

Company No: 2810599

PELL FRISCHMANN PROJECTS LIMITED

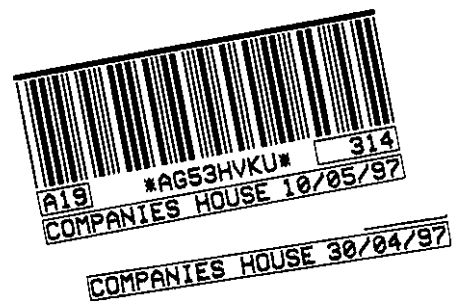
FINANCIAL STATEMENTS

- for the year ended -

31 MARCH 1996

**BERG KAPROW LEWIS**  
Chartered Accountants  
35 Ballards Lane  
London N3 1XW

Reference AR/P216/BJW



PELL FRISCHMANN PROJECTS LIMITED

**DIRECTORS**

W W Frischmann CBE  
D Atherton  
K Corazzo  
R Jones  
S Lenssen  
A Levy  
R Wiles

**SECRETARY**

N W Carmichael

**REGISTERED OFFICE**

5 Manchester Square  
London  
W1A 1AU

**AUDITORS**

Berg Kaprow Lewis  
Chartered Accountants  
35 Ballards Lane  
London  
N3 1XW

PELL FRISCHMANN PROJECTS LIMITED

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## PELL FRISCHMANN PROJECTS LIMITED

### REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 1996.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was that as architects, integrated engineers, quantity surveyors, project managers and working closely with other disciplines and fellow companies within the Pell Frischmann Group.

This financial year represents the second full year of operation following the part financial year in which the business was started.

In the Directors' Report last year the prime objective for 1995/96 was to increase the turnover by 50% on the previous year. In a trading environment which remained extremely competitive this prime objective was achieved. Further stated objectives were to increase the size of the projects tendered for, widen the client base and obtain Quality Assurance accreditation for full multi-disciplinary services. These objectives were also achieved with the Quality Assurance accreditation awarded on the 20 July 1995.

The wide range of professional services offered by the multi-disciplinary nature of the company resulted in a variety of commissions won in the year. The range included project management and design commissions, term commissions, audit commissions, advisory commissions, planning supervisor commissions and specialist advisory commissions.

Most of the trading opportunities and commissions placed were from the public sector for the Ministry of Defence and the United States Forces. In addition new clients in the trading year included British Gas Properties, UKAEA Winfrith, London Clinic, Corporation of London, British Telecom and Dartford Borough Council.

The company continued to operate competitively and profitably as in the previous year by retaining a number of low cost highly skilled sub-consultants in support of the key directors.

The Directors' prime objective for the final year 1996/97 was to substantially increase turnover on the previous year. Turnover for 1996/97 is presently estimated to be in excess of £550,000. Additionally the objectives were to continue to widen the client base and enhance the quality of service offered with the newly acquired Quality Assurance accreditation.

A commission for multi-disciplinary services to design and build a large computer warehouse and office building was secured in the early part of the year 1996/97. The company provided professional services in all disciplines comprising architecture, mechanical and electrical, civil and structural, public health, quantity surveying, site control, site engineer and planning supervisor. The project was designed and constructed in under nine months for a PLC client at the forefront of computer wholesaling.

The company is obtaining a large number of tendering opportunities through past reputation and a demonstrable project portfolio. A number of tender submissions for Ministry of Defence projects continue to be submitted in close collaboration with associated Pell Frischmann companies.

The company is a 75% owned subsidiary undertaking of Pell Frischmann Group Ltd which files group financial statements. The group profit before taxation for the year ended 31 March 1996, including the group's share of the profit of associated undertakings is expected to exceed £5 million.

## PELL FRISCHMANN PROJECTS LIMITED

### REPORT OF THE DIRECTORS (Continued)

The number of staff employed by the group as a whole, including those of its associated undertakings, was in excess of 2,250. The staff were available to any company within the group dependent upon the demand or resources of the constituent company.

#### **DIVIDEND AND TRANSFER TO RESERVES**

The trading profit for the year before and after taxation was £42,199 and £29,285 respectively (1995 : £4,189 and £3,142). The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £29,285 is transferred to reserves.

#### **DIRECTORS AND THEIR INTERESTS**

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

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1996</u>	<u>1995</u>
W W Frischmann CBE *	Ordinary shares	-	-
D Atherton	Ordinary shares	10	10
K Corazzo	Ordinary shares	10	10
R Jones	Ordinary shares	10	10
S Lenssen	Ordinary shares	-	-
A Levy	Ordinary shares	-	-
R Wiles	Ordinary shares	10	10

Directors interests in ultimate parent undertaking are given in note 16 to the financial statements.

\* Representing Pell Frischmann Group Ltd on the company's board of directors. Pell Frischmann Group Ltd owns 120 shares representing a 75% interest.

#### **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 the 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;
- 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.

PELL FRISCHMANN PROJECTS LIMITED

REPORT OF THE DIRECTORS (Continued)

**DIRECTORS AND OFFICERS INSURANCE**

Directors' and officers' liability insurance has been maintained by the company during the year.

**FIXED ASSETS**

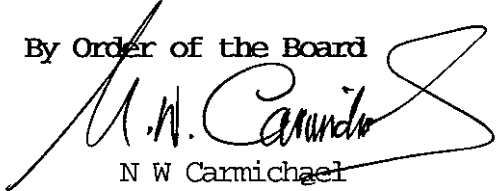
Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

**AUDITORS**

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

Date: 28/4/97.....

By Order of the Board

  
N W Carmichael  
Secretary

PELL FRISCHMANN PROJECTS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF PELL FRISCHMANN PROJECTS LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

**Respective responsibilities of the directors and auditors**

As described in the Directors' Report the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with 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 affairs of the company as at 31 March 1996 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  
Registered Auditors  
Chartered Accountants

35 Ballards Lane  
London  
N3 1XW

Date: 30-4-97

PELL FRISCHMANN PROJECTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1996

	Notes	1996 £	1995 £
<b>TURNOVER</b>		286,475	212,221
Cost of sales		(199,667)	(188,657)
<b>GROSS PROFIT</b>		86,808	23,564
Administrative expenses		(44,604)	(19,375)
<b>OPERATING PROFIT</b>	2	42,204	4,189
Interest payable	3	(5)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		42,199	4,189
Tax on profit on ordinary activities	6	(12,914)	(1,047)
<b>PROFIT FOR THE YEAR</b>	13	29,285	3,142

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 7 to 13 form part of these financial statements.



PELL FRISCHMANN PROJECTS LIMITED

BALANCE SHEET AT 31 MARCH 1996

	Notes	£	1996 £	£	1995 £
<b>CALLED UP SHARE CAPITAL</b>					
NOT PAID				160	160
<b>FIXED ASSETS</b>					
Tangible assets	7		804		-
			<u>964</u>		<u>160</u>
<b>CURRENT ASSETS</b>					
Stocks	8	36,949		28,827	
Debtors	9	75,159		61,211	
		<u>112,108</u>		<u>90,038</u>	
<b>CREDITORS: Amounts falling due within one year</b>	10	(79,691)		(86,102)	
<b>NET CURRENT ASSETS</b>			<u>32,417</u>		<u>3,936</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>33,381</u>		<u>4,096</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		160		160
Profit and loss account	13		33,221		3,936
			<u>33,381</u>		<u>4,096</u>

The financial statements were approved  
by the board on 28/4/97..... and  
signed on its behalf by

..... W W Frischmann Director  
W W Frischmann

The notes on pages 7 to 13 form part of these financial statements.

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

1.2 TURNOVER

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

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Computer equipment	25% Straight line
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1.4 STOCKS

Work in progress is valued at the cost of direct labour and recoverable charges plus attributable overheads based on normal level of activity, or net realisable value if lower.

Net realisable value is based on estimated selling price less further costs to completion, marketing, selling and distribution.

1.5 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.6 LEASING AND HIRE PURCHASE

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

1.7 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.

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

2.	OPERATING PROFIT	1996 £	1995 £
	The operating profit is stated after charging:-		
	Depreciation	268	-
	Auditors' remuneration	1,300	1,500
	Hire of equipment	-	271
	Operating lease rentals:-		
	Plant and machinery	485	-
		<u>          </u>	<u>          </u>
3.	INTEREST PAYABLE	1996 £	1995 £
	On overdue tax	5	-
		<u>          </u>	<u>          </u>
		5	-
		<u>          </u>	<u>          </u>

**PELL FRISCHMANN PROJECTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996**

4. DIRECTORS AND EMPLOYEES	1996 £	1995 £
Staff costs:-		
Wages and salaries	90,000	90,000
Social security costs	6,843	6,852
Other pension costs	14,670	14,670
	<u>111,513</u>	<u>111,522</u>

The average weekly number of employees during the year was as follows:

	Number	Number
Administration	1	-
Engineering	4	4
Management	2	1
	<u>7</u>	<u>5</u>
	£	£

Directors' emoluments:-

Remuneration for management services (including pension contributions)	<u>104,670</u>	<u>104,670</u>
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The division of directors' emoluments, excluding pension contributions, is as follows:-

Chairman	<u>-</u>	<u>-</u>
Highest paid director	<u>22,500</u>	<u>22,500</u>

Other directors' remuneration fell within the following ranges:

	Number	Number
£Nil - £5,000	2	2
£20,001 - £25,000	3	3
	<u></u>	<u></u>

The number of staff employed during the year by the group as a whole, including those of its associated undertakings, was in excess of 2,250. The staff were available to any company within the group dependent upon the demand or resources of the constituent company.

PELL FRISCHMANN PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

5. 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 formal actuarial valuation of the scheme was carried out as at 1 April 1995 using the discontinuance and ongoing valuation methods. The principal assumptions used in these valuations were:

Annual compound rate of	Discontinuance valuation	Ongoing valuation
-----	-----	-----
Investment return	8.5%	8.5%
Pensionable salary growth	6.5%	6.5%
Underlying rate of inflation	4%	4%

At the date of the valuation, the total market value of the scheme's assets was £15,516,405, and the actuarial valuation of the assets was sufficient overall 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 has recommended that for the year under review the company contributes to the scheme at the rate of 16.3% of the pensionable salaries of the members.

The pension contributions payable by the company for the year ended 31 March 1996 was £14,670 (1995 : £14,670). All contributions were paid within the year.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
The taxation charge based on the profit before tax comprises:-		
U.K. corporation tax at 30% (1995 - 25%)	12,715	1,047
	<hr/> 12,715	<hr/> 1,047
Adjustment in respect of prior years	199	-
	<hr/> 12,914	<hr/> 1,047
	<hr/> <hr/>	<hr/> <hr/>

**PELL FRISCHMANN PROJECTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996**

**7. TANGIBLE ASSETS**

	Computer equipment £
<u>Cost</u>	
Additions	1,072
At 31 March 1996	<u>1,072</u>
<u>Depreciation</u>	
Charge for year	268
At 31 March 1996	<u>268</u>
<u>Net book value at 31 March 1996</u>	<u>804</u>
<u>Net book value at 31 March 1995</u>	<u>-</u>

**8. STOCKS**

	1996 £	1995 £
Work in progress	36,949	28,827
	<u>36,949</u>	<u>28,827</u>

**9. DEBTORS**

	1996 £	1995 £
Trade debtors	41,197	12,984
Amounts owed by group undertakings	11,413	-
Amounts owed by participating interests	9,006	16,555
Prepayments and accrued income	13,543	31,672
	<u>75,159</u>	<u>61,211</u>

Amounts owed by group undertakings are in respect of fellow subsidiary undertakings.

**PELL FRISCHMANN PROJECTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996**

<b>10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>1996 £</b>	<b>1995 £</b>
Trade creditors	17,475	2,098
Amounts owed to group undertakings	-	52,219
Corporation tax	12,715	1,047
Other taxes and social security costs	15,818	22,640
Amounts owed to Pell Frischmann and Partners	-	218
Accruals and deferred income	33,683	7,880
	<u>79,691</u>	<u>86,102</u>

Amounts owed to group undertakings are in respect of the parent undertaking and fellow subsidiary undertakings.

**11. TRANSACTIONS INVOLVING DIRECTORS**

W W Frischmann was the principal partner in Pell Frischmann & Partners which supplied administration and other services to the company during the year, totalling £2,910 (1995 : £1,580).

<b>12. SHARE CAPITAL</b>	<b>1996 £</b>	<b>1995 £</b>
<u>Authorised</u>		
<b>Equity interests:</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<u>Allotted, called up and nil paid</u>		
<b>Equity interests:</b>		
160 Ordinary shares of £1 each	<u>160</u>	<u>160</u>

<b>13. PROFIT AND LOSS ACCOUNT</b>	<b>1996 £</b>	<b>1995 £</b>
Retained profits at 1 April 1995	3,936	794
Profit for the financial year	29,285	3,142
Retained profits at 31 March 1996	<u>33,221</u>	<u>3,936</u>

**PELL FRISCHMANN PROJECTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996**

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1996 £	1995 £
Profit for the financial year	29,285	3,142
Shareholders' funds at 1 April 1995	4,096	954
	<hr/>	<hr/>
Shareholders' funds at 31 March 1996	33,381	4,096
	<hr/>	<hr/>
Represented by:-		
Equity interests	33,381	4,096
	<hr/>	<hr/>
	33,381	4,096
	<hr/>	<hr/>

**15. CONTINGENT LIABILITIES**

- (a) There are unquantified contingent liabilities in the normal course of business arising under engineering contracts.
- (b) The company is a member of a group for Value Added Tax (VAT) purposes and is accordingly jointly and severally liable for VAT due and unpaid. The amount outstanding for the group at 31 March 1996 was £623,261 (1995: £536,548).

**16. DIRECTORS' INTERESTS IN ULTIMATE PARENT UNDERTAKING**

W W Frischmann was a director of Pell Frischmann Group Ltd during the year and the details of his interest 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.

**17. ULTIMATE PARENT UNDERTAKING**

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

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

5 Manchester Square  
London W1A 1AU  
Tel: 0171-486-3661