

Draefern Holdings Limited
(formerly Draefern Holdings plc)

Accounts for the year ended
31 December 2000 together with director's and auditor's reports

Registered number: 2836088



Directors' report

For the year ended 31 December 2000

The directors present their report together with the accounts and auditors' report for the year ended 31 December 2000.

Results and dividends

The loss for the year after taxation and minority interest was £64 (1999 – profit of £1,525,489).

Principal activity and review of the business

The company's principal activity during the year was that of an investment company.

The directors consider the level of activity and the year end financial position to be satisfactory. The company has been taken over on the 28 December 2000 and now forms part of AHL Europe Limited, which is the smallest group in which the company's results are consolidated.

Directors

The directors who served during the year were as follows:

E. Patterson

K. Franklin

J. Hardy

G Wilson (Resigned 28 February 2001)

The directors had no interests in the shares of the company at 31 December 2000 or at 31 December 1999.

Employees

The company's aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, regardless of sex, religion or ethnic origin. The company does all that is practicable to meet its responsibilities towards the employment and training of disabled people. In the event that an employee becomes disabled, every effort will be made to provide continuity of employment in the same job or a suitable alternative.

The company involves staff in the decision making process and communicates regularly with them during the year. their involvement in the company's performance is encouraged with an employee bonus scheme.

Directors' report (continued)

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 as at the end of the financial year 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
- state whether applicable accounting standards have been followed
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

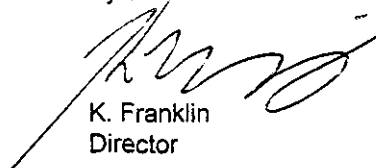
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Princess House
Nobel Drive
Hayes
Middlesex
UB3 5EY

By order of the board



K. Franklin
Director

10 July 2001

To the shareholder of Draefern Holdings Limited:

We have audited the accounts on pages 4 to 11 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the accounts 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. 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 as at 31 December 2000 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

10 July 2001

Profit and loss account

For the year ended 31 December 2000

		Year ended 31 December 2000 £	9 month period ended 31 December 1999 £
	Notes		
Other operating income		-	83,329
Operating profit			83,329
Income from fixed asset investments	3	-	1,468,027
Interest payable and similar charges	4	(64)	(167)
Profit on ordinary activities before taxation	5	(64)	1,551,189
Tax on profit on ordinary activities	7	-	(25,700)
Profit on ordinary activities after taxation		(64)	1,525,489
Dividends	8	-	(1,538,671)
Retained loss for the financial year		(64)	(13,182)

The accompanying notes are an integral part of these accounts.

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

Balance sheet
31 December 2000

	Notes	31 December 2000 £	31 December 1999 £
Fixed assets			
Tangible assets	9	181,644	181,644
Investments	10	100	100
		<u>181,744</u>	<u>181,744</u>
Current assets			
Debtors	11	-	983,539
Creditors: Amounts falling due within one year	12	(74,326)	(1,057,801)
Net current liabilities		<u>(74,326)</u>	<u>(74,262)</u>
Total assets less current liabilities		107,418	107,482
Net assets		<u>107,418</u>	<u>107,482</u>
Capital and reserves			
Called-up share capital	13	50,000	50,000
Share premium account	14	20	20
Profit and loss account	14	57,398	57,462
Shareholders' funds	15	<u>107,418</u>	<u>107,482</u>

The accounts on pages 4 to 11 were approved by the board of directors on 10 July 2001 and signed on its behalf by:

K. Franklin
Director



10 July 2001

The accompanying notes are an integral part of these accounts.

Notes to the accounts

For the year ended 31 December 2000

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

b) Tangible fixed assets and depreciation

Freehold land and buildings are not depreciated.

c) Leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised as tangible fixed assets and the obligation to pay future rentals under such leases and contracts is included in creditors. Payments in respect of the finance charge element of the leases and contracts are charged to profit and loss account so as to apportion the charge over the duration of the leases and contracts.

Rentals payable under operating leases are charged in the profit and loss account in the year in which they are incurred.

d) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

e) Turnover

Turnover represents sales at invoice value less trade discounts allowed excluding value added tax.

f) Pension costs

Contributions in respect of the company's defined contribution pension schemes for the benefit of the directors and administration staff are charged to the profit and loss account in the year in which they become payable to the scheme.

Notes to the accounts (continued)

1 Accounting policies (continued)

g) Cash flow statement

Under the provision of FRS1 (Revised), 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 accounts which are publicly available and which include the cash flows of the company.

h) Leases

The company enters into operating and finance leases.

Assets held under finance leases are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of its useful economic life or the lease term. Finance costs are allocated to accounting years over the year of the lease to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance costs and capital repayments.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

2 Staff costs

	Year ended 31 December 2000 £	Nine months ended 31 December 1999 £
Staff costs comprised:		
Wages and salaries	-	36,667
Social security costs	-	3,741
Other pension costs	-	17,534
	<hr/>	<hr/>
	-	57,942
	<hr/>	<hr/>

	Number	Number
Average number employed in the year:		
Office staff	-	1
Directors	4	2
	<hr/>	<hr/>
	4	3
	<hr/>	<hr/>

Notes to the accounts (continued)

3 Income from fixed asset investment

	Year ended 31 December 2000 £	Nine months ended 31 December 1999 £
Dividends received	-	1,468,027

4 Interest payable and similar charges

	Year ended 31 December 2000 £	Nine months ended 31 December 1999 £
Bank interest	64	-
Other interest	-	167
	<u>64</u>	<u>167</u>

5 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is after charging:

	Year ended 31 December 2000 £	Nine months ended 31 December 1999 £
Auditors' remuneration		
- audit fee	-	2,515

6 Directors' emoluments

- salaries and other emoluments	-	36,667
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	Number	Number
Number of directors accruing benefits under:		
- contributions to money purchase pension schemes	-	1

All named directors of the company are remunerated through the company's parent undertaking.

Notes to the accounts (continued)

7 Tax on profit on ordinary activities

	Year ended 31 December 2000 £	Nine months ended 31 December 1999 £
Corporation tax on the profit for the year at 30% (31 December 1999 – 30.25%)	-	24,948
Prior year underprovision	-	752
	<u>-</u>	<u>25,700</u>

8 Dividends

	Year ended 31 December 2000 £	Nine months ended 31 December 1999 £
Paid £NIL per share (31 December 1999 - £30.773 per share)	-	1,538,671

9 Fixed assets – tangible assets

	31 December 2000 £	31 December 1999 £
Cost and net book value		
Freehold land and buildings	<u>181,644</u>	<u>181,644</u>

10 Fixed assets - investments

	31 December 2000 £	31 December 1999 £
Subsidiary undertaking	<u>100</u>	<u>100</u>

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

Notes to the accounts (continued)

11 Debtors

	31 December 2000 £	31 December 1999 £
Amounts falling due within one year:		
- Amounts owed by subsidiary undertaking	-	936,362
- Recoverable advance corporation tax	-	46,093
- VAT recoverable	-	1,084
	<u>-</u>	<u>983,539</u>

12 Creditors: Amounts falling due within one year

	31 December 2000 £	31 December 1999 £
Bank overdraft	-	11
Corporation tax	-	42,700
Amount owed to parent undertaking	-	1,015,090
Amount owed to subsidiary undertaking	74,326	-
	<u>74,326</u>	<u>1,057,801</u>

Through AHL Services Inc., the ultimate parent company, 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 all assets and undertakings of the company are pledged in favour of First Union National Bank.

13 Called-up share capital

	31 December 2000	31 December 1999
Authorised		
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted called-up and fully-paid		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Notes to the accounts (continued)

14 Reserves

	Share premium £	Profit and loss £
At 31 December 1999	20	57,462
Retained loss for the year	-	(64)
At 31 December 2000	20	57,398

15 Reconciliation of movements in equity shareholders' funds

	31 December 2000 £	31 December 1999 £
At 31 December 1999	107,482	120,664
Retained loss for the year	(64)	(13,182)
At 31 December 2000	107,418	107,482

16 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 accounts are consolidated within the accounts of AHL Services Inc., the ultimate parent company, whose accounts are available to the public.

17 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 considered is AHL Services Inc., a company incorporated in the United States of America and whose accounts are available to the public. The immediate parent company and the smallest group in which the results of the company are consolidated is the AHL Europe Limited, a company incorporated in the UK.

As a subsidiary undertaking of AHL Services Inc., the company has taken advantage of the exemption in FRS 8 "Related parties disclosure" from disclosing transactions with other members of the group headed by AHL Services.