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HAYS plc
CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 1996

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DIRECTORS AND CORPORATE INFORMATION

Executive Chairman

R E Frost

Group Managing Director

J A Napier

Directors

M E Aldridge
M J Biden
D Matthewman
D C Tibble
G J Williams
L J Stammers (non-executive)
C S Taylor (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

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

Solicitors

Freshfields
Whitefriars
65 Fleet Street
London EC4Y 1HS

SHAREHOLDERS' INFORMATION

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 & Co Limited
120 Cheapside
London EC2V 6DS

Stockbrokers

SBC Warburg
1 Finsbury Avenue
London EC2M 2PA

UBS Ltd
100 Liverpool Street
London EC2M 2RH

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:

Aitken Campbell & Co Ltd
Barclays de Zoete Wedd Securities Ltd
ABN AMRO Hoare Govett Ltd
UBS Ltd
SBC Warburg
McLean & Co RA Ltd
NatWest Securities Ltd
Kleinwort Benson Securities Ltd
HSBC Investment Bank plc
Merrill Lynch International
Strauss Turnbull Securities Ltd

Financial calendar

Interim Statement	**March**
Interim Dividend	**31 May**
Preliminary Announcement	**September**
Annual Report posted	**October**
Final Dividend	**29 November**
Annual General Meeting	**November**

REPORT OF THE DIRECTORS

For the year ended 30 June 1996

The directors present their report and the audited financial statements of the Company and its subsidiary undertakings for the year ended 30 June 1996.

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.

Personnel - Specialist staff recruitment agencies.

Commercial - Office support services.

REVIEW OF THE BUSINESS

The Group traded satisfactorily during the year, as shown in the financial statements on pages 10 to 35.

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 [• to •].

RESULTS AND DIVIDENDS

The financial results for the year ended 30 June 1996 set out in the accompanying financial statements were approved by the Board on 13 September 1996. They show a profit before tax of £132.0 million. The retained profit of £57.8 million has been transferred to reserves.

An interim dividend of 2.6p per share net in respect of the year to 30 June 1996 was paid on 31 May 1996. The directors recommend a final dividend of 5.5p per share net which, if approved at the Annual General Meeting, will be paid on 29 November 1996 to shareholders on the register on 29 October 1996.

SHARE CAPITAL

During the year 50,000 ordinary shares of 1p each were allotted in accordance with the rules of the Hays Share Option Scheme, 3,503,032 ordinary shares of 1p each were allotted in accordance with the rules of the Hays plc 1989 Executive Share Option Scheme, 127,254 ordinary shares of 1p each were allotted in accordance with the rules of the Hays plc Savings - Related Share Option Scheme and 4,918 ordinary shares of 1p each were allotted in accordance with the rules of the Hays plc 1995 Executive Share Option Scheme.

SUBSTANTIAL SHAREHOLDINGS

The following shareholders had advised the Company of holding an interest of 3% or more in the issued share capital of the Company at 10 September 1996:

Standard Life Group	3.29%
R E Frost	4.86%

Janus Capital Corporation, which is not an 'authorised person' under the Financial Services Act, advised the company that investment management clients of companies within the Janus Capital Corporation Group were, in aggregate, interested in 5.22% of the issued share capital of the company at 10 September 1996.

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, unless otherwise indicated.

R E Frost	Executive Chairman
J A Napier	Group Managing Director
M E Aldridge	
M J Biden	(appointed 10 June 1996)
D Matthewman	
M Proffitt	(resigned 7 June 1996)
D C Tibble	
G J Williams	
L J Stammers*	
C S Taylor*	(appointed 1 December 1995)

*Non-executive director

Mr ME Aldridge, Mr MJ Biden and Mr CS Taylor will retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS ***(Continued)***

At the date of the Annual General Meeting the service contracts of all executive directors will have a period of two years unexpired. The non-executive directors do not have a service contract with the Company.

The beneficial interests of directors in office at 30 June 1996 in the shares of the Company were as follows:

	30 June 1996		30 June 1995 or date of appointment	
	Shares	Options	Shares	Options
R E Frost	20,000,000	643,049	20,000,000	550,870
J A Napier	490,000	397,914	640,000	322,495
M E Aldridge	100,000	295,626	100,000	248,705
M J Biden	-	-	-	-
D Matthewman	1,270,000	269,768	1,270,500	232,059
D C Tibble	150,000	102,090	20,000	293,734
G J Williams	5,865,000	414,147	5,865,000	364,706
L J Stammers	2,000	-	2,000	-
C S Taylor	2,750	-	-	-

The options outstanding are exercisable at prices ranging from 148p to 350p per share under the Hays plc Savings-Related Share Option Scheme, from 164p to 277p per share under the Hays plc 1989 Executive Share Option Scheme and at 358p per share under the Hays plc 1995 Executive Share Option Scheme. The normal exercise dates for the Savings-Related options are between 1 June 1997 and 1 February 2004 and for the Executive options at any time before 28 October 2005. Details of the options granted, by director, are shown in note 4 to the financial statements.

The executive directors of Hays are regarded as being interested for the purposes of the Companies Act in 4,253,917 Hays shares held at 10 September 1996 by the Hays plc Employee Share Trust (the 'Trust') since they are, together with other Hays Group employees, beneficiaries of the Trust. Their individual entitlements under the Hays Share Schemes are included in the above figures.

There have been no changes in the above interests between 30 June 1996 and the date of this report. Except as shown above, no director had any interest in the shares 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.

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.

ENVIRONMENTAL POLICY

It is our policy to be sympathetic to the environment in which we work and considerate to others in the way we undertake our business. Environmental considerations extend from acquisition to the selection of suppliers ensuring that all our companies meet environmental legislation and standards as a minimum requirement.

CHARITABLE AND POLITICAL DONATIONS

Charitable donations totalling £93,103 were made during the year ended 30 June 1996.

No payments were made to political parties.

PAYMENTS TO CREDITORS

It is the Group's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. Deloitte & Touche have indicated that they 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 36 to 38 sets out the following special business (resolutions 7, 8 and 9).

ALLOTMENT OF SHARES

Resolution 7 authorises the directors to allot ordinary shares of the Company up to an aggregate nominal amount of £1,358,855. This authority will expire at the conclusion of the next Annual General Meeting.

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 ordinary shares up to an aggregate nominal amount of £205,887 (being 5% of the Company's ordinary 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 19 February 1998, 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 41,000,000 (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 interest 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

13 September 1996

CORPORATE GOVERNANCE

CADBURY

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. Hays complies with the Cadbury Committee Code of Best Practice in all respects other than the composition of the Audit Committee which is being addressed by seeking to recruit further appropriate non-executive directors.

GREENBURY

During the year under review the constitution and operation of the remuneration committee was substantially in compliance with the principles which are now incorporated in Section A of the best practice provisions annexed to the Stock Exchange Listings rules, except that Mr R E Frost, the executive chairman, is a member of the Remuneration Committee. The non-executive directors consider that his guidance is essential to the assessment of the performance of the executive directors and therefore to the proper determination of their remuneration.

REPORT OF THE REMUNERATION COMMITTEE

Remuneration Committee

The Committee is comprised of three directors: Mr LJ Stammers (Chairman), Mr RE Frost and Mr CS Taylor. Mr LJ Stammers and Mr CS Taylor are both non executive directors.

The responsibility of the Committee is to determine the remuneration of the executive directors and to ratify the remuneration of the divisional managing directors.

Remuneration Policy

The remuneration policy is designed to attract and retain the senior executives of the group having regard to other large UK based international businesses. It provides for a competitive compensation package which reflects market value, sustained individual performance, job responsibilities and the Company's performance against financial objectives.

The remuneration package consists of short-term rewards (base salary, benefits and annual bonus) together with longer-term benefits provided by share options and pension arrangements.

Share Options

The Company operates Executive share option and Savings related share option schemes together with a restricted share plan. The schemes are designed to allow participation in the business and to encourage long term retention of key staff. Information on share options is shown in note 4 to the financial statements.

Service Contracts

All Executive Directors have service contracts terminable by the Company on not more than two years notice, in accordance with market practice.

Mr LJ Stammers and Mr CS Taylor do not have service contracts.

Director's Remuneration

Information on the remuneration of directors is shown in note 4 to the financial statements.

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 and the Group 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 judgements.

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.

GOING CONCERN

The accounts have been prepared on the going concern basis since the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future.

INTERNAL CONTROL

The directors are responsible for the Group's system of internal financial control. Such a system can provide only reasonable and not absolute assurance against misstatement or loss.

The Group has an established internal financial control framework which is continually reviewed and updated taking into account the changing nature of the Group's operations. The Board have reviewed the effectiveness of the internal financial control framework for the period covered by these financial statements.

Clear lines of authority exist between subsidiary companies and the Group's executive management. As far as possible subsidiary companies are given autonomy, whilst operating within this established internal control environment. Local management review their operations for key risks and allocate resources to minimise such risks.

The Group has a comprehensive system for reporting financial performance to the Board which includes but is not limited to:

> A Comprehensive Budgeting System - including detailed reviews at all levels of the operation and formal reviews and approvals of the annual budget by the directors.
>
> Monthly actual reporting - for all operations on an accurate and timely basis reporting against budget, prior year and the latest forecast including detailed explanation of any major variances.
>
> Investment reviews - the Company has clearly defined guidelines for capital expenditure and investment appraisal. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements when businesses are being acquired. Any disposal of a company needs formal Board approval.

In addition the Company has detailed Policies and Procedures Manuals with which its operations must comply. Above all the most significant internal control factor is the continuing improvement in the quality and integrity of personnel within our Company to not only improve overall performance but also to ensure that the Company's assets (tangible and intangible) are safeguarded.

AUDITORS' REPORT TO THE MEMBERS OF HAYS PLC

We have audited the financial statements on pages 10 to 35 which have been prepared under the accounting policies set out on page 15.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 8 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company 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 opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 1996 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

DELOITTE & TOUCHE
Chartered Accountants and Registered Auditors
13 September 1996

Hill House
1 Little New Street
London
EC4A 3TR

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 June 1996

(In £'s million)	Note	1996	1995	Increase
TURNOVER	1	966.0	808.4	
OPERATING PROFIT		139.0	116.1	+20%
Net interest payable	3	(7.0)	(5.8)	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		132.0	110.3	+20%
Tax on profit on ordinary activities	6	(39.5)	(32.9)	
Profit on ordinary activities after taxation		92.5	77.4	+20%
Equity minority interests		(1.4)	(1.6)	
PROFIT FOR THE FINANCIAL YEAR		91.1	75.8	
Dividends	7	(33.3)	(28.6)	
Transferred to reserves	19	57.8	47.2	
EARNINGS PER SHARE	8	22.3p	18.7p	+19%
NET DIVIDEND PER SHARE	7	8.1p	7.0p	+16%

The consolidated profit and loss account has been produced on the basis that all operations are continuing operations.

CONSOLIDATED BALANCE SHEET

At 30 June 1996

(In £'s million)	Note	1996	1995
FIXED ASSETS			
Tangible assets	9	329.0	308.3
Investments	10	17.3	6.9
		346.3	315.2
CURRENT ASSETS			
Stocks	11	21.1	19.4
Debtors	12	199.8	176.0
Cash at bank and in hand		86.8	16.1
		307.7	211.5
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Borrowings	13	(6.3)	(15.3)
Other creditors	14	(292.7)	(262.0)
		(299.0)	(277.3)
NET CURRENT ASSETS/(LIABILITIES)		8.7	(65.8)
TOTAL ASSETS LESS CURRENT LIABILITIES		355.0	249.4
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Borrowings	13	(104.2)	(39.3)
Other creditors	14	(18.7)	(19.2)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(10.0)	(12.5)
		222.1	178.4
CAPITAL AND RESERVES			
Called up share capital	17	4.1	4.1
Share premium account	17	274.8	267.6
Revaluation reserve	19	25.3	25.6
Other reserves	19	(1.6)	2.9
Profit and loss account	19	239.2	181.1
		541.8	481.3
Goodwill reserve	19	(325.3)	(308.8)
EQUITY SHAREHOLDERS' INTERESTS		216.5	172.5
EQUITY MINORITY INTERESTS		5.6	5.9
		222.1	178.4

These accounts were approved by the Board of Directors on 13 September 1996.

Signed on behalf of the Board of Directors

R E Frost
D C Tibble

COMPANY BALANCE SHEET

At 30 June 1996

(In £'s million)	Note	1996	1995
FIXED ASSETS			
Tangible assets	9	0.9	0.7
Investments	10	309.4	243.3
		310.3	244.0
CURRENT ASSETS			
Debtors	12	954.6	1,010.7
Cash at bank and in hand		32.4	1.8
		987.0	1,012.5
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Borrowings	13	(75.8)	(47.7)
Other creditors	14	(283.6)	(290.0)
		(359.4)	(337.7)
NET CURRENT ASSETS		627.6	674.8
TOTAL ASSETS LESS CURRENT LIABILITIES		937.9	918.8
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Borrowings	13	(53.8)	(7.8)
PROVISIONS FOR LIABILITIES AND CHARGES		-	(0.4)
		884.1	910.6
CAPITAL AND RESERVES			
Called up share capital	17	4.1	4.1
Share premium account	17	274.8	267.6
Profit and loss account	19	606.2	638.9
Other reserves	19	(1.0)	-
EQUITY SHAREHOLDERS' INTERESTS		884.1	910.6

These accounts were approved by the Board of Directors on 13 September 1996.

Signed on behalf of the Board of Directors

R E Frost

D C Tibble

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 1996

(In £'s million)	Note	1996	1995
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	155.6	133.3
Returns on Investments and Servicing of Finance			
Interest received		1.4	0.6
Interest paid		(5.5)	(5.6)
Interest element of finance lease rentals		(1.6)	(1.0)
Dividends paid to shareholders		(30.1)	(26.0)
Dividends paid to minorities		(1.2)	(1.1)
Dividends received from associated companies		0.2	0.9
Net Cash Outflow from Returns on Investment and Servicing of Finance		(36.8)	(32.2)
Tax Paid		(26.0)	(31.1)
NET CASH INFLOW BEFORE INVESTING AND FINANCING ACTIVITIES		92.8	70.0
Investing activities			
Purchase of fixed assets		(45.2)	(51.8)
Proceeds from sale of fixed assets		7.5	7.7
Purchase of own shares		(10.5)	(4.2)
Acquisition of subsidiaries	23		
Consideration paid		(25.4)	(12.3)
Cash acquired		2.1	1.3
Amounts paid in respect of prior years acquisitions		(11.2)	-
Net Cash Outflow from Investing Activities		(82.7)	(59.3)
NET CASH INFLOW BEFORE FINANCING		10.1	10.7
Financing			
Issue of ordinary share capital		7.2	3.6
New borrowings/(Repayment of borrowings)		64.2	(17.9)
Capital element of finance lease rentals		(2.1)	(3.1)
Net Cash Inflow/(Outflow) from Financing		69.3	(17.4)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	24	79.4	(6.7)
MOVEMENT IN NET DEBT			
Decrease in net borrowings		15.4	6.5
Exchange adjustments		1.9	(4.5)
Opening net debt		(56.0)	(58.0)
Closing net debt	24	(38.7)	(56.0)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 30 June 1996

(In £'s million)	1996	1995
Profit for the financial year	91.1	75.8
Currency translation differences on foreign currency net investments	(4.5)	0.7
Total recognised gains and losses relating to the year	86.6	76.5

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 EQUITY SHAREHOLDERS' INTERESTS

For the year ended 30 June 1996

(In £'s million)	1996	1995
Profit for the financial year	91.1	75.8
Dividends	(33.3)	(28.6)
	57.8	47.2
Other recognised gains and losses relating to the year (net)	(4.5)	0.7
New share capital subscribed	7.2	3.6
Goodwill written-off (net)	(16.5)	(5.4)
Net increase in shareholders' interests	44.0	46.1
Opening equity shareholders' interests	172.5	126.4
Closing equity shareholders' interests	216.5	172.5

The particular accounting policies adopted are described below. Comparative figures have also 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 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 is provided on a straight line basis over the anticipated useful working lives of the assets, after they have been brought into use, at the following rates:

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

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 developments is capitalised; full provision is made for deferred tax thereon.

J LEASED ASSETS

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.

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 £'s million)	1996 Total Turnover	1996 Operating Profit	1996 Operating Net Assets	1995 Total Turnover	1995 Operating Profit	1995 Operating Net Assets
BY BUSINESS SECTOR						
Distribution	551.0	61.4	244.1	470.6	55.2	235.4
Commercial	125.4	38.7	64.6	108.2	32.6	49.1
Personnel	289.6	38.9	22.0	229.6	28.3	16.3
	966.0	139.0	330.7	808.4	116.1	300.8
BY GEOGRAPHICAL AREA						
United Kingdom	702.1	110.1	202.3	587.1	90.0	188.7
Other EC	200.4	22.0	121.8	167.4	20.3	106.9
Rest of the World	63.5	6.9	6.6	53.9	5.8	5.2
	966.0	139.0	330.7	808.4	116.1	300.8

Turnover excludes sales of £373.0 million (1995 - £329.9 million) 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 £'s million)	Note	**1996**	1995
Operating profit is after charging/(crediting)			
Raw materials, consumables and goods purchased for resale		127.3	114.8
Other external charges		408.7	342.5
Staff costs	5	230.2	191.2
Depreciation		27.4	22.2
Hire of plant and machinery			
- operating lease rentals		10.9	7.8
- other rentals		12.8	6.3
Other operating lease rentals (including land and buildings)		16.5	13.8
Changes in stocks, own work capitalised and other operating income		(6.1)	(4.9)
Share of profits of associated companies		(0.7)	(1.4)
		827.0	692.3

Auditors' remuneration amounted to £796,000 (1995 - £744,000) in respect of audit services and £112,000 (1995 - £116,000) in respect of non-audit services.

NOTES TO THE ACCOUNTS (continued)

3. NET INTEREST PAYABLE

(In £'s million)	1996	1995
INTEREST PAYABLE AND SIMILAR CHARGES:		
Bank overdrafts and other loans wholly repayable within five years	(6.7)	(5.3)
Other loans not wholly repayable within five years	(0.1)	(0.3)
Finance charges payable under finance leases	(1.6)	(1.0)
	(8.4)	(6.6)
Interest capitalised on freehold developments	-	0.2
	(8.4)	(6.4)
INTEREST RECEIVABLE AND SIMILAR INCOME	1.4	0.6
Net interest payable	(7.0)	(5.8)

4. DIRECTORS' EMOLUMENTS

(In £'000)	1996	1995
Executive Directors	1,793	1,560
Non-Executive Directors	29	23
	1,822	1,583
Pensions Contributions	589	539
Restricted Share Awards	435	-
	2,846	2,122

The restricted share awards relate to shares given to M E Aldridge on appointment from which restrictions were lifted during the year.

Emoluments

The emoluments of the directors (excluding pension costs and restricted share awards) including the highest paid director are shown below:-

(In £'000)	Salary	Benefits in kind	Performance Payments	1996 Total Emoluments	1995 Total Emoluments
R E Frost (Chairman and highest paid Director)	330	25	74	429	363
J A Napier	270	20	59	349	286
M E Aldridge	160	8	52	220	210
M Biden (appointed 10.6.96)	11	-	-	11	-
D Matthewman	135	13	40	188	140
M Proffitt (resigned 7.6.96)	127	8	8	143	150
D C Tibble	170	9	38	217	185
G J Williams	177	13	46	236	226
P H Courtney (resigned 31.12.94)	-	-	-	-	8
L J Stammers	18	-	-	18	15
C S Taylor (appointed 1.12.95)	11	-	-	11	-
	1,409	96	317	1,822	1,583

NOTES TO THE ACCOUNTS (continued)

4. DIRECTORS' EMOLUMENTS (continued)

The remuneration of the executive directors and the structure of and awards under the performance payment scheme are decided by the Remuneration Committee whose report appears on page [ ]. The executive directors' incentive scheme is performance related and based on Group earnings per share growth and specific business profit targets for the prior year.

Taxable benefits include car benefits and medical expenses insurance. No director waived fees during the year. All executive directors have service contracts of two years duration. There are no service contracts for non-executive directors.

Mr M Proffitt resigned as a director on 7 June 1996. He remains employed by the company for consultancy work at an effective rate of £120,000 per annum. This arrangement supersedes Mr M Proffitt's previous service contract which was terminable by the company on two years' notice, and he has received £100,000 during the year in consideration for a variation of that contract.

ANNUAL PENSION ACCRUED ASSUMING RETIREMENT AT CONTRACTUAL DATE

(In £'000s)	**Years of service**	**At 30 June 1996**	**At 30 June 1995**
R E Frost	22	239	225
J A Napier	5	47	33
M E Aldridge	3	9	6
M J Biden	-	-	-
D Matthewman	25	100	88
D C Tibble	4	11	8
G J Williams	12	96	81

The amounts shown in the above table represent the annual pension earned to date and payable on retirement at contractual retirement date (normally 60), based on the Directors service to date and current pensionable salary.

OPTIONS

The following are the options of ordinary shares of 1p each held by executive directors.

	EXECUTIVE OPTIONS						SAYE OPTIONS	
	At 1 July 1995	Granted	Exercised	At 30 June 1996	Average Exercise Price	Period of Exercise	At 1 July 1995	At 30 June 1996
R E Frost	550,870	92,179		643,049	222p	1995-2005		
J A Napier	322,495	75,419		397,914	289p	1996-2005		
M E Aldridge	243,871	44,693		288,564	269p	1996-2005	4,834	7,062
D Matthewman	232,059	37,709		269,768	228p	1994-2005		
D C Tibble	283,884	47,486	239,130	92,240	302p	1996-2005	9,850	9,850
G J Williams	352,038	49,441		401,479	211p	1995-2005	12,668	12,668

All executive options have been granted at the then ruling market share price, without discount, and are performance related being only exercisable if earnings per share growth is greater than the growth in the retail price index in the three year period prior to exercise.

The options under the Hays plc Savings Related Share Option Scheme are exercisable at prices ranging from 148p to 350p per share and the normal exercise dates are between 1 June 1997 and 1 February 2004. The market price as at 30 June 1996 was 453p per share. During the year the shares have traded in the range 317p to 458p.

NOTES TO THE ACCOUNTS (continued)

4. DIRECTORS' EMOLUMENTS (continued)

Restricted Share Awards

Included in the details of shares of the Company in the Directors' Report are restricted gift shares granted to certain directors. These have been granted to encourage long-term retention of these directors and the recipients are entitled to vote and receive dividends. However, restrictions remain on these shares to the dates indicated and the interest is lost if the executive leaves office during that time. At 30 June 1996 Mr DC Tibble held 50,000 restricted shares. The restrictions lift on 14 October 1997 in respect of 20,000 shares and 9 October 1998 for the remaining 30,000 shares.

5. STAFF COSTS

(In £'s million)	**1996**	1995
Wages and salaries	195.7	162.8
Social security costs	28.4	23.1
Other pension costs	6.1	5.3
	230.2	191.2

AVERAGE NUMBER OF PERSONS EMPLOYED

Number	**1996**	1995
Distribution	6,621	6,076
Commercial	1,766	1,648
Personnel	1,437	1,235
	9,824	8,959

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's principal UK schemes in the year were £4.9 million (1995 - £3.9 million), based on a regular cost of £6.2 million (1995 - £4.9 million) and variation of £1.3 million (1995 - £1.0 million). The Group's principal UK schemes were assessed by independent actuaries as at 30 June 1994 to ascertain the cost of the schemes to the Group mainly 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, and 4% higher than the rate of increase of equity dividends.

At the date of the latest actuarial valuations, the market value of the assets of the most significant defined benefit schemes was £71.0 million and the actuarial value of the assets was sufficient to cover 114% 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 10 years), on a straight line basis.

NOTES TO THE ACCOUNTS (continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(In £'s million)	1996	1995
United Kingdom corporation tax at 33% (1995 - 33%) based on profits for the year	37.1	27.0
Less: double taxation relief	(1.0)	(0.7)
	36.1	26.3
Overseas taxation	5.5	3.9
Deferred taxation	(2.2)	2.6
Associated companies - corporation tax	0.1	0.1
	39.5	32.9

7. DIVIDENDS

(In £'s million)	1996	1995
Interim - 2.6p (1995 - 2.25p) per Ordinary Share	10.7	9.2
Final proposed - 5.5p (1995 - 4.75p) per Ordinary Share	22.6	19.4
	33.3	28.6

8. EARNINGS PER SHARE

The calculation of earnings per share is based on earnings from ordinary activities after taxation and minority interests of £91.1 million and 408,924,000 shares (1995 - £75.8 million and 405,895,000 shares).

NOTES TO THE ACCOUNTS (Continued)

9. TANGIBLE FIXED ASSETS

THE GROUP (In £'s million)	Freehold properties	Leasehold properties long	Leasehold properties short	Plant and machinery	Fixtures and fittings	Assets in course of construction	Total
COST OR VALUATION							
At 1 July 1995	218.5	10.7	9.3	207.3	19.4	-	465.2
Exchange adjustments	(3.9)	-	(0.1)	(1.9)	(0.5)	-	(6.4)
Additions							
Subsidiaries and businesses acquired	4.7	1.7	-	12.4	0.5	-	19.3
Capital expenditure	7.9	0.7	1.1	27.8	6.3	1.4	45.2
Disposals	(2.7)	-	-	(15.4)	(2.0)	-	(20.1)
At 30 June 1996	224.5	13.1	10.3	230.2	23.7	1.4	503.2
ACCUMULATED DEPRECIATION							
At 1 July 1995	24.7	1.8	3.4	114.9	12.1	-	156.9
Exchange adjustments	(0.4)	-	-	(1.5)	(0.1)	-	(2.0)
Relating to assets of subsidiaries and businesses acquired	0.8	0.1	-	6.4	0.3	-	7.6
Provision for the year	4.2	0.2	0.6	19.6	2.8	-	27.4
Disposals	(0.5)	-	-	(13.5)	(1.7)	-	(15.7)
At 30 June 1996	28.8	2.1	4.0	125.9	13.4	-	174.2
NET BOOK VALUE							
At 30 June 1996	195.7	11.0	6.3	104.3	10.3	1.4	329.0
At 30 June 1995	193.8	8.9	5.9	92.4	7.3	-	308.3

Comparable amounts determined according to the historical cost convention:	Freehold properties	Leasehold properties long	Leasehold properties short
Cost	197.0	9.3	9.4
Accumulated depreciation	22.4	1.8	3.8
NET BOOK VALUE			
At 30 June 1996	174.6	7.5	5.6
At 30 June 1995	172.1	5.3	5.2

Freehold properties include land at cost or valuation of £49.0 million (1995 - £44.6 million) which is not depreciated. Freehold properties, plant and machinery and fixtures and fittings include cost of £35.4 million (1995 - £36.9 million) and aggregate depreciation of £10.2 million (1995 - £10.4 million) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge for the year includes £1.1 million (1995 - £1.1 million) 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 £62.6, £9.8 and £3.2 million respectively. As at 30 June 1993 revaluations were reduced by £9.7 million.

NOTES TO THE ACCOUNTS (continued)

9. TANGIBLE FIXED ASSETS (continued)

THE COMPANY (In £'s million)	Short leasehold properties	Plant and machinery	Fixtures and fittings	Total
COST				
At 1 July 1995	0.3	1.0	0.3	1.6
Additions	0.1	0.4	0.1	0.6
Disposals	-	(0.2)	-	(0.2)
At 30 June 1996	**0.4**	**1.2**	**0.4**	**2.0**
ACCUMULATED DEPRECIATION				
At 1 July 1995	0.1	0.6	0.2	0.9
Provision for the year	0.1	0.2	-	0.3
Disposals	-	(0.1)	-	(0.1)
At 30 June 1996	**0.2**	**0.7**	**0.2**	**1.1**
NET BOOK VALUE				
At 30 June 1996	**0.2**	**0.5**	**0.2**	**0.9**
At 30 June 1995	0.2	0.4	0.1	0.7

COMMITMENTS

(In £'s million)	**Group 1996**	Group 1995
Capital expenditure - authorised and contracted for	11.4	3.2

NOTES TO THE ACCOUNTS (continued)

10. INVESTMENTS

THE GROUP (In £'s million)	Associated companies Share of net assets	Associated companies Loans	Own shares	Other investments	Total
At 1 July 1995	1.9	0.1	4.2	0.7	6.9
Exchange adjustments	(0.1)	-	-	(0.1)	(0.2)
Additions	-	-	10.5	-	10.5
Purchase of partners equity (see note 20)	(0.3)	(0.1)	-	-	(0.4)
Dividends receivable	(0.2)	-	-	-	(0.2)
Share of profits of associated companies	0.7	-	-	-	0.7
At 30 June 1996	2.0	-	14.7	0.6	17.3

The Group's share of retained profits of associated companies at 30 June 1996 is £0.6 million (1995 - £0.3 million).

THE COMPANY (In £'s million)	Own Shares	Shares in subsidiaries	Total
At 1 July 1995	4.2	239.1	243.3
Exchange adjustments	-	(2.0)	(2.0)
Additions:			
Subsidiaries acquired	-	57.6	57.6
Other	10.5	-	10.5
At 30 June 1996	14.7	294.7	309.4

The company operates an employee share option plan whereby an employee trust acquires shares in the company for the benefit of Group employees. The number of shares held at 30 June 1996 is 4,138, 193 (1995 - 1,350,000).

Details of the principal subsidiaries are shown in note 25.

11. STOCKS

(In £'s million)	**1996**	1995
Finished goods and goods for resale	16.2	14.8
Work in progress	0.2	0.2
Raw materials and consumables	4.7	4.4
	21.1	19.4

NOTES TO THE ACCOUNTS (continued)

12. DEBTORS

(In £'s million)	**Group 1996**	Group 1995	**Company 1996**	Company 1995
Trade debtors	155.9	136.2	-	-
Amounts owed by subsidiaries	-	-	947.9	1,009.1
Amounts owed by associated companies	0.7	1.2	-	-
Other debtors	22.4	20.7	5.8	1.1
Prepayments and accrued income	20.8	17.9	0.9	0.5
	199.8	176.0	954.6	1,010.7

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

(In £'s million)	**Group 1996**	Group 1995	**Company 1996**	Company 1995
Included in other debtors:				
Advance corporation tax recoverable	2.5	0.4	5.7	4.9
Other	5.6	4.4	-	-
Prepayments and accrued income	-	0.2	-	-
	8.1	5.0	5.7	4.9

NOTES TO THE ACCOUNTS (continued)

13. BORROWINGS

(In £'s million)	**Group 1996**	Group 1995	**Company 1996**	Company 1995
Loan notes	3.6	3.8	2.5	3.5
Bank loans - secured	6.2	5.0	-	-
- unsecured	73.1	35.6	53.8	-
Overdrafts	2.4	2.4	73.3	44.2
Revolving committed facilities	24.9	-	-	-
Money Market loans	-	7.8	-	7.8
Other loans	0.3	-	-	-
	110.5	54.6	129.6	55.5
LOAN OBLIGATIONS ARE REPAYABLE AS FOLLOWS:				
Over five years - by instalment	2.1	3.4	-	-
- other	-	2.2	-	-
Over two years and under five years	101.6	32.6	53.8	7.8
Over one year and under two years	0.5	1.1	-	-
Total over one year	104.2	39.3	53.8	7.8
Under one year	6.3	15.3	75.8	47.7
TOTAL BORROWINGS	110.5	54.6	129.6	55.5

The loan notes have been issued in connection with subsidiaries acquired and the majority are payable on demand and bear interest at money market deposit 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 2001 and December 2008.

NOTES TO THE ACCOUNTS (continued)

14. OTHER CREDITORS

(In £'s million)	**Group 1996**	Group 1995	**Company 1996**	Company 1995
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Trade creditors	97.1	91.3	0.4	0.3
Amounts owed to subsidiaries	-	-	244.8	266.4
Taxation	72.4	57.2	11.4	1.9
Social security	7.6	7.3	-	-
Other creditors	29.3	22.4	2.6	0.3
Finance lease obligations	2.7	3.1	-	-
Acquisition liabilities	1.4	11.6	-	-
Dividends payable	22.6	19.4	22.6	19.4
Accruals and deferred income	59.6	49.7	1.8	1.7
	292.7	262.0	283.6	290.0
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Finance lease obligations	12.3	14.4		
Deferred acquisition liability (note 20)	1.9	-		
Other creditors	2.2	2.3		
Accruals and deferred income	2.3	2.5		
	18.7	19.2		

Accruals and deferred income include an amount of £0.9 million (1995 - £1.0 million) which is due after more than five years.

NOTES TO THE ACCOUNTS (continued)

15. LEASE COMMITMENTS

(In £'s million)	1996	1995
A FINANCE LEASES		
Net obligations are payable as follows:		
Within one year	2.7	3.1
Over one year and under two years	2.4	2.5
Between two and five years	4.6	4.6
After five years	5.3	7.3
	15.0	17.5

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 1996 the Group and the Company were committed to making the following payments in the year to 30 June 1997 in respect of operating leases

(In £'s million)	Group Land and buildings	Group Other	Company Land and buildings
Leases which expire :			
Within one year	1.0	1.3	-
Within two to five years	3.4	5.0	-
After five years	9.6	2.3	0.2
	14.0	8.6	0.2

NOTES TO THE ACCOUNTS (continued)

16. PROVISIONS FOR LIABILITIES AND CHARGES

(In £'s million)	Pensions	Deferred Taxation	Other	Total
At 1 July 1995	3.3	5.1	4.1	12.5
Exchange adjustments	(0.2)	-	-	(0.2)
Acquisitions	-	0.4	-	0.4
Charged/(Credited) to profit & loss account	0.3	(2.2)	-	(1.9)
Utilised	-	-	(2.1)	(2.1)
Movement in Advance Corporation Tax offset against deferred tax	-	1.3	-	1.3
At 30 June 1996	3.4	4.6	2.0	10.0

Other provisions consist of rationalisation, reorganisation and closure costs.

(In £'s million) **DEFERRED TAXATION**	**1996 Provided**	**1996 Unprovided**	1995 Provided	1995 Unprovided
Accelerated tax allowances	5.1	19.9	5.1	19.0
Surplus on revaluation	-	4.5	-	5.2
Gain deferred by rollover	-	1.7	-	0.8
Other timing differences	2.7	(14.9)	4.5	(13.5)
	7.8	11.2	9.6	11.5
Advanced Corporation Tax offset	(3.2)	-	(4.5)	-
	4.6	11.2	5.1	11.5

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.

NOTES TO THE ACCOUNTS (continued)

17. CALLED UP SHARE CAPITAL AND SHARE PREMIUM

AUTHORISED SHARE CAPITAL

(In £'s million)	**1996 Number 000's**	**1996**	1995 Number 000's	1995
Ordinary Shares of 1p each	1,067,180	10.7	1,067,180	10.7
Undesignated Shares of 1p each	7,823,714	78.2	7,823,714	78.2
		88.9		88.9

CALLED UP SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

(In £'s million)	Share Capital Number 000's	Share Capital	Share Premium Account
Allotted and fully paid Ordinary Shares of 1p each			
At 1 July 1995	407,301	4.1	267.6
Shares allotted on the exercise of options between 1p and 358p under the Company's share option schemes	3,686	-	7.2
At 30 June 1996	410,987	4.1	274.8

NOTES TO THE ACCOUNTS (continued)

18. SHARE OPTIONS

At 30 June 1996 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 PLC 1989 EXECUTIVE SHARE OPTION SCHEME:	97,650	976	105p	1992-1999
	418,000	4,180	164p	1994-2001
	32,500	325	180p	1995-2002
	2,242,453	22,425	184p	1995-2002
	541,310	5,413	227p	1996-2003
	6,456,926	64,569	252p	1996-2003
	626,761	6,268	296p	1997-2004
	4,304,519	43,045	277p	1997-2004
	617,998	6,180	339p	1998-2005
	15,338,117	153,381		
THE HAYS PLC 1995 EXECUTIVE SHARE OPTION SCHEME:	2,959,104	29,591	358p	1998-2005
	2,959,104	29,591		
THE HAYS PLC SAVINGS - RELATED SHARE OPTION SCHEME:	1,851,134	18,511	111p	1996-1999
	770,656	7,707	148p	1997-1999
	792,233	7,922	184p	1998-2000
	623,257	6,233	242p	1999-2001
	929,320	9,293	226p	2000-2002
	1,347,003	13,470	350p	1999-2004
	6,313,603	63,136		
	24,610,824	246,108		

NOTES TO THE ACCOUNTS (continued)

19. RESERVES

THE GROUP (In £'s million)	Revaluation reserve	Other reserves	Profit and loss account	Goodwill reserve
At 1 July 1995	25.6	2.9	181.1	(308.8)
Translation differences in respect of foreign subsidiaries	-	(4.5)	-	-
Transfer of additional depreciation on revalued assets	(0.3)	-	0.3	-
Transferred from profit and loss account	-	-	57.8	-
Goodwill written off in year (note 20)	-	-	-	(17.3)
Goodwill disposed	-	-	-	0.8
At 30 June 1996	25.3	(1.6)	239.2	(325.3)

The consolidated goodwill reserve represents the excess of the consideration 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.

THE COMPANY (In £'s million)	Profit and loss account	Other reserves
At 1 July 1995	638.9	-
Translation differences in respect of foreign subsidiaries	-	(1.0)
Transferred from profit and loss account	(32.7)	-
At 30 June 1996	606.2	(1.0)

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 consolidated profit for the financial year includes a profit of £0.6 million (1995 - profit of £305.3 million) which is dealt with in the accounts of Hays plc.

20 ACQUISITIONS

Acquisitions completed during the year were Varekamp Archiefbeheer Maatschappij BV, Apollo Despatch plc, Irish Document Exchange Limited, Paul Gunther Sicherheitsdepot GmbH, Geodata Inc and Bijsterbosch Holding BV.

As a result of the acquisition of Paul Gunther Sicherheitsdepot GmbH, the Group acquired the remaining 50% share of its former associated undertaking Rockall Paul Gunther GmbH.

The effective dates for acquisition were 5 July, 11 July, 14 November, 17 November, 20 March and 28 June respectively.

Goodwill arising during the year is as follows:

(In £'s million)	Net Tangible Assets Acquired	Fair Value Adjustments	Fair Value of Assets Acquired
Tangible fixed assets	10.6	1.1	11.7
Cash	2.1	-	2.1
Debtors	4.9	-	4.9
Stock	0.1	-	0.1
Borrowings	(1.9)	-	(1.9)
Creditors and provisions	(5.2)	(0.3)	(5.5)
	10.6	0.8	11.4
Less: Share of net assets recognised in associated company			(0.1)
			11.3
Consideration paid			28.6
Goodwill (note 19)			17.3

The results set out in the consolidated profit and loss account are shown as continuing operations of the Group as there was no material effect from the operations acquired during the year.

21 CONTINGENT LIABILITIES

(In £'s million)	**Group 1996**	Group 1995	**Company 1996**	Company 1995
Bank and other guarantees	-	-	57.7	8.5
Deferred acquisition payments	3.8	-	-	-
	3.8	-	57.7	8.5

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 from 31 December 1998 based upon earnings related formulae.

The acquisition agreement for Bijsterbosch Holding BV provides for payment of maximum deferred consideration totalling £6,604,000 in four tranches on the attainment of certain profit and cash targets during the period to 30 June 2000. At the date of these accounts £2,830,000 has been accrued and £3,774,000 recorded as a contingent liability.

NOTES TO THE ACCOUNTS (continued)

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

(In £'s million)	**1996**	1995
Total operating profit	139.0	116.1
Depreciation	27.4	22.2
Share of profit of associated companies	(0.7)	(1.4)
Profit on sale of fixed assets	(3.1)	(1.0)
Increase in debtors	(19.3)	(14.9)
Increase in stocks	(1.8)	(1.8)
Increase in creditors	14.1	14.1
Net cash inflow from operating activities	**155.6**	**133.3**

23. ACQUISITION OF SUBSIDIARIES

(In £'s million)	**1996**	1995
Tangible fixed assets	11.7	16.8
Stocks	0.1	1.0
Debtors	4.9	7.4
Creditors	(5.1)	(8.9)
Loans and finance leases	(1.9)	(8.4)
Provisions for liabilities and charges	(0.4)	(1.1)
Net assets of former associated company	(0.1)	(0.9)
Goodwill	17.3	5.4
	26.5	11.3
Satisfied by cash	25.4	12.3
Cash and cash equivalents acquired	(2.1)	(1.3)
	23.3	11.0
Loan notes issued	0.4	0.3
Deferred consideration recognised	2.8	-
	26.5	11.3

24. MOVEMENT IN NET DEBT

(In £'s million)	**1996**			1995		
	Cash & cash equivalents	**Debt**	**Net Debt**	Cash & cash equivalents	Debt	Net Debt
At 1 July	5.9	(61.9)	**(56.0)**	12.5	(70.5)	(58.0)
Foreign exchange movement	(0.9)	2.8	**1.9**	0.1	(4.6)	(4.5)
Movement during year	79.4	-	**79.4**	(6.7)	-	(6.7)
Borrowings repaid	-	25.6	**25.6**	-	21.0	21.0
Borrowings raised	-	(87.7)	**(87.7)**	-	-	-
Borrowings acquired	-	(1.9)	**(1.9)**	-	(7.8)	(7.8)
At 30 June	84.4	(123.1)	**(38.7)**	5.9	(61.9)	(56.0)

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. Debt includes finance lease obligations.

NOTES TO THE ACCOUNTS (continued)

25. PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES

HOLDING COMPANIES

* Hays Holdings Ltd
* Hays Overseas Holdings Ltd
Hays France S.A. (France)
Hays Overseas Holdings GmbH (Germany)
Hays USA Holdings, Inc (USA)
* Hays Marine Services Limited
Hays Holding BV (Holland)

DISTRIBUTION (specialised distribution activities)

* Hays Distribution Services Ltd (distribution, warehousing and home delivery services for retailers and manufacturers plus multi-user storage and distribution).

Hays Fril S.A. (France) (distribution and warehousing services in France for retailers and manufacturers).

Hays - E Mordhorst Beteiligungs GmbH 75% (Germany) (distribution and warehousing services in Germany for manufacturers).

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

COMMERCIAL (office support services)

Hays Commercial Services Limited.

PERSONNEL (specialist staff recruitment agencies)

Hays Personnel Services (Holdings) Limited.

1. At 30 June 1996 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 1996. Information on the other companies in the Group will be included in the next annual return.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the eighth Annual General Meeting of Hays plc will be held at The RAC Country Club, Woodcote Park, Epsom, Surrey KT18 7EW at 12 noon on 19 November 1996 for the following purposes:

Ordinary Business

Resolution No 1

To receive and adopt the Accounts for the year ended 30 June 1996 and the reports of the directors and auditors thereon.

Resolution No 2

To declare a final dividend for the year ended 30 June 1996 which, if approved, will be paid on 29 November 1996 to shareholders on the register at the close of business on 29 October 1996.

To re-elect the following directors who retire from the Board by rotation:

Resolution No 3

Mr ME Aldridge

Resolution No 4

Mr MJ Biden

Resolution No 5

Mr CS Taylor

Resolution No 6

To reappoint Messrs Deloitte & Touche 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 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 £1,358,855 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 6 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 [6] (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 £205,887 and that this power shall expire at the conclusion of the next Annual General Meeting of the Company or 19 February 1998, 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 on the register on a fixed record date or dates in proportion to their then holdings of such shares (but subject to such exclusion 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 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 41,000,000,

(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 1997, 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

October 1996

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.