

Company Registration No. 2810599 (England and Wales)

PELL FRISCHMANN PROJECTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001



BERG KAPROW LEWIS
Chartered Accountants
35 Ballards Lane
N3 1XW

PELL FRISCHMANN PROJECTS LIMITED

COMPANY INFORMATION

Directors	W W Frischmann CBE	(Chairman)
	S S Prabhu	
	K Corazzo	
	R Jones	
	R Wiles	
Secretary	N W Carmichael	
Company number	2810599	
Registered office	5 Manchester Square	
	London	
	W1M 5RE	
Auditors	Berg Kaprow Lewis	
	Chartered Accountants	
	35 Ballards Lane	
	London	
	N3 1XW	

PELL FRISCHMANN PROJECTS LIMITED

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PELL FRISCHMANN PROJECTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2001

The directors present their report and financial statements for the year ended 31 March 2001.

Principal activities and review of the business

The principal activity of the company during the year was the provision of professional services in the disciplines of architecture, integrated engineering, quantity surveying, project management and working with other disciplines and fellow companies within the Pell Frischmann Group.

The turnover for the year was below expectations at 15% below the previous year, following the cancellation of a major project during the detail design stage and the receivership of a mobile phone company, for whom we were providing shop fit-out designs.

In spite of this the company continued to focus on providing professional services principally in the Public Sector. A steady flow of design work was completed during the year from the four design term commissions for design services on the Defence Estates. A further commission was from InterX to provide design and cost management services for a major office fit-out on four floors of their Headquarters building along the Great West Road. This project was completed in the financial year. The Company will continue to seek fee income from Public & Private Sector Clients with an emphasis on securing a greater proportion of Public Sector work in the coming year.

All members of staff employed by the Group as a whole are available to any company within the Group, dependent upon the demand or resources of the constituent company.

Results and dividends

The results for the year are set out on page 4.

Directors

The following directors have held office since 1 April 2000:

W W Frischmann CBE (Chairman)

S S Prabhu

K Corazzo

R Jones

D Atherton

(Resigned 9 February 2001)

R Wiles

Directors' interests

The directors at the balance sheet date and their interest in the company (including those of their families) at that date and at the beginning of the year, were as follows :

Equity interests: Ordinary shares of £ 1 each

	31 March 2001	1 April 2000
W W Frischmann CBE (Chairman)	-	-
S S Prabhu	-	-
K Corazzo	10	10
R Jones	10	10
R Wiles	10	10

PELL FRISCHMANN PROJECTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2001

Directors interest in ultimate parent undertaking are given in note 19 to the financial statements.

W W Frischmann and S S Prabhu represent Pell Frischmann Group Ltd on the company's board of directors. Pell Frischmann Group Ltd owns 120 shares representing a 75% interest.

Auditors

The auditors, Berg Kaprow Lewis, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

Directors' responsibilities

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 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;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



N W Carmichael

Secretary

20-6-02

PELL FRISCHMANN PROJECTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PELL FRISCHMANN PROJECTS LIMITED

We have audited the financial statements of Pell Frischmann Projects Limited on pages 4 to 14 for the year ended 31 March 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

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 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Berg Kaprow Lewis

Berg Kaprow Lewis

28-6-02

Chartered Accountants
Registered Auditor

Chartered Accountants
35 Ballards Lane
London
N3 1XW

PELL FRISCHMANN PROJECTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

	Notes	2001 £	2000 £
Turnover	2	971,893	1,125,532
Cost of sales		(798,846)	(758,374)
Gross profit		173,047	367,158
Administrative expenses		(179,970)	(197,398)
Operating (loss)/profit	3	(6,923)	169,760
Investment income	4	3,953	19,500
(Loss)/profit on ordinary activities before taxation		(2,970)	189,260
Tax on (loss)/profit on ordinary activities	5	3,697	(61,213)
Profit on ordinary activities after taxation		727	128,047
Dividends	6	-	(80,000)
Retained profit for the year	12	727	48,047

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


There are no recognised gains and losses other than those passing through the profit and loss account.

PELL FRISCHMANN PROJECTS LIMITED

BALANCE SHEET AS AT 31 MARCH 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	7		10,673		16,565
Current assets					
Debtors	8	640,614		463,063	
Creditors: amounts falling due within one year	9	<u>(424,038)</u>		<u>(253,106)</u>	
Net current assets			<u>216,576</u>		<u>209,957</u>
Total assets less current liabilities			<u><u>227,249</u></u>		<u><u>226,522</u></u>
Capital and reserves					
Called up share capital	11		160		160
Profit and loss account	12		<u>227,089</u>		<u>226,362</u>
Shareholders' funds - equity interests	13		<u><u>227,249</u></u>		<u><u>226,522</u></u>

The financial statements were approved by the Board on 20-6-01



W W Frischmann CBE
Director

PELL FRISCHMANN PROJECTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2001

	2001		2000	
	£	£	£	£
Net cash inflow from operating activities		138,290		45,572
Taxation		(57,331)		-
Capital expenditure				
Payments to acquire tangible assets	(959)		(13,572)	
Net cash outflow for capital expenditure		(959)		(13,572)
Equity dividends paid		(80,000)		(32,000)
Net cash inflow/(outflow) before management of liquid resources and financing		-		-
Increase/(decrease) in cash in the year		-		-

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2001

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities	2001 £	2000 £
	Operating (loss)/profit	(6,923)	169,760
	Depreciation of tangible assets	6,851	6,538
	(Increase)/decrease in debtors	(173,598)	1,458
	Increase/(decrease) in creditors within one year	311,960	(132,184)
	Net cash inflow from operating activities	138,290	45,572

2	Analysis of net debt	1 April 2000 £	Cash flow £	Other non- cash changes £	31 March 2001 £
	Net cash:				
	Net debt	-	-	-	-

3	Reconciliation of net cash flow to movement in net debt	2001 £	2000 £
	Decrease in cash in the year	-	-
	Movement in net debt in the year	-	-
	Opening net debt	-	-
	Closing net debt	-	-

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the applicable accounting standards.

1.2 Turnover

Turnover represents fees receivable and reimbursables for services rendered exclusive of Value Added Tax.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	25% Straight line
Fixtures, fittings & equipment	25% Reducing balance
Motor vehicles	25% Reducing balance

1.4 Leasing

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

1.5 Pensions

The majority of the company's employees belong to a group pension scheme which is funded by both employer's and employees' contributions and which is of the defined benefit type. The pension cost is assessed in accordance with the advice of an independent qualified actuary.

Contributions are charged to the profit and loss account so as to spread the cost of pensions over the estimated working lives of employees. Any shortfalls or surpluses in the pension fund are spread over the average remaining service lives of current employees.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating (loss)/profit

	2001	2000
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	6,851	6,538
Operating lease rentals	7,308	12,103
Auditors' remuneration	5,000	5,000

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

4	Investment income	2001	2000
		£	£
	Income from participating interests	3,953	19,500
		<u> </u>	<u> </u>
5	Taxation	2001	2000
		£	£
	Domestic current year tax		
	U.K. corporation tax at 20%	176	61,213
	Adjustment for prior years	(3,873)	-
		<u> </u>	<u> </u>
	Current tax charge	(3,697)	61,213
		<u> </u>	<u> </u>
6	Dividends	2001	2000
		£	£
	Ordinary interim paid	-	80,000
		<u> </u>	<u> </u>

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2001

7 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2000	20,912	4,394	4,150	29,456
Additions	959	-	-	959
	<u>21,871</u>	<u>4,394</u>	<u>4,150</u>	<u>30,415</u>
At 31 March 2001				
Depreciation				
At 1 April 2000	10,936	1,437	518	12,891
Charge for the year	4,883	1,060	908	6,851
	<u>15,819</u>	<u>2,497</u>	<u>1,426</u>	<u>19,742</u>
At 31 March 2001				
Net book value				
At 31 March 2001	<u>6,052</u>	<u>1,897</u>	<u>2,724</u>	<u>10,673</u>
At 31 March 2000	<u>9,976</u>	<u>2,957</u>	<u>3,632</u>	<u>16,565</u>

8 Debtors

	2001 £	2000 £
Trade debtors	309,299	193,221
Amounts owed by parent and fellow subsidiary undertakings	176,252	85,182
Other debtors	290	510
Prepayments and accrued income	154,773	184,150
	<u>640,614</u>	<u>463,063</u>

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2001

9	Creditors: amounts falling due within one year	2001 £	2000 £
	Trade creditors	55,683	32,452
	Amounts owed to parent and fellow subsidiary undertakings	282,149	-
	Corporation tax	176	61,204
	Other taxes and social security costs	53,892	48,393
	Other creditors	5	2,416
	Accruals and deferred income	32,133	28,641
	Proposed dividend	-	80,000
		<u>424,038</u>	<u>253,106</u>

10 Pension costs

The company is a member of a defined benefit group pension scheme, covering the majority of its employees, which is funded through a separate trustee administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations.

The most recent actuarial valuation of the scheme was carried out as at 1 April 2001 using the projected unit method. The assumptions which have the most significant affect on the results of the valuation are those relating to the pre and post retirement discount rates, the rates of increase in pensionable salaries and pensions. It was assumed that the pre and post retirement discount rates would be 7.50% per annum and 5.30% per annum respectively, the pensionable salaries would increase at the rate of 4.35% per annum and pensions by 2.35%.

The actuarial valuation showed the market value of the scheme's assets as £27,911,484 which was sufficient to cover the benefits that had accrued to the members at that date, after allowing for assumed future increases in earnings and subject to improvements in benefits.

The actuary has recommended that as from 1 April 2001 the company contributes to the scheme at the rate of 11.7% of the pensionable salaries of the members until the results of the next valuation due as at 1 April 2004 (11.7% to 31 March 2001).

The pension contributions payable by the company for the year ended 31 March 2001 were £53,113 (2000: £44,951). All contributions were paid during the year.

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2001

11 Share capital	2001 £	2000 £
Authorised		
1,000 Equity interests: Ordinary shares of £ 1 each	1,000	1,000
Allotted, called up and fully paid		
160 Equity interests: Ordinary shares of £ 1 each	160	160

The issued share capital remains unpaid and is included within debtors.

12 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 April 2000	226,362
Retained profit for the year	727
Balance at 31 March 2001	227,089

13 Reconciliation of movements in shareholders' funds	2001 £	2000 £
Profit for the financial year	727	128,047
Dividends	-	(80,000)
Net addition to shareholders' funds	727	48,047
Opening shareholders' funds	226,522	178,475
Closing shareholders' funds	227,249	226,522

14 Contingent liabilities

There are unquantified contingent liabilities in the normal course of business arising under consultancy contracts and the company is covered by professional indemnity insurance in respect of any claims.

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2001

15 Financial commitments

At 31 March 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2001	2000
	£	£
Expiry date:		
Between two and five years	9,000	9,000

16 Directors' emoluments

	2001	2000
	£	£
Emoluments for qualifying services	170,971	172,000
Company pension contributions to money purchase schemes	19,286	20,124
	190,257	192,124

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 4 (2000 - 4).

17 Transactions with directors

W W Frischmann and S S Prabhu were the principal partners in Pell Frischmann & Partners which supplied administration and other services to the company during the year, totalling £9,020 (2000: £4,627).

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2001

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2001 Number	2000 Number
Administration	2	2
Engineering	13	12
Management	4	4
	<u>19</u>	<u>18</u>

Employment costs

	£	£
Wages and salaries	530,106	438,618
Social security costs	42,944	37,517
Other pension costs	53,113	44,182
	<u>626,163</u>	<u>520,317</u>

19 Control

W W Frischmann and S S Prabhu were directors of Pell Frischmann Group Ltd during the year and the details of their interests in the shares of that company are disclosed in its report and financial statements. No other directors of this company had any interests in the shares of any of the Pell Frischmann group of companies.

The ultimate parent undertaking is Pell Frischmann Group Ltd, a company incorporated in England and Wales, which prepares group financial statements.

Copies of the group financial statements of Pell Frischmann Group Ltd may be obtained from N W Carmichael, the company secretary, at the following address -

5 Manchester Square, London W1A 1AU. Tel. 020 7486 3661

20 Related party transactions

During the year the company provided services in the sum of £48,765 to its fellow subsidiary undertakings and obtained finance from its fellow subsidiaries amounting to £191,844 during the year. The net amounts due to its group undertakings as at 31 March 2001 were £107,897.

As at 31 March 2001 CES Properties Ltd, a company, in which R.S. Frischmann (connected to W.W. Frischmann) is a director and shareholder of the company, owed the company £30 (2000: £7,671).