

**Alexander Proudfoot Company of Europe Limited**

**Directors' report and consolidated  
financial statements**

**Registered number 1054993**

**31 December 1999**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

### Principal activities

The company acts as a treasury company within the Proudfoot Consulting Plc group.

### Business review

The profit for the year after taxation was £8,195,722 (1998: profit of £51,016,487) and is dealt with in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (1998: £nil).

### Directors and directors' interests

The directors who held office during the year were as follows:

MK Hughes	(resigned 31 August 1999)
GP Brown	(appointed 31 August 1999; resigned 6 October 2000)
FS Hitchcock	(resigned 6 October 2000)

KAH Parry and P George were appointed as directors on 6 October 2000.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in, or debentures of, the company were granted to, or exercised by, any of the directors or their immediate families, during the financial year.

The directors, who held office at the end of the financial year, held the following options to subscribe for ordinary shares of 25p each in the ultimate parent company, Proudfoot Consulting Plc:

	Date granted	Number of options at beginning of year	Lapsed during the year	Issued during the year	Number of options at end of year
FS Hitchcock	1 December 1989	5,178	(5,178)	-	-
	13 December 1991	5,178	-	-	5,178
	7 December 1992	5,178	-	-	5,178
	10 May 1994	15,000	-	-	15,000
	28 March 1996	20,000	-	-	20,000
	3 October 1996	55,000	-	-	55,000
	1 July 1998	175,000	-	-	175,000
	29 September 1999	-	-	100,000	100,000
GP Brown	28 March 1996	15,000	-	-	15,000
	3 October 1996	55,000	-	-	55,000
	1 July 1998	175,000	-	-	175,000
	29 September 1999	-	-	50,000	50,000

FS Hitchcock and GP Brown had no other disclosable interest in the share capital of group companies.

## Directors' report *(continued)*

### Auditor

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditor annually and KPMG Audit Plc will therefore continue in office.

By order of the board



KAH Parry —  
Director

21 New Fetter Lane  
London  
EC4A 1AW

30 October 2000

## Statement of 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; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

PO Box 695  
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London  
EC4Y 8BB

## **Auditor's report to the members of Alexander Proudfoot Company of Europe Limited**

We have audited the financial statements on pages 5 to 10.

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

### *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 the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

30 October 2000

## Profit and loss account

for the year ended 31 December 1999

	Note	1999 £	1998 £
Administrative expenses	4	5,987,918	(4,811,658)
Other income	5	-	55,094,598
<b>Operating profit</b>		<b>5,987,918</b>	<b>50,282,940</b>
Interest receivable and similar income	6	4,300,270	3,025,693
Interest payable and similar charges	7	(1,670,639)	(2,292,146)
<b>Profit on ordinary activities before taxation</b>		<b>8,617,549</b>	<b>51,016,487</b>
Tax on profit on ordinary activities	8	(421,827)	-
<b>Profit on ordinary activities after taxation</b>		<b>8,195,722</b>	<b>51,016,487</b>
Retained loss brought forward		(5,078,110)	(56,094,597)
<b>Retained profit/(loss) carried forward</b>		<b>3,117,612</b>	<b>(5,078,110)</b>

There are no recognised gains or losses other than those shown in the profit and loss account.

There is no difference between the reported loss and the historical cost loss.

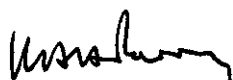
The result for each year arises entirely from continuing operations.

## Balance sheet

at 31 December 1999

	<i>Note</i>	1999 £	1998 £
<b>Current assets</b>			
Debtors	9	26,188,784	19,397,018
Cash at bank and in hand		1,614,192	500,599
		<u>27,802,976</u>	<u>19,897,617</u>
<b>Creditors: amounts falling due within one year</b>	10	(23,685,364)	(23,975,727)
<b>Net assets/(liabilities)</b>		<u>4,117,612</u>	<u>(4,078,110)</u>
<b>Capital and reserves</b>			
Called up share capital	11	1,000,000	1,000,000
Profit and loss account		3,117,612	(5,078,110)
<b>Shareholders' funds/(deficit) – equity</b>	12	<u>4,117,612</u>	<u>(4,078,110)</u>

These financial statements were approved by the board of directors on 30 October 2000 and were signed on its behalf by:



**KAH Parry** —  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### ***Cash flow statement***

Under Financial Reporting Standard Number 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement because it is a wholly owned subsidiary undertaking of Proudfoot Consulting Plc and its cash flows are included within the consolidated cash flow statement of that company.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date.

### 2 Auditor's remuneration

The auditor's remuneration is borne by the company's parent company in the current and prior year.

### 3 Staff numbers and costs

The company did not have any employees during the year except for the directors who did not receive any emoluments from the company (1998: *£nil*).

### 4 Administrative expenses

Administrative expenses include a release of the provision against amounts owed by fellow subsidiaries equal to £5,993,851 (1998: *charge £4,789,369*).

## Notes (continued)

### 5 Other income

Other income in 1998 represents the waiving of an amount due to the parent company of £55,094,598.

### 6 Interest receivable and similar income

	1999 £	1998 £
Interest on short term deposits	25,778	30,670
Interest on loans to group undertakings	2,728,644	2,941,029
Exchange gains on foreign currency transactions	1,545,848	53,994
	<u>4,300,270</u>	<u>3,025,693</u>

### 7 Interest payable and similar charges

	1999 £	1998 £
Interest on loans from group undertakings	1,616,478	1,907,895
Exchange losses on foreign currency transactions	-	384,251
Other interest payable	54,161	-
	<u>1,670,639</u>	<u>2,292,146</u>

### 8 Taxation

	1999 £	1998 £
UK corporation tax at 30.25% (1998: 31%) on the profit for the year on ordinary activities	66,542	-
In respect of prior years	355,285	-
	<u>421,827</u>	<u>-</u>

No payment is made in respect of tax losses or ACT surrendered by group companies.

## Notes (continued)

### 9 Debtors

	1999 £	1998 £
Amounts owed by group undertakings	26,179,297	19,330,485
Prepayments and accrued income	9,487	66,533
	<u>26,188,784</u>	<u>19,397,018</u>

### 10 Creditors: amounts falling due within one year

	1999 £	1998 £
Amounts owed to parent and fellow subsidiary undertakings	23,209,376	23,975,727
Mainstream corporation tax	421,827	-
Accruals	54,161	-
	<u>23,685,364</u>	<u>23,975,727</u>

### 11 Called up share capital

	1999 £	1998 £
<i>Equity</i>		
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

### 12 Reconciliation of the movement in equity shareholders' funds/(deficit)

	1999 £	1998 £
<i>Equity</i>		
Profit for the financial year	8,195,722	51,016,487
Opening shareholders' deficit	(4,078,110)	(55,094,597)
	<u>4,117,612</u>	<u>(4,078,110)</u>
<b>Closing shareholders' funds/(deficit)</b>		

## **Notes** *(continued)*

### **13 Related party transactions**

As the company is a wholly owned subsidiary of Proudfoot Consulting Plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Proudfoot Consulting Plc, within which this company is included, can be obtained from the address given in note 14.

### **14 Ultimate holding company**

The company is a subsidiary undertaking of Proudfoot Consulting Plc, which is registered in England and Wales.

The largest group in which the accounts are consolidated is that headed by Proudfoot Consulting Plc. Copies of the accounts of Proudfoot Consulting Plc may be obtained from Proudfoot Consulting Plc, 21 New Fetter Lane, London EC4A 1AW.