Company Registration No. 3310225

Deloitte & Touche

MICHAEL PAGE GROUP PLC

Report and Financial Statements

31 December 2000

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

Deloitte & Touche

REPORT AND FINANCIAL STATEMENTS 2000

CONTENTS

DIRECTORS' REPORT

The directors present their report together with the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was to act as the parent company of the Michael Page group, a group of recruitment consultancy companies.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors are satisfied with the continued growth of the business and the financial performance as set out in the consolidated profit and loss account on page 5. The directors intend to continue to develop the group's recruitment consultancy activities in the future.

DIVIDENDS

No dividend was proposed in respect of the year (1999 - £nil).

DIRECTORS

The directors, who served throughout the year, were as follows:

Terry Benson
Ray Marcy
Roy Krause

DIRECTORS' INTERESTS IN SHARES

No director held interests in the shares or share options of the company or any other group undertaking at any time during the year.

The directors are not required to disclose their interests in the shares or share options of the ultimate parent company, Spherion Corporation as this company is incorporated overseas.

EMPLOYEE INVOLVEMENT

Communication with employees is effected through company information bulletins, briefing meetings conducted by senior management and formal and informal discussions. Interim and Annual Reports are circulated to all staff. Informal communication is further facilitated because of the group's divisional organisation structure.

EQUAL OPPORTUNITY

The group endorses and supports the principles of equal employment opportunity. It is the policy of the group to provide equal employment opportunity to all qualified individuals which ensures that all employment decisions are made, subject to its legal obligations, on a non-discriminatory basis.

DIRECTORS' REPORT (continued)

SUPPLIER PAYMENT POLICY

It is the policy of the group that it will agree appropriate terms and conditions for its transactions with suppliers (by means ranging from standard written terms to individually negotiated contracts) and that payment should be made in accordance with those terms and conditions, provided that the supplier has also complied with them.

The company acts as a holding company for the group. The group's creditor days for the year ended 31 December 2000 were 27 (1999 - 29).

By order of the Board

T Webber.

Tim Webber
Secretary
26 February 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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AUDITORS' REPORT TO THE MEMBERS OF

MICHAEL PAGE GROUP PLC

We have audited the financial statements on pages 5 to 20 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 group's and the company's circumstances, 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 group and the company as at 31 December 2000 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

Chartered Accountants and
Registered Auditors

26 February 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2000

	Note	2000 £'000	1999 (see note 4) £'000
TURNOVER	1,2	458,065	356,252
Cost of sales		(211,736)	(174,582)
GROSS PROFIT		246,329	181,670
Administrative expenses		(172,227)	(125,453)
OPERATING PROFIT	3	74,102	56,217
Interest receivable and similar income	7	418	493
Interest payable and similar charges	8	(15,984)	(14,499)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		58,536	42,211
Tax on profit on ordinary activities	9	(21,331)	(14,749)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		37,205	27,462
Equity minority interests		(197)	(204)
PROFIT FOR THE FINANCIAL YEAR AND RETAINED PROFIT FOR THE YEAR	19	37,008	27,258
Basic and diluted earnings per share	10	£744	£549

All operations arise from continuing activities of the group.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2000

	2000 £'000	1999 £'000
Profit attributable to shareholders	37,008	27,258
Foreign currency translation differences	429	(1,389)
Total recognised gains relating to the year	37,437	25,869

BALANCE SHEETS
31 December 2000

	Note	Group 2000 £'000	Group 1999 (as restated see note 15 £'000	Company 2000 £'000	Company 1999 (as restated see note 19) £'000
FIXED ASSETS					
Intangible assets	11	22,096	21,409	-	-
Tangible assets	12	25,659	19,942	3,955	4,024
Investments	13	-	-	351,286	351,286
		47,755	41,351	355,241	355,310
CURRENT ASSETS					
Debtors	14	103,651	78,178	44,780	36,005
Cash at bank and in hand		17,035	12,276	13	-
		120,686	90,454	44,793	36,005
CREDITORS:					
Amounts falling due within one year	15	(163,313)	(145,947)	(107,857)	(99,770)
NET CURRENT LIABILITIES		(42,627)	(55,493)	(63,064)	(63,765)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,128	(14,142)	292,177	291,545
CREDITORS:					
Amounts falling due after more than one year	16	(142,000)	(161,500)	(142,000)	(161,500)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(1,757)	-	(522)	-
Equity minority interests		-	(424)	-	-
NET (LIABILITIES)/ASSETS		(138,629)	(176,066)	149,655	130,045
CAPITAL AND RESERVES					
Called up share capital	18	50	50	50	50
Capital contribution reserve	19	142,187	142,187	142,187	142,187
Profit and loss account	19	(280,866)	(318,303)	7,418	(12,192)
EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS	20	(138,629)	(176,066)	149,655	130,045

These financial statements were approved by the Board of Directors on 26 February 2001.

Signed on behalf of the Board of Directors.

T Benson
Director

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The accounts have been prepared under the historical cost convention.

Basis of consolidation

The financial statements of Michael Page Group PLC consolidate the results of the company and all its subsidiary undertakings. As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company has not been included as part of these accounts. The parent company's profit for the financial year amounted to £19,610,000 (1999 - £7,682,000).

Turnover and income recognition

Turnover, which excludes value added tax ("VAT"), constitutes the value of services emanating from its principal activities, which are recruitment consultancy and other ancillary services. These consist of:

- Turnover from temporary placements, which represents amounts billed for the services of temporary staff including the salary cost of these staff. This is recognised when the service has been provided;
- Turnover from permanent placements, which is based on a percentage of the candidiate's remuneration package, is derived from both retained assignments (income recognised on completion of defined stages of work) and non-retained assignments (which is recognised at the date an offer is accepted by a candidate, and where a start date has been determined). The latter includes turnover anticipated, but not invoiced at the balance sheet date, which is correspondingly accrued on the balance sheet within "Prepayments and accrued income". A general provision is made against accrued income for possible cancellations of placements prior to, or shortly after, the commencement of employment; and
- Turnover from amounts billed to clients for expenses incurred on their behalf (principally advertisements) is recognised when the expense is incurred.

Cost of sales

Cost of sales consist of the salary cost of temporary staff and costs incurred on behalf of clients, being principally advertising costs.

Gross profit

Gross profit (being turnover less cost of sales) is referred to by management as revenue.

Goodwill

For periods after the period ended 31 December 1997, goodwill arising on acquisitions (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and classified as an asset on the balance sheet and amortised over its estimated useful economic life of 20 years. Goodwill arising on acquisitions prior to 31 December 1997 has been written off against reserves and will be charged or credited in the profit and loss account on subsequent disposal of the business to which it related.

Foreign exchange

Transactions in foreign currencies are translated into sterling at the rates of exchange prevailing at the dates the transactions were made. Translation differences are dealt with in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates ruling at that date. Translation differences are dealt with in the statement of total recognised gains and losses.

Accounts of overseas operations are translated using the closing rate method. Profits, losses and cash flows of overseas operations are translated at the average exchange rate applicable to the period, whereas assets and liabilities of overseas subsidiaries are translated at the rates ruling at the period end. Unrealised gains and losses arising on these transactions are dealt with in the statement of total recognised gains and losses.

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at original cost less accumulated depreciation. Depreciation is calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life at the following rates:

Leasehold improvements	10% per annum or period of lease if shorter
Furniture, fixtures and equipment	10% - 20% per annum
Motor vehicles	25% per annum

Investments

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

Taxation

The charge for taxation is provided at rates of corporation tax ruling during the accounting period.

Deferred taxes arise from timing differences between the treatment of certain items for taxation and accounting purposes – provision of which is made only to the extent where it is probable a liability will crystallise

Pension costs

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension costs charged to the profit and loss account represent the contributions payable by the group to the fund during each period.

Leased assets

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Financial Instruments

The only derivative instrument utilised by the group is an interest rate swap. All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the group in line with the group's risk management policies. Amounts payable or receivable in respect of the interest rate swap are recognised as adjustments to interest expense over the period of the contracts.

2. GEOGRAPHICAL ANALYSIS

	2000			1999		
	Turnover by origin £'000	Profit before tax £'000	Net assets/ (liabilities) £'000	Turnover by origin £'000	Profit before tax £'000	Net assets/ (liabilities) £'000
Geographical area:						
UK	264,112	36,691	(175,935)	211,948	26,946	(191,522)
Europe	137,897	26,745	26,702	99,034	22,078	12,909
Asia Pacific - Australia	47,999	7,755	6,839	40,947	6,278	1,054
- Other	7,665	2,755	3,590	4,323	1,214	1,493
Americas	392	156	175	-	(299)	-
Net interest	-	(15,566)	-	-	(14,006)	-
	458,065	58,536	(138,629)	356,252	42,211	(176,066)

Turnover analysed by destination is not materially different to turnover analysed by origin. The amounts stated above derive from the group's single activity of recruitment consultancy.

Net interest payable has not been allocated, recognising the centre's role and responsibility in allocating financial resources.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

3. OPERATING PROFIT

	2000 £'000	1999 £'000
Operating profit is stated after charging/(crediting):		
Staff costs (note 6)	110,518	81,922
Depreciation of tangible fixed assets - owned	5,605	4,513
Amortisation of goodwill	1,309	1,189
Auditors' remuneration:		
audit fees	229	219
other services	43	45
Profit on disposal of tangible fixed assets	(27)	(97)
Operating lease rentals land and buildings	6,992	5,282
other	86	-

4. RESTATEMENT OF COMPARATIVES

The amounts for the year ended 31 December 1999 have been restated to reclassify certain expense items from cost of sales to administrative expenses, in order to bring the company into line with industry practice. The effect of this restatement is to increase gross profit by £83,137,000. There is no affect on operating profit or reserves.

5. DIRECTORS' REMUNERATION

Directors' emoluments:	2000 £'000	1999 £'000
Remuneration	2,302	2,304
Pension scheme contributions in respect of money purchase schemes	90	139
	2,392	2,443

	No.	No.
Number of directors who are members of money purchase schemes	1	2

Highest paid director:	£'000	£'000
Aggregate emoluments	2,302	1,585
Pension scheme contributions in respect of money purchase scheme	90	82

Year ended 31 December 1999	**Gross salaries £'000**	**Bonuses £'000**	**Pension contributions £'000**	**Benefits-in-kind £'000**	**Total £'000**
Terry Benson	272	1,297	82	16	1,667
Ian Nash (resigned 30 June 1999)	242	475	57	2	776
Total	514	1,772	139	18	2,443
Year ended 31 December 2000					
Terry Benson	300	1,985	90	17	2,392
Total	300	1,985	90	17	2,392

No other director received any emoluments in 1999 or 2000.

6. EMPLOYEE INFORMATION

The average number of employees (including executive directors) during the year was as follows:

	2000 No.	1999 No.
Management	90	61
Client services	1,465	1,142
Administration	879	629
	2,434	1,832

Employment costs (including directors' emoluments) comprised:	£'000	£'000
Wages and salaries	94,959	69,680
Social security costs	12,496	11,406
Other pension costs	3,063	836
	110,518	81,922

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 £'000	1999 £'000
Bank interest	418	493

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £'000	1999 £'000
Bank interest	11,272	10,020
Interest payable to parent company	3,986	3,959
Loan notes	365	372
Swap interest	361	148
	15,984	14,499

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9. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge for the year is made up as follows:

	2000 £'000	1999 £'000
Taxation relating to current year:		
UK corporation tax at 30% (1999: 30.25%)	8,363	4,959
Overseas corporation tax	11,666	10,379
Deferred taxation	1,641	226
Taxation relating to prior periods:		
UK corporation tax	(505)	(2,089)
Overseas corporation tax	(489)	(43)
Deferred taxation	655	1,317
	21,331	14,749

The tax charge is high due to the effect of permanently tax-disallowable items.

10. EARNINGS PER ORDINARY SHARE

Earnings per share	Year ended 31 December 2000 £'000	1999 £'000
Earnings – basic and diluted (£)	37,205	27,462
	No.	No.
Weighted average number of ordinary shares – basic and diluted	50,000	50,000
Earnings per ordinary share – basic and diluted (£)	744	549

Basic earning per ordinary share is calculated by dividing earnings (defined as post-tax profits available for distribution) by the weighted average number of issued ordinary shares.

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares in issue for any potential dilution in its ordinary share capital. The company has no such dilutive instruments.

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11. INTANGIBLE ASSETS

	Goodwill £'000
Cost:	
At 1 January 2000	23,432
Additions	1,996
At 31 December 2000	25,428
Amortisation:	
At 1 January 2000	2,023
Charge for the year	1,309
At 31 December 2000	3,332
Net book value	
At 31 December 2000	22,096
At 31 December 1999	21,409

The addition to goodwill of £1,558,000 has resulted from the purchase of the remaining 10% minority in Accountancy Additions Limited (see note 21). A further addition of £438,000 related to deferred consideration payable as a result of the good performance of Spherion UK PLC in the year.

12. TANGIBLE FIXED ASSETS

GROUP	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2000	5,787	18,772	7,072	31,631
Additions	2,463	6,089	6,650	15,202
Disposals	(198)	(1,183)	(5,214)	(6,595)
Foreign currency translation	196	(92)	118	222
At 31 December 2000	8,248	23,586	8,626	40,460
Depreciation				
At 1 January 2000	1,881	8,016	1,792	11,689
Charge for the year	747	3,208	1,650	5,605
Disposals	(143)	(962)	(1,439)	(2,544)
Foreign currency translation	66	(29)	14	51
At 31 December 2000	2,551	10,233	2,017	14,801
Net book value				
At 31 December 2000	5,697	13,353	6,609	25,659
At 31 December 1999	3,906	10,756	5,280	19,942

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12. TANGIBLE FIXED ASSETS (continued)

COMPANY	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2000	994	2,607	3,131	6,732
Additions	162	294	1,606	2,062
Disposals	(81)	-	(1,428)	(1,509)
Net group transfers	(33)	(308)	(298)	(639)
At 31 December 2000	1,042	2,593	3,011	6,646
Depreciation				
At 1 January 2000	321	1,413	974	2,708
Charge for the year	108	228	691	1,027
Disposals	(41)	-	(693)	(734)
Net group transfers	(24)	(156)	(130)	(310)
At 31 December 2000	364	1,485	842	2,691
Net book value				
At 31 December 2000	678	1,108	2,169	3,955
At 31 December 1999	673	1,194	2,157	4,024

13. INVESTMENTS

Investments in subsidiaries:	Subsidiary undertakings £'000
Cost:	
At 1 January 2000 and 31 December 2000	351,286

The company's principal subsidiary undertakings at 31 December 2000, their principal activities and countries of incorporation are set out below:

Name of undertaking	Country of incorporation	Principal activity
Michael Page Recruitment Group Limited	Great Britain	Holding company
Michael Page Holdings Limited	Great Britain	Support services
Michael Page UK Limited	Great Britain	Recruitment consultancy
Michael Page Limited	Great Britain	Recruitment consultancy
Accountancy Additions Limited	Great Britain	Recruitment consultancy
Accountancy Additions (North) Limited	Great Britain	Recruitment consultancy
Sales Recruitment Specialists Limited	Great Britain	Recruitment consultancy
Questor International Limited	Great Britain	Recruitment consultancy
Michael Page International (France) SA	France	Recruitment consultancy
Page Interim SA	France	Recruitment consultancy
Michael Page International (Espana) SA	Spain	Recruitment consultancy
Page Interim (Espana) SA	Spain	Recruitment consultancy
Michael Page International (Italia) Srl	Italy	Recruitment consultancy
Page Interim (Italia) Srl	Italy	Recruitment consultancy
Michael Page International (Deutschland) GmbH	Germany	Recruitment consultancy
Michael Page International (Nederland) BV	Netherlands	Recruitment consultancy
Michael Page International (Australia) Pty Limited	Australia	Recruitment consultancy
Michael Page International (Hong Kong) Limited	Hong Kong	Recruitment consultancy
Michael Page International (Brasil) SC Ltda	Brazil	Recruitment consultancy
Spherion UK PLC (formerly Interim Services UK PLC)	Great Britain	Recruitment consultancy

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13. INVESTMENTS (continued)

All of the companies listed above are 100% owned by Michael Page Recruitment Group Limited, which is 100% owned by the company. All companies operated principally in their country of incorporation.

14. DEBTORS

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Amounts falling due within one year:				
Trade debtors	87,652	56,473	29,668	19,480
ACT recoverable	777	2,787	777	2,787
Other debtors	1,921	1,028	6,528	-
Prepayments and accrued income	13,301	9,837	7,807	5,531
	103,651	70,125	44,780	27,798
Amounts falling due after more than one year:				
Deferred taxation (see note 17)	-	339	-	887
ACT recoverable	-	7,714	-	7,320
	103,651	78,178	44,780	36,005

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Loan notes	6,367	6,906	6,367	6,906
Bank overdrafts	2,666	5,793	96	2,706
Trade creditors	5,430	4,330	114	789
Amounts owed to group companies	69,979	67,371	79,301	71,583
UK corporation tax	2,143	6,528	1,542	496
Other tax and social security	24,663	15,790	6,396	4,359
Other creditors	11,133	10,151	2,402	1,797
Accruals and deferred income	40,932	29,078	11,639	11,134
	163,313	145,947	107,857	99,770

Interest is payable on the loan notes at a rate of 1% below LIBOR for six month sterling deposits on 30 June and 31 December, the "Interest Payment Dates". Loan note holders may redeem at par all or part of their holdings on any Interest Payment Date. The latest redemption date is 31 December 2002.

The group bank overdrafts balance for 1999 has been restated to include the net overdraft position in United Kingdom, the monetary effect being £3,337,000. Cash balances have been restated by the same amount.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Bank loan	142,000	161,500	142,000	161,500

The bank loan is repayable in full in July 2004 and attracts interest at 1% above LIBOR. The loan is secured on various shareholdings in companies in the Spherion Corporation group, including 32,500 shares in the company.

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17. DEFERRED TAXATION

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Deferred taxation (asset)/provision is as follows:				
Capital allowances in excess of depreciation	427	(360)	40	244
Other timing differences	1,330	21	482	(1,131)
	1,757	(339)	522	(887)
At 1 January	(339)	(1,864)	(887)	(2,574)
Current period charge	1,641	226	760	674
Prior period charge	655	1,317	309	1,013
Transfer	-	-	340	-
Foreign currency translation	(200)	(18)	-	-
At 31 December	1,757	(339)	522	(887)

18. CALLED UP SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised, allotted, called up and fully paid:		
50,000 ordinary shares of £1 each	50	50

19. RESERVES

Group	Capital contribution reserve £'000	Profit and loss account £'000
At 1 January 2000	142,187	(318,303)
Retained profit for the year	-	37,008
Foreign currency translation differences	-	429
At 31 December 2000	142,187	(280,866)

The deficit on the profit and loss account arose following the acquisition of the Michael Page group of companies in 1997. Goodwill of £311,747,000 arising on this acquisition was written off directly to reserves in accordance with the accounting policy set out in note 1.

The entire capital contribution reserve constitutes cash injections of a capital nature made by its ultimate parent, Spherion Corporation in April 1997. Reserves herein are deemed to be distributable.

Company	Capital contribution reserve £'000	Profit and loss account £'000
At 1 January 2000	142,187	(12,192)
Retained profit for the period	-	19,610
At 31 December 2000	142,187	7,418

The deficit on the profit and loss account arose following the group reorganisation in 1997. Goodwill of £40,000,000 arising on this acquisition was written off directly to reserves in accordance with the accounting policy set out in note 1. The 1999 reserves have been restated with the set off of £36,000,000 in other reserves against the profit and loss account.

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20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Profit attributable to shareholders	37,008	27,258	19,610	7,682
Exchange adjustment	429	(1,389)	-	-
Opening shareholder's (deficit)/funds	(176,066)	(201,935)	130,045	122,363
Closing shareholders' (deficit)/funds	(138,629)	(176,066)	149,655	130,045

21. ACQUISITIONS

Acquisition of minority interests in Accountancy Additions Limited by Michael Page Partnership Limited

In May 2000, Michael Page Partnership Limited acquired the 10% minority equity interests in Accountancy Additions Limited from Walid Souki and Conrad Bossomaier. On consolidation the goodwill arising on this acquisition has been capitalised on the consolidated balance sheet of Michael Page Group PLC and will be amortised on a straight line basis over 20 years, its estimated useful economic life.

Book value and fair value of assets/(liabilities) acquired	**£'000**
Net assets acquired	
Tangible fixed assets	55
Debtors and other current assets	677
Cash	311
Trade and other creditors	(422)
	621
Represented by	
Equity minority interests funds at 1 January 2000	424
Equity minority interests profit for the period	197
	621
Goodwill arising	1,558
	2,179
Satisfied by cash	2,179

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22. FINANCIAL INSTRUMENTS

The group's financial instruments comprise borrowings cash and liquid resources plus various items such as trade debtors and trade creditors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the group's operations. No gains or losses on hedges have been recognised.

The group has opted to exclude all financial risk disclosures relating to short term debtors and creditors with the exception of currency risk.

The main exposures arising from the group's financial instruments are currency risk, liquidity risk and interest rate risk.

The nature of the group's financial instruments has not changed substantially during the year.

Currency risk

The group's cash and bank balances, analysed by the constituent currencies at the end of each financial year are disclosed in table (a) below.

The main functional currencies of the group are pounds sterling, Australian dollars and the various European currencies which are now subsumed within the Euro. The group does not have material transactional exposures at local entity level as the associated revenues and costs are denominated in their functional currencies. Likewise, there are no material exposures to foreign-denominated monetary assets and monetary liabilities held by the local entities.

The group, however, has exposure to foreign currency translation differences in accounting for its overseas operations although its policy is not to hedge against this exposure.

Liquidity risk

The group's overall objective is to ensure that it is able to meet, at all times, all its financial commitments as and when they fall due. Surplus funds are invested in short term deposit accounts. Short-term working capital requirements are met by overdraft facilities.

Interest rate risk

The group finances its operations through a mixture of retained earnings and a long term bank loan at floating rates. The group manages its exposure to interest rate fluctuations by taking out an interest-rate swap agreement to hedge its bank loan, full details of which are disclosed in note 16 'Creditors – amounts falling due after more than one year.'

(a) Currency exposures of financial assets and liabilities

The extent to which group companies have monetary assets and liabilities in currencies other than their local currency is that the UK operation held £19,000 (1999 - £8,000) net monetary assets in U.S. dollars.

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22 FINANCIAL INSTRUMENTS (continued)

(b) *Maturity of financial liabilities*

The maturity profile of the carrying value of the group's financial liabilities, other than short term creditors and accruals, as at 31 December was as follows:

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Less than one year	62,033	65,699	59,481	62,612
Between two and five years	142,000	161,500	142,000	161,500
Total	204,033	227,199	201,481	224,112

The company's £142,000,000 bank loan is repayable within twelve months of the balance sheet date, but as the amount is drawn under a five year committed facility, it is classified in the table above as repayable between two and five years on the basis of the expiry date of the facility in July 2004.

(c) *Borrowing facilities*

The group has the following undrawn committed borrowing facilities available at 31 December in respect of which all conditions precedent had been met at that date.

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Less than one year	12,284	17,312	-	-
Between one and two years	-	-	-	-
Between two and five years	310,110	290,610	310,110	290,610
Total	322,394	307,922	310,110	290,610

The facilities have been arranged to help finance the expansion of the group's activities around the world.

The borrowing facilities between two and five years are available to Spherion Corporation in its entirety and it is considered unlikely to be drawn upon in full by Michael Page Group PLC. This facility will expire post flotation.

(d) *Financial assets and liabilities*

(i) Assets

The following analysis excludes short term debtors:

	Group Total 2000 £'000	Group Total 1999 £'000
Cash	17,035	12,276

22 **FINANCIAL INSTRUMENTS (continued)**

(ii) Liabilities including interest rate risk profile

After taking into account the interest rate swap, the interest rate profile of the group's financial liabilities, excluding short term creditors at 31 December was as follows:

	Floating rate liabilities 2000 £'000	Fixed rate liabilities 2000 £'000	Total 2000 £'000	Floating rate liabilities 1999 £'000	Fixed rate liabilities 1999 £'000	Total 1999 £'000
Sterling	143,466	60,567	204,033	164,837	60,438	225,275
EU currencies	-	-	-	707	-	707
Others	-	-	-	1,217	-	1,217
Total	143,466	60,567	204,033	166,761	60,438	227,199

All the group's creditors falling due within one year (other than bank and other borrowings) have been excluded from the above table by either applying the exemption granted by Financial Reporting Standard 13 relating to other short term items, or because they do not meet the definition of a financial liability, such as balances relating to taxation.

The floating rate liabilities bear interest at rates based on relevant national LIBOR equivalents.

The weighted average interest rate on the fixed rate liabilities is 7.26%.

(e) Fair value of financial assets and liabilities

The following table provides a comparison by category of the carrying amounts and the fair values of the group's financial assets and financial liabilities at 31 December 2000 and 1999. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest and exchange rates. Set out below the table is a summary of the methods and assumptions used for each category of financial instrument.

	Book value 2000 £'000	Fair value 2000 £'000	Book value 1999 £'000	Fair value 1999 £'000
Primary financial instruments held or issued to finance the group's operations				
Short term borrowings (i)	62,033	62,033	65,699	65,699
Long term borrowings (ii)	142,000	142,000	161,500	161,500
Cash (iii)	17,035	17,035	12,276	12,276
Derivative financial instruments held to manage the interest rate profile				
Interest rate swap (iv)	-	(1,202)	-	(802)

(i) and (iii) The fair value of short term borrowings and cash approximates to the carrying amount because of the short term maturity of these instruments.

(ii) The fair value of the long term borrowings approximates to the carrying amount as the debt is on a floating rate of interest.

(iv) The fair value is based on the market price of comparable instruments at the balance sheet date.

23. COMMITMENTS AND CONTINGENT LIABILITIES

Operating lease commitments

At 31 December 2000 the company and the group were committed to making the following payments in the next financial year in respect of non-cancellable operating leases:

	Group Land and buildings £'000	Group Other £'000
Leases which expire:		
Within one year	1,335	13
Within two to five years	2,382	130
After five years	5,099	-
	8,816	143

Capital Commitments

There were capital commitments of £1,488,000 as at 31 December 2000 (1999 - £nil)

VAT group registration

As a result of group registration for VAT purposes, the company is contingently liable for VAT liabilities arising in other companies within the VAT group which at 31 December 2000 amounted to £5,327,765 (1999 - £3,541,000).

Bank cross-guarantees

The company has given cross-guarantees to its bankers in respect of overdraft facilities granted to certain other group companies. There was a contingent liability in respect of these guarantees as at 31 December 2000 of £1,399,000 (1999 - £2,355,000).

24. RELATED PARTY TRANSACTIONS

The group is taking advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8 "Related Party Disclosures" not to disclose transactions with group companies which are related parties.

25. ULTIMATE PARENT COMPANY

As at 31 December 2000 the company's immediate and ultimate parent company and controlling entity was Spherion Corporation (formerly Interim Services Inc.), a company incorporated in the USA, which prepares group accounts that incorporate the accounts of Michael Page Group PLC. These group accounts are available from Spherion Corporation, 2050 Spectrum Boulevard, Fort Lauderdale, Florida, 33309, USA.