

LPNS Limited

Accounts
together with
Directors' & Auditors' Reports

31 DECEMBER 1997



Registered No: 2719478

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DIRECTORS, OFFICERS AND ADVISERS

Directors

D B Davies
L Elias
S George-Jones

Secretary and Registered Office

K J Faulkner
Manpower House
272 High Street
Slough
Berkshire
SL1 1LJ

Auditors

Arthur Andersen
Chartered Accountants and
Registered Auditors
Abbots House
Abbey Street
Reading
RG1 3BD

Bankers

National Westminster Bank plc
118 High Street
Slough
Berkshire
SL1 1JQ

REPORT OF THE DIRECTORS

The directors present their report together with the audited accounts for the year ended 31 December 1997.

Statement of directors' responsibilities

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 of the Company for that year. In preparing those accounts, the directors are required to:

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

Review of business activities and future development

The principal activity of the Company throughout the year was that of carrying out nursing and care assistance assignments for clients. The trading performance of the Company during the year was satisfactory.

The directors believe that the Company is well placed to benefit from the demand for its services.

Results and dividends

The results for the year are set out in the profit and loss account on page 5 and the accompanying notes.

The directors do not propose the payment of a dividend.

Directors and their interests

L M Bennett, M Miffling, D B Davies and S George-Jones held office as directors throughout the year.

On 1 January 1997, D W Muir was appointed as a director and on 21 February 1997, resigned as a director.

On 30 June 1998, L Elias was appointed as a director and L M Bennett and M Miffling resigned as directors.

The directors who held office at 31 December 1997, had no beneficial interests in the shares of the Company or its holding companies that require disclosure.

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

Fixed assets

Details of tangible fixed assets are set out in note 3 to the accounts.

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 out their duties are given individual consideration. Disabled employees may be eligible for special training.

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

Manpower House
272 High Street
Slough
Berkshire
SL1 1LJ

23rd July 1998

By Order of the Board


K J Faulkner
Secretary

REPORT OF THE AUDITORS

To the Members of LPNS Limited:

We have audited the accounts 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 2 the Company's directors are responsible for the preparation of 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 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 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 the Company's affairs at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and
Registered Auditors
Abbots House
Abbey Street
Reading
RG1 3BD

23 July 1998

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1997

	1997	1996
	£	£
Turnover		
Continuing operations	29,309,089	31,290,476
Cost of sales	26,691,636	28,312,171
Gross profit	2,617,453	2,978,305
Administrative expenses	2,468,278	2,855,560
Other operating income	1,343	2,286
<i>Note 1</i> Profit on ordinary activities before taxation	150,518	125,031
<i>Note 2</i> Tax on profit on ordinary activities	77,197	58,012
Profit on ordinary activities after taxation		
transferred to reserves	73,321	67,019

A statement of movements on reserves is given in note 7.

The Company has no recognised gains or losses in either year other than the profit for the financial year.

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

BALANCE SHEET
AT 31 DECEMBER 1997

		1997	1996
		£	£
	Fixed assets		
<i>Note 3</i>	Tangible	87,849	67,436
	Current assets		
	Cash at bank and in hand	1,605,868	1,364,184
<i>Note 4</i>	Debtors - amounts falling due within one year	1,883,951	2,360,793
		3,489,819	3,724,977
<i>Note 5</i>	Creditors - amounts falling due within one year	2,316,369	2,604,435
	Net current assets	1,173,450	1,120,542
	Total assets less current liabilities	1,261,299	1,187,978
	Capital and reserves		
<i>Note 6</i>	Called up share capital	1,000,000	1,000,000
<i>Note 7</i>	Profit and loss account	261,299	187,978
	Equity shareholders' funds	1,261,299	1,187,978

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

Approved by board resolution on 23rd July 1998.

L Elias *L. Elias* - Director

ACCOUNTING POLICIES

Basis of accounts preparation

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Cash flow statement

As permitted by paragraph 5a of Financial Reporting Standard 1 (Revised 1996) Cash Flow Statements, the Company has not prepared a cash flow statement as the Company is a subsidiary undertaking of Manpower PLC (see note 10).

Turnover

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

Tangible fixed assets

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

Leasehold properties	<i>Over period of the lease</i>
Furniture and equipment	12.5% - 20%

Doubtful debts

Specific provisions are made dependent on the age of the debt and the directors' opinion as to the recoverability of the debt.

Pensions

The Company is party to a group defined benefit scheme, operated by its immediate parent company Manpower PLC (the Group Pension Scheme), with assets held in a separate trustee administered fund.

It is the policy of the Company to fund pension liabilities on the advice of external actuaries, by payments to an independent trust. Independent actuarial valuations on a going concern basis are carried out every three years.

The amount charged to the profit and loss account is calculated so as to produce a substantially level percentage of the current and future pensionable payroll. Variations from regular costs are allocated to the profit and loss account over a period not exceeding employees' average remaining service lives.

Differences between the amounts charged to the profit and loss account and amounts paid are shown either as provisions or prepayments in the balance sheet.

Taxation

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

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

Related party transactions

Under the provisions of Financial Reporting Standard 8, the Company is not required to disclose details of certain group related party transactions 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. Profit on ordinary activities before taxation

	1997	1996
	£	£
Profit on ordinary activities before taxation is after charging:		
Depreciation	38,116	23,829
Auditors' remuneration in respect of audit fees	9,000	10,000
Property rentals	95,456	103,988
Hire of plant and equipment	39,634	40,783
Intra group management charge	200,004	180,000
Staff costs	1,514,115	1,633,344
Directors' remuneration	63,861	60,309

Staff costs (including directors)

Salaries	1,396,212	1,536,556
Social security costs	72,210	71,185
Pension costs	45,693	25,603
	<u>1,514,115</u>	<u>1,633,344</u>

	Numbers	Numbers
The average number of persons employed full-time by the Company during the year, including directors, was:		
Branch and administrative staff	<u>85</u>	<u>106</u>

The number of directors included in the group's defined benefit pension scheme during the year was:

<u>1</u>	<u>1</u>
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	1997	1996
	£	£

The remuneration of the directors was as follows:

Emoluments	<u>63,861</u>	<u>60,309</u>
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2. Taxation

	1997	1996
	£	£
Comprises UK corporation tax calculated at the composite rate of 31.5% (1996 - 33%) based on the profit for the year:		
Current taxation	77,197	58,012

3. Tangible fixed assets

	Leasehold properties	Furniture and equipment	Total
	£	£	£
Cost			
At 1 January 1997	15,812	133,921	149,733
Additions	3,386	55,143	58,529
At 31 December 1997	19,198	189,064	208,262
Depreciation			
At 1 January 1997	8,220	74,077	82,297
Charge for the year	1,854	36,262	38,116
At 31 December 1997	10,074	110,339	120,413
Net book value			
At 31 December 1997	9,124	78,725	87,849
At 31 December 1996	7,592	59,844	67,436

4. Debtors

	1997	1996
	£	£
Amounts falling due within one year		
Trade debtors	1,846,190	2,314,253
Sundry debtors and prepayments	37,761	46,540
	1,883,951	2,360,793

5. *Creditors*

	1997	1996
	£	£
Amounts falling due within one year		
Trade creditors	242,792	283,625
Salaries and wages	362,572	437,158
Amounts due to group undertakings	71,201	75,156
Corporation tax	96,443	59,327
Other taxes and social security	1,158,215	1,382,960
Sundry creditors and accruals	385,146	366,209
	<u>2,316,369</u>	<u>2,604,435</u>

6. *Share capital*

	1997	1996
	£	£
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

7. *Profit and loss account*

	1997	1996
	£	£
Balance at 1 January	187,978	120,959
Profit for the financial year	<u>73,321</u>	<u>67,019</u>
Balance at 31 December	<u>261,299</u>	<u>187,978</u>

8. *Reconciliation of movement in shareholders' funds*

	1997	1996
	£	£
Profit for the financial year	73,321	67,019
Net addition to shareholders' funds	73,321	67,019
Opening shareholders' funds	1,187,978	1,120,959
Closing shareholders' funds	1,261,299	1,187,978

9. *Commitments*

Pension commitments

The Group Pension Scheme, which covers the majority of UK employees, was reviewed at 31 March 1997 by a professionally qualified actuary using the 'Projected Unit Method' of valuation.

The principal long term assumptions used for the purposes of the actuarial valuation were as follows:

Rate of return on investments	8.0%
Pay increases	6.5%
Pension increases	4.0%/5.0%
Dividend growth	3.5%

At the date of the last actuarial valuation the market value of the assets of the Group Pension Scheme was £14,270,000 and the actuarial value of the assets was sufficient to cover 104% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The pension costs of the Company under the Group Pension Scheme were £45,693 (1996 - £25,603).

10. *Ultimate holding company*

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

The largest group in which the results of LPNS 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 LPNS Limited are consolidated is that headed by the Company's immediate parent, Manpower PLC, a company registered in England and Wales, whose principal place of business is at Manpower House, 272 High Street, Slough, Berks SL1 1LJ. The consolidated accounts of this group are available to the public and may be obtained from Companies House.