2558971

THE TECHNICAL STAFF AGENCY LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1995

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DIRECTORS	C CHAPMAN W J C DOUIE
SECRETARY	G J CHIVERS
REGISTERED OFFICE	20 PORTLAND SQUARE BRISTOL BS2 8SJ
REGISTERED NUMBER	2558971
AUDITORS	BISHOP FLEMING 19 PORTLAND SQUARE BRISTOL BS2 8SJ
BANKERS	BARCLAYS BANK PLC MANVERS STREET BATH BA1 2AW
FINANCIAL ADVISERS	ENGLISH TRUST COMPANY LIMITED 12a CHARTERHOUSE SQ. LONDON EC1M 6AX

I am pleased to present the fourth annual report and accounts of the company.

Background. Recovery from the recession both in the United Kingdom and overseas continues to be sluggish and patchy. However, certain areas of manufacturing and exporting have largely maintained the improvement seen during 1994. Domestic demand for goods and services remains stubbornly mediocre, particularly at the lower end of the market and in construction generally. Accordingly, our policy decision of summer 1994 to place major emphasis on our Engineering division continues to prove correct.

Trading result. It is most pleasing to be able to report excellent progress during 1995. As forecast in my interim statement profits in the second half year have exceeded those earned in the first and compare favourably with 1994. Pre-tax profits for the year after all charges and bonuses are £280,976 and earnings after corporation tax of £36,105 are £244,871. This figure compares with £33,594 for the year to 31 December 1994.

Business review. The company strategy continues to place emphasis on the recruitment of high quality, well qualified consultants with long term career potential in order to achieve the parallel aims of the maximisation of current trading results and the development from within the company of both first and second line management. We believe that our branch level efficiency is second to none and that our policy of using fixed resources to the maximum coupled with tight cost control will continue to ensure high and growing levels of profitability. Whereas there is no diminution in our pace of growth in the Engineering division, consultant numbers in the Sales division are now rising more strongly, ensuring optimum team sizes in each branch.

Outlook for 1996. Consultant numbers are budgeted to rise to 69 by July from the level of 46 at the year end. Additionally, a further branch in North London will be opened during the year and a separate division conducting Advertisement Selection business will be established with 5 executives by the summer. Further increased emphasis will be placed on the development and training of first and second line managers. As the company has grown the Head Office function has absorbed more time and effort and additional space has been acquired in our Bristol premises to separate this function from the branch. It is expected that a resumption of modest economic recovery will take place in 1996 but that political uncertainties may have a temporary adverse effect. Your Directors anticipate a further increase in profits during 1996.

Balance sheet and capital structure. In accordance with our Shareholder Agreement, during 1995 the entire Unsecured Loan Stock was repaid at par. Also in accordance with that agreement, as the company balance sheet now contains sufficient reserves, the preference share capital will be redeemed immediately following the Annual General Meeting on 10th April 1996. It is the Board's intention to propose at the Annual General Meeting that the company change its status to that of a Public Limited Company and the company name be changed to ATA Selection Plc.

Conclusion. The company has achieved a high level of success in 1995 and I have no doubt that progress will continue in 1996. However these results could not have been achieved without the dedication and commitment of staff and management at every level. I am sure shareholders would wish to join me in extending my thanks to them all and to wish them further success in 1996.

W J C DOUIE CHAIRMAN

21 FEBRUARY 1996

The Directors present the audited accounts of the company for the year ended 31 December 1995.

PRINCIPAL ACTIVITIES OF THE COMPANY

The company continues to be active in the business of providing a recruitment and personnel consultancy to business and corporate operations.

REVIEW OF BUSINESS

The business performance during the year was satisfactory. The financial position and outlook is positive and further details can be found in the Chairman's statement.

DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The Directors of the company on 31 December 1995, both of whom have been Directors for the whole year and their interests in the company were:

	Ordinary Shares of £1 each	
	1995	1994
C Chapman	16674	6750
W J C Douie	14850	13750

	Preference Shares of £1 each	
	1995	1994
C Chapman	7850	6750
W J C Douie	14850	13750

	Unsecured Loan Stock	
	1995	1994
C Chapman	-	£17000
W J C Douie	-	£17000

On 13 January 1992 the company granted C Chapman an option to subscribe for up to 8824 ordinary shares of £1 each in the company which may be exercised between 13 January 1994 and 13 January 2001, dependant upon certain criteria being met. On 10 October 1995 C Chapman exercised his option in full and the 8824 ordinary shares were issued accordingly.

SIGNIFICANT SHAREHOLDINGS

The company has been notified of the following interests in its ordinary shares which represent 3% or more of its issued ordinary share capital as at 21 February 1996.

	No of shares	%
English Trust Company Limited	15000	25.50
G J Chivers	7550	12.83
Oryx Executive Search Limited	2500	4.25
P Eades	2250	3.82

DIRECTORS RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the year.

In preparing the accounts, the Directors are required to select suitable accounting policies and apply them consistently, make judgements and estimates that are reasonable and prudent, follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts, and prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

FIXED ASSETS

Movements during the year in fixed assets are detailed in note 7 to the accounts.

DIVIDENDS

The Directors do not recommend the payment of any dividends in respect of the year.

AUDITORS

A resolution to reappoint the Registered Auditors, Bishop Fleming, will be proposed at the forthcoming Annual General Meeting in accordance with s.385 of the Companies Act 1985.

Signed on behalf of the Board of Directors

....W J C DOUIE

Director

Approved by the Board: 21 February 1996

20 Portland square
BRISTOL
BS2 8SJ

THE TECHNICAL STAFF AGENCY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1995

	Notes	1995 £'s	1994 £'s
TURNOVER	2	2010644	1113309
COST OF SALES		1339022	768750
GROSS PROFIT		671622	344559
Administrative expenses		384032	295237
OPERATING PROFIT	3	287590	49322
Interest receivable		3710	392
Interest payable	5	(10324)	(16022)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		280976	33692
Taxation	6	36105	98
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE YEAR		244871	33594
Retained loss brought forward		(189940)	(223534)
RETAINED PROFIT/(LOSS) CARRIED FORWARD		54931	(189940)

There were no acquisitions or discontinued operations during the current or previous reporting years.

BALANCE SHEET

31 DECEMBER 1995

	Notes	1995 £'s	1994 £'s
ASSETS EMPLOYED			
FIXED ASSETS	7	76220	9047
CURRENT ASSETS			
Debtors	8	384117	211695
Cash at bank and in hand		72619	41654
		456736	253349
CREDITORS: amounts falling due within one year	9	(369201)	(349929)
NET CURRENT ASSETS (LIABILITIES)		87535	(96580)
TOTAL ASSETS LESS CURRENT LIABILITIES		163755	(87533)
FINANCED BY			
CREDITORS: amounts falling due after more than one year	10	-	2407
CAPITAL AND RESERVES			
Called up share capital	12	108824	100000
Profit and loss account	13	54931	(189940)
		163755	(87533)

The notes to accounts from 1 to 16 form an integral part of these accounts.

Signed on behalf of the board of directors .... C Chapman

.... W J C Douie

Approved by the board: 21 February 1996

		1995 £'s	1994 £'s
Net cash inflow from operating activities	Note 16	214157	54092
Returns on investments and servicing of finance			
Interest received		3710	392
Interest paid		(9715)	(15867)
Finance lease interest		(609)	(155)
		(6614)	(15630)
Taxation			
Corporation Tax paid		(98)	-
Investing Activities			
Payments to acquire tangible fixed assets		(84914)	(9813)
Receipts from disposal of tangible fixed assets		2506	-
		(82408)	(9813)
Net cash inflow before financing		125037	28649
Financing			
Issue of ordinary shares		8824	-
New finance contracts		-	5792
Capital element of finance lease rentals		(2896)	(923)
Repayment of unsecured loan		(100000)	-
Net cash (outflow) inflow from financing		(94072)	4869
Increase in bank and cash equivalents	(Note 16)	30965	33518

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1995 £'s	1994 £'s
Profit after Taxation	244871	33594
Other Gains and Losses	-	-
	244871	33594

NOTES OF HISTORICAL PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account on page 7 and the results on an unmodified historical cost basis is not material.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit for the financial year	244871	33594
Issue of ordinary shares	8824	-
Opening shareholders' funds	(89940)	(123534)
	163755	(89940)
Equity interests	113755	-
Non-equity interests	50000	-
	163755	-

1. ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTS

The accounts have been prepared under the historical cost convention in accordance with approved accounting standards.

(b) DEPRECIATION

Depreciation is provided on a straight line basis in order to write off each asset over its estimated useful life as follows:

Fixtures and office equipment	33.3% per annum
Computers	33.3% per annum
Partitioning costs	33.3% per annum or the lease term if shorter

(c) LEASES

Where assets are financed by leasing arrangements that give rights approximating to ownership, the assets are treated as if they had been purchased outright and capitalised accordingly with the equivalent liability being shown as obligations to the lessor. Assets held under finance leases and hire purchase contracts are depreciated over their useful lives or the contractual term, whichever is shorter. Rentals incurred in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(d) DEFERRED TAXATION

Deferred taxation is provided on the liability method to cover timing differences on taxation depreciation allowances on fixed assets being greater than depreciation provided in the accounts where, in the opinion of the directors, a liability will arise in the foreseeable future.

2. TURNOVER

Turnover represents the value of services invoiced during the year net of credits and value added tax. The turnover and operating profit are attributable to the one principal activity of the company. All of the turnover arose from the United Kingdom market.

3. OPERATING PROFIT

	1995 £'s	1994 £'s
The operating profit is stated after charging the following:		
Depreciation of tangible assets	13097	4822
Depreciation of assets held under finance leases	1925	999
Loss on disposal of tangible assets	213	-
Directors' remuneration	82494	49208
Directors' pension	6600	5000
Directors' benefits	5291	3654
Auditors' remuneration	3500	3000
Operating lease rentals		
Leasehold properties	72618	73605
Motor vehicles	25660	16726

4. EMPLOYMENT COSTS

Staff costs including directors' emoluments	1995	1994
Salaries and commissions	993386	605700
Social security costs	101153	62571
Pension costs	6600	5000
	1101139	673271

Average number employed including executive directors	No.	No.
Sales	41	26
Office and management	8	7

Directors emoluments (including pension contributions)	£'s	£'s
Chairman	17917	15000
Highest paid director	76468	42862

5. INTEREST PAYABLE

	£'s	£'s
Interest on unsecured loan wholly repayable within five years	8178	15000
Interest on finance leases	609	155
Other interest	1537	867
	10324	16022

6. TAXATION

Corporation Tax at 25.0% (1994 - 25%)	36105	98

The liability to corporation tax has been reduced by £35125 in respect of agreed trading losses for taxation purposes being utilised.

7. FIXED ASSETS

	Office Equipment £'s	Computers £'s	Partitioning £'s	Total £'s
COST				
1 January 1995	38493	-	-	38493
Additions	40958	14662	29294	84914
Disposals	(6159)	(2657)	-	(8816)
31 December 1995	73292	12005	29294	114591
DEPRECIATION				
1 January 1995	29446	-	-	29446
Charge for the year	7046	3072	4904	15022
On disposals	(5556)	(541)	-	(6097)
31 December 1995	30936	2531	4904	38371
NET BOOK VALUE				
31 December 1995	42356	9474	24390	76220
31 December 1994	9047	-	-	9047

At 31 December 1995 tangible fixed assets included assets held under finance leases:

Cost	5774
Depreciation	2412
	3362

8. DEBTORS

	1995 £'s	1994 £'s
Trade debtors	313473	158267
Other debtors	9410	6797
Prepayments	25749	17396
	348632	182460
Other debtors: Rent deposits repayable in more than one year	35485	29235
	384117	211695

9. CREDITORS : amounts falling due within one year

	1995 £'s	1994 £'s
Instalments on unsecured loan	-	100000
Obligations under finance leases (secured)	2407	2896
Trade creditors	66010	41420
Other creditors	1761	7617
Other taxes and social security	101093	90610
Corporation tax	36105	98
Accruals	161825	107288
	369201	349929

10. CREDITORS : amounts falling due after more than one year

	1995 £'s	1994 £'s
Unsecured loan repayable within five years	-	-
Instalments under finance leases (secured)	-	2407
	-	2407

11. DEFERRED TAXATION

No provision has been made against the possible liability to taxation unless there is a reasonable probability that it will arise in the future. There is no potential liability to taxation as depreciation on assets considerably exceeds taxation allowances thereon.

14. FINANCIAL COMMITMENTS (cont.)

	£'s
At 31 December 1995 the company had the following expenditure commitments:	
Authorised by the board and contracted for	2750
Authorised by the board not contracted for	1950
	4700

15. COMPANY STATUS

The company is a close company under the provisions of the Income and Corporation Taxes Act 1988.

16. CASH FLOW STATEMENT

	1995 £'s	1994 £'s
Reconciliation of operating profit and net cash inflow from operating activities		
Operating profit	287590	49322
Depreciation and loss on sale	15235	5821
Increase in debtors	(172422)	(97934)
Increase in creditors	83754	96883
Net cash inflow from operating activities	214157	54092
Changes in bank and cash balances		
1 January	41654	8136
Net cash inflow	30965	33518
31 December	72619	41654