

Company Registration No. 2810599 (England and Wales)

PELL FRISCHMANN PROJECTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

Berg Kaprow Lewis LLP
Chartered Accountants
London



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PELL FRISCHMANN PROJECTS LIMITED

COMPANY INFORMATION

Directors

W W Frischmann CBE
S Prabhu
K Corazzo
R Jones
R Wiles
D Atherton
L S Roberts (Appointed 29 August 2003)

Secretary

L S Roberts

Company number

2810599

Registered office

5 Manchester Square
London
W1A 1AU

Auditors

Berg Kaprow Lewis LLP
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 2004

The directors present their report and financial statements for the year ended 31 March 2004.

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 remained consistent with the previous year.

The company has continued to focus on providing professional services, principally in the Public Sector. The framework agreement for design term commissions for the six RAF Stations has been extended for a further two years. This framework consistently delivers a quarter of the company's annual turnover. Further framework agreements have been secured with East Sussex Council for minor maintenance works both building and civil engineering and mechanical and electrical works. The company will continue to seek fee income from Public Sector clients with an emphasis on increasing turnover and maintaining the same 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 2003:

W W Frischmann CBE

S Prabhu

K Corazzo

R Jones

R Wiles

D Atherton

L S Roberts

(Appointed 29 August 2003)

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 2004	1 April 2003
W W Frischmann CBE	-	-
S Prabhu	-	-
K Corazzo	10	10
R Jones	10	10
R Wiles	10	10
D Atherton	10	10
L S Roberts	-	-

PELL FRISCHMANN PROJECTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2004

Directors interest in ultimate parent undertaking are given in note 17 to the financial statements.

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

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Berg Kaprow Lewis LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

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.

On behalf of the board


.....
DJ Atherton
Director
29.06.05
.....

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 2004. These financial statements have been prepared under the historical cost convention and 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 auditor's 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 opinions we have formed.

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.

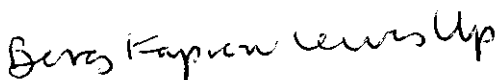
Basis of audit opinion

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Berg Kaprow Lewis LLP
Chartered Accountants and Registered Auditor
London

29-4-2005

PELL FRISCHMANN PROJECTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 £	2003 £
Turnover	2	1,244,726	1,259,712
Cost of sales		(984,558)	(935,570)
Gross profit		260,168	324,142
Administrative expenses		(226,019)	(211,268)
Operating profit	3	34,149	112,874
Interest payable and similar charges	4	(2,353)	(17,266)
Profit on ordinary activities before taxation		31,796	95,608
Tax on profit on ordinary activities	5	(7,813)	(28,656)
Profit on ordinary activities after taxation	11	23,983	66,952

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 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	6		5,974		4,776
Current assets					
Debtors	7	502,845		708,473	
Cash at bank and in hand		200		-	
		<u>503,045</u>		<u>708,473</u>	
Creditors: amounts falling due within one year	8	<u>(311,225)</u>		<u>(539,438)</u>	
Net current assets			191,820		169,035
Total assets less current liabilities			<u>197,794</u>		<u>173,811</u>
Capital and reserves					
Called up share capital	10		160		160
Profit and loss account	11		197,634		173,651
Shareholders' funds - equity interests	12		<u>197,794</u>		<u>173,811</u>

The financial statements were approved by the Board on 29-04-05

W W Frischmann

W W Frischmann CBE
Director

PELL FRISCHMANN PROJECTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

	£	2004 £	£	2003 £
Net cash inflow/(outflow) from operating activities		36,284		(30,660)
Returns on investments and servicing of finance				
Interest paid	(2,353)		(17,266)	
Net cash outflow for returns on investments and servicing of finance		(2,353)		(17,266)
Taxation		(27,342)		50,476
Capital expenditure				
Payments to acquire tangible assets	(6,389)		(2,550)	
Net cash outflow for capital expenditure		(6,389)		(2,550)
Net cash inflow/(outflow) before management of liquid resources and financing		200		-
Increase/(decrease) in cash in the year		200		-

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2004	2003
		£	£
	Operating profit	34,149	112,874
	Depreciation of tangible assets	3,709	2,657
	Loss on disposal of tangible assets	1,247	-
	Decrease/(increase) in debtors	205,628	(80,730)
	Decrease in creditors within one year	(208,449)	(65,461)
	Net cash inflow/(outflow) from operating activities	36,284	(30,660)

2	Analysis of net funds/(debt)	1 April 2003	Cash flow	Other non- 31 March 2004 cash changes
		£	£	£
	Net cash:			
	Cash at bank and in hand	-	200	-
	Net (debt)/funds	-	200	-

3	Reconciliation of net cash flow to movement in net funds	2004	2003
		£	£
	Increase in cash in the year	200	-
	Movement in net funds in the year	200	-
	Opening net debt	-	-
	Closing net funds	200	-

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

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 tax is provided, in accordance with FRS 19, in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes that have not reversed by the balance sheet date.

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 profit	2004 £	2003 £
Operating profit is stated after charging:		
Depreciation of tangible assets	3,709	2,657
Loss on disposal of tangible assets	1,247	-
Operating lease rentals	10,504	9,769
Auditors' remuneration	5,500	5,000

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

4	Interest payable	2004	2003
		£	£
	On amounts payable to group companies	2,353	17,266
		<u> </u>	<u> </u>
5	Taxation	2004	2003
		£	£
	Domestic current year tax		
	U.K. corporation tax	8,951	28,481
	Adjustment for prior years	(1,138)	175
		<u> </u>	<u> </u>
	Current tax charge	7,813	28,656
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	31,796	95,608
		<u> </u>	<u> </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.26% (2003: 30.00%)	8,986	28,682
		<u> </u>	<u> </u>
	Effects of:		
	Depreciation add back	1,048	797
	Capital allowances	(1,435)	(999)
	Adjustments to previous periods	(1,138)	175
	Chargeable disposals	352	-
	Other tax adjustments	-	1
		<u> </u>	<u> </u>
		(1,173)	(26)
		<u> </u>	<u> </u>
	Current tax charge	7,813	28,656
		<u> </u>	<u> </u>

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

6 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2003	24,421	4,394	4,150	32,965
Additions	1,354	236	4,799	6,389
Disposals	-	-	(4,150)	(4,150)
At 31 March 2004	25,775	4,630	4,799	35,204
Depreciation				
At 1 April 2003	21,549	4,153	2,487	28,189
On disposals	-	-	(2,903)	(2,903)
Charge for the year	1,935	297	1,712	3,944
At 31 March 2004	23,484	4,450	1,296	29,230
Net book value				
At 31 March 2004	2,291	180	3,503	5,974
At 31 March 2003	2,872	241	1,663	4,776

7 Debtors

	2004 £	2003 £
Trade debtors	308,627	482,986
Amounts owed by parent and fellow subsidiary undertakings	34,086	60,072
Amounts owed by participating interests	9,597	-
Other debtors	25,956	160
Prepayments and accrued income	124,579	165,255
	502,845	708,473

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

8	Creditors: amounts falling due within one year	2004 £	2003 £
	Trade creditors	10,169	69,653
	Amounts owed to parent and fellow subsidiary undertakings	175,539	315,921
	Amounts owed to participating interests	2,646	-
	Corporation tax	8,952	28,481
	Other taxes and social security costs	72,115	88,650
	Other creditors	36	2,973
	Accruals and deferred income	41,768	33,760
		<u>311,225</u>	<u>539,438</u>

9 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.

The most recent actuarial valuation of the scheme was carried out as at 1 April 2004 using the projected unit method. The principal assumptions used in the valuation was that the retirement discount rate would be 5.70% per annum, that salary increases would average 2.70% per annum and that present and future pensions would increase at the rate of 2.70% per annum.

The actuarial valuation showed the market value of the scheme's assets as £27.385 million which was sufficient to cover the benefits (with the exception of liability for pensions and other benefits, including increases that had accrued to or in respect of members, which were satisfied to the extent of 89%) that had accrued to the members at that date, after allowing for assumed future increases in earnings and subject to improvements in benefits.

With effect from 1 April 2002, the Group has agreed to pay contributions at 11.7% of Pensionable Salaries to the scheme increasing to 14.7% from 1st August 2003, subject to review post the valuation as at 1 April 2004.

The pension contributions payable by the company for the year ended 31 March 2004 was £53,177 (2003: £50,085). All contributions had been paid in the year to 31 March 2004.

Contributions to other schemes amounted to £2,669 (2003: £Nil). All contributions were paid within the year.

FRS 17 Disclosure

Disclosures are also required in these accounts under the new accounting standard FRS 17 "Retirement Benefits". The Pell Frischmann Retirement Benefits Scheme has an FRS 17 deficit of £5.622 million at 31 March 2004 (£7.705 million at 31 March 2003). The company is unable to identify its share of the underlying assets or liabilities of this scheme, as it participates in the scheme along with other fellow subsidiaries of the group. As such, contributions to the scheme have been accounted for as if it were a defined contribution scheme, in accordance with FRS 17. The consolidated accounts should be referred to for the FRS 17 detailed disclosure.

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

10 Share capital	2004 £	2003 £
Authorised		
1,000 Equity interests: Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
160 Equity interests: Ordinary shares of £1 each	160	160
	<u> </u>	<u> </u>

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

11 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 April 2003	173,651
Retained profit for the year	23,983
	<u> </u>
Balance at 31 March 2004	197,634
	<u> </u>

12 Reconciliation of movements in shareholders' funds	2004 £	2003 £
Profit for the financial year	23,983	66,952
Opening shareholders' funds	173,811	106,859
	<u> </u>	<u> </u>
Closing shareholders' funds	197,794	173,811
	<u> </u>	<u> </u>

13 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 FOR THE YEAR ENDED 31 MARCH 2004

14 Financial commitments

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2004	2003
	£	£
Expiry date:		
Within one year	-	9,000
Between two and five years	13,400	-
	<u>13,400</u>	<u>9,000</u>

15 Directors' emoluments

	2004	2003
	£	£
Emoluments for qualifying services	208,331	179,781
Company pension contributions to defined benefit schemes	20,098	16,647
	<u>228,429</u>	<u>196,428</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 3 (2003- 3).

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

16 Employees

Number of employees

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

	2004 Number	2003 Number
Administration	1	1
Engineering	14	13
Management	4	4
	<u>19</u>	<u>18</u>

Employment costs

	£	£
Wages and salaries	546,332	503,649
Social security costs	49,984	41,269
Other pension costs	55,846	50,085
	<u>652,162</u>	<u>595,003</u>

17 Control

The company is a subsidiary of Pell Frischmann Consulting Engineers Ltd, a company registered in England and Wales.

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

Copies of the group financial statements of Pell Frischmann Holdings Limited may be obtained from L S Roberts, the company secretary, at the following address-

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

The directors, W W Frischmann and S S Prabhu are also directors of Pell Frischmann Consulting Engineers Ltd and Pell Frischmann Holdings Limited and the details of their interests in the shares of these companies are disclosed in the respective reports and financial statements. No other directors of this company had any interests in the shares of any of the Pell Frischmann group of companies.

18 Related party transactions

During the year, management charges of £41,750 (2003: £41,750), rent of £14,000 (2003: £14,000), and insurance of £34,799 (2003: £20,560) was paid to fellow subsidiary undertakings.

A further £2,353 (2003: £17,266) in respect of interest payable on loans from fellow subsidiary undertaking was also paid.

The net amounts due to group undertakings as at 31 March 2004 were £136,783.