

ANDERSEN

Draefern Holdings Limited

Annual report and financial statements
for the year ended 31 December 2001

Registered number: 2836088



Directors' report

For the year ended 31 December 2001

The directors present their report together with the financial statements and auditors' report for the year ended 31 December 2001.

Principal activity and review of the business

The company's principal activity during the year was that of an investment company. The company has not traded in the year and is not expected to trade in subsequent years.

On the 19th March 2002 the company was sold by AHL Europe Limited to Alchemy partners and existing management.

Results and dividends

The result for the year after taxation was £Nil (2000 – loss of £64). The dividends did not pay and do not propose a dividend for the year (2000: £Nil).

Directors

The directors who served during the year were as follows:

E. Patterson	(resigned 19 March 2002)
K. Franklin	(resigned 19 March 2002)
J. Hardy	
G. Wilson	(resigned 28 February 2001)
I. Thornley	(appointed 19 March 2002)

None of the directors have any interest in the shares or AHL Services Inc., the ultimate parent company, or other group companies which are required to be disclosed under the provisions of the Companies Act 1985.

Directors' report (continued)

Directors' responsibilities

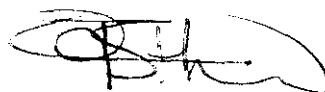
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent
- 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.

Draefern House
Dunston Court
Dunston Road
Chesterfield
Derbyshire
S41 8NL

By order of the board



J. Hardy
Director

14 May 2002

To the shareholder of Draefern Holdings Limited

We have audited the financial statements of Draefern Holdings Limited for the year ended 31 December 2001 which comprise the Profit and loss account, Balance sheet, and the related notes on pages 7 to 9. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with Auditing Standards. 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 as at 31 December 2001 and of the company's result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "Arthur Andersen". The signature is written in a cursive, flowing style.

Arthur Andersen

Chartered Accountants and Registered Auditors

180 Strand
London
WC2R 1BL

14 May 2002

Profit and loss account
For the year ended 31 December 2001

		Year ended 31 December 2001 £	Year ended 31 December 2000 £
	Notes		
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Interest payable and similar charges	3	-	(64)
		<hr/>	<hr/>
Loss on ordinary activities before and after taxation	4	-	(64)
		<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

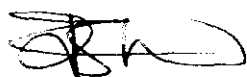
The company has no recognised gains or losses other than those shown above.

There were no movements in reserves during the year.

Balance sheet
31 December 2001

	Notes	31 December 2001 £	31 December 2000 £
Fixed assets			
Tangible assets	6	181,644	181,644
Investments	7	100	100
		<u>181,744</u>	<u>181,744</u>
Current assets			
Creditors: Amounts falling due within one year	8	(74,326)	(74,326)
Net current liabilities		<u>(74,326)</u>	<u>(74,326)</u>
Total assets less current liabilities		<u>107,418</u>	<u>107,418</u>
Net assets		<u>107,418</u>	<u>107,418</u>
Capital and reserves			
Called-up share capital	9	50,000	50,000
Share premium account	10	20	20
Profit and loss account	10	57,398	57,398
Shareholders' funds	11	<u>107,418</u>	<u>107,418</u>

The financial statements on pages 5 to 9 were approved by the board of directors on 14 May 2002 and signed on its behalf by:



J. Hardy
Director

The accompanying notes are an integral part of these financial statements.

Notes to the accounts

For the year ended 31 December 2001

1 Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material to the company's affairs.

a) Basis of preparation

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

The company has taken advantage of the exemption of preparing consolidated financial statements afforded by Section 228 of the Companies Act because it is a wholly owned subsidiary of AHL Europe Limited, which prepares consolidated financial statements which are publicly available.

b) Tangible fixed assets and depreciation

Freehold land and buildings are not depreciated.

c) Investments

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

d) Cash flow statement

Under the provision of FRS 1 (Revised) "Cash Flow statements", the company has not prepared a cash flow statement because its ultimate parent undertaking, AHL Services Inc., a company incorporated in the United States of America, has prepared consolidated financial statements which are publicly available and which include the cash flows of the company.

2 Staff costs

All staff costs are borne by another group company. For directors costs see note 5. The average monthly number of employees including executive directors was 4 (2000: 4).

3 Interest payable and similar charges

	Year ended 31 December 2001 £	Year ended 31 December 2000 £
Bank interest	-	64
	-	64

4 Profit on ordinary activities before taxation

The audit fee is borne by a fellow group company.

Notes to the accounts (continued)

5 Directors' emoluments

None of the named directors of the company that served during the year received remuneration from the company (2000: £nil). All employment costs attributable to directors are borne by a fellow group company.

6 Fixed assets – tangible assets

	31 December 2001 £	31 December 2000 £
Cost and net book value		
Freehold land and buildings	<u>181,644</u>	<u>181,644</u>

7 Fixed assets - investments

	31 December 2001 £	31 December 2000 £
Subsidiary undertaking	<u>100</u>	<u>100</u>

<u>Subsidiary undertaking</u>	<u>Country incorporation and operation</u>	<u>Principal activity</u>	<u>Holding</u>	<u>%</u>
Draefern Limited	Great Britain	Staffing agency	Direct	100

8 Creditors: Amounts falling due within one year

	31 December 2001 £	31 December 2000 £
Amount owed to subsidiary undertaking	<u>74,326</u>	<u>74,326</u>

Through AHL Services Inc., the ultimate parent company, AHL Europe, the immediate parent of the company, participates in a group credit arrangement with First Union National Bank, a corporation with limited liability and domiciled in the United States of America. Under the terms of the credit arrangement the shares of the company are pledged in favour of First Union National Bank. This arrangement terminated on 19 March 2002 (see note 14).

9 Called-up share capital

	31 December 2001	31 December 2000
<i>Authorised</i>		
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<i>Allotted called-up and fully-paid</i>		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Notes to the accounts (continued)

10 Reserves

	Share premium £	Profit and loss £
At 31 December 2000 and 2001	<u>20</u>	<u>57,398</u>

11 Reconciliation of movements in equity shareholders' funds

	31 December 2001 £	31 December 2000 £
At 31 December 2000	107,482	107,482
Retained loss for the year	<u>-</u>	<u>(64)</u>
At 31 December 2001	<u>1,107,418</u>	<u>107,418</u>

12 Transactions with related parties

The company has taken advantage of the exemption conferred by FRS 8 not to disclose transactions with other group companies since the company's financial statements are consolidated within the financial statements of AHL Services Inc., the ultimate parent company, whose financial statements are available to the public.

13 Ultimate controlling party

The directors regard AHL Services Inc., a company incorporated in the United States of America, as the ultimate parent company and the ultimate controlling party.

The largest group in which the results of the company are consolidated is AHL Services Inc., a company incorporated in the United States of America and whose financial statements are available to the public. The immediate parent company and the smallest group in which the results of the company are consolidated is AHL Europe Limited, a company incorporated in Great Britain.

14 Subsequent events

On the 12 March 2002, the company entered into a sale and leaseback transaction with AHL Europe Limited. The profit on disposal of the property was £5,957.

On the 19 March 2002, the company was sold by AHL Europe Limited to Alchemy Partners and existing management. From 19 March 2002, the company's new ultimate parent company is Defecto 985 Limited.