

**LPNS LIMITED**

**Annual Report  
and  
Financial Statements**

**31 December 1999**



*Registered Number: 2719478*

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## **DIRECTORS, OFFICERS AND ADVISERS**

### **Directors**

D B Davies  
S George-Jones  
I J W Herbertson

### **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  
Berkshire  
RG1 3BD

### **Bankers**

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

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## REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of the Company for the year ended 31 December 1999.

### *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;
- ◆ follow applicable accounting standards, 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*

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 for the year.

### *Directors and their interests*

D B Davies and S George-Jones held office as directors throughout the year.

On 4 January 1999, I J W Herbertson was appointed as a director of the Company.

***Directors and their interests (continued)***

On 4 May 1999, L Elias passed away.

The directors who held office at 31 December 1999 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 or the Group during the year under review.

***Fixed assets***

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

***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.

***Year 2000 compliance***

The directors' previously announced plans to ensure year 2000 compliance, were completed successfully. No problems in this regard have come to light since the balance sheet date.

***Disabled employees***

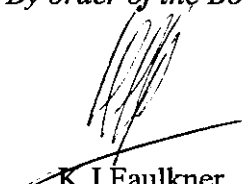
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

***Employee consultation***

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through informal meetings and company publications.

Manpower House  
272 High Street  
Slough  
Berks  
SL1 1LJ

*By order of the Board*

  
K J Faulkner  
Secretary

27<sup>th</sup> March 2000

## REPORT OF THE AUDITORS

### *To the Shareholders of LPNS Limited:*

We have audited the financial statements on pages 5 to 12 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 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*

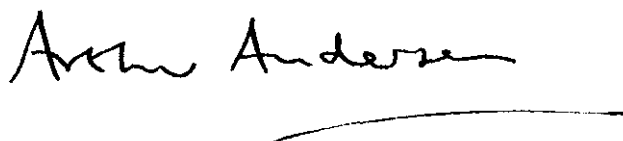
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 1999 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  
Berks  
RG1 3BD



27 March 2000

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 £	1998 £
<b>Turnover</b>		
Continuing operations	36,543,153	27,317,690
Cost of sales	33,414,076	24,932,517
<b>Gross profit</b>	3,129,077	2,385,173
Administrative expenses	2,932,710	2,277,345
<i>Note 1</i> <b>Profit on ordinary activities before taxation</b>	196,367	107,828
<i>Note 2</i> Taxation	96,000	33,966
<b>Profit on ordinary activities after taxation and transferred to reserves</b>	100,367	73,862

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

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

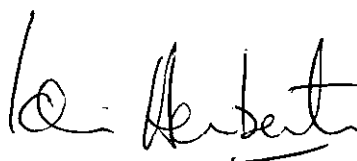
The accompanying notes are an integral part of this profit and loss account.

# **BALANCE SHEET** **AT 31 DECEMBER 1999**

		1999 £	1998 £
	<b>Fixed assets</b>		
<i>Note 3</i>	Tangible assets	<u>40,706</u>	<u>61,197</u>
	<b>Current assets</b>		
<i>Note 4</i>	Debtors - amounts falling due within one year	2,823,619	2,022,501
	Cash at bank and in hand	<u>3,448,355</u>	<u>1,622,436</u>
		6,271,974	3,644,937
<i>Note 5</i>	<b>Creditors - amounts falling due within one year</b>	<u>4,877,152</u>	<u>2,370,973</u>
	<b>Net current assets</b>	<u>1,394,822</u>	<u>1,273,964</u>
	<b>Total assets less current liabilities</b>	<u>1,435,528</u>	<u>1,335,161</u>
	<b>Capital and reserves</b>		
<i>Note 6</i>	Called up share capital	1,000,000	1,000,000
<i>Note 7</i>	Profit and loss account	<u>435,528</u>	<u>335,161</u>
<i>Note 8</i>	<b>Equity shareholders' funds</b>	<u>1,435,528</u>	<u>1,335,161</u>

Signed on behalf of the board on 27<sup>th</sup> MARCH 2000.

I J W Herbertson



- Director

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.

### *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 Inc. (see note 10).

### *Turnover*

Turnover represents the invoiced value of services rendered, net 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	-	Over period of lease
Furniture and equipment	-	12.5% - 20%

### *Pensions*

Certain of the Company's employees are party to a group defined benefit scheme (the Group Pension Scheme), operated by the Company's immediate parent company Manpower PLC, with assets held in a separate trustee administered fund (see note 9).

It is the policy of the Group Pension Scheme 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 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.

***Leases***

Rentals under operating leases are charged on a straight line basis over the lease term.

***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. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £	1998 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	38,712	38,376
Auditors' remuneration in respect of audit fee	9,000	9,000
Property rentals	56,910	55,915
Intra group management charge	210,000	178,000
Staff costs	1,763,529	1,423,901
Directors' remuneration	<u>90,105</u>	<u>74,813</u>
Staff costs (including directors):		
Salaries	1,634,415	1,320,220
Social security costs	74,082	59,471
Pension costs (note 9)	<u>55,032</u>	<u>44,210</u>
	<u>1,763,529</u>	<u>1,423,901</u>

	1999 Nos	1998 Nos
The average number of persons employed full-time by the Company during the year was:		
Branch and administrative staff	<u>94</u>	<u>81</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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	1999 £	1998 £
The remuneration of the directors was as follows:		
Emoluments	<u>90,105</u>	<u>74,813</u>

2. **TAXATION**

	1999 £	1998 £
Comprises UK corporation tax calculated at the composite rate of 30.25% (1998 - 31%) based on the profit for the year:		
Current taxation	<u>96,000</u>	<u>33,966</u>

3. **TANGIBLE FIXED ASSETS**

	Leasehold properties £	Furniture and equipment £	Total £
<b>Cost</b>			
At 1 January 1999	19,198	200,788	219,986
Additions	1,403	16,818	18,221
At 31 December 1999	<u>20,601</u>	<u>217,606</u>	<u>238,207</u>
<b>Depreciation</b>			
At 1 January 1999	12,282	146,507	158,789
Charge for the year	2,208	36,504	38,712
At 31 December 1999	<u>14,490</u>	<u>183,011</u>	<u>197,501</u>
<b>Net book value</b>			
At 31 December 1999	<u>6,111</u>	<u>34,595</u>	<u>40,706</u>
At 31 December 1998	<u>6,916</u>	<u>54,281</u>	<u>61,197</u>

4. **DEBTORS**

	1999 £	1998 £
Amounts falling due within one year:		
Trade debtors	2,786,564	1,958,781
Prepayments and accrued income	<u>37,055</u>	<u>63,720</u>
	<u>2,823,619</u>	<u>2,022,501</u>

5. **CREDITORS**

	1999 £	1998 £
Amounts falling due within one year:		
Trade creditors	321,827	44,110
Amounts due to group undertakings	934,228	499,436
Taxation and social security	1,421,745	775,363
Other creditors	1,724,600	671,599
Accruals and deferred income	474,752	380,465
	<u>4,877,152</u>	<u>2,370,973</u>

6. **CALLED UP SHARE CAPITAL**

	1999 £	1998 £
<b>Authorised</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

7. **PROFIT AND LOSS ACCOUNT**

	1999 £	1998 £
At 1 January	335,161	261,299
Profit for the financial year	<u>100,367</u>	<u>73,862</u>
At 31 December	<u>435,528</u>	<u>335,161</u>

8. **RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	1999 £	1998 £
Profit for the financial year	<u>100,367</u>	<u>73,862</u>
Net addition to shareholders' funds	<u>100,367</u>	<u>73,862</u>
Opening shareholders' funds	<u>1,335,161</u>	<u>1,261,299</u>
Closing shareholders' funds	<u>1,435,528</u>	<u>1,335,161</u>

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**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 £55,032 (1998 - £44,210).

**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, Berkshire, SL1 1LJ. The consolidated accounts of this group are available to the public and may be obtained from Companies House.