

Company Registration No. 2810599 (England and Wales)

**PELL FRISCHMANN PROJECTS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2003**

Berg Kaprow Lewis LLP  
Chartered Accountants  
London



# PELL FRISCHMANN PROJECTS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	W W Frischmann CBE
	S S Prabhu
	K Corazzo
	R Jones
	R Wiles
	D Atherton (Appointed 5 June 2002)
<b>Secretary</b>	L S Roberts
<b>Company number</b>	2810599
<b>Registered office</b>	5 Manchester Square
	London
	W1M 5RE
<b>Auditors</b>	Berg Kaprow Lewis LLP
	Chartered Accountants
	35 Ballards Lane
	London
	N3 1XW

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# PELL FRISCHMANN PROJECTS LIMITED

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# PELL FRISCHMANN PROJECTS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

The directors present their report and financial statements for the year ended 31 March 2003.

### 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 increased substantially on the previous year following a significant effort to meet the demands for design services arising from existing and new design term commissions and framework agreements.

The company has continued to focus on providing professional services, principally in the Public Sector. In addition to the traditional Defence Estates Client the Public Sector work has extended to East Sussex County Council and the Eastbourne and Hastings NHS Trust. A steady flow of design work was completed during the year, from the design term commissions and framework agreements for design services in the sectors mentioned above. 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 2002:

W W Frischmann CBE

S S Prabhu

K Corazzo

R Jones

R Wiles

D Atherton

(Appointed 5 June 2002)

### 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 2003	1 April 2002
W W Frischmann CBE	-	-
S S Prabhu	-	-
K Corazzo	10	10
R Jones	10	10
R Wiles	10	10
D Atherton	10	-

# PELL FRISCHMANN PROJECTS LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

Directors interest in ultimate parent undertaking are given in note 18 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

During the year Berg Kaprow Lewis acted as auditor to the company until 1 April 2003. On 1 April 2003, Berg Kaprow Lewis transferred its business to a limited liability partnership, Berg Kaprow Lewis LLP, incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Berg Kaprow Lewis as extending to Berg Kaprow Lewis LLP with effect from 1 April 2003. A resolution to re-appoint Berg Kaprow Lewis LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

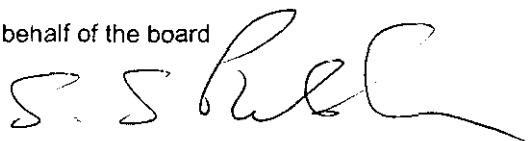
### Directors' responsibilities

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



S S Prabhu

Director

14 - 09 - 2004

# 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 15 for the year ended 31 March 2003. 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 2003 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*

**Berg Kaprow Lewis LLP**

Chartered Accountants and Registered Auditor  
London

15-09-2004

# PELL FRISCHMANN PROJECTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
Turnover	2	1,259,712	770,197
Cost of sales		(935,570)	(702,321)
Gross profit		324,142	67,876
Administrative expenses		(211,268)	(223,497)
Operating profit/(loss)	3	112,874	(155,621)
Interest payable and similar charges	4	(17,266)	(15,420)
Profit/(loss) on ordinary activities before taxation		95,608	(171,041)
Tax on profit/(loss) on ordinary activities	5	(28,656)	50,651
Profit/(loss) on ordinary activities after taxation	11	66,952	(120,390)

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

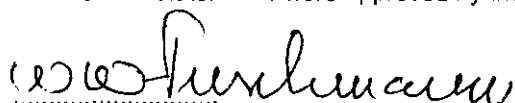
There are no recognised gains and losses other than those passing through the profit and loss account.

# PELL FRISCHMANN PROJECTS LIMITED

## BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Tangible assets	6		4,776		4,883
<b>Current assets</b>					
Debtors	7	708,473		678,394	
Creditors: amounts falling due within one year	8	(539,438)		(576,418)	
<b>Net current assets</b>			169,035		101,976
<b>Total assets less current liabilities</b>			173,811		106,859
<b>Capital and reserves</b>					
Called up share capital	10		160		160
Profit and loss account	11		173,651		106,699
<b>Shareholders' funds - equity interests</b>	12		173,811		106,859

The financial statements were approved by the Board on 14-09-2004



W W Frischmann CBE  
Director



# **PELL FRISCHMANN PROJECTS LIMITED**

## **CASH FLOW STATEMENT** **FOR THE YEAR ENDED 31 MARCH 2003**

	£	2003 £	£	2002 £
Net cash outflow from operating activities		(30,660)		15,596
Returns on investments and servicing of finance				
Interest paid	(17,266)		(15,420)	
Net cash outflow for returns on investments and servicing of finance		(17,266)		(15,420)
Taxation		50,476		(176)
Capital expenditure				
Payments to acquire tangible assets	(2,550)		-	
Net cash outflow for capital expenditure		(2,550)		-
Net cash outflow before management of liquid resources and financing		-		-
Decrease in cash in the year		-		-

# PELL FRISCHMANN PROJECTS LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

1	Reconciliation of operating profit/(loss) to net cash outflow from operating activities	2003	2002
		£	£
	Operating profit/(loss)	112,874	(155,621)
	Depreciation of tangible assets	2,657	5,790
	(Increase)/decrease in debtors	(80,730)	12,871
	(Decrease)/Increase in creditors within one year	(65,461)	152,556
	<b>Net cash outflow from operating activities</b>	<b>(30,660)</b>	<b>15,596</b>

2	Analysis of net debt	1 April 2002	Cash flow	Other non- 31 March 2003 cash changes
		£	£	£
	Net cash:			
	Net debt	-	-	-

3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	Decrease in cash in the year	-	-
	<b>Movement in net debt in the year</b>	<b>-</b>	<b>-</b>
	Opening net debt	-	-
	<b>Closing net debt</b>	<b>-</b>	<b>-</b>

# PELL FRISCHMANN PROJECTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

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### 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.

# PELL FRISCHMANN PROJECTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

<b>3</b>	<b>Operating profit/(loss)</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Operating profit/(loss) is stated after charging:		
	Depreciation of tangible assets	2,657	5,790
	Operating lease rentals	9,769	9,504
	Auditors' remuneration	5,000	7,250
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Interest payable</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	On amounts payable to group companies	17,266	13,520
	On overdue tax	-	1,900
		<u>          </u>	<u>          </u>
		17,266	15,420
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Taxation</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	28,481	(50,651)
	Adjustment for prior years	175	-
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	<b>28,656</b>	<b>(50,651)</b>
		<u>          </u>	<u>          </u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	95,608	(171,041)
		<u>          </u>	<u>          </u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 30.00%)	28,682	(51,312)
		<u>          </u>	<u>          </u>
	Effects of:		
	Depreciation add back	797	1,737
	Capital allowances	(999)	(1,076)
	Adjustments to previous periods	175	-
	Other tax adjustments	1	-
		<u>          </u>	<u>          </u>
		(26)	661
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	<b>28,656</b>	<b>(50,651)</b>
		<u>          </u>	<u>          </u>

# PELL FRISCHMANN PROJECTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

### 6 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2002	21,871	4,394	4,150	30,415
Additions	2,550	-	-	2,550
	<u>24,421</u>	<u>4,394</u>	<u>4,150</u>	<u>32,965</u>
At 31 March 2003	24,421	4,394	4,150	32,965
<b>Depreciation</b>				
At 1 April 2002	19,983	3,445	2,104	25,532
Charge for the year	1,566	708	383	2,657
	<u>21,549</u>	<u>4,153</u>	<u>2,487</u>	<u>28,189</u>
At 31 March 2003	21,549	4,153	2,487	28,189
<b>Net book value</b>				
At 31 March 2003	<u>2,872</u>	<u>241</u>	<u>1,663</u>	<u>4,776</u>
At 31 March 2002	<u>1,888</u>	<u>949</u>	<u>2,046</u>	<u>4,883</u>

### 7 Debtors

	2003 £	2002 £
Trade debtors	482,986	328,424
Amounts owed by parent and fellow subsidiary undertakings	60,072	191,736
Corporation tax	-	50,651
Other debtors	160	5,525
Prepayments and accrued income	165,255	102,058
	<u>708,473</u>	<u>678,394</u>

# PELL FRISCHMANN PROJECTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

8	Creditors: amounts falling due within one year	2003 £	2002 £
	Trade creditors	69,653	37,684
	Amounts owed to parent and fellow subsidiary undertakings	315,921	421,940
	Corporation tax	28,481	-
	Other taxes and social security costs	88,650	75,092
	Other creditors	2,973	1,172
	Accruals and deferred income	33,760	40,530
		<u>539,438</u>	<u>576,418</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 2001 using the projected unit method. The principal assumptions used in the valuation was that the pre and post retirement discount rates would be 7.50% per annum and 5.30% per annum respectively, that salary increases would average 4.35% per annum and that present and future pensions would increase at the rate of 2.35% per annum.

The most recent actuarial valuation showed the market value of the scheme's assets as £27.911 million which was sufficient to cover all 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 recommended that the employer contributes to the scheme at the rate of 11.70% of the pensionable salaries of the members until the results of the next valuation due as at 1 April 2004 (previously contributed 11.7% of the pensionable salaries to 31 March 2001).

The pension contributions payable by the company for the year ended 31 March 2003 was £50,085 (2002: £49,371). All contributions had been paid in the year to 31 March 2003.

#### 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 £7.705 million at 31 March 2003 (£1.577 million at 31 March 2002). 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.

A full actuarial valuation was undertaken as at 1 April 2001. This valuation was updated to 31 March 2003, by an independent qualified actuary in accordance with the transitional arrangements of FRS 17. As required by FRS 17, the defined benefit liabilities have been measured using the projected unit method.

# PELL FRISCHMANN PROJECTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

10	Share capital	2003 £	2002 £
	<b>Authorised</b>		
	1,000 Equity interests: Ordinary shares of £1 each	1,000	1,000
		<u>          </u>	<u>          </u>
	<b>Allotted, called up and fully paid</b>		
	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 2002	106,699
Retained profit for the year	66,952
	<u>          </u>
Balance at 31 March 2003	173,651
	<u>          </u>

12	Reconciliation of movements in shareholders' funds	2003 £	2002 £
	Profit/(Loss) for the financial year	66,952	(120,390)
	Opening shareholders' funds	106,859	227,249
		<u>          </u>	<u>          </u>
	Closing shareholders' funds	173,811	106,859
		<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 (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

### 14 Financial commitments

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2003	2002
	£	£
Expiry date:		
Within one year	9,000	-
Between one and two years	-	9,000
	<u>9,000</u>	<u>9,000</u>

### 15 Directors' emoluments

	2003	2002
	£	£
Emoluments for qualifying services	179,781	135,527
Company pension contributions to defined benefit schemes	16,647	15,857
	<u>196,428</u>	<u>151,384</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 3 (2002- 3).



# PELL FRISCHMANN PROJECTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

### 16 Employees

#### Number of employees

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

	2003 Number	2002 Number
Administration	1	1
Engineering	13	13
Management	4	3
	<u>18</u>	<u>17</u>

#### Employment costs

	£	£
Wages and salaries	503,649	466,919
Social security costs	41,269	36,572
Other pension costs	50,085	49,371
	<u>595,003</u>	<u>552,862</u>

### 17 Independence

Until 7 October 2002 D J Whiscombe, a principal of Berg Kaprow Lewis LLP (the company's auditors) was a trustee of The Sudhu Prabhu Family Trust, which held 14.97% of the issued share capital of Pell Frischmann Holdings Limited. On 7 October 2002 D J Whiscombe resigned as trustee of the Trust. Another principal of Berg Kaprow Lewis LLP acts as audit engagement principal.

### 18 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.

# PELL FRISCHMANN PROJECTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

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### 19 Related party transactions

During the year the company provided services in the sum of £Nil (2002: £11,018) to its fellow subsidiary undertakings.

During the year, Management charges of £41,750 (2002: £64,000), Rent of £14,000 (2002: £14,000), and Insurance of £20,560 (2002: £20,020) was paid to fellow subsidiary undertakings.

A further £17,266 (2002: £13,520) 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 2003 were £255,849.