		£	£
FIXED ASSETS			
Tangible fixed assets	6	-	1,452,997
Investments	7	500,000	-
CURRENT ASSETS			
Debtors	8	705,881	11,134,859
Cash at bank and in hand		-	5,640
		705,881	11,140,499
CREDITORS: amounts falling due within one year	9	(1,203,000)	(11,666,386)
Net current liabilities		(497,119)	(525,887)
Total assets less current liabilities		2,881	927,110
CREDITORS: amounts falling due after more than one year	10	-	(1,622,322)
Net assets/(liabilities)		2,881	(695,212)
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Goodwill reserve	13	-	(732,446)
Profit and loss account	13	2,879	37,232
Shareholders' funds	14	2,881	(695,212)

All shareholders' funds represent equity interests.

The financial statements on pages 5 to 13 were approved by the Board on 31ST OCTOBER 1996


Director R. EDEN

ABC CONTRACT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents the value of services sold to third parties excluding value added tax.

Fixed assets

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided on all tangible fixed assets 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:

Motor vehicles	- 20% - 25%
Fixtures, fittings and computer equipment	- 10% - 20%
Leasehold improvements	- over the lease term

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and leases which result in the transfer to the company of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of the underlying lease payments and are depreciated in accordance with the above policy. Obligations under such payments are included in creditors net of finance charges allocated to future years. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each year.

Rentals paid under other leases (operating leases) are charged against income on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES *(continued)***Deferred tax**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Goodwill

Goodwill is the excess of the fair value of the consideration given to acquire a business over the fair value of the separable net assets acquired. Goodwill is written off against a separate reserve in the year of acquisition. A transfer is made each year over its expected useful life of 20 years from this reserve into the profit and loss account to reflect the rate at which the goodwill becomes a realised loss.

Pension costs

Pension costs represent contributions to private pension schemes on behalf of certain directors and employees of the company.

2 OPERATING PROFIT	1995	1994
is stated after charging/(crediting):	£	£
Depreciation		
- owned fixed assets	44,431	41,836
- assets under finance leases and hire purchase contracts	464,396	304,056
Group management income	(432,280)	(573,841)
Group management charges	935,982	1,071,335
Operating leases		
- rent of premises	318,954	289,745
- hire of plant and machinery	34,664	30,201
Auditors' remuneration	38,376	24,000

3 INTEREST PAYABLE AND SIMILAR CHARGES

On bank overdraft and invoice discounting facilities repayable within 5 years not by instalments	172,221	250,848
On finance leases and hire purchase contracts terminating within 5 years	181,908	78,486
	354,129	329,334

ABC CONTRACT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4	TAXATION	1995	1994
		£	£
	UK current year corporation tax	100,000	-

5 **DIVIDEND**

The directors propose to pay a final dividend of £332,500 per share amounting to £665,000 (1994: £250,000).

6 **TANGIBLE FIXED ASSETS**

	Leasehold improvements £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost					
1 January 1995	37,788	74,301	1,885,899	149,773	2,147,761
Additions	1,486	77,784	1,445,483	54,885	1,579,638
Disposal	(10,025)	-	(497,265)	-	(507,290)
Intra group additions	-	-	161,542	-	161,542
Intra group transfers	(29,249)	(152,085)	(2,995,659)	(204,658)	(3,381,651)
31 December 1995	-	-	-	-	-
Depreciation					
1 January 1995	11,449	20,921	602,751	59,643	694,764
Charge for year	3,918	14,068	464,396	26,445	508,827
Disposals	(10,025)	-	(342,012)	-	(352,037)
Intra group charges	-	-	86,730	-	86,730
Intra group transfers	(5,342)	(34,989)	(811,865)	(86,088)	(938,284)
31 December 1995	-	-	-	-	-
Net book value					
31 December 1995	-	-	-	-	-
31 December 1994	26,339	53,380	1,283,148	90,130	1,452,997

Included in the above are motor vehicles held under finance leases and hire purchase contracts with a net book value of £nil (1994: £1,283,148). The depreciation charge in respect of these assets was £464,396 (1994: £304,056).

ABC CONTRACT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7	FIXED ASSET INVESTMENTS	1995		1994
		£		£
	Loan to subsidiary undertaking	500,000		-

8 DEBTORS

Trade debtors	-	7,840,993
Amounts owed by parent undertaking and fellow subsidiary undertakings	705,881	3,166,947
Other debtors	-	19,600
Prepayments and accrued income	-	107,319
	705,881	11,134,859

Certain trade debtors are subject to an invoice discounting facility (see note 9) under which a substantial proportion of the value of trade debtors are received shortly after they have been invoiced.

9 CREDITORS: amounts falling due within one year

Invoice discounting (secured)	-	4,762,776
Obligations under finance leases and hire purchase contracts (note 11)	-	330,290
Trade creditors	-	293,000
Amount owed to subsidiary undertakings	500,000	1,888,320
Corporation tax	38,000	-
Other taxes and social security costs	-	3,112,715
Other creditors	-	691,651
Accruals	-	337,634
Proposed dividend	665,000	250,000
	1,203,000	11,666,386

The invoice discounting is secured by a fixed charge over certain assets of the company and a floating charge over all properties and assets of the company and its fellow subsidiaries which have invoice discounting facilities.

10 CREDITORS: amounts falling due after more than one year

Obligations under finance leases and hire purchase contracts (note 11)	-	528,147
Amounts owed to ultimate parent undertaking	-	1,094,175
	-	1,622,322

NOTES TO THE FINANCIAL STATEMENTS

11 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The net obligation under finance leases and hire purchase contracts is repayable as follows:

	1995 £	1994 £
In one year or less	-	330,290
Between two and five years	-	528,147
	-	858,437

12 SHARE CAPITAL

	Authorised		Allotted and fully paid	
	1995 Number	1994 Number	1995 £	1994 £
£1 ordinary shares	100	100	2	2

13 RESERVES

	Goodwill reserve £	Profit and loss account £
1 January 1995	(732,446)	37,232
Profit for the year	-	2,947
Amortisation of goodwill	37,300	(37,300)
Disposal of goodwill	695,146	-
31 December 1995	-	2,879

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit for the financial year	667,947	324,718
Dividend	(665,000)	(250,000)
Disposal of goodwill	695,146	-
Net additions to shareholders' funds	698,093	74,718
Opening shareholders' funds	(695,212)	(769,930)
Closing shareholders' funds	2,881	(695,212)

ABC CONTRACT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL COMMITMENTS

Operating leases

At 31 December 1995 the company had annual commitments under non-cancellable operating leases as follows:

	1995		1994	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date:				
Within one year	40,550	2,078	19,360	-
Between two and five years	32,067	731	82,127	-
In over five years	204,050	-	195,579	-
	276,667	2,809	297,066	-

Commitments on behalf of group undertakings

The company has given unlimited multilateral guarantees between the company and other group undertakings, to secure the borrowings of certain group undertakings. The net aggregate amount of these borrowings at 31 December 1995 was £2,013,000 (1994 : £222,000). In addition, the company has given cross guarantees as part of the increase discounting facility. The net aggregate amount outstanding against these facilities at 31 December 1995 was £13,104,000 (1994: £8,660,000).

16 DIRECTORS

1995 1994
£ £

Emoluments

The emoluments of directors of the company (including pension contributions and benefits in kind) were

389,499 294,211

Bandings

Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:

The chairman

- -

The highest paid director

111,316 116,539

NOTES TO THE FINANCIAL STATEMENTS

15 DIRECTORS *continued*

Directors' emoluments (excluding pension contributions) were in the following ranges:	1995 Number	1994 Number
£0 - £5,000	4	2
£55,001 - £60,000	-	3
£60,001 - £65,000	1	-
£70,001 - £75,000	2	-
£90,001 - £95,000	-	1
£110,001 - £115,000	1	-

17 EMPLOYEES**Number of employees**

The average number of persons (including directors)
employed by the company during the year was:

Branch and administrative staff	149	129
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Employment costs

Wages and salaries	2,522,916	2,491,739
Social security costs	270,548	215,573
Other pension costs	27,462	24,529
	2,820,926	2,731,841

18 ULTIMATE PARENT UNDERTAKING

The directors regard The Corporate Services Group PLC, a company registered in England and Wales, as the company's ultimate parent undertaking.

The Corporate Services Group PLC is the parent undertaking of the largest and smallest group of which ABC Contract Services Limited is a member and for which group accounts are drawn up. Copies of these group accounts have been delivered to, and are available from, the Registrar of Companies, Companies Registration Office, Crown Way, Cardiff CF4 3UZ.