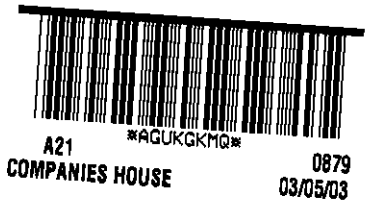
Company Registration No. 3157721

INSURANCE RECRUITMENT SOLUTIONS LIMITED

Annual Report and Financial Statements 2002



INSURANCE RECRUITMENT SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2002

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INSURANCE RECRUITMENT SOLUTIONS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J C Parkinson
R M E Childs
I K White
A E Prior

SECRETARY

A E Prior

REGISTERED OFFICE

Wellington House
Church Road
Ashford
Kent
TN23 1RE

BANKERS

National Westminster Bank Plc
20 High Street
Ashford
Kent
TN24 8SH

SOLICITORS

Olswang
90 High Holborn
London
WC1V 6XX

Miller & Co
Hydra House
26 North Street
Ashford
Kent
TN24 8JR

AUDITORS

Deloitte & Touche
Chartered Accountants
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the company during the year was that of employment agents.

The directors are optimistic about the prospects for the future growth and development of the company and the expansion of its operations.

BUSINESS REVIEW

The loss on ordinary activities after taxation for the year was £22,808 (2001: £18,414). The directors propose that no dividend be paid for the year (2001: £nil).

DIRECTORS AND THEIR INTERESTS

The directors in office at 31 December 2002 who served during the year and their interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	2002	2001
J C Parkinson	-	-
R M E Childs	12	12
I K White	12	12
A E Prior	-	-

The interests of J C Parkinson and A E Prior in the share capital of the parent company and of J C Parkinson in other group companies are disclosed in the accounts of the parent company. Except as noted above, no director held shares in any other group company.

ELECTIVE RESOLUTION

The company has elected under section 379a of the Companies Act 1985 to dispense with the laying of the accounts before a general meeting; to dispense with holding an AGM and to dispense with appointing the auditors annually.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office.

Approved by the Board of Directors
and signed on behalf of the Board

A E Prior
Secretary

17 April 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

INSURANCE RECRUITMENT SOLUTIONS LIMITED

We have audited the financial statements of Insurance Recruitment Solutions Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

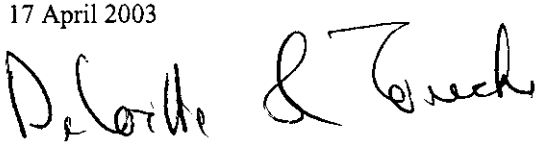
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the 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 the company's affairs as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Chartered Accountants and Registered Auditors
London
17 April 2003



PROFIT AND LOSS ACCOUNT
Year ended 31 December 2002

	Note	2002 £	2001 £
TURNOVER	1	103,893	100,956
Cost of sales		-	(5,937)
GROSS PROFIT		103,893	95,019
Administrative expenses		(126,184)	(119,432)
OPERATING LOSS	2	(22,291)	(24,413)
Interest receivable and similar income	5	29	23
Interest payable and similar charges	6	(546)	(125)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(22,808)	(24,515)
Tax on loss on ordinary activities	7	-	6,101
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES	13	(22,808)	(18,414)

All activities derive from continuing operations.

The company has no recognised gains or losses other than the loss above for the current and previous financial years and, therefore, no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET
31 December 2002

	Note	£	2002 £	£	2001 £
FIXED ASSETS					
Tangible fixed assets	8		1,201		1,686
CURRENT ASSETS					
Debtors	9	5,001		12,040	
Cash at bank and in hand		13,183		2,773	
		18,184		14,813	
CREDITORS: amounts falling due within one year	10	(30,507)		(4,813)	
NET CURRENT (LIABILITIES)/ASSETS			(12,323)		10,000
TOTAL ASSETS LESS CURRENT LIABILITIES			(11,122)		11,686
CREDITORS: amounts falling due after more than one year	11		(30,000)		(30,000)
NET LIABILITIES			(41,122)		(18,314)
CAPITAL AND RESERVES					
Called up share capital	12		100		100
Profit and loss account	13		(41,222)		(18,414)
EQUITY SHAREHOLDERS' DEFICIT	14		(41,122)		(18,314)

These financial statements were approved by the Board of Directors on 17April 2003.

Signed on behalf of the Board of Directors

J C Parkinson
Director

CASH FLOW STATEMENT
Year ended 31 December 2002

	Note	2002 £	2001 £
Net cash inflow/(outflow) from operating activities	15	11,327	(30,852)
Returns on investments and servicing of finance			
Interest received		29	23
Interest paid		(546)	(125)
Net cash outflow from returns on investments and servicing of finance		(517)	(102)
Taxation			
UK taxation recovered		-	6,101
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(400)	(2,474)
Net cash outflow from capital expenditure and financial investment		(400)	(2,474)
Net cash inflow/(outflow) before financing		10,410	(27,327)
Financing			
Issue of ordinary share capital		-	99
Receipt of loans		-	30,000
Net cash inflow from financing		-	30,099
Increase in cash	16	10,410	2,772

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

1. ACCOUNTING POLICIES

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

Basis of accounting

The financial statements are prepared under the historical cost convention. They have been prepared on the going concern basis, notwithstanding the deficiency of net assets on the basis that Human Resource Group Plc has confirmed that any necessary financial assistance will be provided in order to enable the company to continue to trade for the foreseeable future.

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets over their estimated useful lives as follows:

Motor vehicles, office equipment and fixtures and fittings 15% - 33% per annum

Turnover

Turnover represents the amounts receivable by the company in the ordinary course of business, net of value added tax, for services provided during the year. All turnover derives from the United Kingdom and the principal activity of the company.

Deferred taxation

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded, as more likely than not, that they will be recovered. Deferred tax assets and liabilities are not discounted.

As a result of the adoption of FRS19 Deferred Taxation, the accounting policy for deferred taxation has changed.

Leases

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Operating lease rentals are charged to the profit and loss in equal amounts over the lease term.

2. OPERATING LOSS

Operating loss is stated after charging the following:

	2002 £	2001 £
Auditors' remuneration - company audit fees	1,200	1,200
Operating lease expense - land and buildings	12,766	13,760
Depreciation - owned assets	885	788

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

3. STAFF NUMBERS AND COSTS

During the year the average monthly number of persons employed by the company was as follows:

	2002 No.	2001 No.
Office and management	3	2

The aggregate payroll costs of these persons including directors were as follows:

	2002 £	2001 £
Wages and salaries	81,400	76,165
Social security costs	8,263	6,827
	89,663	82,992

4. EMOLUMENTS OF DIRECTORS

	2002 £	2001 £
Aggregate emoluments	68,400	66,000

The emoluments of J C Parkinson and A E Prior are paid by the parent company. Their services to this company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no emoluments in respect of J C Parkinson and A E Prior.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £	2001 £
Amounts receivable from group companies	29	23

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Amounts due to group companies	546	125

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	2002 £	2001 £
Group relief receivable	-	6,101

No corporation tax liability arises due to the level of losses sustained in the year. The tax benefit of £6,101 in 2001 resulted from losses incurred which were surrendered to another group company in exchange for payment of the same amount.

The standard rate of tax for the year, based on the UK standard of corporation tax is 30% (2001: 30%). The current tax charge is different to the standard rate for the reasons set out in the following reconciliation:

	2002 £	2001 £
Loss on ordinary activities before taxation	(22,808)	(24,515)
Loss on ordinary activities at standard rate	(6,842)	(7,355)
Expenses not deductible for tax purposes	1,959	1,203
Depreciation in excess of capital allowances	27	51
Tax losses carried forward	4,856	-
Total current tax credit	-	(6,101)

A deferred tax asset has not been recognised in respect of timing differences relating to taxable losses and depreciation in excess of capital allowances as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £5,212 (2001: £329). The asset in respect of taxable losses would be recovered if the company made taxable profits in the next twelve months.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

8. TANGIBLE FIXED ASSETS

	Motor vehicles, office equipment and fixtures and fittings £
Cost	
At 1 January 2002	2,474
Additions	400
At 31 December 2002	2,874
Depreciation	
At 1 January 2002	788
Charge for the year	885
At 31 December 2002	1,673
Net book value	
At 31 December 2002	1,201
At 31 December 2001	1,686

9. DEBTORS

	2002 £	2001 £
Trade debtors	4,553	1,175
Amounts owed by parent company	-	3,001
Amounts owed by fellow subsidiaries	173	6,101
Prepayments and accrued income	275	1,763
	5,001	12,040

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	532	1,672
Amounts owed to parent company	20,175	-
Amounts owed to fellow subsidiaries	-	956
Other taxes and social security	4,421	260
Accruals and deferred income	5,379	1,925
	30,507	4,813

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

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

	2002 £	2001 £
Parent company loan	20,000	20,000
Other shareholders' loans	10,000	10,000
	30,000	30,000

The parent company and other shareholders' loans are interest free and are secured by fixed and floating charges over the assets of the company.

12. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	100	100

13. PROFIT AND LOSS ACCOUNT

	2002 £	2001 £
Balance at 1 January	(18,414)	-
Retained loss for the year	(22,808)	(18,414)
Balance at 31 December	(41,222)	(18,414)

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2002 £	2001 £
Opening shareholders' funds	(18,314)	1
Loss for the financial year	(22,808)	(18,414)
Issue of ordinary shares	-	99
Closing shareholders' deficit	(41,122)	(18,314)

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

15. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating loss	(22,291)	(24,413)
Depreciation	885	788
Decrease/(increase) in debtors	7,039	(12,040)
Increase in creditors	25,694	4,813
Net cash inflow/(outflow) from operating activities	11,327	(30,852)

16. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002 £	2001 £
Increase in cash in the year	10,410	2,772
Cash inflow from increase in debt	-	(30,000)
Change in net funds/(debt) resulting from cash flows representing movement in net funds/(debt) in the year	10,410	(27,228)
Net (debt)/funds at 1 January	(27,227)	1
Net debt at 31 December	(16,817)	(27,227)

17. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2002 £	Cash flow £	At 31 December 2002 £
Cash at bank and in hand	2,773	10,410	13,183
Debt due after one year	(30,000)	-	(30,000)
Total	(27,227)	10,410	(16,817)

18. OPERATING LEASE COMMITMENTS

At 31 December the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2002 £	2001 £
Leases which expire:		
Within two to five years	12,766	12,766

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

19. RELATED PARTY TRANSACTIONS

a) Human Resource Group Plc, the parent company, provided management and accounting services to the company during the year, for which its charges amounted to £5,187 (2001: £5,048).

b) Human Resource Group Plc charged/(paid) interest on outstanding inter-group balances at 3.5% above base rate and 0.64% respectively. This amounted to £546/(£29) (2001: £125/(£23)).

c) The amount owed to Human Resource Group Plc at 31 December 2002 was £40,175 (2001: £16,999) which includes a loan for £20,000 (2001: £20,000) payable to Human Resource Group Plc.

d) The amount (receivable from)/owed to Recruitment Holdings Ltd, a fellow subsidiary, at 31 December 2002 was (£173) (2001: £956).

e) Other shareholders' loans include £5,000 (2001: £5,000) owed to R M E Childs and £5,000 (2001: £5,000) owed to I K White, both directors of the company.

f) The amount owed by PSB-Staffsign Ltd, a fellow subsidiary, at 31 December 2002 was £nil (2001: £6,101).

20. ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The immediate and ultimate parent company is Human Resource Group Plc, a company incorporated in Great Britain. The controlling party is J C Parkinson by virtue of his controlling interest in the immediate and ultimate parent company. The parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared is Human Resource Group Plc. Copies of the accounts of the immediate and ultimate parent company can be obtained from The Secretary, Human Resource Group Plc, Wellington House, Church Road, Ashford, Kent, TN23 1RE.