

PERA CONSULTING LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997



PERA CONSULTING LIMITED

DIRECTORS REPORT

The Directors have pleasure in presenting their Annual Report together with the audited financial statements for the year ended 31st December 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of contract consultancy.

REVIEW OF BUSINESS

The trading results for the year are set out on page 4 of the financial statements and show a net deficit before taxation of £162,000 (1996 : deficit £193,000). No dividend is recommended.

DIRECTORS AND THEIR INTERESTS

The Directors of the company and their interests in the issued share capital during the year were as follows:

R A Armstrong (Chairman)
D Riley
H Poulson
M S Brill (Managing Director)
M J Kemm (resigned 1st July 1997)
J Ashcroft (appointed 1st August 1997)

None of the directors had interests in the issued share capital of the company.

Other Directors interests are dealt with in note 19 of the financial statements.

HOLDING COMPANY

Details of the immediate holding company are dealt with in note 16 of the financial statements.

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond.

The Pera International group has initiated a project to determine the potential risks to both the group and company's activities arising from the date change and more detailed information is disclosed in the financial statements of Pera International.

DIRECTORS REPORT

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:

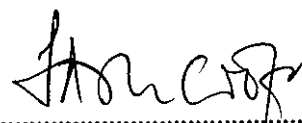
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

AUDITORS

Messrs Gibson Appleby, Chartered Accountants, have indicated their willingness to be re-appointed as auditors to the company in accordance with Section 384(1) of the Companies Act 1985.

BY ORDER OF THE BOARD



.....
J Ashcroft
Secretary

AUDITORS REPORT TO THE MEMBERS OF

PERA CONSULTING LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors.

As described on page 2 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1997 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

17 June 1998

Gibson Appleby

Gibson Appleby
Chartered Accountants and Registered Auditor
Blenheim House
120 Church Street
BRIGHTON
BN1 1AU

PERA CONSULTING LIMITED

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31st December 1997

		1997		1996	
	Note	£'000	£'000	£'000	£'000
INCOME	2		3,889		4,380
Materials and sub-contract charges			(982)		(385)
			-----		-----
			2,907		3,995
Staff costs	3	2,060		2,533	
Depreciation		89		175	
Other operating charges	4	889		1,264	
		-----		-----	
			(3,038)		(3,972)
			-----		-----
OPERATING (DEFICIT)/SURPLUS			(131)		23
Amounts written off investments			-		(199)
			-----		-----
DEFICIT ON ORDINARY ACTIVITIES BEFORE INTEREST			(131)		(176)
Interest receivable	5		11		23
Interest payable	6		(42)		(40)
			-----		-----
DEFICIT BEFORE TAXATION			(162)		(193)
Taxation	7		20		-
			-----		-----
DEFICIT FOR THE FINANCIAL YEAR			(142)		(193)
			=====		=====

Continuing Activities

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

Total Recognised Gains and Losses

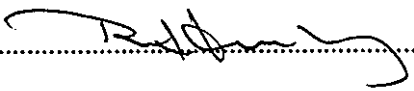
The company has no recognised gains or losses other than the deficit for the above two financial years.


PERA CONSULTING LIMITED

BALANCE SHEET as at 31st December 1997

	Note	1997		1996	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	8		74		213
Investments	9		449		449
			-----		-----
CURRENT ASSETS			523		662
Debtors	10	2,720		3,223	
Cash at bank and in hand		124		335	
		-----		-----	
		2,844		3,558	
CREDITORS : amounts falling due within one year	11	(807)		(1,478)	
		-----		-----	
NET CURRENT ASSETS			2,037		2,080
			-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES			2,560		2,742
CREDITORS : amounts falling due after more than one year:					
Convertible debt	12		(750)		(790)
			-----		-----
NET ASSETS			1,810		1,952
			=====		=====
SHARE CAPITAL	13		4,000		4,000
Other reserves	14		(190)		(190)
Income and Expenditure account	14		(2,000)		(1,858)
			-----		-----
EQUITY SHAREHOLDERS FUNDS	15		1,810		1,952
			=====		=====

Approved by the Board of Directors on 28 May 1998


 R A Armstrong


 M S Brill

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1997

1. ACCOUNTING POLICIES (continued)

g. **INCOME – Contract Work**

This represents the net value of work performed during the year less provisions for amounts invoiced in advance and estimated losses and write-offs on uncompleted contracts.

h. **FOREIGN CURRENCIES**

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Differences on exchange are charged or credited in the income and expenditure account in the year in which they arise.

i. **FINANCE COSTS OF DEBT**

The finance costs of debt are allocated to each period over the term of the debt and charged to profit and loss account at a constant rate on the outstanding amount.

j. **LEASED EQUIPMENT**

Expenditure incurred on capital equipment acquired either under finance or operating leasing arrangements is charged to Income and Expenditure account in the period the costs are incurred. If assets acquired under finance leases had been capitalised, then the effect on the financial statements is not considered to be material.

k. **DEFERRED TAXATION**

Provision is made for deferred taxation at appropriate future rates of corporation tax using the liability method, on all material timing differences, to the extent that it is probable that a liability or asset will crystallise. In view of losses brought forward, no provision is considered to be necessary.

l. **PENSION COSTS**

The company belongs to a defined benefit scheme. The pension costs charged against profits represents the amount of contributions payable to the scheme in respect of the accounting period.

m. **CASHFLOW STATEMENT**

The company has taken advantage of the exemption in FRS1 from producing a cashflow statement on the grounds that it is a wholly owned subsidiary of an EC parent company which prepares its own cashflow statement.

n. **RELATED PARTIES**

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with group entities or related party investees on the grounds that it is a wholly owned subsidiary.

PERA CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1997

	1997	1996
	£'000	£'000
2. INCOME		
Consultancy and training	3,889	4,380
	=====	=====

It is not practical to analyse income by geographical markets.

3. STAFF COSTS

The Company employed an average of 45 (1996 : 51) members of staff during the year, and costs paid to them are analysed below:

	1997	1996
	£'000	£'000
Wages and salaries	1,683	2,089
Social security costs	159	178
Staff pension costs (see note 18)	158	171
Other staff costs	60	95
	-----	-----
	2,060	2,533
	=====	=====
Directors emoluments		
Salaries (including benefits in kind)	198	225
Payments under investment scheme (see note 18)	31	82
Pension contributions (see note 17)	22	26
Compensation for loss of office	-	54
	-----	-----
	251	387
	=====	=====

At 31st December 1997, retirement benefits were accruing to four directors under a defined benefit scheme.

Highest paid director

Salary (including benefits in kind)	107	40
Payments under investment scheme	31	54
Pension contributions	12	5
Compensation for loss of office	-	54
	-----	-----
	150	153
	=====	=====

The accrued annual pension in respect of the highest paid director is £2,347.

4. OTHER OPERATING CHARGES INCLUDE

Audit fees	25	11
Loss on sale of fixed assets	8	17
Exchange losses	7	149
	=====	=====

PERA CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1997

	1997	1996
	£'000	£'000
5. INTEREST RECEIVABLE		
Interest received on short term bank deposits	11	23
	=====	=====
6. INTEREST PAYABLE		
Interest payable on convertible debt to parent undertaking.	(38)	(40)
Interest payable on overdue VAT	(4)	-
	-----	-----
	(42)	(40)
	=====	=====
7. TAXATION		
Over provision in prior years	(20)	--
	=====	=====

No provision for corporation tax has been made in view of the losses for the year.

8. TANGIBLE FIXED ASSETS	Plant and Machinery £'000	Furniture Fixtures Fittings £'000	Motor Vehicles £'000	Total £'000
COST/VALUATION				
As at 1st January 1997	314	111	179	604
Additions	19	-	-	19
Disposals	-	-	(130)	(130)
Inter group transfers	-	-	(18)	(18)
	-----	-----	-----	-----
As at 31st December 1997	333	111	31	475
	=====	=====	=====	=====
DEPRECIATION				
As at 1st January 1997	210	93	88	391
Charge for the year	59	14	16	89
Disposals	-	-	(70)	(70)
Inter group transfers	-	-	(9)	(9)
	-----	-----	-----	-----
As at 31st December 1997	269	107	25	401
	=====	=====	=====	=====
NET BOOK VALUE				
At 31st December 1997	64	4	6	74
	=====	=====	=====	=====
At 31st December 1996	104	18	91	213
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1997

9. FIXED ASSET INVESTMENTS	Interests in Group Under- takings	Associated Under- takings	Total £'000
Cost			
At 1st January and 31st December 1997	449 =====	5 =====	454 =====
Amounts written off			
At 1st January and 31st December 1997	- =====	5 =====	5 =====
NET BOOK VALUE			
At 31st December 1997 and 1996	449 =====	- =====	449 =====

a) Principal Subsidiary Undertakings

Name of Undertaking	Country of Incorporation Registration	Principal Activities	Description of Shares held	Proportion of nominal value of Issued Shares Company %	Subsidiaries %
Neville Clarke International Ltd	England & Wales	(i)	Ordinary	100%	
Neville Clarke Group Ltd	England & Wales	(i)	Ordinary		100%
Neville Clarke Ltd	England & Wales	(iii)	Ordinary		100%
Neville Clarke (Malaysia) Sdn.Bhd.	Malaysia	(ii)	Ordinary		100%
Neville Clarke (Singapore) Pte.	Singapore	(ii)	Ordinary		100%
Neville Clarke (Philippines) Ltd	Philippines	(ii)	Ordinary		100%
Neville Clarke (Thailand) Ltd	Thailand	(iii)	'A' Ordinary		49%
Neville Clarke Incorporated	USA	(ii)	Ordinary		100%
Neville Clarke (China) Ltd	China	(ii)	Ordinary		57%
PT Neville Clarke Indonesia	Indonesia	(ii)	Unincorporated		60%

Principal Activities

- (i) Holding Company.
- (ii) Management and training consultants.
- (iii) Dormant/ceased trading

All the above companies operated principally in their country of incorporation or registration.

b) Shares in Associated Undertakings

The investment represents a 20% holding of ordinary RM 1,000 shares in Pera Asia Sdn. Bhd., a company incorporated in Malaysia which ceased trading in September 1996.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1997

	1997	1996
	£'000	£'000
10. DEBTORS		
Trade debtors	1,160	1,576
Amounts recoverable on contracts	56	486
Amounts due from parent company	350	-
Amounts due from subsidiary undertakings (a)	1,093	1,143
Other debtors (b)	23	-
Prepayments	38	18
	-----	-----
	2,720	3,223
	=====	=====

a) The amount due from both the parent company and the subsidiary undertakings relates to day to day transactions. These are lent on an interest free and unsecured basis and no fixed terms for repayment have been stipulated.

b) Other debtors includes £18,672 of withholding tax which is recoverable in more than one year.

	1997	1996
	£'000	£'000
11. CREDITORS : amounts falling due within one year		
Bank overdrafts and other loans	18	18
Obligations under finance leases	1	7
Trade creditors	93	115
Other creditors	86	125
Amount due to parent company	-	481
Amounts due to subsidiary undertakings	350	403
Corporation tax	-	2
Other taxation and social security costs	61	262
Accruals and deferred income	198	65
	-----	-----
	807	1,478
	=====	=====

The amount due to the parent company relates to day to day trading transactions. Amounts due to both the parent company and the subsidiary undertakings are lent on an interest free and unsecured basis and no fixed terms for repayment have been stipulated.

	1997	1996
	£'000	£'000
12. CREDITORS : amounts falling due after more than one year:		
Loan due to parent company		
- convertible debt due between two and five years	750	790
	=====	=====

The loan plus accumulated interest from the parent company is due for repayment on 31st December 1998. Interest is charged at 5% per annum and is repayable as and when agreed by the two parties. In the event of a default of the loan repayment, the parent company has the right to convert the loan into ordinary shares at their nominal value. The loan is secured by a floating charge on the assets of the company.

PERA CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1997

	1997	1996
	£'000	£'000
13. SHARE CAPITAL		
Authorised		
4,750,000 Ordinary £1 shares	4,750	4,750
	=====	=====
Allotted, Issued and fully paid		
4,000,000 Ordinary £1 shares	4,000	4,000
	=====	=====

	Other Reserves	Income and Expenditure Account	Total
	£'000	£'000	£'000
14. RESERVES			
At 1st January 1997	(190)	(1,858)	(2,048)
Deficit for the year	-	(142)	(142)
	-----	-----	-----
At 31st December 1997	(190)	(2,000)	(2,190)
	=====	=====	=====

	1997	1996
	£'000	£'000
15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS		
Deficit for the year	(142)	(193)
New Share Capital Issued	-	3,000
Goodwill written off	-	(1,707)
	-----	-----
Net (reduction)/addition to shareholders funds	(142)	1,100
Opening shareholders funds	1,952	852
	-----	-----
Closing shareholders funds	1,810	1,952
	=====	=====

16. ULTIMATE HOLDING COMPANY

The company is an immediate subsidiary company of Pera International, a company limited by guarantee and registered in England and Wales, which prepares group accounts.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1997

17. STAFF PENSION SCHEME

The company belongs to the pension scheme of Pera International, the holding company. The staff pension scheme provides defined pension benefits, (based on final pensionable pay) and life assurance cover for eligible employees. It is secured by a self investment fund. Pension costs paid for the year have been charged directly to the Income and Expenditure Account. Further details including the latest actuarial valuation of the scheme are disclosed in the report and accounts of Pera International.

18. PERA INTERNATIONAL INVESTMENT SCHEME

Since 1989 the group has operated an incentive scheme for directors, managers and other key members of staff. Amounts are provided for on an annual basis in the financial statements and become payable in the event that the employee concerned remains with the group for five years. Payments have been made annually since January 1994. In view of the uncertainty of liabilities provided subsequently crystallising, relevant disclosure details relating to directors and staff costs are reflected in the financial statements in the period the amounts become payable.

19. DIRECTORS INTERESTS

Some of the directors of the company are also directors of the holding company and fellow subsidiary companies. Day to day transactions between the company and these companies have taken place during the year on a normal commercial basis. The directors have no beneficial interests in any of these companies.