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Report & Accounts 1994

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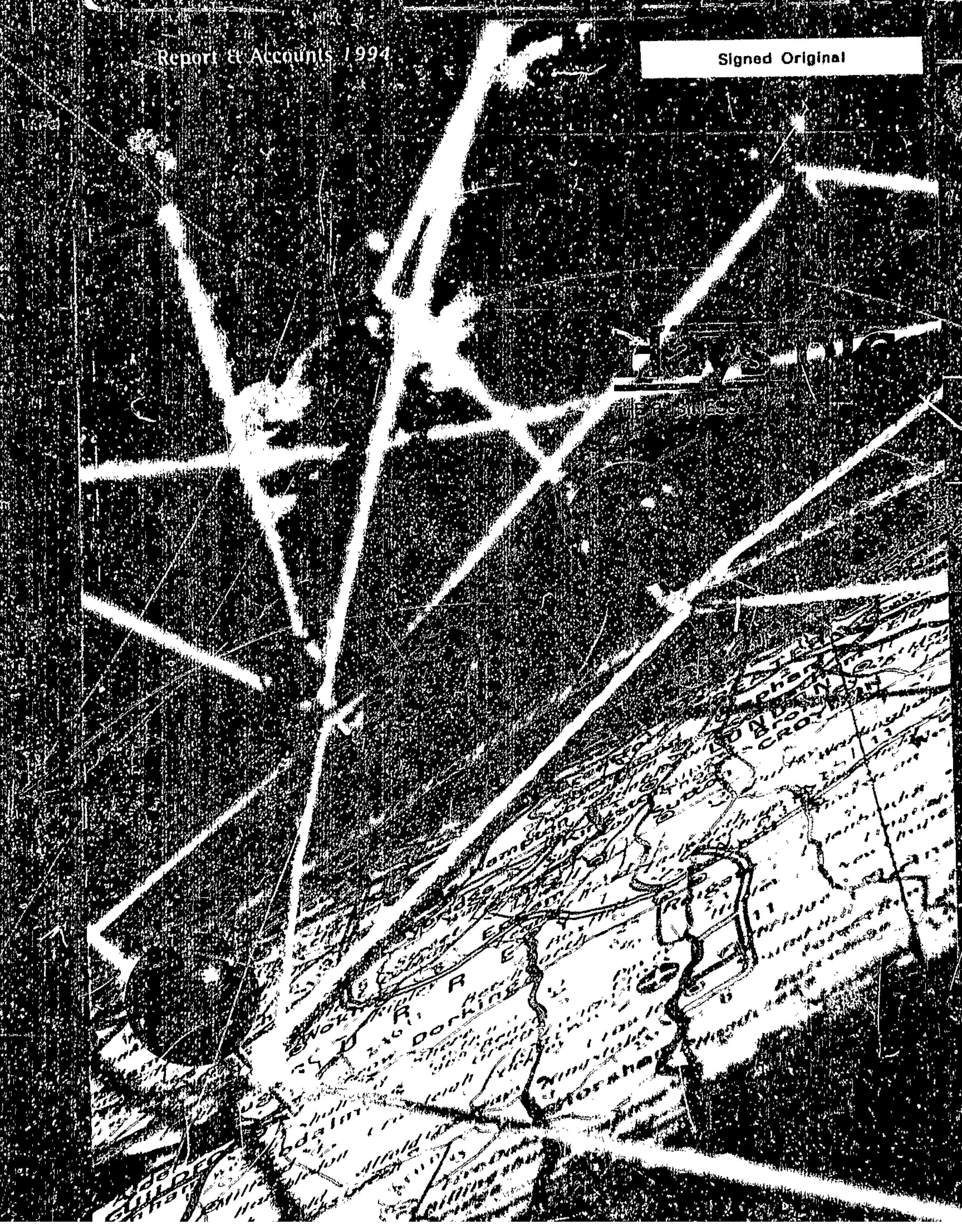

CONTENTS

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Hays provides business-to-business services 24 hours a day to industrial, commercial and professional customers under the three core activities - **Distribution, Commercial** and **Personnel** services.

Hays concentrates on activities which display most of the following characteristics:

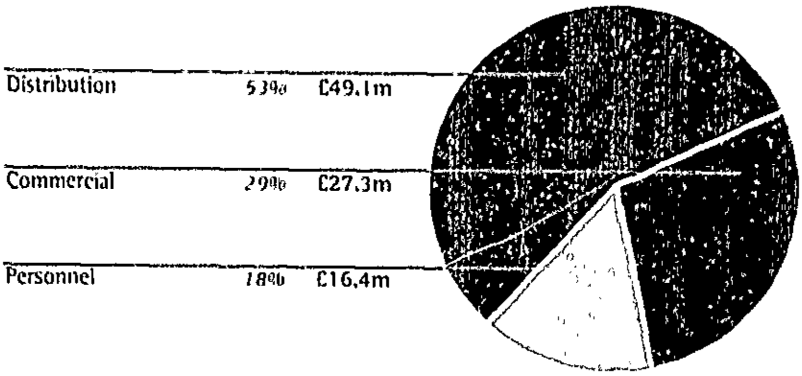
- Leading position in growth markets
- Provision of essential and added value services
- Repeat business
- Long standing customer relationships
- High quality customers
- Significant barriers to entry
- Advantages of scale
- Strong cash flow
- High return on capital

The Group, with over 50 Companies, employs 8,000 people at over 300 sites around the world.

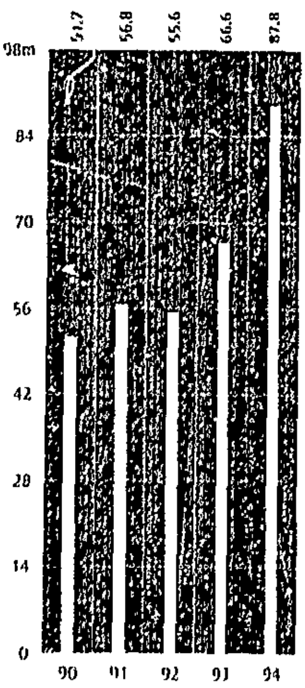
- Profit before tax up 32%
- Earnings per share up 28%
- Dividend up 15%
- Over £100m invested in acquisitions and capital expenditure
- Gearing well below 50% and interest covered more than 18 times by operating profit

	1994	1993	Increase
Distribution	£49.1m	£38.0m	+29%
Commercial	£27.3m	£24.2m	+13%
Personnel	£16.4m	£6.7m	+144%
Profit on disposal of discontinued operations	£0.1m	-	
PROFIT BEFORE INTEREST	£92.9m	£68.9m	+35%
Interest	£(5.1)m	£(2.3)m	+122%
PROFIT BEFORE TAXATION	£87.8m	£66.6m	+32%
NET CASH INFLOW (BEFORE INVESTING AND FINANCING ACTIVITIES)	£67.2m	£35.4m	+90%
EARNINGS PER ORDINARY SHARE	14.7p	11.5p	+28%
NET DIVIDEND PER ORDINARY SHARE	6.1p	5.3p	+15%

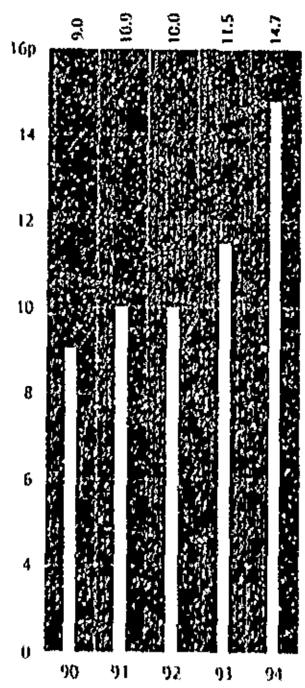
OPERATING PROFIT BY CORE ACTIVITY - 1994



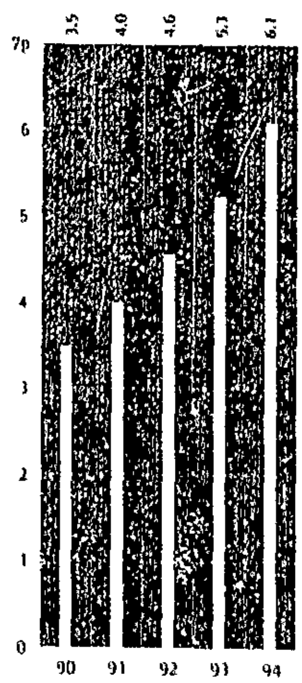
PROFIT BEFORE TAX
£m



EARNINGS PER ORDINARY SHARE
pence



NET DIVIDEND PER ORDINARY SHARE
pence



Looking to the Future ...
with confidence
based on

5 years of Success

1990 • *Hays floated on 26 October 1989 following a leveraged buy-out in November 1987.*

1991 • *Signing of 25 year contract with Waitrose for the construction and operation of a dedicated distribution centre to serve half their stores.*

• *Signing of a five year dedicated distribution contract with Scottish & Newcastle breweries.*

• *John Napier is appointed Group Managing Director, as the first step in a planned strengthening of the Board.*

1992 • *Acquisition of Rutland Exchange, in Scotland, extended Britdoc's exchange network throughout mainland Britain.*

• *Fril, a national distributor of chilled foods and dry goods in France, acquired as Hays' first major step onto the Continent financed by a successful £34.6m placing of new shares.*

• *First phase of Scottish & Newcastle dedicated distribution contract starts with 3 centres serving the off-trade.*

• *David Tibble appointed as Group Finance Director as the next step in the planned strengthening of the Board.*

1993 • *Acquisition of Mordhorst, a long established distribution company in Germany, consolidated Hays' leading position as a specialist distributor in the major economies of the European Community.*

• *Dennis Matthewman, Michael Proffitt and Mark Aldridge appointed as Directors to complete the strengthening of the Board.*

• *Divisional structure changed to shorten lines of communication with the Board.*

1994 • *Acquisition of Modus extended range of Personnel's expertise to the IT industry.*

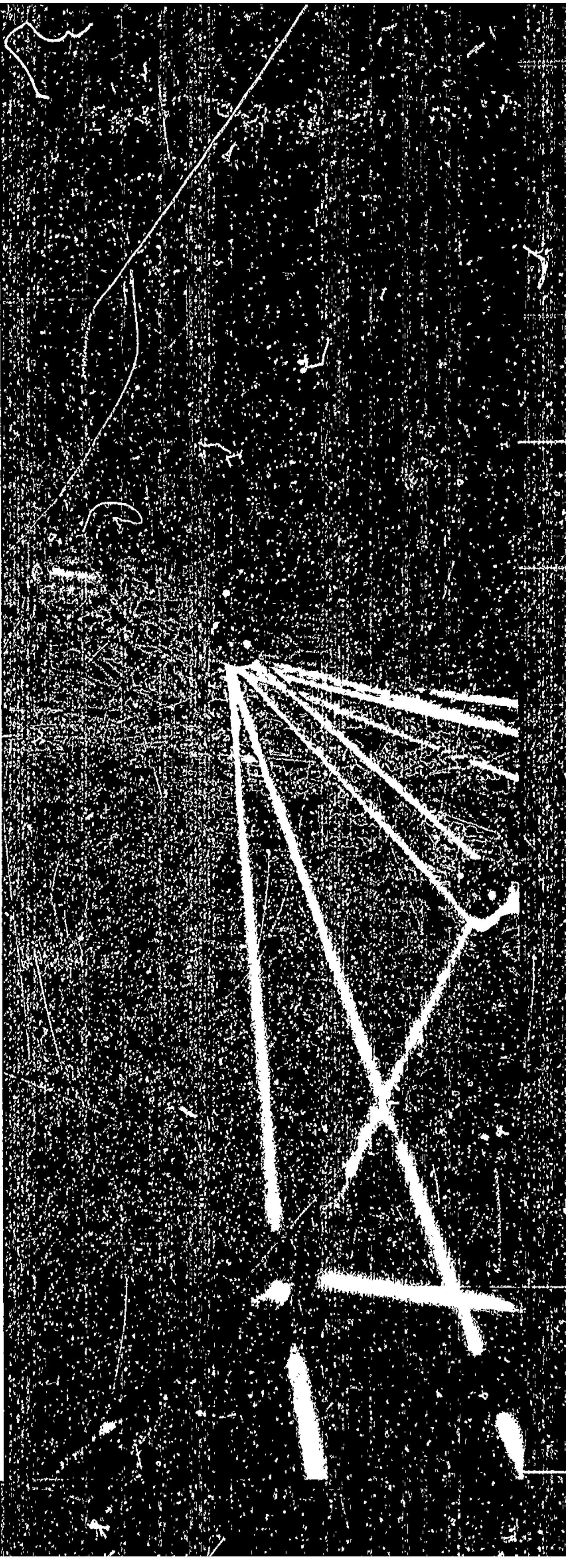
• *Acquisition of Rockall made Hays a world leader in records storage and management.*

• *Dedicated distribution centre serving Waitrose successfully opened and operating above all expectations.*

• *Mordhorst successfully extended the range of its operations to the eastern part of Germany.*

• *Rockall won major contract for storage of 600,000 items of Shell's oilfield related data*

• *Changed management structure and strengthened Board deliver anticipated gains in organic and developmental growth.*



The Group has increased profit before tax by 32% to

£87.8m

. Its sound financial position and strong ability to generate cash, allied to the strengths of the management team, will enable the Group to continue its vigorous growth as the main economies of Europe continue to improve.

Financial Highlights

The Group's profit before tax has increased by 32% to £87.8m. Earnings per share have grown from 11.5p to 14.7p, an increase of 28%. These increases have been gained against a background of slow but steady growth in the UK economy, while the economies of France and Germany, where the Group has major operations, are in earlier stages of recovery.

Continued rigorous control of working capital has allowed the Group to finance its capital expenditure programme and its acquisitions, totalling more than £100m, with only limited borrowings and to maintain the gearing ratio below 50%.

Dividends

On 31 May, 1994, an interim dividend of 1.95p per share (net) was paid. A final dividend of 4.15p per share (net) is proposed for the year to 30 June 1994 to be paid on 30 November 1994 to shareholders on the register at 3 November 1994. The total dividend for the year amounts to 6.1p per share (net), an increase of 15% This is in line with the Board's policy of providing shareholders with a steadily rising income, while meeting the reasonable needs of the business for its growth. The dividends are covered 2.4 times by earnings.

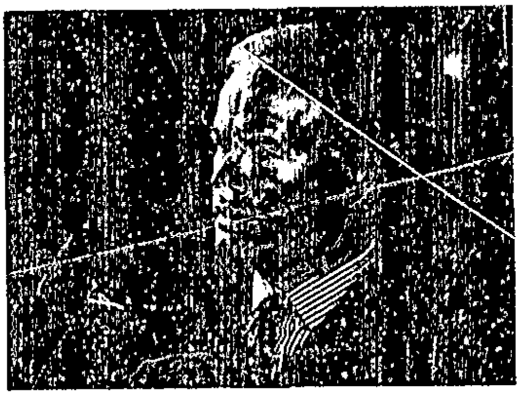
Acquisitions and Major Developments

The major development in the year was the acquisition of Rockall Scotia Resources Ltd on 8 April 1994. Rockall provides management and storage services principally for oilfield related data in the UK, Norway, USA, Holland and Germany. It has been successfully merged with our existing oilfield data business, Hays Energy, and the combined business is now the market leader in the UK. Rockall's overseas businesses take Hays Energy onto the world stage as one of the largest in its market.

On 10 December 1993 Hays Personnel acquired Modus Holdings Ltd, a recruitment consultancy specialising in temporary computer staff. Modus operations are complementary to Accountancy Personnel's and its business philosophy is very closely allied. The International Additives' acquisition, on 11 August 1993, of Feed Flavors Inc in the USA has expanded its product range and international coverage to make it the world market leader.

In my statement last year I mentioned the acquisition on 30 July 1993 of DataCartel Ltd, a company specialising in the storage of computer records. Its operations have now been successfully integrated with Hays Business Services' existing operations.

Ronnie Frost
Executive Chairman



During the year capital expenditure has increased by over 50% to more than £37m. In Distribution the major investment has been in new warehouses in Dagenham, South Paris and the eastern part of Germany. There has also been investment in expanding the Records Management facilities in London, Birmingham and Manchester.

Trading

The year has seen strong growth in the Group's operating profit. The Distribution activity's operating profit rose by 29% to £49.1m. Mordhorst, acquired in June 1993, performed above our expectations in very competitive trading conditions. Our other logistics business on the Continent, Fril, has increased profits substantially against the background of the recession in France. It has won a number of major new contracts with both food retailers and food manufacturers. In the UK both the Dedicated Distribution and Specialist Distribution Divisions have increased their profits. Network Distribution made especially strong progress as its investment in people, systems and facilities bore fruit. All have continued to develop organically and several exciting new contracts have been won with a total annual sales value of £20m. The Bulk Products Division of Chemical Distribution saw a decline in profits as the worldwide pressure on caustic soda prices continued throughout the year. Meanwhile both the Packaged Products and Specialist Chemicals Divisions increased their profits substantially with the Ingredients business showing particularly strong growth. The solvent recovery plant, operated by Hays Speichim, has overcome the problems, reported last year. It is now processing high value solvents and the plant is close to full capacity.

Operating profit rose by 13% in the Commercial core activity. Britdoc has continued to grow strongly, widening the range of its customers with particular success amongst Bankers, the Police and Law Courts. A recent development has been a contract with the Family Health Service Authority for the movement of patients' records and other documents between hospitals, health centres and GPs. Data Express and Rentacrate have both continued to experience strong competition but nonetheless increased their profits. Records Management Services has continued to perform well in difficult trading conditions and has been successful in expanding the range of its services and geographic coverage. The recent strengthening of the senior management has brought additional benefits to the business. The integration of Rockall, is proceeding according to plan and the prospects for the business are encouraging.

The Personnel activity's profits have increased by 144%. The continuing economic recovery in the UK and Australia has seen the demand for staff increase. Initially this was led by the placement of temporary staff but, in the last quarter of the year, a clear trend has developed indicating a swing towards permanent placements. Productivity has been well maintained during the resurgence of the business.

Balance Sheet and Cash Flow

The Group's balance sheet remains very healthy. During the year the Group generated £38m of free cash after capital expenditure and the payment of tax and dividends. £76m has been spent on acquisitions. Despite this, the gearing ratio is only 44% and interest is covered more than 18 times by operating profit.

Group Management and Staff

The previously announced strengthening of the Board and the senior management is producing the expected benefits, in particular in the development of new business. The staff who support them consistently show the high level of enthusiasm and commitment needed to drive forward the Group's development and growth in the competitive markets around the world, in which the Group operates.

On behalf of the Board and the shareholders I thank the men and women who give that commitment to the continuing improvement in the performance of Hays.

Prospects

It is too early in our new financial year to comment in detail on the Group's trading prospects for 1994-95. The steady improvement in the UK economy and the early signs of growth in France have to be balanced against the later start to the recovery in Germany. Even so, the outlook for the Group is good. Trading has started well and we continue to win new contracts. Our financial strength enables us to consider with confidence suitable acquisition prospects and other opportunities for development.

Ronnie Frost
Executive Chairman
19 September 1994

Ronnie Frost
Executive Chairman

John Napier
Group Managing Director

Graham Williams
Group Corporate Development Director

Mark Aldridge
Executive Director

Dennis Matthewman
Executive Director

Michael Proffitt
Executive Director

David Tibble
Group Finance Director

Peter Courtney
Non-Executive Director

Lionel Stammers
Non-Executive Director

A year
of continued growth building on
Hays'
traditional strengths

Major New Contracts

- Australian National Audit Office
- BEL
- Bosch/Siemens
- Bridgestone Tyres
- Brown & Root
- Bulmers
- Carrefour
- Caxton Tower Wine
- Coca-Cola Schweppes Beverages
- Dinette
- Douthwaite & Larchfield
- Family Health Services Authorities
- Felix Potin
- Forbo Nairn
- Habitat
- Hediard
- Henkel
- Iceland
- Marks & Spencer, France
- Monoprix
- Moonbridge
- Next
- Philips Consumer Electronics
- Promodes
- Qantas Airways
- Shell
- United Distillers
- Waitrose (frozen foods)
- Watson & Philip Retail
- W H Smith

New Services

- Crate Management for Aldi Supermarket chain
- Hays Partspeed
- Joint venture appointments service with Chartered Institute of Building
- Medimail mail services in the Health Sector

Acquisitions

- DataCartel Ltd
- Feed Flavors Inc
- Modus Holdings Ltd
- Rockall Scotia Resources Ltd

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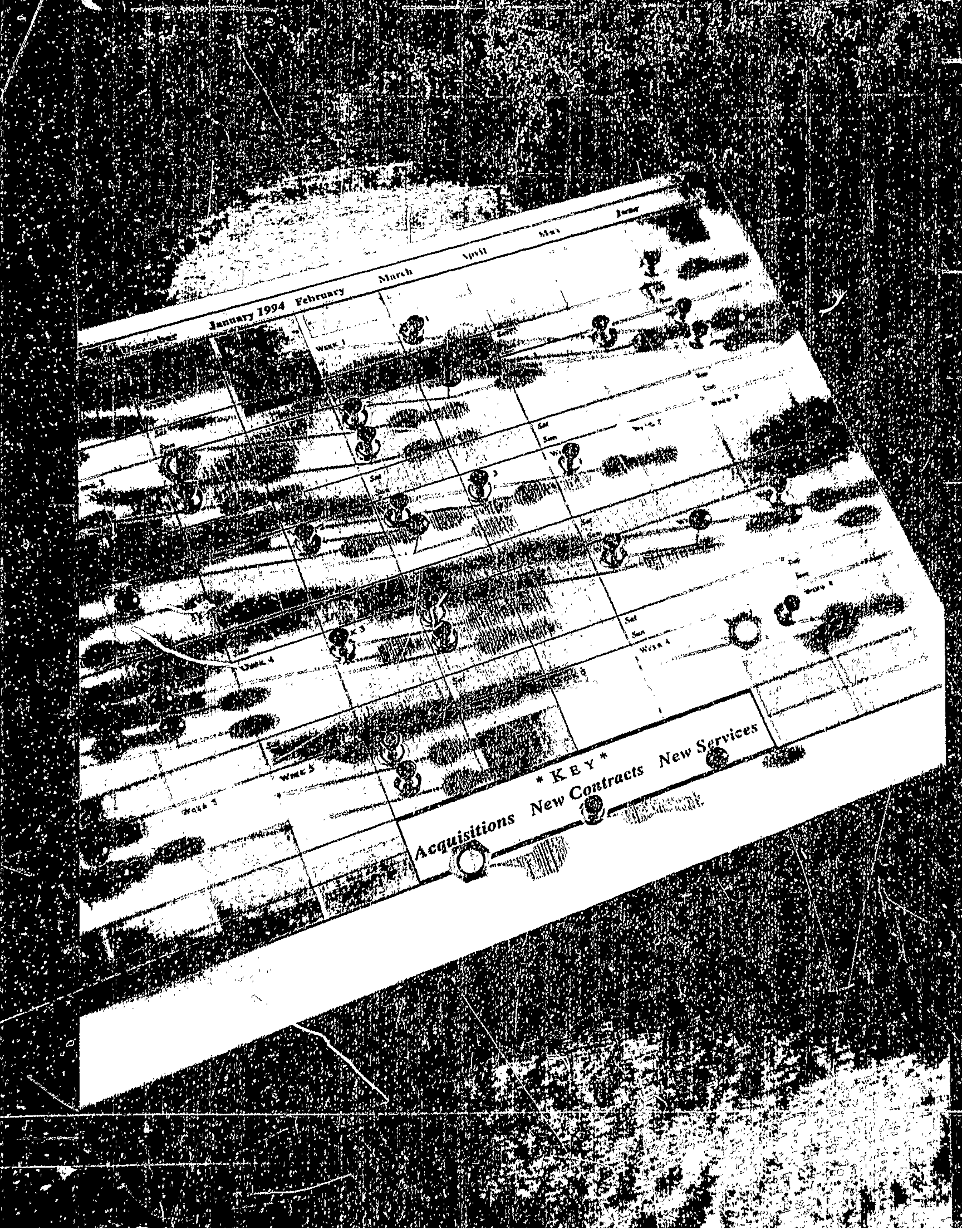
December
January 1994
February
March
April
May
June
* KEY *
Acquisitions
New Contracts
New Services

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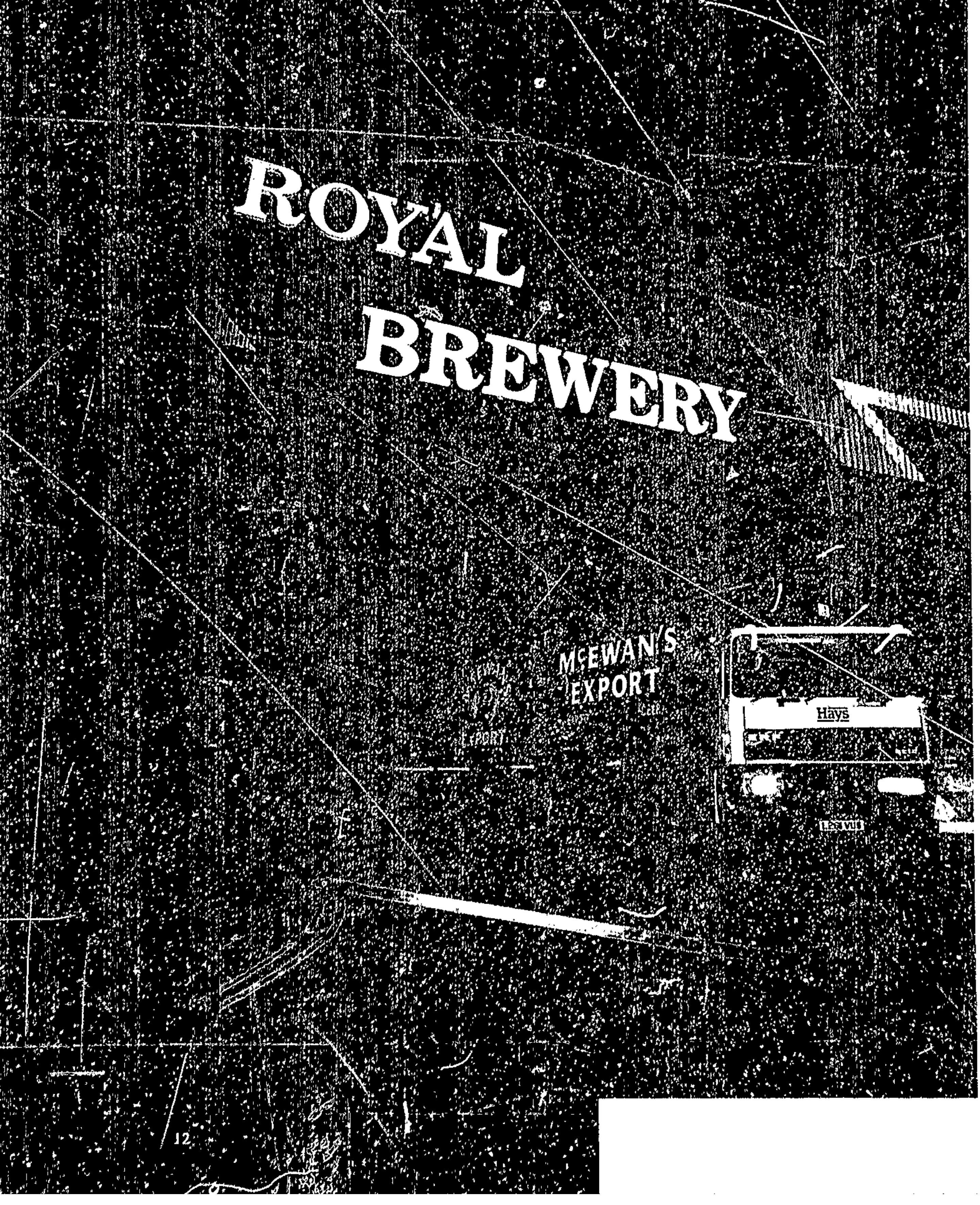
DISTRIBUTION



Hays Distribution Services

Hays Specialist Distribution

Hays Network Distribution

Hays Fril

Hays Mordhorst

Bulk Chemical Distribution

Packaged Chemical Distribution

Specialist Chemicals

Distribution is the largest of Hays three core activities comprising *8* operating divisions

The year has been one of strong growth, with operating profit up by 29%, led by increased sales and new business in Logistics both in the UK and overseas. Chemical Distribution also made good progress but found world market conditions difficult for some products. The Logistics businesses on the Continent have moved forward strongly and the contribution from Mordhorst, in Germany, during its first full year has been particularly pleasing.

Hays Distribution Services
made substantial progress in all areas of its operations and delivered significantly improved profits. The composite depot at Brinklow, serving Waitrose, is now fully established and performing ahead of expectations. A further development with this customer has been the award of a three year contract for the distribution of all their frozen foods.

The contract for the Tesco composite depot at Snodland has been renewed for a further five years and the operation continues to perform to very high standards.

The Scottish & Newcastle operation is being developed on a joint basis to offer national distribution services to new customers such as British Sugar, Iceland and Bulmers, increasing volume and reducing unit costs.

Further investment in marketing and business development has gained new contracts during the year, including a three year national distribution contract with Philips Consumer Electronics, a five year contract with Bridgestone Tyres, and a contract to operate two warehouses, serving Watson & Phillip Ltd's convenience stores, which number over three hundred. Moreover at the Theale depot, formerly used for the Waitrose business, good progress has been made in establishing a business, consolidating consignments of chilled foods. Further significant expansion is planned for the coming year.

Hays Specialist Distribution
had another successful year with an improved performance. It gained new contracts and continues to develop the range of services provided.

Retail Support Services showed a substantial increase in profit over the previous year, expanding its existing business as well as embarking on a number of new contracts with, amongst others, W H Smith and, in France, Marks & Spencer. Additional project work was carried out for the Burton Group.

Retail & Home Delivery made further progress despite the depressed level of furniture sales. It won new contracts, including agreements to deliver and install vending machines for Coca-Cola Schweppes Beverages, and to deliver furniture on behalf of Southlands, Intro Europe, Dinette and Habitat.

Moving continued to make progress in a sluggish market, particularly for commercial business.

Hays Distribution Services
[illegible] Newcastle [illegible] Hays [illegible] specialised delivery service [illegible] manage the entire [illegible] including product procurement [illegible] order collection, storage, order picking and customised data reports. The business has 1.2 million square feet of modern warehousing and a fleet of 405 vehicles which handle [illegible] million cases annually. Both the warehouses and the vehicles are capable of handling product at temperatures ranging from ambient to -25°C. The service is provided 24 hours a day, seven days a week throughout the year.

Hays Specialist Distribution (trading as Bucks & Abels)

Retail Support Services provides warehousing and distribution of non merchandised material for retailers, manufacturers and commercial organisations.

Retail & Home Delivery [illegible] throughout Great Britain and the USA.

Moving [illegible] the Royal Warrant [illegible] commercial and [illegible]

Hays Network Distribution
the multi-user distribution arm of Hays, provides specialist storage and distribution facilities to manufacturers, retailers and international traders from its [illegible] acre [illegible] Dagenham site and through its network of [illegible] square feet of bonded storage strategically located throughout Great Britain. It also provides short sea and coastal distribution together with ancillary services.

Hays Fril
based in France, is a national distributor of chilled foods and dry goods on behalf of major manufacturers and retailers. [illegible] square feet and has a fleet of [illegible] vehicles. A real time computer system [illegible] all aspects of the [illegible] Customers include retailers Carrefour and Monoprix and food manufacturers Nestle and Danone.

Hays Home Delivery Services Inc, in the USA, further increased both turnover and profit. It has become firmly established in the three years since it started and during the year gained additional business with Sears and other retailers.

Hays Network Distribution
had an excellent year in which profit increased significantly as it built on the foundation provided by the reorganisation and the changes in management, which were reported last year.

The storage and distribution business at Dagenham was successful in winning new business as it developed specialist repackaging services as well as its traditional storage business.

Work is well under way on building a new £8.5m "multi-user warehouse" to replace existing facilities at Dagenham, which are to be demolished as part of the Department of Transport's scheme to improve the A13. The new warehouse will increase overall capacity by 20%. The site, with its important rail links with the Continent via the Channel Tunnel, its proximity to the A13 development and easy access to central London, is a key location for future development.

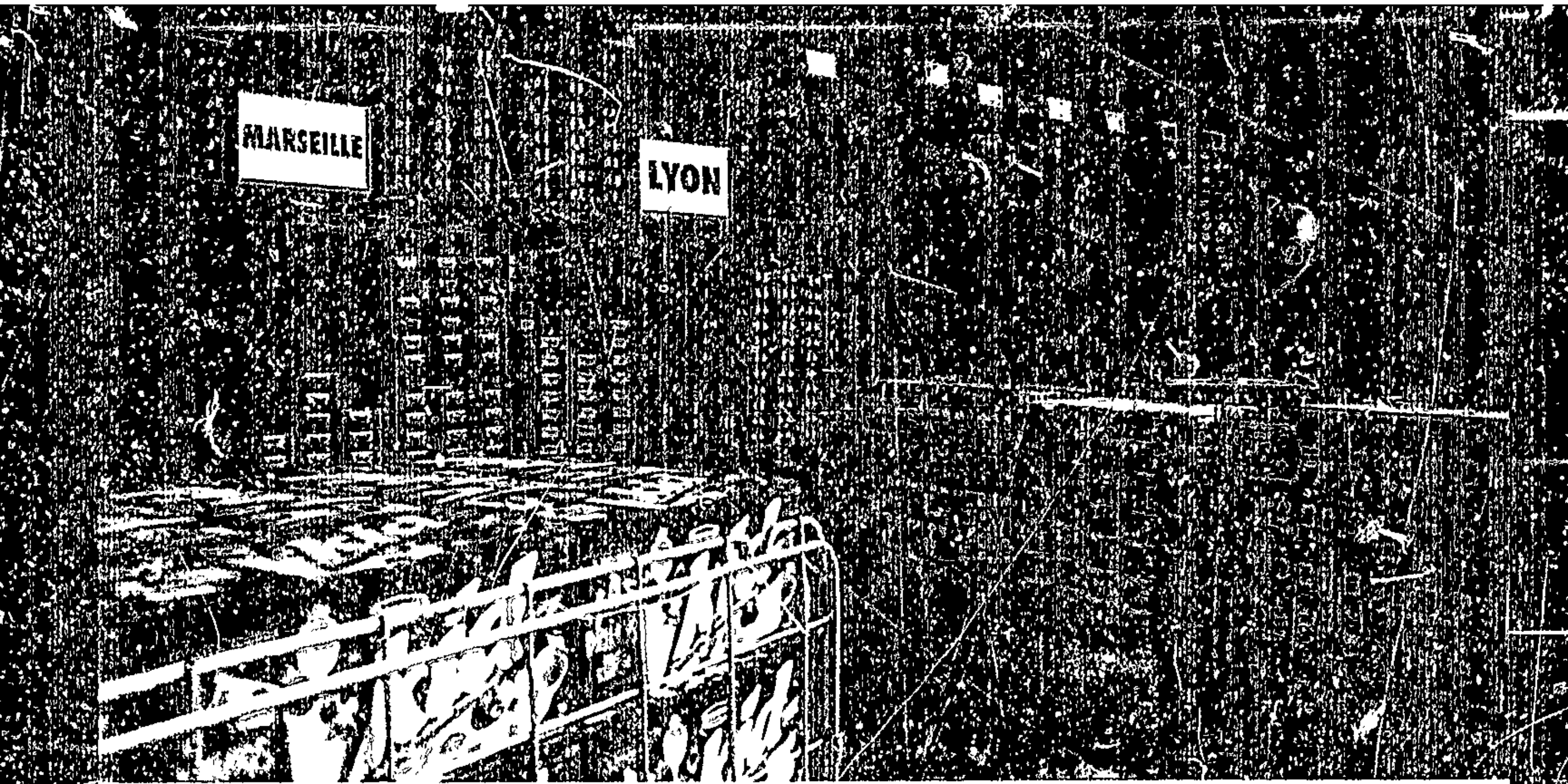
The National Network of bonded and duty paid warehouses, which distributes wines & spirits and other consumer goods, finished the year strongly, winning valuable business from United Distillers Europe, Compaq and Moonbridge. In addition it won further work with the rapidly expanding Matthew Clark Group.

The Marine operations achieved a major improvement in their profits. There was a particularly strong performance in both the oil tanker and dry cargo fleets. The smaller ancillary marine businesses had mixed results with the shipyard, which had fallen into loss, being closed.

Hays Fril
achieved a substantial increase in profits over the previous year.

As well as expanding its existing operations, it won a number of important new contracts. For retailers, these included an agreement to distribute chilled and fresh products on behalf of Monoprix to around 50 shops in the Paris area, a contract with Felix Potin for the storage and order picking of chilled and dry goods, and a contract to run a dedicated warehouse on behalf of Hediard for groceries, wines & spirits.

In addition new distribution contracts were signed with food manufacturers, including a three year agreement with Bel, a leading producer of cheese. To handle this new work a multi-temperature warehouse covering 200,000 square feet is being built in South Paris at a cost of over £10 m and existing warehouses in North Paris, Lyon and Marseilles are being significantly increased in size.

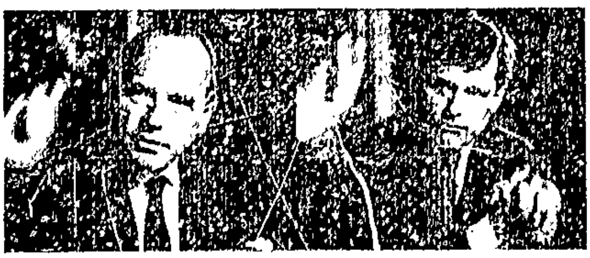


Jerry Austen-Smith

Ray Gudge

Edward Roderick

Hermann Rathert



Charles Henri Lebriseux

Didier Lochen

The increase of 29%
in the profits
of the
core activity is a
good overall performance

Hays Mordhorst [illegible]

Bulk Chemical Distribution [illegible]

Packaged Chemical Distribution [illegible]

Specialist Chemicals

Hays Ingredients [illegible]

Hays Colours [illegible]

Water Treatment [illegible]

Hays Sprichem UK [illegible]

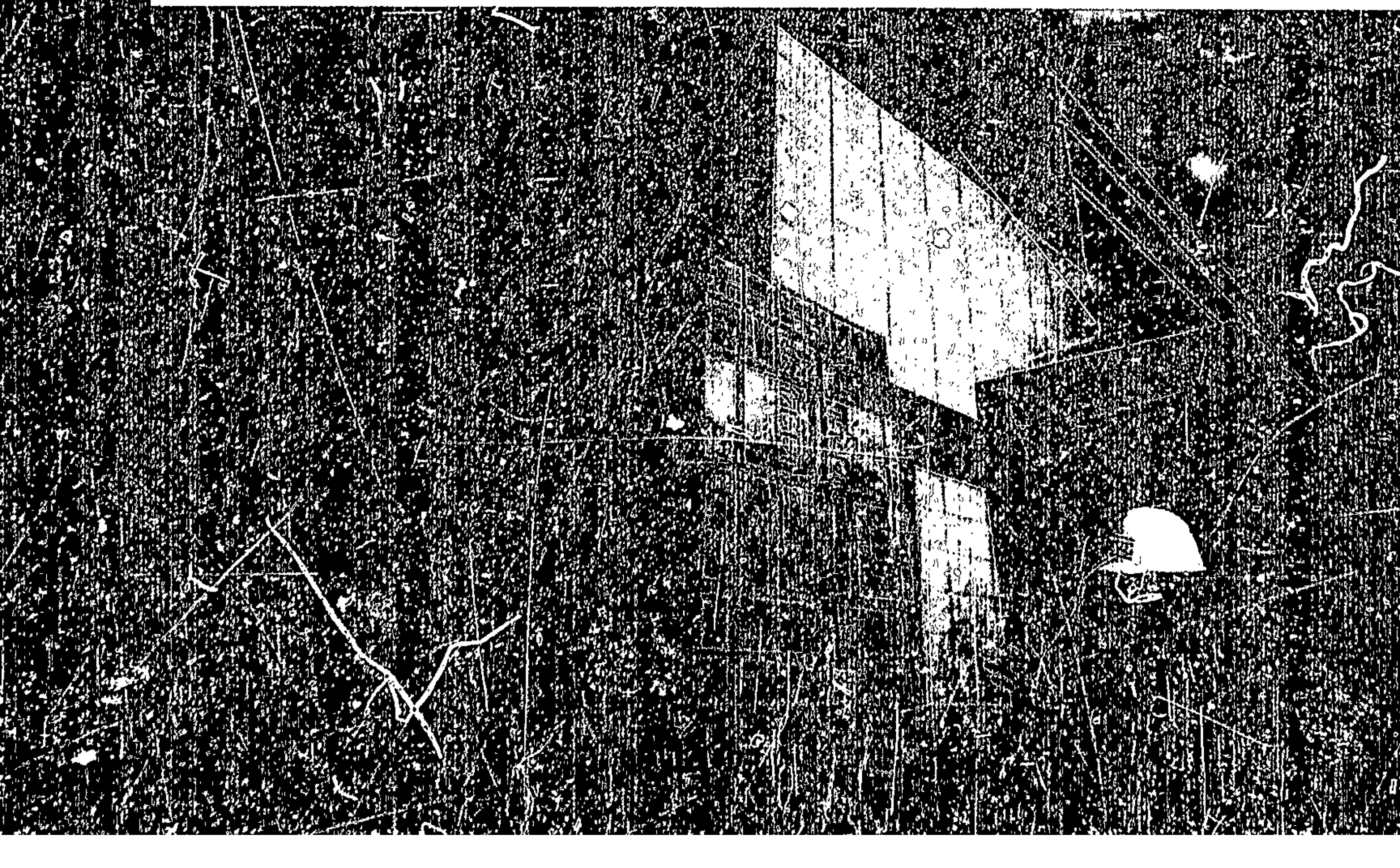
Blacksmith Chemical Services [illegible]

The Division's computer arm, Fril Computer Systems, signed a contract with Promodes, a major retailer, to provide a computer system controlling the JIT operation necessary for chilled product procurement. Initially the system will be operational in 500 shops and cover the fresh fish range.

Hays Mordhorst

performed above expectations in its first full year within the Group despite the recession in Germany. The recession, combined with the deregulation of the transport industry, has created a particularly competitive market with frequent price discounting. Mordhorst has maintained its position by successful business growth and development, with increased sales offsetting a decline in margins. Significant new business was won including Bosch/Siemens in white and brown goods and Henkel in detergents, both leading companies.

In addition, with the support and co-operation of the existing customers, new warehouse developments were opened in the eastern part of the country at Eisleben and Stavenhagen. The general effects of recession have led manufacturers and retailers to review their distribution operations. There is an increasing



trend to "outsourcing" as has already occurred in the UK and France. As a result, a number of long term developments, particularly in the retail sector, are under discussion. Because of their scale they will, however, take time to reach fruition. They form part of Hays longer term strategy for development in Europe.

Bulk Chemical Distribution

was adversely affected by the fall in the world price of caustic soda. This was off-set by excellent progress in further reducing costs and improving volumes and market share. As the year ended there was a sharp increase in world prices with evidence that it would be sustained. The benefit will start to be seen in the next financial year.

Packaged Chemical Distribution

continued to advance strongly and enjoyed another excellent year, with sales and profits at an all time high. The Division further increased its market share, winning several new contracts, in addition to the substantial one with Shell Chemicals, announced last year, for the distribution of solvents.

It continues to invest in its depot network and in improving its standards of service. BS5750 has now been achieved throughout the Division, which is well placed to maintain its performance.

Nigel Wood

Divisional Managing Director
Bulk Chemical Distribution

Ken Hough

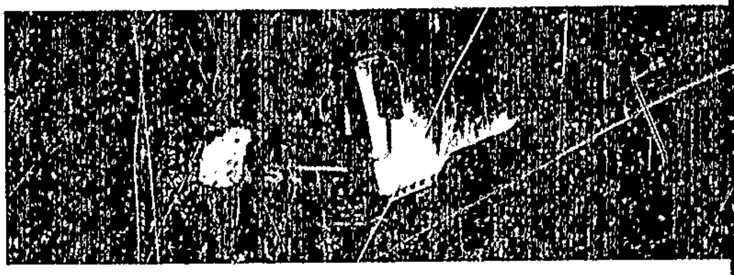
Divisional Managing Director
Packaged Chemical Distribution

Mike Coop

Divisional Managing Director
Specialist Chemicals

Specialist Chemicals,

operating in varying market conditions, improved the profits of all its businesses



Hays Ingredients made excellent progress extending its worldwide leadership in animal feed flavours. The Talin business in the UK has been relocated. Feed Flavors Inc, purchased in August 1993, has fully lived up to expectations. All the acquisitions have been integrated into a unified world business.

Hays Colours continued its excellent progress of the previous year and is currently constructing a new liquid dyestuffs plant at Halifax in order to meet increased demand.

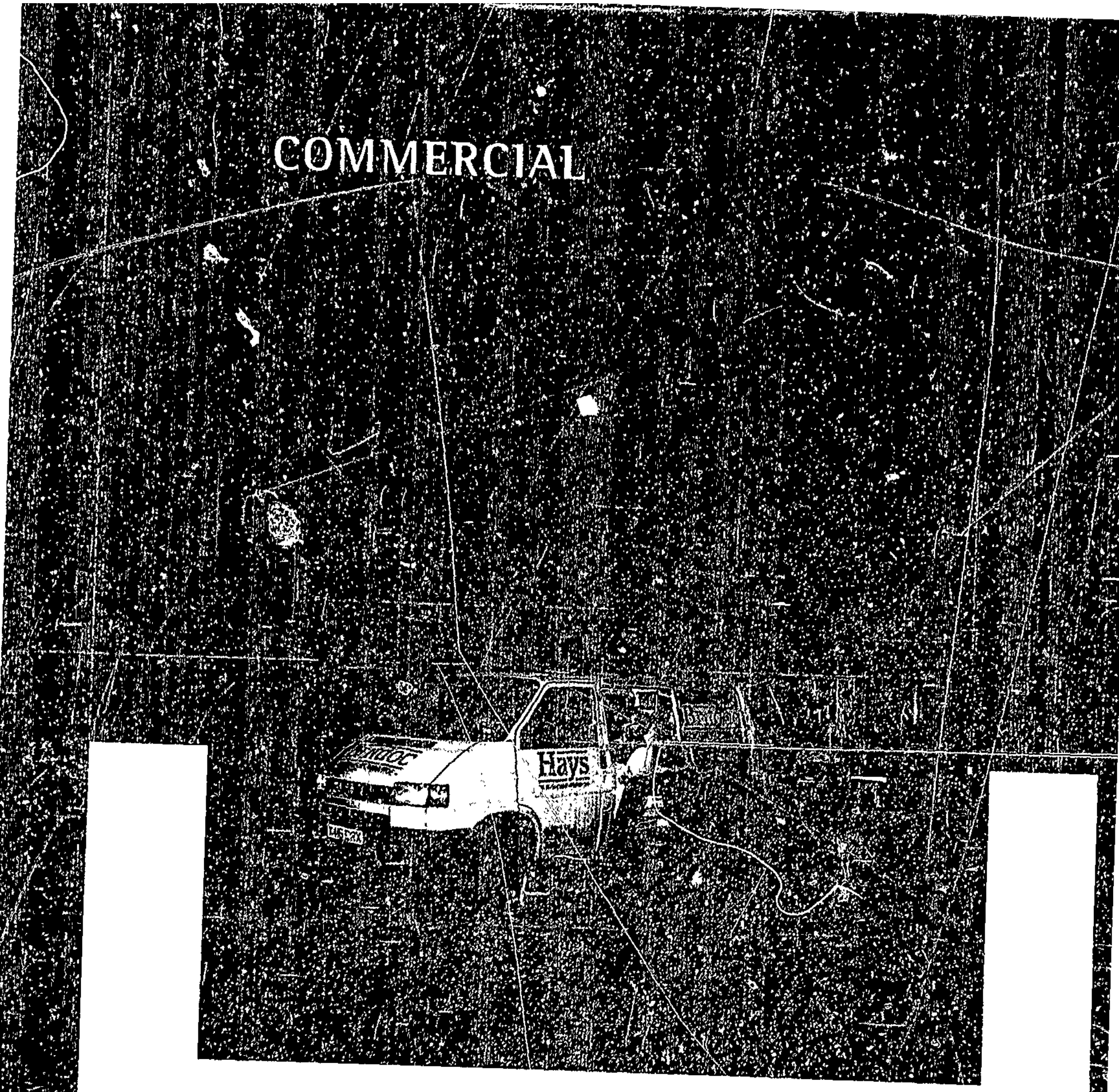
Sulphur maintained sales levels, despite the depressed state of the tyre industry, to which it is a major supplier.

Water Treatment had a year of strong growth and now supplies 9 of the country's 10 major water companies with products for the treatment of drinking water.

Hays Speichim put its technical problems behind it and developed strongly, gaining a three year contract from ICI. It is now working close to capacity and handling products of high "added value".

Blacksmith Chemical Services had a challenging year maintaining its market leadership, despite a higher rate of change in its customer base.

COMMERCIAL



Mail Services

Parcels and General Services

Hays Business Services

Hays *Commercial activity provides office support services to the commercial and professional sectors*

Mail Services

Britdoc operates the [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] Government [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] working day with [illegible] [illegible] [illegible] [illegible] documents to pass through the system in the coming year. [illegible] its [illegible] members [illegible] its network of more than [illegible] document exchange centres throughout Great Britain and recently Northern Ireland. [illegible] a service designed for the legal profession. Customers now include Barclays Bank, Clydesdale Bank, Bank of Scotland, The Royal Bank of Scotland and Midland Bank. Other new areas in which Britdoc is expanding are the insurance and healthcare markets. Approximately 50% of Britdoc customers are drawn from financial services, government, police, media, accountants and estate agencies.

Francedoc's [illegible] [illegible] [illegible] and Marseille [illegible] [illegible] be expanded [illegible] [illegible] to meet demand.

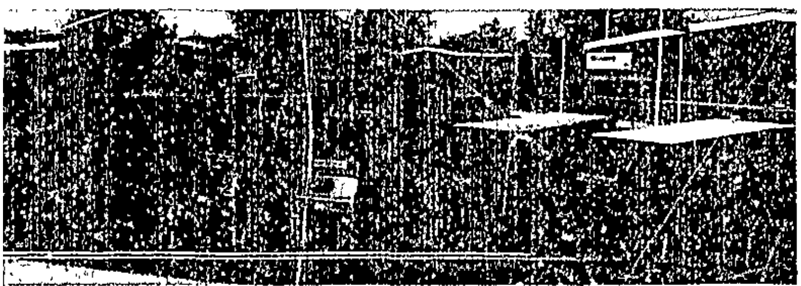
Beldoc in Belgium [illegible] the major commercial centres [illegible] the insurance industry. [illegible] recent research work it is being expanded into the legal and [illegible] sectors.

Parcels and General Services

Data Express provides a nationwide overnight parcels delivery service. Over 200 vehicles operate from 18 depots located strategically between Plymouth and Dundee. The company has an excellent record for secure and damage-free delivery of sensitive product. In one week, Data Express normally delivers 80,000 parcels to businesses throughout the UK all on a next-day basis. Data Express serves specific niche markets, including information technology and related electronic sectors, cinemas and retailers, and works to BS 5750 standards. Data Express works closely with [illegible] [illegible] the [illegible] distribution [illegible] of the Hays Group. The services that each company offers complement other group activities and several [illegible] ventures have been established.

Hays Partspeed, a joint venture between Data Express and Britdoc, was set up to provide a spares distribution service for electronic and computer engineers, central heating technicians, vehicle mechanics etc. anyone in fact who requires spare parts at short notice. Using the combined networks, field based personnel receive their urgent packages at any one of 2,500 locations by 9.00am the following day - guaranteed. A unique "returns service" is also available.

Rentacrate is the market leader in container hire to offices, retailers and the removals industry. It normally has over 180,000 crates on hire at any one time. The company also advises on and supplies ancillary equipment and develops new products in response to demand. Customers include the major



The profits of the Commercial activity increased by 13% during the year. The continued and very strong growth of Britdoc was offset by a small decrease in the profits of Hays Business Services. The acquisition of Rockall Scotia Resources Ltd further strengthened our market position in records management and oilfield related data services.

Mail Services

continued to expand vigorously. In Great Britain it now has 2,500 exchanges and more than 26,000 members. There was good growth in mail volumes from existing customers, mainly in the legal and financial services sectors, with evidence of some acceleration in the rate of growth during the last quarter. Major investment was made in business development, sales and operational management enabling Britdoc to accelerate both its growth and its moves into other market sectors. Early developments with the British Transport Police and the Strathclyde Police have now been extended to 12 of the 52 police authorities in the UK. There is potential for further expansion. A service to the Health Sector, Medimail, has been launched and is under development, with promising early results. An important contract has been won with the Family Health Services Authorities for the transfer of patients' records on a national basis. In September 1994 Britdoc expanded its operations to include Northern Ireland.

On the continent there was further success in the development of operations in France and Belgium. In France the company is already strong in the insurance industry and has opened new exchanges in Marseille, Lyon, Lille and Bordeaux. The sales management was strengthened during the year. In Belgium volumes have grown significantly.

Parcels and General Services

was successful in increasing its profits under difficult market conditions.

Data Express, our overnight parcels operation, did well, in an industry suffering from the problems of over capacity, to add to the profits of the previous year. It had to contend with a higher rate of change in its customers as it sought to maintain margins by marketing the quality of its service rather than low prices.

Hays Partspeed, which uses the combined facilities of Data Express and Britdoc to distribute spare parts to field service engineers, was launched in September 1993. It has attracted wide attention and is developing successfully.

Rentacrate's turnover and profit improved with evidence of a small increase in the level of office

[illegible]

Hays Business Services

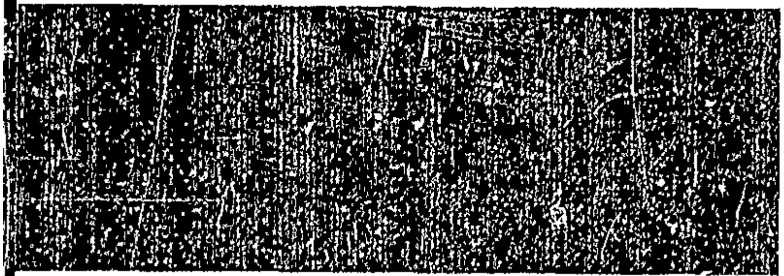
Records Management Services [illegible] from a wide variety [illegible] complete [illegible] document storage with a computer [illegible] network to customer retrieval [illegible] from each location.

Energy Services provides specialist data storage and retrieval management services to the international oil and gas industry operating from [illegible] sites in the UK. There are subsidiary companies in [illegible]

Citidata [illegible] storage and management [illegible] are stored in the [illegible] year there are [illegible] movements between customers and [illegible]

Hays Business Services SA based in Brussels offers document storage, records management and crate hire services.

relocations. During the year it launched a crate management service for the Aldi supermarket chain, the returnable plastic crates being used by Aldi's suppliers for the packing and delivery of fruit and vegetables.



Hays Business Services

specialises in the storage and retrieval of business records, and comprises three separate businesses.

The Records Management business continued to reposition itself to accommodate the changing nature of its customers' demands. Considerable empty office space in central London has had some impact on prices and volumes. The switch from private space facilities dedicated to individual customers to computer based service for the management and retrieval of records continued throughout the year. The Division has accelerated its investment in the computerisation of its retrieval systems and services. It has widened its geographic spread with the opening of new facilities in Birmingham and has expanded the existing facility in Manchester. In addition it has developed a new remote storage facility at Otterham in Kent aimed at those records to which customers require access only infrequently. The costs associated with these developments, which should be completed by the end of 1994, have had a short term effect on profit.

Energy Services maintained its good progress. The decision to expand facilities in Aberdeen has proved beneficial as the move away from London by the oil exploration industry has continued.

Citidata, involved in the management of magnetic media records, improved its results. The integration of DataCartel, purchased at the beginning of the previous year, was successfully completed. DataCartel is located in Heston and provides improved standards of service to customers west of Heathrow.

On 8 April 1994 Rockall Scotia Resources Ltd was acquired together with its subsidiaries in the UK, USA and Northern Europe. This has significantly expanded the UK base of all the above businesses and added overseas operations in the USA and Europe to service the international oil industry. Furthermore it has given the Records Management business additional services to offer to a wider range of customers in the Health and other Governmental sectors. As well as these market benefits there are significant benefits to come from the full integration of Rockall which will start to flow in the new financial year. Shortly after its acquisition by Hays, Rockall gained an important contract with Shell to house over

Henry Seymour

Divisional Managing Director
Mail Services

Colin Lewis

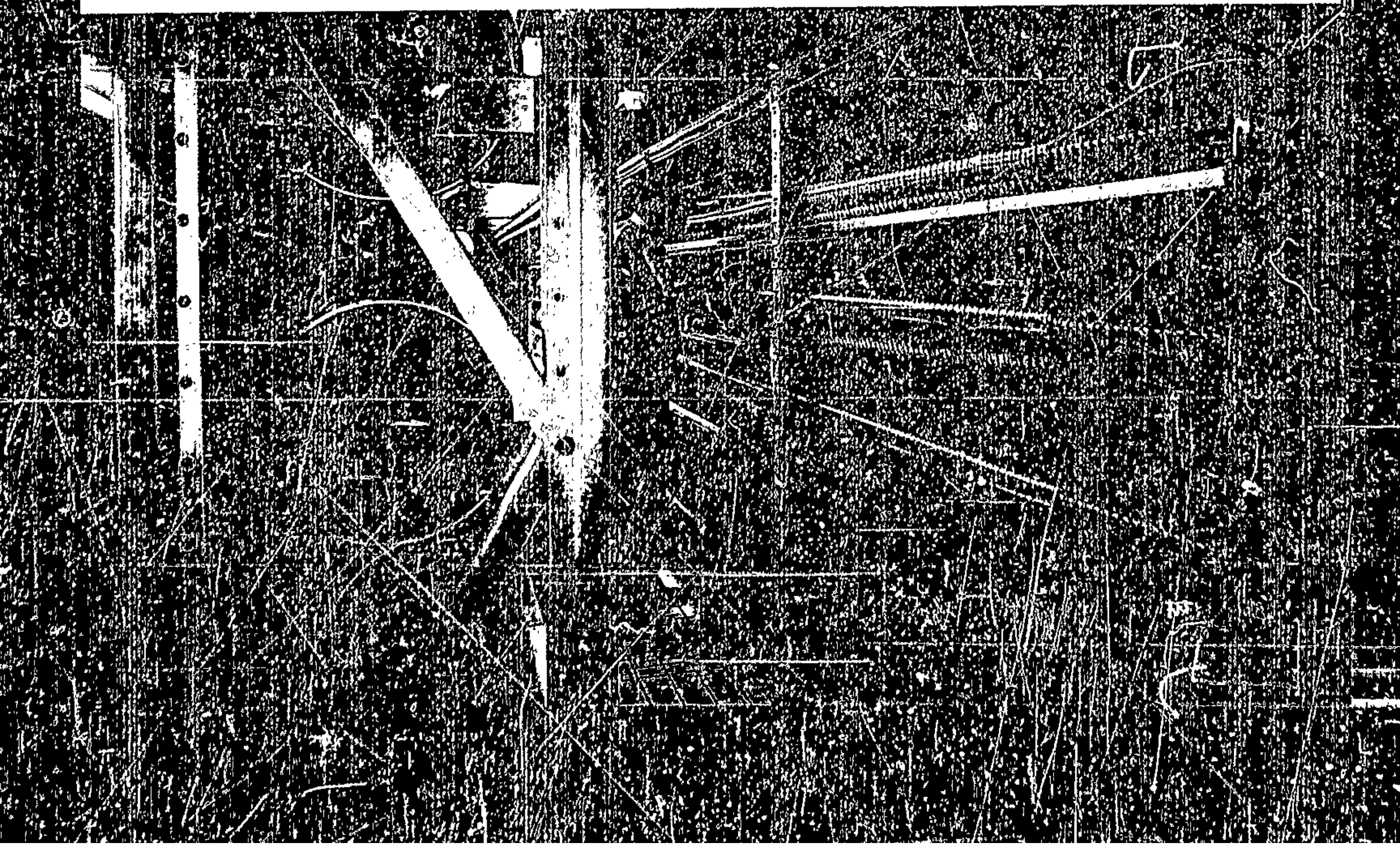
Divisional Managing Director
Parcels and General Services

Brian Fuller

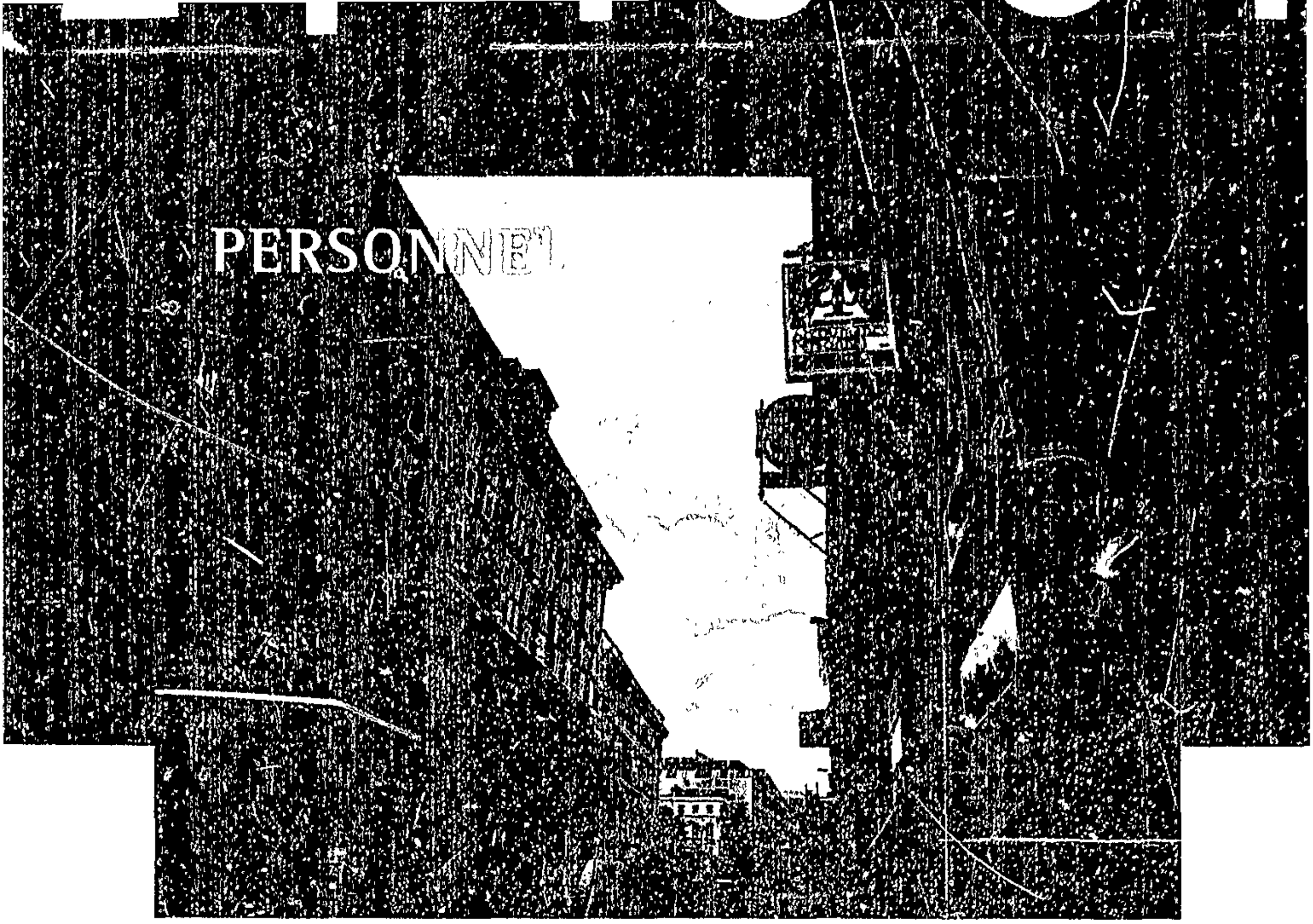
Divisional Managing Director
Hays Business Services

600,000 items in its store in Sittingbourne, Kent thereby demonstrating the attraction of the new grouping to the market place.

The acquisition of Rockall was supported by a management group which included Brian Fuller, who took over as Divisional Managing Director in March. His appointment together with other senior appointments has strengthened the management team to ensure that all benefits from the acquisition will be fully realised.



PERSONNEL



Accountancy Personnel

Banking Personnel

Hays IT Services

Montrose Technical Recruitment

Accountancy Placements Pty

Hays
Personnel Services

operates a national network of specialist recruitment agencies in the UK and Australia.

Hays Personnel Services, which trades from 146 branches worldwide, started to recover in the second half of the last financial year. The upturn has continued throughout the current year, with profits increasing by 144 [illegible].

The recovery has been led by temporary placements, and has benefited all operations. The strategy of investing, in anticipation of the upturn, to improve both management skills and operating systems has been fully vindicated by improvements in profits and margins. During the year the range of [illegible] was widened through the introduction of an agency specialising in the provision of temporary computer staff.

In the last quarter of the year there has been a pleasing increase in the number of permanent placements made, which indicates a continuation and strengthening of the recovery.

Accountancy Personnel, the UK market leader, saw a strong increase in both demand and profits at all of its [illegible] branches throughout the country. Growth was particularly strong in the [illegible] and South East regions.

The investment in the new computer system which now covers the whole branch network has enabled the [illegible] increase in activity to be

Accountancy Personnel is the UK's largest accountancy recruitment consultancy with a nationwide network of 130 offices. AP fills permanent and temporary posts for customers in a variety of commercial fields and accountancy firms of all sizes. It also publishes biannually an authoritative guide to salaries and benefits, the 'Guide to Salaries in Accountancy'. AP is active in offering guidance to both employees and employers. It conducts roadshows where accountants can obtain advice on national and international opportunities and on trends in the profession. AP also organises a number of careers fairs each year. These enable young qualified and part qualified accountants to meet with representatives from leading employers.

Banking Personnel extends AP's expertise to serve the banking, securities and investment houses in the City.

Hays IT Services, a specialist IT recruitment consultancy providing contract and permanent recruitment services throughout the UK.

Montrose Technical Recruitment is the largest specialist technical recruitment agency in the UK providing technical and professional staff for the construction industry. Its areas of expertise are in construction & building services and architectural & surveying appointments. The business has the largest customer base of any technical recruitment agency in this sector and is a leading authority on salary levels and employment trends.

Accountancy Placements Pty in Australia operates similarly to Accountancy Personnel in the UK and is the largest accountancy recruitment consultancy in the country, operating from 15 offices. It also provides banking and senior secretarial staff.

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efficiently handled with only a small increase in staff and simultaneously a sustained improvement in margins to be achieved.

Banking Personnel produced buoyant results and developed a new operation, which serves the securities and investment houses in the City and has made good progress.

Hays IT Services was formed with the acquisit   , in December 1993, of Modus Holdings, one of the leading specialists in the recruitment of IT staff. It has traded well ahead of expectations, and has taken advantage of the opportunities *provided by both the branch network and the* customer base of Accountancy Personnel.

Montrose Technical Recruitment continued its very strong growth and has further strengthened its position as the dominant recruitment agency serving the building industry. The year saw an expansion of the national network to 17 offices. An important new appointments service has been launched on a joint venture basis with the *Chartered Institute of Building as part of the* strategy of building long-term relationships with local authorities and major contractors.

Accountancy Placements Pty, in Australia, continued the strong growth first in evidence at the end of last year. Trading conditions have remained buoyant into the new financial year. *A new office was opened in Canberra, bringing the* total to 15, and agreements were signed with *Qantas Airways and the Australian National Audit* Office for the supply of staff.

Denis Waxman
Divisional Managing Director
Hays Personnel Services

Leigh McMaster
Director
Accountancy Personnel

Robert Smith
Managing Director
Montrose Technical Recruitment

Ronnie Frost
58, Executive Chairman
Member of the audit and remuneration committees. Joined the Hays Group in 1981 when it purchased Farmhouse Securities, whose business was founded by him in 1965. He was immediately appointed Chief Executive of the Distribution Division and in 1983 became Chief Executive and Managing Director of the Group. In November 1987 he led the Buyout of the Group from the KIO and then in October 1989 the Group's Flotation. He was appointed Chairman of the Company in September 1989. He is a non-executive director of Dairy Crest Ltd.

John Napier
52, Group Managing Director
Joined the Hays Group in January 1991. He was for four years Chief Executive of AGB plc, a leading international market research and information services company. Before joining AGB plc he had been a main board director for ten years of James Hardie Industries, a major Australian public company.

Mark Aldridge
44, Executive Director
Was appointed as an Executive Director of Hays plc in April 1993. Before joining Hays he was Chief Executive of Initial Contract Services, the Cleaning Services Division of BET and was a member of the group management board. He was previously Managing Director of Biffa Waste Services prior to its successful disposal by BET.

Dennis Matthewman
55, Executive Director
Appointed Executive Director of Hays plc in December 1992. Prior to that he was Managing Director of the Chemical Distribution Division, a post he held since 1984. He was Managing Director of Leather's Chemicals when it was acquired by Hays in 1983.

Michael Proffitt
46, Executive Director
Appointed Executive Director of Hays plc in December 1992. He joined Hays from Ocean Group plc where he was Chief Executive of their contract distribution and warehousing services business, McGregor Cory. Prior to that he was Chief Executive of Cory Vehicle Services and earlier posts include directorships of Cory Oil, Cory Gases and Fuel Supplies (CI).

David Tibble
42, Group Finance Director
Is a qualified accountant and joined the Hays Group in 1992. He was for two years Head of Financial Control of BTR plc, a major industrial holding company. Prior to that he was Finance Director of Lowndes Queensway.

Graham Williams
51, Group Corporate Development Director
Is a qualified accountant and holds an MBA. Following ten years with Charterhouse in the UK and France, he became a founder director of Barclays Development Capital in 1979 and later Deputy Managing Director. He joined the Board of the Hays Group in 1984.

Peter Courtney
62, Non-Executive Director
Chairman of the audit committee and member of the remuneration committee, joined the Board in September 1990 having retired from The Boots Company PLC in June 1990 where he was Group Finance Director for eight years. He is Chairman of Yorkshire Building Society. He is also a director of The Throgmorton Trust plc.

Lionel Stammers
61, Non-Executive Director,
Chairman of the remuneration committee and member of the audit committee, is also a non-executive director of McKechnie plc, Bullough plc, Tomkins plc and Barlo plc. He joined the Board in September 1989. He was previously an executive director of BTR plc.

DIRECTORS AND CORPORATE INFORMATION

Executive Chairman
R E Frost

Group Managing Director
J A Napier

Directors
M E Aldridge
D Matthewman
M Proffitt
D C Tibble
G J Williams
P H Courtney (non-executive)
L J Stammers (non-executive)

Secretary
A G Morison

Registered Office
Hays House
Millmead, Guildford, Surrey GU2 5HJ
Telephone: Guildford (01483) 302203

Registrars
Lloyds Bank Plc
The Causeway, Worthing,
West Sussex BN99 6DA

Auditors
Touche Ross & Co
Chartered Accountants
Hill House, 1 Little New Street,
London EC4A 3TR

Solicitors
Freshfields
Whitefriars, 65 Fleet Street,
London EC4Y 1HT

Forsyte Kerman
79 New Cavendish Street,
London W1M 8AQ

Principal bankers
Barclays Bank PLC
171 High Street, Guildford,
Surrey GU1 3AN

Lloyds Bank Plc
St Georges House
6/8 Eastcheap
London EC3M 1LL

Financial advisers
J Henry Schroder Wagg & Co Limited
120 Cheapside, London EC2V 6DS

Stockbrokers
S G Warburg Securities
1 Finsbury Avenue, London EC2M 2PA

SHAREHOLDERS' INFORMATION

Share Information
Information concerning the day to day movement of the share price of the Company can be found on SEAQ page No. 51346, TOPIC 228 or by dialling 0836 435 377 for the Financial Times share price service.

Market Makers
The following companies have indicated to The Stock Exchange that they make a market in the Company's shares:

Barclays de Zoete Wedd Securities Ltd
Hoare Govett Securities Ltd
UBS Phillips & Drew
S G Warburg Securities
Smith New Court
NatWest Markets
Kleinwort Benson Securities

Financial Calendar

Interim Statement	March
Interim Dividend	31 May
Preliminary Announcement	September
Annual Report posted	October
Final Dividend	30 November
Annual General Meeting	November

The directors present their report and the audited financial statements of the Company and its subsidiary undertakings for the year ended 30 June 1994.

ACTIVITIES

The Company and its subsidiary undertakings form a business services group which provides a range of specialist services for commercial, industrial and professional customers. The Group has three core activities:

Distribution – *Specialised distribution activities.*
Commercial – *Office support services.*
Personnel – *Specialist staff recruitment agencies.*

REVIEW OF THE BUSINESS

The Group traded satisfactorily during the year, as shown in the financial statements on pages 32 to 53.

The Group intends to secure its leading position in its various markets by continued investment in people and assets of the highest quality. Further development will come both from organic growth and acquisition.

Details of the Group's operations are set out in the Chairman's Statement and the Review of Activities on pages 6 to 23.

RESULTS AND DIVIDENDS

The financial results for the year ended 30 June 1994 set out in the accompanying financial statements were approved by the Board on 19 September 1994. They show a profit before tax of £87.8 million. The retained profit of £34.6 million has been transferred to reserves.

An interim dividend of 1.95p per share net in respect of the year to 30 June 1994 was paid on 31 May 1994. The directors recommend a final dividend of 4.15p per share net which, if approved at the Annual General Meeting, will be paid on 30 November 1994 to shareholders on the register on 3 November 1994.

FIXED ASSETS

Changes during the year are shown in notes 9 and 10 to the accounts on pages 42 to 44.

SHARE CAPITAL

During the year 10,000 ordinary shares of 1p each were allotted in accordance with the rules of the Hays Share Option Scheme, 1,753,818 ordinary shares of 1p each were allotted in accordance with the rules of the Hays plc 1989 Executive Share Option Scheme and 91,739 ordinary shares of 1p each were allotted in accordance with the rules of the Hays plc Savings-Related Share Option Scheme.

On 10 December 1993 45,045 ordinary shares of 1p each were allotted as part of the consideration for the acquisition of Modus Holdings Ltd.

SUBSTANTIAL SHAREHOLDINGS

The following shareholder had advised the Company of holding an interest of 3% or more in the issued share capital of the Company at 19 September 1994:

R E Frost	4.94%

The following shareholder had advised the Company of holding an interest of 10% or more in the issued share capital of the Company at 19 September 1994:

S.G. Warburg Group plc	14.12%

(including interests of 14.07% which relate to discretionary management agreements entered into by Mercury Asset Management plc).

COMPANY STATUS

During the year the Company was not a close company for taxation purposes. Its status has remained unchanged up to the date of this report.

DIRECTORS

The following have been directors during the year and held office throughout the year.

R E Frost *Executive Chairman*
J A Napier *Group Managing Director*
M E Aldridge
D Matthewman
M Proffitt
D C Tibble
G J Williams
P H Courtney*
L J Stammers*

*Non-executive director

Mr P H Courtney, Mr L J Stammers and Mr D C Tibble will retire by rotation and being eligible, offer themselves for re-election. Mr P H Courtney and Mr L J Stammers have no service contracts with the Company. At the date of the Annual General Meeting, the service contract of Mr D C Tibble will have a period of 3 years unexpired.

The beneficial interests of directors (including those of their spouses and children) in office at 30 June 1994 in the shares of the Company were as follows:

	30 June 1994 Shares	30 June 1994 Options	30 June 1993 Shares	30 June 1993 Options
R E Frost	20,000,000	485,888	20,000,000	447,703
J A Napier	640,000	53,253	150,000	490,000
M E Aldridge	100,000	242,929	100,000	Nil
D Matthewman	1,270,500	217,619	1,270,500	130,000
M Proffitt	30,000	201,934	30,000	186,061
D C Tibble	Nil	264,853	Nil	248,980
G J Williams	5,865,000	346,656	5,865,000	323,918
P H Courtney	5,000	Nil	5,000	Nil
L J Stammers	2,000	Nil	2,000	Nil

The options outstanding are exercisable at prices ranging from 148p to 242p per share under the Hays plc Savings-Related Share Option Scheme and from 164p to 252p per share under the Hays plc 1989 Executive Share Option Scheme. The normal exercise dates for the Savings-Related options are between 1 June 1997 and 1 December 2001 and for the Executive options at any time before 26 October 2003.

There have been no changes in the above interests between 30 June 1994 and the date of this report. Except as shown above, no director had any interest in the shares or debentures of the Company or any subsidiary (other than as nominee for the Company) *and no right to subscribe for shares in or debentures of the Company or any subsidiary was granted to or exercised by any* director or any member of their immediate family during the year.

No director had an interest at any time during the year in any significant contract or arrangement to which the Company or its subsidiaries was party, other than the service agreements of the executive directors with the Company.

DIRECTORS' AND OFFICERS' INSURANCE

During the year, the Company purchased insurance for its directors and certain officers against liability for negligence, default, breach of duty or breach of trust in relation to the Company as mentioned in section 310 of the Companies Act 1985.

EMPLOYEE INVOLVEMENT

The Group maintains a strong commitment to employee involvement and ensures that current practices are evolved in an enlightened manner. The details are appropriately different in each operating company, as they have been developed over time by local management to best reflect specific requirements and circumstances. Typically, however, they include staff committees, briefing groups, in-house newspapers, special publications and videos on particular subjects of interest. The Group has established various share schemes to encourage the involvement of employees in the Group's performance.

EMPLOYMENT OF THE DISABLED

The Group's policy on recruitment is based on the ability of a candidate to perform the job. Full and fair consideration is given to applications for employment from the disabled where they have the appropriate skills and abilities to perform the job.
If a disabled applicant proves a suitable candidate for employment, modification of facilities and the provision of special equipment and aids are considered favourably. If employees become disabled during the course of their employment with the Group and as a result are unable to perform their normal jobs, every effort is made to offer suitable alternative employment to them, to provide assistance with re-training and to deal with their cases as compassionately as possible.
It is Group policy to encourage the training and further development of all its employees where this is of benefit to the individual and to the company concerned. This of course includes the provision of training to meet the special needs of disabled employees.
The Group pays attention to employees' health and safety and pays particular regard to the health and safety at work legislation.

CHARITABLE AND POLITICAL DONATIONS

Charitable donations totalling £91,000 were made during the year ended 30 June 1994.
No payments were made to political parties.

AUDITORS

The Company's auditors, Touche Ross & Co., are willing to continue in office. Their reappointment, at a remuneration to be agreed by the directors, will be proposed at the Annual General Meeting.

SPECIAL BUSINESS AT ANNUAL GENERAL MEETING

The notice of Annual General Meeting on pages 54 to 55 sets out the following special business (resolutions 7, 8 and 9).

ALLOTMENT OF SHARES

Resolution 7 authorises the directors to allot up to 134,979,700 ordinary shares of the Company, representing 33% of the Company's issued share capital. This authority will expire at the conclusion of the next Annual General Meeting. The directors have no present intention of issuing any part of the unissued share capital other than in connection with the Company's share option schemes.
Resolution 8 empowers the directors to allot ordinary shares of the Company as if the pre-emption provisions of section 89 of the Companies Act 1985 did not apply, provided that such power of the directors is limited to the allotment of up to 20,246,900 ordinary shares (being 5% of the Company's issued share capital) other than the allotment of ordinary shares pursuant to a rights issue.
This power will expire at the conclusion of the next Annual General Meeting or 7 February 1996, whichever is earlier.
These two resolutions comply with the guidelines issued by the various investor protection committees.

AUTHORITY TO PURCHASE OWN SHARES

Resolution 9 renews the Company's general authority to re-purchase up to 40,000,000 (approximately 10%) of its own shares in the market at or between the maximum and minimum prices specified in the Resolution giving the authority. No purchase of shares has been made pursuant to last year's authority but the directors consider it desirable that the possibility of making such purchases under appropriate circumstances remains available. The directors have no present intention of using such authority and, in reaching a decision to purchase shares, will take into account the Company's cash resources, capital requirements and the effect of any purchase on earnings per share. The authority will only be exercised if to do so would result in an increase in earnings per share and is in the best interests of shareholders generally. It is anticipated that renewal of the authority will be requested at subsequent Annual General Meetings.

BY ORDER OF THE BOARD

A G MORISON
SECRETARY
19 September 1994

CORPORATE GOVERNANCE

Since its formation the Board of Hays has always based its actions on the principles of openness, integrity and accountability emphasised by the Cadbury Report on Corporate Governance. Following the issue of the Report, the Board considered its contents and comments as follows:-

Audit and Remuneration Committees have been formally constituted and details of the directors serving on each are shown on page 24.

No nomination committee has been formed as the Board considers the appointment of directors to be a matter of sufficient importance to be dealt with by the Board as a whole.

Although Hays has an executive chairman, the board considers that the post of Group Managing Director and the presence of two experienced non-executive directors provide the necessary checks and balances combined with rigour and objectivity in decision making.

In conclusion, the Board believes that Hays complies with the recommendations of the Cadbury Committee Code of Best Practice except as stated above and in respect of items relating to going concern and internal control for which guidance is awaited.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are obliged under company law to prepare financial statements for each financial year and to present them annually to the Company's members in Annual General Meeting.

The financial statements, of which the form and content is prescribed by the Companies Act 1985, must give a true and fair view of the state of affairs of the Company at the end of the financial year, and the profit for that period, and they must comply with applicable accounting standards.

The directors are also responsible for the adoption of suitable accounting policies, their consistent use in the financial statements, supported where necessary by reasonable and prudent judgments.

The directors confirm that the above requirements have been complied with in the financial statements.

In addition, the directors are responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Group and to prevent and detect fraud or any other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF HAYS PLC

We have audited the financial statements on pages 32 to 53 which have been prepared under the accounting policies set out on pages 37 and 38.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above the company's directors are responsible for the preparation of 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 judgments 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 and the group, 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 opinon 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 and the group as at 30 June 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co. Touche Ross & Co.

TOUCHE ROSS & CO.
Chartered Accountants and Registered Auditors
19 September 1994

Hill House
1 Little New Street
London EC4A 3TR

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 30 June 1994

(in £'000)	Note	1994	1993	Increase
TURNOVER				
Continuing operations		609,877	477,133	
Acquisitions		22,025		
	1	631,902	477,133	
OPERATING PROFIT				
Continuing operations		89,863	68,865	
Acquisitions		2,947		
TOTAL OPERATING PROFIT	1	92,810	68,865	+35%
Exceptional items				
Profit on disposal of discontinued operations	2	71	-	
Profit on ordinary activities before interest		92,681	68,865	
Net interest payable	3	(5,072)	(2,263)	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		87,809	66,602	+32%
Tax on profit on ordinary activities	6	(26,019)	(20,389)	
Profit on ordinary activities after taxation		61,790	46,213	
Minority interests		(2,527)	(123)	
PROFIT FOR THE FINANCIAL YEAR		59,263	46,090	+29%
Dividends	7	(24,662)	(21,357)	
Transferred to reserves	19	34,601	24,733	
EARNINGS PER SHARE	8	14.7p	11.5p	+28%
NET DIVIDEND PER SHARE	7	6.1p	5.3p	+15%

(In £ 000)	Note	1994	1993
FIXED ASSETS			
Tangible assets	9	259,485	236,001
Investments	10	3,237	3,321
		262,722	239,322
CURRENT ASSETS			
Stocks	11	16,530	15,867
Debtors	12	133,958	116,250
Cash at bank and in hand		26,256	26,321
		176,744	158,438
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Borrowings	13	(38,417)	(16,567)
Acquisition liability	20	–	(44,970)
Other creditors	14	(202,556)	(164,563)
		(240,973)	(226,100)
NET CURRENT LIABILITIES		(64,229)	(67,662)
TOTAL ASSETS LESS CURRENT LIABILITIES		198,493	171,660
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Borrowings	13	(33,523)	(13,313)
Other creditors	14	(21,957)	(14,275)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(11,754)	(10,450)
		131,259	133,622
CAPITAL AND RESERVES			
Called up share capital	17	4,049	4,030
Share premium account	17	264,088	261,721
Revaluation reserve	19	26,076	26,401
Other reserves	19	2,179	1,583
Profit and loss account	19	133,369	98,443
		429,761	392,178
Goodwill reserve	19	(303,367)	(262,376)
SHAREHOLDERS' INTERESTS		126,394	129,802
MINORITY INTERESTS		4,865	3,820
		131,259	133,622

These accounts were approved by the Board of Directors on 19 September 1994.

Signed on behalf of the Board of Directors
R E Frost
D C Tibble

COMPANY BALANCE SHEET
At 30 June 1994

(In £'000)	Note	1994	1993
FIXED ASSETS			
Tangible assets	9	730	644
Investments	10	292,276	335,016
		293,006	335,660
CURRENT ASSETS			
Debtors	12	684,623	266,841
Cash at bank and in hand		4	11,531
		684,627	278,372
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Borrowings	13	(65,428)	(36,770)
Other creditors	14	(281,065)	(286,436)
		(346,493)	(323,206)
NET CURRENT ASSETS/(LIABILITIES)		338,134	(44,834)
TOTAL ASSETS LESS CURRENT LIABILITIES		631,140	290,826
PROVISIONS FOR LIABILITIES AND CHARGES	16	(819)	(218)
		630,321	290,608
CAPITAL AND RESERVES			
Called up share capital	17	4,049	4,030
Share premium account	17	264,088	261,721
Profit and loss account	19	362,184	24,857
		630,321	290,608

These accounts were approved by the Board of Directors on 19 September 1994.

Signed on behalf of the Board of Directors
R E Frost
D C Tibble

(in £'000)	Note	1994	1993
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	115,958	77,551
Returns on Investments and Servicing of Finance			
Interest received		825	482
Interest paid		(5,156)	(3,055)
Interest element of finance lease rentals		(1,242)	(1,062)
Dividends paid to shareholders		(22,407)	(19,265)
Dividends paid to minorities		(1,182)	-
Dividends received from associated companies		365	508
Net Cash Outflow from Returns on Investments and Servicing of Finance		(28,797)	(22,992)
Tax paid		(19,929)	(19,191)
NET CASH INFLOW BEFORE INVESTING AND FINANCING ACTIVITIES		67,232	35,368
Investing activities			
Purchase of fixed assets		(37,169)	(23,702)
Proceeds from sale of fixed assets		8,114	3,134
Investment in associated companies		(285)	(164)
Disposal of investments in associated companies		148	448
Repayment of loans by associated companies		107	-
Purchase of other investments		(24)	(86)
Proceeds of sale of subsidiaries, net of cash disposed		1,676	-
Acquisition of subsidiaries	23		
Consideration paid		(29,233)	(2,990)
Cash acquired		367	7,182
Amounts paid in respect of prior year acquisitions		(44,970)	(211)
Net Cash Outflow from Investing Activities		(101,269)	(16,389)
NET CASH(OUTFLOW)/INFLOW BEFORE FINANCING		(34,037)	18,979
Financing			
Issue of ordinary share capital		2,266	2,472
New borrowings/(Repayment of borrowings)		28,079	(16,783)
Capital element of finance lease rentals		(2,550)	(3,660)
Net Cash Inflow/(Outflow) from Financing		27,795	(17,971)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	24	(6,242)	1,008

MOVEMENT IN NET DEBT

(in £'000)	1994	1993
(Increase)/decrease in net borrowings	(39,872)	16,048
Exchange adjustments	(237)	(3,600)
Opening net debt	(17,901)	(30,349)
Closing net debt	(58,010)	(17,901)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 30 June 1994

(In £'000)	1994	1993
Profit for the financial year	59,263	46,090
Diminution in value of properties	-	(9,662)
	59,263	36,428
Currency translation differences on foreign currency net investments	596	1,062
Total recognised gains and losses relating to the year	59,859	37,490

There is no material difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis. Accordingly, a note of the historical cost profits and losses for the year is not given.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' INTERESTS
For the year ended 30 June 1994

(In £'000)	1994	1993
Profit for the financial year	59,263	46,090
Dividends	(24,662)	(21,357)
	34,601	24,733
Diminution in value of properties	-	(9,662)
Other recognised gains and losses relating to the year (net)	596	1,062
New share capital subscribed	2,386	2,472
Goodwill written-off	(40,991)	(31,607)
Net decrease in shareholders' interests	(3,408)	(13,002)
Opening shareholders' interests	129,802	142,804
Closing shareholders' interests	126,394	129,802

The particular accounting policies adopted are described below. Comparative figures have been amended, where appropriate, for minor changes in presentation.

A. ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with applicable accounting standards using the historical cost convention as modified by the revaluation of certain freehold and long and short leasehold properties.

B. CONSOLIDATION

The financial statements consolidate the accounts of Hays plc and all of its subsidiary undertakings ("subsidiaries"). The results of subsidiaries acquired during the year are included from the effective date of acquisition. The results of subsidiaries sold are included up to the effective date of disposal.

C. INVESTMENTS

(I) SUBSIDIARY UNDERTAKINGS

Shares in subsidiaries are valued at cost less provision for permanent diminution in value.

(II) ASSOCIATED UNDERTAKINGS

Investments in associated undertakings ("associated companies") are stated at the amount of the Group's share of net assets. The consolidated profit and loss account includes the Group's share of associated companies' profits after taxation.

(III) OTHER INVESTMENTS

Investments held as fixed assets are shown at cost less provision for permanent diminution in value.

D. FOREIGN CURRENCIES

The assets and liabilities of foreign subsidiaries denominated in foreign currencies are translated into £ sterling at the rates ruling at the year end. Profits and losses of foreign subsidiaries are translated into £ sterling at average rates of exchange. The differences arising from the retranslation of the opening balance sheets and retained earnings of foreign subsidiaries at the year end rate are dealt with through reserves. Other translation differences are dealt with in the profit and loss account.

E. GOODWILL

Goodwill arising on the acquisition of subsidiaries and associated companies is written-off directly to reserves in the year of acquisition.

F. DEFERRED TAXATION

Deferred taxation is provided on all timing differences which are expected to reverse in the foreseeable future at the rate of tax which it is anticipated will apply.

G. STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost, inclusive of appropriate overheads, and estimated net realisable value.

H. TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are shown at cost as modified by the revaluation of certain freehold and long and short leasehold properties.

Depreciation of fixed assets is on a straight line basis calculated at annual rates estimated to write-off each asset over the term of its useful life.

The rates in use are as follows:

Freehold land	No depreciation is provided
Freehold buildings	2% to 10%
Leasehold properties	The book value is written off over the unexpired period of the lease.
Plant and machinery	5% to 33%
Fixtures and fittings	10% to 25%

No depreciation is provided on assets in the course of construction.

Government grants are credited to deferred income when received and are released to the profit and loss account over the expected useful economic life of the assets concerned.

I. CAPITALISATION OF INTEREST

Interest incurred on borrowings to finance specific freehold developments is capitalised; full provision is made for deferred tax thereon.

J. LEASED ASSETS

(i) FINANCE LEASES

Certain items of plant and machinery and certain freehold properties and ships and craft financed by leasing agreements giving rights approximating to ownership ("finance leases"), are included in the balance sheet as fixed assets at cost less accumulated depreciation. The capital element of future rentals is treated as a liability. The interest element is charged to the profit and loss account over the period of the finance leases in proportion to the balance of capital repayments outstanding.

(ii) OPERATING LEASES

Leasing rentals in respect of operating leases are charged to the profit and loss account in the period in which the leasing expenditure is incurred.

K. TURNOVER

Turnover represents the amounts receivable for services provided and goods sold excluding trade discounts, value added tax and similar sales related taxes, apportioned over the period to which they relate.

Certain distribution contracts oblige the group to purchase goods from third parties and sell them on to the customer at cost. As the group is rewarded for the distribution service provided, and as the sale and purchase of the goods have no impact on the operating profit, the amounts invoiced on to customers and charged by suppliers for the sale and purchase of these goods are excluded from turnover and cost of sales. Stocks, debtors and creditors relating to such transactions are included in the consolidated balance sheet.

L. PENSION COSTS

Defined retirement benefits to employees are funded by contributions from the Group companies and employees. Payments are made into the various pension funds in accordance with periodic calculations by consulting actuaries and are charged against the profits of the year so as to create a stable contribution rate.

1. SEGMENTAL INFORMATION

(In £'000)	1994 Turnover	1994 Total Operating Profit	1994 Operating Net Assets	1993 Turnover	1993 Total Operating Profit	1993 Operating Net Assets
BY BUSINESS SECTOR						
Distribution	396,465	49,107	196,933	304,196	37,973	191,991
Commercial	85,912	27,333	48,268	74,106	24,178	35,238
Personnel	149,525	16,370	18,356	98,831	6,714	6,442
	631,902	92,810	263,557	477,133	68,865	233,671
BY GEOGRAPHICAL AREA						
United Kingdom	451,691	71,444	182,692	385,143	59,610	172,152
Other EC	138,200	17,410	75,430	66,537	8,250	59,607
Rest of the World	42,011	3,956	5,435	25,453	1,005	1,912
	631,902	92,810	263,557	477,133	68,865	233,671

Turnover excludes sales of £322,337,000 (1993 - £307,074,000) where the Group is obliged under certain distribution contracts to purchase goods on customers' behalf and sell them on at cost.
There is no material difference between the geographical split of the Group's turnover by area of origin and area of destination.
Operating net assets are net assets excluding interest bearing assets/liabilities, tax and dividend balances.

2. OPERATING PROFIT

(In £'000)	Note	1994	1993
Operating profit is after charging/(crediting)			
Purchases, raw materials, consumables and other charges		346,093	248,560
Staff costs	5	157,949	129,201
Depreciation		20,115	15,214
Hire of plant and machinery:			
Operating lease rentals		6,250	5,336
Other rentals		4,187	4,272
Other operating lease rentals (including land and buildings)		11,149	9,547
Changes in stocks, own work capitalised and other operating income		(5,132)	(3,250)
Share of profits of associated companies		(1,519)	(612)
		539,092	408,268
Exceptional profit on disposal and closure of businesses		(71)	-
		539,021	408,268

Auditors' remuneration amounted to £750,000 (1993 - £645,000) in respect of audit services and £597,000 (1993 - £308,000) in respect of non-audit services.
During the year the Group disposed of its interests in St Olaf Insurance Brokers Ltd and Hays Farms (Hursley) Ltd. The disposal of St Olaf was to a *management buy out team led by a group of its directors for £5,000 plus a deferred amount as set out in the* agreement. In addition, the company decided to close its ship repair business Crescent Marine Services Ltd. These disposals and closure realised a net profit of £71,000. Separate disclosure of the turnover and operating profit of discontinued operations has not been made as the amounts are not material.

3. NET INTEREST PAYABLE

(In £'000)	1994	1993
INTEREST PAYABLE AND SIMILAR CHARGES:		
Bank overdrafts and other loans wholly repayable within five years	(4,979)	(1,845)
Other loans not wholly repayable within five years	(134)	(1,210)
Finance charges payable under finance leases	(1,242)	(1,639)
Capping expense	(4)	–
	(6,359)	(4,694)
Interest capitalised on freehold developments	484	2,179
	(5,875)	(2,515)
INTEREST RECEIVABLE AND SIMILAR INCOME	803	252
Net interest payable	(5,072)	(2,263)

Interest capitalised during the year is in respect of the construction of a new multi-user composite distribution warehouse in South Paris and a new multi-user warehouse at Dagenham. Both sites are due to open in late 1994. Capitalisation of interest on the composite distribution warehouse facility for Waitrose Ltd composite distribution warehouse ceased from the end of July 1993 when it became fully operational.

4. DIRECTORS' EMOLUMENTS

(In £'000)	1994	1993
Fees	30	36
Management remuneration	1,150	1,026
Restricted share awards	432	–
Pension contributions	413	400
	2,025	1,462
Analysis of directors' emoluments (excluding pension contributions)		
Chairman and highest paid director	248	224

Number	1994	1993
Scale of other directors' emoluments		
£ 5,001 – £ 10,000	–	1
£ 10,001 – £ 15,000	2	2
£ 50,001 – £ 55,000	–	1
£ 55,001 – £ 60,000	–	1
£ 60,001 – £ 65,000	–	1
£ 80,001 – £ 85,000	–	1
£ 85,001 – £ 90,000	–	1
£115,001 – £120,000	1	1
£120,001 – £125,000	1	–
£125,001 – £130,000	1	–
£155,001 – £160,000	–	1
£160,001 – £165,000	1	–
£170,001 – £175,000	1	–
£185,001 – £190,000	–	1
£195,001 – £200,000	1	–

4. DIRECTORS' EMOLUMENTS continued

No director waived fees during the year.

Not included in the above analysis of directors' emoluments is the benefit in kind received by a director in relation to restricted share awards given to him at his date of appointment, from which restrictions were removed during the year. The sum involved was £432,000 and relates to the director in the band £195,001 to £200,000.

5. STAFF COSTS

(In £'000)	1994	1993
Wages and salaries	134,823	108,946
Social security costs	18,881	15,409
Other pension costs	4,245	4,846
	157,949	129,201

Number	1994	1993
AVERAGE NUMBER OF PERSONS EMPLOYED		
Distribution	5,319	4,448
Commercial	1,449	1,292
Personnel	943	800
	7,711	6,540

PENSION SCHEMES

The Group operates a number of pension schemes for employees and executive directors. The most significant schemes are of the defined benefit type. The assets of each scheme are held in separate trustee administered funds.

Pension costs for the Group in the year were £3,686,000 (1993 – £3,133,000), based on a regular cost of £4,514,000 (1993 – £4,448,000) and variation of £828,000 (1993 – £1,315,000). The principal schemes were assessed by independent actuaries as at 1 July 1991 to ascertain the cost of the schemes to the Group using the projected unit method. The principal assumption is that the average long-term rate of return earned by the schemes would be 2% per annum higher than the rate of salary inflation and 4% per annum higher than the rate of increase of present and future pensions.

At the date of the latest actuarial valuations, the market value of the assets of the most significant defined benefit schemes was £50.5 million and the actuarial value of the assets was sufficient to cover 110% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The actuarial surplus is being spread over the average remaining service life of current employees, (estimated 12 years), on a straight line basis

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(In £'000)	1994	1993
United Kingdom corporation tax at 33% (1993 – 33%) based on profits for the year	23,890	17,272
Less: double taxation relief	(394)	(1)
	23,496	17,271
Overseas taxation	2,001	521
Deferred taxation	83	2,338
Associated companies corporation tax	439	259
	26,019	20,389

7. DIVIDENDS

(In £'000)	1994	1993
Interim – 1.95p (1993 – 1.7p) per Ordinary Share	7,895	6,849
Final proposed – 4.15p (1993 – 3.6p) per Ordinary Share	16,767	14,508
	24,662	21,357

8. EARNINGS PER SHARE

The calculation of earnings per share is based on earnings from ordinary activities after taxation and minority interests of £59,263,000 and 403,660,874 shares (1993 – £46,090,000 and 401,845,315 shares).

9. TANGIBLE FIXED ASSETS

(In £'000)	Freehold properties	Leasehold properties Long	Leasehold properties Short	Plant and machinery	Fixtures and fittings	Assets in course of construction	Total
THE GROUP							
COST OR VALUATION							
At 1 July 1993	129,893	10,427	7,049	165,788	14,913	34,872	362,942
Exchange adjustments	1,088	–	12	628	119	3	1,850
Additions:							
Subsidiaries and businesses acquired	2,787	369	386	8,446	2,437	–	14,425
Capital expenditure	9,610	152	401	15,371	1,338	10,726	37,598
Reclassifications	33,682	–	175	1,154	23	(35,034)	–
Disposals	(162)	(349)	(133)	(15,771)	(623)	–	(17,038)
At 30 June 1994	176,898	10,599	7,890	175,616	18,207	10,567	399,777
ACCUMULATED DEPRECIATION							
At 1 July 1993	16,113	1,448	2,482	97,089	9,809	–	126,941
Exchange adjustments	49	–	11	283	48	–	391
Relating to assets of subsidiaries and businesses acquired	375	142	200	3,999	1,210	–	5,926
Provision for the year	3,274	173	477	14,493	1,698	–	20,115
Disposals	(32)	(119)	(126)	(12,226)	(578)	–	(13,081)
At 30 June 1994	19,779	1,644	3,044	103,638	12,187	–	140,292
NET BOOK VALUE							
At 30 June 1994	157,119	8,955	4,846	71,978	6,020	10,567	259,485
At 30 June 1993	113,780	8,979	4,567	68,699	5,104	34,872	236,001
Comparable amounts determined according to the historical cost convention:							
Cost	149,318	6,748	7,005				
Accumulated depreciation	(14,377)	(1,301)	(2,874)				
NET BOOK VALUE							
At 30 June 1994	134,941	5,447	4,131				
At 30 June 1993	91,002	5,471	3,852				

9. TANGIBLE FIXED ASSETS continued

Freehold properties include land at cost or valuation of £44,262,000 (1993 - £43,840,000) which is not depreciated. Freehold properties, plant and machinery and fixtures and fittings include cost of £14,580,000 (1993 - £15,210,000) and aggregate depreciation of £4,849,000 (1993 - £6,605,000) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge for the year includes £1,402,000 (1993 - £1,947,000) in respect of these assets.

Freehold, long leasehold and short leasehold land and buildings comprising certain of the major properties were revalued on 30 June 1989 at £62,575,000, £9,750,000 and £3,225,000 respectively. As at 30 June 1993 revaluations were reduced by £9,662,000.

Assets in course of construction represent the costs incurred on the construction of a new multi-user composite distribution warehouse in South Paris and a new multi-user warehouse at Dagenham. Both projects commenced in late 1993 and will become operational in late 1994.

(in £'000)	Short leasehold properties	Plant and machinery	Fixtures and fittings	Total
THE COMPANY				
COST				
At 1 July 1993	249	962	377	1,588
Additions	17	362	54	433
Disposals	-	(278)	-	(278)
At 30 June 1994	266	1,046	431	1,743
ACCUMULATED DEPRECIATION				
At 1 July 1993	112	531	301	944
Provision for the year	17	160	25	202
Disposals	-	(133)	-	(133)
At 30 June 1994	129	558	326	1,013
NET BOOK VALUE				
At 30 June 1994	137	488	105	730
At 30 June 1993	137	431	76	644

(in £'000)	Group 1994	Group 1993
COMMITMENTS		
Capital expenditure:		
Authorised and contracted for	5,213	3,054
Authorised but not contracted for	8,938	9,108

10. INVESTMENTS

(in £'000)	Associated companies Share of net assets	Associated companies Loans	Other investments	Total
THE GROUP				
At 1 July 1993	2,692	105	524	3,321
Exchange adjustments	21	2	15	38
Additions:				
Subsidiaries and businesses acquired	32	168	–	200
Other	285	–	24	309
Disposals	(148)	(107)	–	(255)
Dividends receivable	(1,454)	–	–	(1,454)
Share of profits of associated companies	1,078	–	–	1,078
At 30 June 1994	2,506	168	563	3,237

The Group's share of retained profits of associated companies at 30 June 1994 is £492,000 (1993 – £582,000).

(in £'000)	Shares in subsidiaries
THE COMPANY	
At 1 July 1993	335,016
Sale of shares to subsidiaries	(42,735)
Sale of shares to third parties	(5)
At 30 June 1994	292,276

Details of the principal subsidiaries and associated companies are shown in note 25.

11. STOCKS

(in £'000)	1994	1993
Finished goods and goods for resale	11,975	11,977
Work in progress	393	658
Raw materials and consumables	4,162	3,232
	16,530	15,867

12. DEBTORS

(In £'000)	Group 1994	Group 1993	Company 1994	Company 1993
Trade debtors	102,710	92,125	-	-
Amounts owed by subsidiaries	-	-	679,270	261,559
Amounts owed by associated companies	1,857	125	-	-
Other debtors	13,325	11,100	4,710	4,340
Prepayments and accrued income	16,066	12,900	643	942
	133,958	116,250	684,623	266,841

Amounts falling due after more than one year included in the above are:

(In £'000)	Group 1994	Group 1993	Company 1994	Company 1993
Included in other debtors:				
Advance corporation tax recoverable	-	1,093	4,192	4,213
Other	3,474	560	7	10
Prepayments and accrued income	356	22	-	-
	3,830	1,675	4,199	4,223

13. BORROWINGS

(In £'000)	Group 1994	Group 1993	Company 1994	Company 1993
Loan notes	5,925	6,761	4,952	3,481
Bank loans - secured	19,028	12,860	-	-
- unsecured	33,073	2,371	-	-
Revolving committed facilities	978	7,870	37,074	33,289
Money market loans	12,825	-	23,402	-
Other loans - secured	52	18	-	-
- unsecured	59	-	-	-
	71,940	29,880	65,428	36,770
LOAN OBLIGATIONS ARE REPAYABLE AS FOLLOWS:				
Over five years - by instalment	4,555	5,708	-	-
- other	-	2,051	-	-
Over two years and under five years	27,903	3,706	-	-
Over one year and under two years	1,065	1,848	-	-
Total over one year	33,523	13,313	-	-
Under one year	38,417	16,567	65,428	36,770
TOTAL BORROWINGS	71,940	29,880	65,428	36,770

The loan notes have been issued in connection with subsidiaries acquired and the majority are payable on demand and bear interest at market rates.

The secured bank loans are secured on certain properties and other fixed assets.

Loans due after more than five years bear interest at rates between 4.0% and 11.7% and are repayable between July 1999 and October 2010.

14. OTHER CREDITORS

(In £'000)	Group 1994	Group 1993	Company 1994	Company 1993
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Trade creditors	73,134	64,936	1,003	132
Amounts owed to subsidiaries	-	-	254,051	261,918
Taxation	47,171	36,456	8,244	9,110
Social security	4,277	3,542	30	24
Other creditors	19,365	9,474	2	2
Finance lease obligations	2,506	2,829	-	-
Dividends payable	16,767	14,508	16,767	14,508
Pension accrual	-	288	-	288
Accruals and deferred income	39,336	32,530	968	454
	202,556	164,563	281,065	286,436
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Finance lease obligations	9,820	11,513		
Deferred acquisition liability (note 20)	9,075	-		
Other creditors	603	1,087		
Accruals and deferred income	2,459	1,675		
	21,957	14,275		

Accruals and deferred income include an amount of £1,060,000 (1993 - £1,145,000) which is due after more than five years.

15. LEASE COMMITMENTS

(In £'000)	1994	1993
(A) FINANCE LEASES		
Net obligations are payable as follows:		
Within one year	2,506	2,829
Over one year and under two years	1,876	2,172
Between two and five years	3,348	3,870
After five years	4,596	5,471
	12,326	14,342

The finance leases relate to freehold properties, plant and machinery, fixtures and fittings and ships. They are secured by retention of title to the relevant assets and bear interest at market rates.

(B) OPERATING LEASES

At 30 June 1994 the Group and the Company were committed to making the following payments in the year to 30 June 1995 in respect of operating leases:

(In £'000)	Group Land and buildings	Group Other	Company Land and buildings
Leases which expire:			
Within one year	968	1,630	-
Within two to five years	2,007	5,896	-
After five years	7,191	2,892	231
	10,166	10,418	231

16. PROVISIONS FOR LIABILITIES AND CHARGES

(In £'000)	Pensions	Deferred taxation	Other	Total
THE GROUP				
At 1 July 1993	2,439	3,891	4,120	10,450
Exchange adjustments	79	-	16	95
Acquisitions/disposals	-	(120)	2,875	2,755
Charged/(credited) to profit and loss account	205	83	715	1,003
Utilised	-	-	(1,468)	(1,468)
Movement in advance corporation tax offset against deferred tax	-	(1,081)	-	(1,081)
At 30 June 1994	2,723	2,773	6,258	11,754

Other provisions consists of amounts provided for rationalisation, reorganisation and closure costs.

(In £'000)	1994 Provided	1994 Unprovided	1993 Provided	1993 Unprovided
DEFERRED TAX				
Accelerated tax allowances	4,375	15,207	4,973	11,397
Surplus on revaluation	-	5,537	-	6,854
Gain deferred by rollover	-	810	-	806
Other timing differences	2,590	(10,100)	2,039	(10,725)
	6,965	11,454	7,012	8,332
Advance Corporation Tax offset	(4,192)	-	(3,121)	(1,092)
	2,773	11,454	3,891	7,240

Provision has not been made for taxation that would arise in the event of certain overseas subsidiaries and associated companies distributing the balance of their reserves.

(In £'000)	Deferred taxation	Other	Total
THE COMPANY			
At 1 July 1993	-	218	218
Charged to profit and loss account	600	17	617
Applied	-	(16)	(16)
At 30 June 1994	600	219	819

Full provision has been made for deferred tax of £600,000 in respect of other timing differences.

17. CALLED UP SHARE CAPITAL AND SHARE PREMIUM

AUTHORISED SHARE CAPITAL

(In £'000's)	1994 Number 000's	1994	1993 Number 000's	1993
Ordinary Shares of 1p each	1,067,180	10,672	1,067,180	10,672
Undesignated Shares of 1p each	7,823,714	78,237	7,823,714	78,237
		88,909		88,909

CALLED UP SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

(In £'000's)	Share Capital Number 000's	Share Capital	Share Premium Account
Allotted and fully paid Ordinary Shares of 1p each			
At 1 July 1993	402,958	4,030	261,721
Shares allotted on the exercise of options between 37p and 252p under the Company's share option schemes	1,856	18	2,248
Shares allotted on 10 December 1993 in part consideration for the acquisition of Modus Holdings Ltd	45	1	119
At 30 June 1994	404,859	4,049	264,088

18. SHARE OPTIONS

At 30 June 1994 the following options had been granted and remained outstanding in respect of the Company's Ordinary Shares of 1p each under the Company's share option schemes:

	Number of shares	Amount of shares £	Subscription price	Date normally exercisable
THE HAYS SHARE OPTION SCHEME:	50,000	500	1p	1991-1998
	15,000	150	10p	1992-1999
	10,000	100	37p	1992-1999
	75,000	750		
THE HAYS PLC 1989 EXECUTIVE SHARE OPTION SCHEME:	1,006,525	10,065	105p	1992-1999
	73,875	739	105p	1993-2000
	1,501,000	15,010	164p	1994-2001
	130,000	1,300	180p	1995-2002
	4,500,593	45,006	184p	1995-2002
	1,734,820	17,348	227p	1996-2003
	7,257,504	72,575	252p	1996-2003
	706,481	7,065	296p	1997-2004
	16,910,798	169,108		
THE HAYS PLC SAVINGS - RELATED SHARE OPTION SCHEME:	3,627,989	36,280	111p	1996-1998
	1,408,010	14,080	148p	1997-1999
	1,193,114	11,931	184p	1998-2000
	879,704	8,797	242p	1999-2001
	7,108,817	71,088		
	24,094,615	240,946		

19. RESERVES

(In £'000)	Revaluation reserve	Other reserves	Profit and loss account	Goodwill reserve
THE GROUP				
At 1 July 1993	26,401	1,583	98,443	(262,376)
Translation differences in respect of foreign subsidiaries	–	596	–	–
Transfer of additional depreciation on revalued assets	(325)	–	325	–
Transferred from profit and loss account	–	–	34,601	–
Goodwill written-off in year	–	–	–	(40,991)
At 30 June 1994	26,076	2,179	133,369	(303,367)

The consolidated goodwill reserve represents the excess of the consideration paid for the operations acquired by the Group over the fair value of the assets acquired. The goodwill has been written-off to reserves and is maintained as a separate negative reserve.

(In £'000)	Profit and loss account
THE COMPANY	
At 1 July 1993	24,857
Transferred from profit and loss account	337,327
At 30 June 1994	362,184

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of the Company is not presented as part of these financial statements. The Company only profit for the financial year includes a profit of £361,989,000 (1993 – £31,437,000) which is dealt with in the accounts of Hays plc. During the year the Company effected a reorganisation whereby certain subsidiaries were transferred to wholly owned subsidiary holding companies giving rise to gains on the disposal of investments.

20. ACQUISITIONS

Acquisitions completed during the year were DataCartel Ltd, Feed Flavors Inc, Modus Holdings Ltd, Transports Giniot/STD and Rockall Scotia Resources Ltd. The effective dates of acquisition were respectively 30 July 1993, 11 August 1993, 10 December 1993, 16 February 1994 and 8 April 1994.

Goodwill arising during the year is as follows:

(In £'000's)	Net tangible assets acquired	Fair value adjustments	Fair value of assets acquired
Tangible fixed assets	9,015	(999)	8,016
Fixed asset investments	200	-	200
Cash	367	-	367
Debtors	9,590	-	9,590
Stock	857	(48)	809
Borrowings	(5,824)	-	(5,824)
Creditors and provisions	(10,806)	(2,875)	(13,681)
	3,399	(3,922)	(523)
Consideration paid			(31,393)
Goodwill (see note 19)			(31,916)

Included in fair value adjustments are reorganisation provisions of £2,355,000. The goodwill written-off on each acquisition was £1,290,000, £4,864,000, £2,792,000, £1,318,000 and £21,652,000 respectively.

The Group has also written-off £9,075,000 (FF 76.5 million) of goodwill relating to the additional purchase consideration payable in respect of the acquisition of Fril. Based on earnings related formulae to June 1995, and payable thereafter, the Group now regard this event with enough certainty that provision for this payment has been moved from contingent liability to an actual liability payable after more than one year.

During the year, the Group satisfied the acquisition liability existing at 30 June 1993 of £44,970,000 in respect of the acquisition of E. Mordhorst Internationale Spedition KG GmbH & Co.

21. CONTINGENT LIABILITIES

(In £'000)	Group 1994	Group 1993	Company 1994	Company 1993
Banks and other guarantees	-	100	4,921	20,385
Other	-	309	-	-
	-	409	4,921	20,385

Performance bonds and other guarantees given in the normal course of business are not included above.

In relation to the acquisition of 75% of the equity of E. Mordhorst Internationale Spedition KG GmbH & Co., there are put and call options on the remaining shareholdings exercisable from 31 December 1998 based upon earnings related formulae.

22. RECONCILIATION OF TOTAL OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

(In £'000)	1994	1993
Total operating profit	92,810	68,865
Depreciation	20,115	15,214
Share of profit of associated companies	(1,538)	(612)
Profit on sale of fixed assets and investments	(1,209)	(1,171)
Increase in debtors	(11,783)	(9,843)
Increase in stocks	(275)	(1,031)
Increase in creditors	17,838	6,129
Net cash inflow from operating activities	115,958	77,551

23. ACQUISITION OF SUBSIDIARIES

(In £'000)	1994	1993
Tangible fixed assets	8,016	24,609
Fixed asset investments	200	911
Stocks	809	301
Debtors	9,590	7,700
Creditors	(10,806)	(10,145)
Loans and finance leases	(5,824)	(1,642)
Provisions for liabilities and charges	(2,875)	(4,610)
Goodwill	31,916	31,607
Minority interest	-	(3,672)
	31,026	45,059
Satisfied by cash	29,233	2,990
Cash and cash equivalents acquired	(367)	(7,182)
	28,866	(4,192)
Shares allotted	120	-
Loan notes issued	2,040	2,975
Consideration payable	-	46,276
	31,026	45,059

24. MOVEMENT IN NET DEBT

(In £'000)	Cash & Cash Equivalents 1994	Cash & Cash Equivalents 1993	Borrowings 1994	Borrowings 1993
At 1 July	18,433	17,334	36,334	47,683
Exchange adjustments	262	91	499	3,691
Movement during year	(6,242)	1,008	–	–
Borrowings repaid	–	–	(12,330)	(20,730)
Borrowings raised	–	–	40,136	4,048
Borrowings acquired	–	–	5,824	1,642
At 30 June	12,453	18,433	70,463	36,334

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits less overdrafts, bank and other loans with a maturity date within three months of inception. Borrowings include finance lease obligations.

25. PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES

HOLDING COMPANIES

* Hays Holdings Ltd
London Bridge Developments Ltd
* Hays Overseas Holdings Ltd
Hays France S.A. (France)
Hays Overseas Holdings GmbH (Germany)
Hays USA Holdings Inc (USA)

DISTRIBUTION (specialised distribution activities)

* Hays Distribution Services Ltd (distribution and warehousing services for retailers and manufacturers)

Hays Contract Distribution Ltd
T C D Temperature Controlled Distribution Ltd

* Hays Specialist Distribution Ltd (distribution of shopfittings and home delivery for retailers and manufacturers) (trading as Bucks and Abels)

* Hays Network Distribution Ltd (multi-user storage and distribution)

Hays Storage Services Ltd
Interbond Distribution Ltd
Crescent Shipping Ltd
Crescent Wharves Ltd

Hays Fril S.A. (France) TAC Transports S.A. (France) Transports Barre & Fils S.A. (France)	(distribution and warehousing services in France for retailers and manufacturers – trading as Fril)

25. PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES continued

Hays – E Mordhorst Beteiligungs GmbH (75%) (Germany)

E Mordhorst Internationale Spedition KG GmbH & Co. (75%) (Germany) (distribution and warehousing services in Germany for manufacturers)

Hays Chemical Distribution Ltd *(bulk and packaged chemical distribution)*

Blacksmith Chemical Services Ltd (50%) (Scotland)
Hays Colours Ltd
Hays Speichim (UK) Ltd (50%)
Water Treatment Solutions Ltd (50%)
Hays Ingredients Ltd
Feed Flavors Inc (USA)

COMMERCIAL (office support services)

Hays Commercial Services Ltd (trading as Britdoc, Citidata, Data Express, DataCartel, Hays Business Services and Rentacrate)

Hays Business Services S.A. (Belgium)
Francedoc S.A. (France)
Rockall Data Services Ltd
Rockall BV (75%) (Holland)
Rockall Norge A/S (Norway)
Rockall Data Services Inc (USA)

PERSONNEL (specialist staff recruitment agencies)

* Hays Personnel Services Ltd

The Career Care Group Ltd (trading as Accountancy Personnel, Montrose, Banking Personnel)
Accountancy Placements Pty Limited (Australia)
Hays I.T. Services Ltd

1. At 30 June 1994 Hays plc (and/or a subsidiary or subsidiaries in aggregate) owned 100% of each class of the issued shares of the companies except where a smaller proportion is indicated. Shares in companies marked with an asterisk (*) were owned directly by Hays plc and in companies not so marked were owned by a subsidiary or subsidiaries of Hays plc.
2. Companies are registered and operate in England and Wales unless otherwise indicated.
3. The list of companies includes holding companies and those which had a material effect on the consolidated results to 30 June 1994. Information on the other companies in the Group will be included in the next annual return.

Notice is hereby given that the seventh Annual General Meeting of Hays plc will be held at Hogs Back Hotel, Seale, near Farnham, Surrey GU10 1EX at 12 noon on Monday 7 November 1994 for the following purposes:

ORDINARY BUSINESS

RESOLUTION NO 1

To receive and adopt the Accounts for the year ended 30 June 1994 and the reports of the directors and auditors thereon.

RESOLUTION NO 2

To declare a final dividend for the year ended 30 June 1994 which, if approved, will be paid on 30 November 1994 to shareholders on the register at the close of business on 3 November 1994.

To re-elect the following directors who retire from the board by rotation.

RESOLUTION NO 3

Mr P H Courtney

RESOLUTION NO 4

Mr L J Stammers

RESOLUTION NO 5

Mr D C Tibble

RESOLUTION NO 6

To reappoint Messrs Touche Ross & Co as auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the directors to fix their remuneration.

SPECIAL BUSINESS

RESOLUTION NO 7

ORDINARY RESOLUTION

That the directors be and they are hereby generally and unconditionally authorised pursuant to and for the purposes of Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Companies Act 1985) up to the aggregate nominal amount of £1,349.797 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may make an offer or agreement before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

RESOLUTION NO 8

SPECIAL RESOLUTION

That, subject to the passing of resolution 7 above:

(a) pursuant to Section 95(1) of the Companies Act 1985 the directors be and they are hereby empowered to allot equity securities (as defined by Section 94(2) of the Companies Act 1985) wholly for cash pursuant to the authority conferred by Resolution No 7 (otherwise than in compliance with Section 89(1) of the Companies Act 1985) provided that equity securities so allotted otherwise than in connection with a rights issue shall not exceed the aggregate nominal value of £202,469 and that this power shall expire at the conclusion of the next Annual General Meeting of the Company or 7 February 1996, whichever is earlier, save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired, and

(b) for the purpose of this resolution the expression "rights issue" shall mean an offer of securities open for acceptance for a period fixed by the directors by way of rights to holders of Ordinary Shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange.

RESOLUTION NO 9

SPECIAL RESOLUTION

That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Companies Act 1985) of Ordinary Shares of 1p each in the capital of the Company ("Ordinary Shares") provided that:-

(a) the maximum number of Ordinary Shares hereby authorised to be purchased is 40,000,000,

(b) the minimum price which may be paid for each Ordinary Share is 1p,

(c) the maximum price which may be paid for each Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the Ordinary Share is purchased,

(d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or 31 December 1995, whichever is earlier, (except in relation to the purchase of Ordinary Shares the contract for which was concluded before such date and which would or might be executed wholly or partly after such date) unless such authority is renewed prior to such time.

Words and expressions defined in or for the purposes of the Companies Act 1985 shall bear the same meaning herein.

Hays House
Millmead
Guildford
Surrey
GU2 5HJ

11 October 1994

By order of the Board
A G Morison
Secretary

Notes

1 A member entitled to attend and vote is entitled to appoint one or more proxies to attend and on a poll vote instead of him or her.
A proxy need not be a member of the Company.
A form of proxy is enclosed which you are invited to complete and return. Completion and return of the proxy form in accordance with the instructions thereon will not prevent you from attending and voting at the meeting, instead of your proxy, if you wish to do so.

2 The register of interests of directors (and their families) together with copies of the directors' service contracts will be available for inspection at the registered office of the company on weekdays (Saturdays and public holidays excepted) during usual business hours from the date of this notice until the date of the Annual General Meeting and will, on the day of the Annual General Meeting, be available for inspection at the place of the meeting from 11.45am until the conclusion of the meeting.

KEY ADDRESSES

GROUP HEAD OFFICE

HAYS PLC
Hays House, Millmead, Guildford,
Surrey GU2 5HJ
Tel: 01483 302203
Fax: 01483 300388

DIVISIONAL ADDRESSES

HAYS DISTRIBUTION SERVICES
Managing Director Jerry Austen-Smith
Standing Way, Brinklow, Milton Keynes
Buckinghamshire MK10 1AA
Tel: 01908 244700
Fax: 01908 244855

HAYS SPECIALIST DISTRIBUTION
Managing Director Ray Gudge
Stubby Lane, Draycott-in-the-Clay
Ashbourne, Derbyshire DE6 5BP
Tel: 01283 820888
Fax: 01283 820019

HAYS NETWORK DISTRIBUTION
Managing Director Edward Roderick
Pooles Lane, Ripple Road, Dagenham, Essex RM9 6RS
Tel: 0181-592 3050
Fax: 0181-593 7714

HAYS FRIL
Chairman Charles-Henri Lehideux
Managing Director Didier Löchen
83 Boulevard du Montparnasse, 75006 Paris, France
Tel: (from UK) 010 331 4284 2221
Fax: (from UK) 010 331 4284 1930

HAYS MORDHORST
Managing Director Hermann Rothert
Gutenbergstrasse 35/45
24223 Raisdorf, Germany
Tel: (from UK) 010 494 307 910
Fax: (from UK) 010 494 307 91245

BULK CHEMICAL DISTRIBUTION
Managing Director Nigel Wood
Rawdon House, Green Lane, Yeadon,
Leeds LS19 7XX
Tel: 0113 2505811
Fax: 0113 2508776

PACKAGED CHEMICAL DISTRIBUTION
Managing Director Ken Hough
Rawdon House, Green Lane, Yeadon,
LS19 7XX
Tel: 0113 2505811
Fax: 0113 2508776

SPECIALIST CHEMICALS
Managing Director Mike Coop
Rawdon House, Green Lane, Yeadon,
Leeds LS19 7XX
Tel: 0113 2505811
Fax: 0113 2508776

MAIL SERVICES
Managing Director Henry Seymour
DX House, Ridgeway, Iver
Buckinghamshire SL0 9JQ
Tel: 01753 630630
Fax: 01753 652511

PARCELS & GENERAL SERVICES
Managing Director Colin Lewis
DX House, Ridgeway, Iver
Buckinghamshire SL0 9JQ
Tel: 01753 650650
Fax: 01753 655211

HAYS BUSINESS SERVICES
Managing Director Brian Fuller
Quadrant House, 15/16 Stockwell Green
London SW9 9JJ
Tel: 0171-733 0090
Fax: 0171-737 3802

HAYS PERSONNEL SERVICES
Managing Director Denis Waxman
36-44 Moorgate, London EC2M 6EL
Tel: 0171-628 9999
Fax: 0171-628 4698

NOTICE OF ILLEGIBLE DOCUMENT

ON THE MICROFICHE RECORD

Companies House regrets that the microfiche record for this company, contain some documents, which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause