

Alexander Proudfoot Company of Europe Limited

**Directors' report and financial
statements**

31 December 2002

Registered number 1054993



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The company continues to act as a treasury company within the Management Consulting Group PLC group. No change in activities is anticipated.

Business review

The loss for the year after taxation was £6,879 (2001: profit of £246,908) and is dealt with in the profit and loss account on page 4. The directors do not recommend the payment of a dividend (2001: £nil).

Directors and directors' interests

The directors who held office throughout the year except as noted were as follows:

KAH Parry
SJ Purse (appointed 18 November 2002)
P George (resigned 18 November 2002)

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, either of the directors or their immediate families, during the financial year.

KAH Parry, SJ Purse and P George were directors of the ultimate parent company, Management Consulting Group PLC, at the end of the financial year and their interests in the share capital of other group companies are detailed in the annual report of that company.

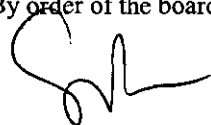
Auditors

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26 (5) of the Companies Act 1989. Deloitte & Touche LLP have expressed their willingness to continue in office as auditors of the Company.

Effective resolutions

The company has passed elective resolutions under sections 252 and 366A of the Companies Act 1985 dispensing with the requirements to lay accounts and reports before the company in general meeting and hold annual general meetings.

By order of the board



SJ Purse
Director

Date: 30 October 2003

21 New Fetter Lane
London
EC4A 1AW

Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year 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; 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Alexander Proudfoot Company of Europe Limited

We have audited the financial statements of Alexander Proudfoot Company of Europe Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under 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 auditors' 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 directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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. We also report 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

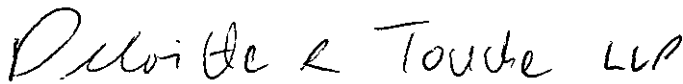
Basis of opinion

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 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

Date: 31 October 2003

Profit and loss account

for the year ended 31 December 2002

	Note	2002 £	2001 £
Administrative expenses		(121)	(1,420)
Operating loss		(121)	(1,420)
Interest receivable and similar income	3	24,633	374,042
Interest payable and similar charges	4	-	(202,443)
Profit on ordinary activities before taxation		24,512	170,179
Tax (charge)/credit on profit on ordinary activities	5	(31,391)	76,729
Retained (loss)/profit on ordinary activities after taxation for the financial year		(6,879)	246,908
Retained profit brought forward		2,890,611	2,643,703
Retained profit carried forward		2,883,732	2,890,611

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

The result for each year arises entirely from continuing operations.

Balance sheet

at 31 December 2002

	Note	2002 £	2001 £
Current assets			
Debtors	6	3,883,732	5,118,815
Cash at bank and in hand		-	1,207,397
		<u>3,883,732</u>	<u>6,326,212</u>
Creditors: amounts falling due within one year	7	-	(2,435,601)
Total assets less current liabilities		<u>3,883,732</u>	<u>3,890,611</u>
Capital and reserves			
Called up share capital	8	1,000,000	1,000,000
Profit and loss account		<u>2,883,732</u>	<u>2,890,611</u>
Equity shareholders' funds	9	<u>3,883,732</u>	<u>3,890,611</u>

These financial statements were approved by the board of directors on 30 Oct 2003 and were signed on its behalf by:



SJ Purse
 Director

Notes to the accounts

(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 United Kingdom 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 Management Consulting Group 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 and the gains or losses on translation are included in the profit and loss account.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2 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 (2001: £nil).

Notes to the accounts *(continued)*

3 Interest receivable and similar income

	2002 £	2001 £
Interest on short term deposits	7,812	98,489
Interest on loans to group undertakings	16,821	267,188
Other interest receivable and similar income	-	8,365
	<u>24,633</u>	<u>374,042</u>

4 Interest payable and similar charges

	2002 £	2001 £
Other interest payable and similar charges	-	202,443
	<u>-</u>	<u>202,443</u>

5 Tax on profit on ordinary activities

	2002 £	2001 £
UK corporation tax at 30% (2001: 30%) on the loss for the year on ordinary activities	-	-
(Charge)/credit in respect of prior years	(31,391)	76,729
	<u>(31,391)</u>	<u>76,729</u>

There is no corporation tax charge on profits arising in the year due to the surrender of losses from other group companies for nil consideration. The tax charge in respect of prior years, represents tax paid in 2002 for a prior year period.

5 Tax on profit on ordinary activities (continued)

Factors affecting tax charge for the year

The applicable rate of tax on the company's profit on ordinary activities is 30% (2001:30%). The tax charge for the current year is more than the applicable rate for the reasons set out in the following reconciliation:

	2002 £	2001 £
Profit on ordinary activities before taxation	24,512	170,179
Tax on profit on ordinary activities at 30%	7,354	51,054
Factors affecting charge in the period:		
Permanent difference in respect of provisions against receivables	-	32,399
Surrender of losses from other group companies for nil consideration	(7,354)	(85,453)
Adjustments in respect of prior year	31,391	(76,729)
Current tax charge/(credit) for the year	31,391	(76,729)

6 Debtors

	2002 £	2001 £
Amounts owed by group undertakings	3,883,732	5,118,815

7 Creditors: amounts falling due within one year

	2002 £	2001 £
Amounts owed to parent and fellow subsidiary undertakings	-	2,435,601

Notes to the accounts *(continued)*

8 Called up share capital

	2002 £	2001 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,000,000	1,000,000

9 Reconciliation of the movement in equity shareholders' funds

	2002 £	2001 £
(Loss)/profit for the financial year	(6,879)	246,908
Opening shareholders' funds	3,890,611	3,643,703
Closing shareholders' funds	3,883,732	3,890,611

10 Related party transactions

As the company is a wholly owned subsidiary of Management Consulting Group 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 Management Consulting Group PLC, within which this company is included, can be obtained from the address given in note 12.

11 Auditors' remuneration

The auditors' remuneration was borne by the company's parent company in the current and prior year.

12 Immediate and ultimate parent company

The immediate and ultimate parent company and controlling party is Management Consulting Group PLC, a company incorporated in Great Britain and registered in England and Wales.

The smallest and largest group in which the accounts are consolidated is that headed by Management Consulting Group PLC. Copies of the accounts of Management Consulting Group PLC may be obtained at the following address: Management Consulting Group PLC, 21 New Fetter Lane, London EC4A 1AW.