

PERA CONSULTING LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998



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 1998.

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 £363,000 (1997 : £162,000). 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)

H Poulson

J M Thomas (Managing Director) (appointed 23rd December 1998)

D Riley (resigned 28th May 1998)

M S Brill (resigned 30th September 1998)

J Ashcroft (resigned 11th March 1999)

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.

PERA CONSULTING LIMITED

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



P T Davies
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 1998 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

15 July 1999

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 1998

		1998		1997	
	Note	£'000	£'000	£'000	£'000
INCOME	2		3,355		3,889
Materials and sub-contract charges			(1,030)		(982)
			<u>2,325</u>		<u>2,907</u>
Staff costs	3	1,645		2,060	
Depreciation		62		89	
Other operating charges	4	1,869		889	
			<u>(3,576)</u>		<u>(3,038)</u>
OPERATING DEFICIT			<u>(1,251)</u>		<u>(131)</u>
Interest receivable	5		5		11
Interest payable	6		(38)		(42)
DEFICIT BEFORE TAXATION			<u>(1,284)</u>		<u>(162)</u>
Taxation	7		13		20
DEFICIT FOR THE FINANCIAL YEAR			<u><u>(1,271)</u></u>		<u><u>(142)</u></u>

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

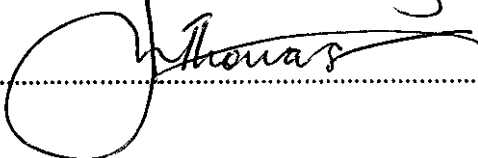
BALANCE SHEET as at 31st December 1998

	Note	1998		1997	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	8		180		74
Investments	9		449		449
			-----		-----
CURRENT ASSETS			629		523
Debtors	10	1,492		2,720	
Cash at bank and in hand		112		124	
		-----		-----	
		1,604		2,844	
CREDITORS : amounts falling due within one year	11	(944)		(807)	
Convertible debt	12	(750)		(750)	
		-----		-----	
NET CURRENT ASSETS			(90)		1,287
			-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES			539		1,810
CREDITORS : amounts falling due after more than one year			-		-
			-----		-----
NET ASSETS			539		1,810
			=====		=====
CAPITAL AND RESERVES					
Share Capital	13		4,000		4,000
Other reserves	14		(190)		(190)
Income and Expenditure account	14		(3,271)		(2,000)
			-----		-----
EQUITY SHAREHOLDERS FUNDS	15		539		1,810
			=====		=====

Approved by the Board of Directors on6 July 1999.....

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R A Armstrong

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J M Thomas

PERA CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1998

1. ACCOUNTING POLICIES

a. BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention which does not take into account the effects of inflation, and are in accordance with applicable accounting standards.

b. BASIS OF CONSOLIDATION

As explained in note 16 of the financial statements, the company is a wholly owned subsidiary of Pera International, the ultimate UK parent company, and has not, therefore, prepared consolidated financial statements by virtue of section 228 of the Companies Act 1985.

c. INVESTMENTS

Investments in associated undertakings are shown at the company's share of the underlying net assets less provisions, at cost.

d. GOODWILL

Purchased goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Purchased goodwill is written off directly to reserves in the year in which it arises.

e. FIXED ASSETS - DEPRECIATION

Depreciation is calculated to write off the cost of each fixed asset over its estimated useful life using the following rates:

Plant and machinery:	
Electronic equipment	25% on cost per annum
Computer equipment	25% on cost per annum
Other plant and machinery	25% on cost per annum
Furniture and fittings	25% on cost per annum
Motor vehicles	25% on cost per annum

f. AMOUNTS RECOVERABLE ON CONTRACTS (WORK IN PROGRESS)

Amounts recoverable on contracts comprises the cost to the Company of work performed on contract work together with an appropriate proportion of overheads and attributable surplus, less any expected losses.

PERA CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1998

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 1998

	1998	1997
	£'000	£'000
2. INCOME		
Consultancy and training	3,355	3,889
	=====	=====

It is not practical to analyse income by geographical markets.

3. STAFF COSTS

The Company employed an average of 33 (1997 : 45) members of staff during the year, and costs paid to them are analysed below:

	1998	1997
	£'000	£'000
Wages and salaries	1,298	1,683
Social security costs	125	159
Staff pension costs (see note 17)	139	158
Other staff costs	83	60
	-----	-----
	1,645	2,060
	=====	=====
Directors emoluments		
Salaries (including benefits in kind)	117	198
Payments under investment scheme (see note 18)	-	31
Pension contributions (see note 17)	14	22
Compensation for loss of office	30	-
	-----	-----
	161	251
	=====	=====

As part of the compensation for loss of office package, a payment of £51,000 was made into the Pera Pension fund in January 1999.

At 31st December 1998, retirement benefits were accruing to two (1997 : Four) directors under a defined benefit scheme.

Highest paid director

Salary (including benefits in kind)	78	107
Payments under investment scheme	-	31
Pension contributions	10	12
Compensation for loss of office	30	-
	-----	-----
	118	150
	=====	=====

4. OTHER OPERATING CHARGES INCLUDE

Audit fees	9	25
(Profit)/Loss on sale of fixed assets	(11)	8
Exchange losses	24	7
Exceptional item	921	-
	=====	=====

The exceptional item relates to part of a loan to an overseas subsidiary undertaking that was written off during the year.

PERA CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1998

	1998	1997
	£'000	£'000
5. INTEREST RECEIVABLE		
Interest received on short term bank deposits	5	11
	-----	-----
	5	11
	=====	=====
6. INTEREST PAYABLE		
Interest payable on convertible debt to parent undertaking.	(38)	(38)
Interest payable on overdue VAT	-	(4)
	-----	-----
	(38)	(42)
	=====	=====
7. TAXATION		
Over provision in prior years	(13)	(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 1998	333	111	31	475
Additions	138	3	30	171
Disposals	(65)	(105)	(31)	(201)
	-----	-----	-----	-----
As at 31st December 1998	406	9	30	445
	=====	=====	=====	=====
DEPRECIATION				
As at 1st January 1998	269	107	25	401
Charge for the year	56	2	4	62
Disposals	(65)	(105)	(28)	(198)
	-----	-----	-----	-----
As at 31st December 1998	260	4	1	265
	=====	=====	=====	=====
NET BOOK VALUE				
At 31st December 1998	146	5	29	180
	=====	=====	=====	=====
At 31st December 1997	64	4	6	74
	=====	=====	=====	=====

PERA CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1998

9. FIXED ASSET INVESTMENTS	Interests in Group Under- takings £'000
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Cost

At 1st January and 31st December 1998

449

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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	(iii)	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.

PERA CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1998

	1998	1997
	£'000	£'000
10. DEBTORS		
Trade debtors	801	1,160
Amounts recoverable on contracts	260	56
Amounts due from parent company	–	350
Amounts due from subsidiary undertakings (a)	355	1,093
Other debtors (b)	38	23
Prepayments	38	38
	-----	-----
	1,492	2,720
	=====	=====

- 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 £24,941 (1997 : £18,672) of withholding tax which is recoverable in more than one year.

	1998	1997
	£'000	£'000
11. CREDITORS : amounts falling due within one year		
Bank overdrafts and other loans	66	18
Obligations under finance leases	–	1
Trade creditors	94	93
Other creditors	25	86
Amounts due to parent company	306	–
Amounts due to subsidiary undertakings	347	350
Other taxation and social security costs	49	61
Accruals and deferred income	57	198
	-----	-----
	944	807
	=====	=====

Amounts due to the parent company and 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.

	1998	1997
	£'000	£'000
12. CONVERTIBLE DEBT		
Loan due to parent company		
– convertible debt due less than one year	750	750
	=====	=====

The loan plus accumulated interest from the parent company was 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. In December 1998 the loan agreement was renewed for a further year on exactly the same terms and conditions, and is now due for repayment on 31st December 1999.

PERA CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1998

	1998 £'000	1997 £'000
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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 1998	(190)	(2,000)	(2,190)
Deficit for the year	-	(1,271)	(1,271)
	-----	-----	-----
At 31st December 1998	(190)	(3,271)	(3,461)
	=====	=====	=====

	1998 £'000	1997 £'000
--	---------------	---------------

**15. RECONCILIATION OF MOVEMENT
IN SHAREHOLDERS FUNDS**

Deficit for the year	(350)	(142)
	-----	-----
Net reduction to shareholders funds	(350)	(142)
Opening shareholders funds	1,810	1,952
	-----	-----
Closing shareholders funds	1,460	1,810
	=====	=====

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.

PERA CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1998

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.