

PELL FRISCHMANN ENGINEERING LIMITED

INDEX TO REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1991

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Company Registration No: 2097198

PELL FRISCHMANN ENGINEERING LIMITEDDIRECTORS REPORT

The Directors submit their report and financial statements for the year ended on the 31st day of March 1991.

ACTIVITIES

The company's principal activity during the year was to act as consultants for the design, construction and marketing of oil and gas platforms and of subsea floating production systems.

DIRECTORS

The Directors of the Company were:-

W W Frischmann CBE (Chairman)

S S Prabhu

D R Bayly

J W Pendered

M Ringner

RESULTS

The profit for the year before taxation amounted to £340,395 (Loss 1990 £54,484) after charging Directors Emoluments (excluding benefits in kind) of £103,420 (1990 £118,324)

No payment of Dividend is recommended.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors are pleased with the year's trading results, where revenue has been generated from subsea and accommodation module projects and profit margins increased through improved management policies and close liaison with other members of the Pell Frischmann Group. During the year, the company has extended its computer aided draughting capabilities and achieved greatly increased manhour productivity.

PELL FRISCHMANN ENGINEERING LIMITED

DIRECTORS REPORT

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS (CONTINUED)

From this encouraging base, the directors are optimistic that the Company can extend its market share in the coming years. The client base of the company already includes most of the major oil companies and opportunities are open both to develop these established relationships and build links with new companies.

The company is a wholly owned subsidiary of PFG Holdings Limited. The number of staff currently employed by the Group as a whole is in excess of 450. The staff are available to any company within the Group dependant upon the demand or resources of the constituent company.

FIXED ASSETS

Details are shown in notes 3 and 4 of the notes to the financial statements.

DIRECTORS INTERESTS

The Directors interests, including family interests, in the shares of the Company were as follows:-

	<u>Class of Share</u>	<u>Interest at end of Year</u>	<u>Interest at beginning of Year</u>
W W Frischmann	Ordinary	1	1

Note: 9999 ordinary shares are held by PFG Holding Limited a company wholly owned by W W Frischmann and S S Prabhu.

PELL FRISCHMANN ENGINEERING LIMITEDDIRECTORS REPORTCLOSE COMPANY STATUS

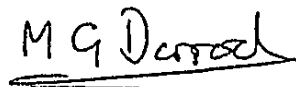
The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution proposing the appointment of Simon Lewis as auditors to the Company will be put to the members at the annual general meeting.

REGISTERED OFFICE

5 Manchester Square
London
W1A 1AU

BY ORDER OF THE BOARD

M.G. DARROCH
Secretary

These financial statements were approved by the board of directors on the 19th day of February 1992.

REPORT OF THE AUDITORS

TO THE MEMBERS OF

PELL FRISCHMANN ENGINEERING LIMITED

We have audited the financial statements set out on pages 5 to 16 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at the 31st day of March 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Simon Lewis
Simon Lewis

SIMON LEWIS
CHARTERED ACCOUNTANTS

CHARTER HOUSE
QUEENS AVENUE
LONDON N21 3JE

Dated this 19th day of February 1992.

PELL FRISCHMANN ENGINEERING LIMITED

BALANCE SHEET

AS AT 31ST MARCH 1991

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
<u>Fixed Assets</u>			
Intangible Asset	(3)	250,000	250,000
Tangible Assets	(4)	71,783	58,607
		<u>321,783</u>	<u>308,607</u>
<u>Current Assets</u>			
Debtors	(5)	528,240	351,731
Cash at Bank and in Hand	(6)	40,763	22,686
		<u>569,003</u>	<u>374,417</u>
<u>Creditors</u>			
Amounts falling due within one year	(7)	258,729	386,067
Net Current Assets (Liabilities)		<u>310,274</u>	<u>(11,650)</u>
Total Assets less Current Liabilities		632,057	296,957
<u>Creditors</u>			
Amounts falling due after more than one year	(8)	1,209	2,111
Net Assets		<u>£630,848</u>	<u>£294,846</u>
<u>Capital and Reserves</u>			
Called Up Share Capital	(2)	10,000	10,000
Share Premium Account		237,599	237,599
Capital Reserves		250,000	250,000
Profit and Loss Account		133,249	(202,753)
		<u>£630,848</u>	<u>£294,846</u>

W. W. Frischmann
..... Director

S. S. P. P. P.
..... Director

Dated this 19th day of February 1992.

The notes on pages 7 to 15 form part of these financial statements.

PELL FRISCHMANN ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1991

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
Turnover		2,117,683	1,490,759
Cost of Sales	(18)	1,260,381	1,036,771
Gross Profit for the Year		<u>857,302</u>	<u>453,988</u>
Administrative Expenses	(18)	516,075	505,788
Operating Profit (Loss)		<u>341,227</u>	<u>(51,800)</u>
Interest Receivable	(9)	930	986
		<u>342,157</u>	<u>(50,814)</u>
Interest Payable	(10)	1,762	3,670
Profit (Loss) on ordinary activities before taxation		<u>340,395</u>	<u>(54,484)</u>
Tax on profit on ordinary activities	(11)	4,393	—
Profit (Loss) on ordinary activities after taxation		<u>336,002</u>	<u>(54,484)</u>
Extraordinary Items	(12)	—	378,038
Retained Profit (Loss) for the period		<u>336,002</u>	<u>323,554</u>
Accumulated (Loss) brought forward		(202,753)	(526,307)
Accumulated (Loss) carried forward		<u>£133,249</u>	<u>(£202,753)</u>

PELL FRISCHMANN ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1991

1. Accounting Policies

a) Accounting Convention

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

b) Depreciation

Depreciation is provided on Fixtures & Equipment and Motor Vehicles by the reducing balance method and on Computer Equipment by the straight line method at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:-

Motor Vehicles	25%
Fixtures and Equipment	25%
Computer Equipment	25%

c) Turnover

Turnover represents goods supplied and services rendered exclusive of Value Added Tax.

The turnover and pre-tax results are attributable to the principal activity.

All turnover was made within the United Kingdom.

d) Deferred Taxation

Provision is made at current corporation tax rates for taxation deferred in respect of all material timing differences, except to the extent that, in the opinion of the Directors, there is reasonable probability that the liability will not arise in the foreseeable future.

e) Leased Assets

Assets acquired under finance lease agreements or hire purchase agreements with similar characteristics are capitalised and liabilities are set up for the capital portions of the instalments. The interest portions of the instalments are charged to the Profit and Loss Account in the period in which they fall due.

Rentals on operating leases are charged to the Profit and Loss Account in the period in which they fall due.

PELL FRISCHMANN ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1991

f) Pensions

The Company's pension plans for employees are defined contributions schemes. Consequently, the annual instalments charged to the profit and loss account are fixed under the terms of the schemes and the Company has no potential liability other than for the payment of those instalments.

g) Long Term Contracts

Long term contracts undertaken on a fixed term basis are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as the contract progresses.

2. Share Capital

Authorised

	<u>1991</u>	<u>1990</u>
	<u>Number</u>	<u>Number</u>
Ordinary Shares of £1 each	10,000	10,000

Allotted and Fully Paid

	<u>1991</u>	<u>1990</u>
	<u>£</u>	<u>£</u>
Ordinary Shares of £1 each	10,000	10,000

PELL FRISCHMANN ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1991

3. Intangible Fixed Assets

	<u>Knowhow</u>
<u>Cost</u>	
At 1st April 1990	250,000
Additions	—
Disposals	—
	<u>250,000</u>
At 31st March 1991	250,000
	<u>—</u>
<u>Depreciation</u>	
Charge for Year	—
Eliminated on Disposals	—
	<u>—</u>
At 31st March 1991	—
	<u>—</u>
<u>Net Book Value</u>	
At 31st March 1991	250,000
	<u>—</u>
At 31st March 1990	250,000
	<u>—</u>

PELL FRISCHMANN ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1991

4. Tangible Fixed Assets

	<u>Total</u>	<u>Fixtures & Equipment</u>	<u>Motor Vehicles</u>	<u>Computer Equipment</u>
<u>Cost</u>				
At 1st April 1990	124,857	61,670	41,053	22,134
Additions	46,094	7,797	19,616	18,681
Disposals	(7,948)	(3,690)	(3,432)	(826)
At 31st March 1991	163,003	65,777	57,237	39,989
<u>Depreciation</u>				
At 1st April 1990	66,250	32,617	21,595	12,038
Charge for Year	27,940	8,436	9,507	9,997
Eliminated on Disposals	(2,970)	(584)	(2,386)	—
At 31st March 1991	91,220	40,469	28,716	22,035
<u>Net Book Value</u>				
At 31st March 1991	71,783	25,308	28,521	17,954
At 31st March 1990	58,607	29,053	19,458	10,096

The net book value of above assets includes the following amounts in respect of assets purchased under lease purchase contracts :-

	<u>1991</u>	<u>1990</u>
Fixtures & Equipment	9,565	9,755

PELL FRISCHMANN ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1991

	<u>1991</u>	<u>1990</u>
	£	£

5. Debtors

Trade Debtors	60,060	74,056
Amounts owed by Group Companies	238,987	—
Other Debtors	11,775	—
Prepayments and Accrued Income	217,418	277,675
	528,240	351,731

6. Cash at Bank and in Hand

Bank Current Account	40,259	22,232
Cash in Hand	504	454
	40,763	22,686

7. Creditors — amounts falling due within one year

Trade Creditors	164,150	140,627
Amounts owed to Group Companies	—	126,305
Amounts owed to Pell Frischmann & Partners	143	—
Current Corporation Tax	4,393	—
Other Taxes and Social Security Costs	7,472	13,391
Obligations Under Finance Leases	3,111	7,490
Other Creditors	—	40,000
Accruals and Deferred Income	79,460	58,254
	258,729	386,067

No interest is payable on advances from Pell Frischmann & Partners.

PELL FRISCHMANN ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1991

	<u>1991</u>	<u>1990</u>
	<u>£</u>	<u>£</u>
	<u>—</u>	<u>—</u>
8. Creditors — amounts falling due after more than one year		
Obligations Under Finance Leases	<u>1,209</u>	<u>2,111</u>
9. Interest Receivable		
Bank Deposit Interest	<u>930</u>	<u>986</u>
10. Interest Payable		
Finance Lease Charges	<u>1,762</u>	<u>3,670</u>
11. Tax on ordinary activities		
Corporation Tax is calculated at the rate of 25% (1990 — 25%):—		
On the profit for the year	<u>4,393</u>	<u>—</u>
12. Extraordinary Items		
Loan Waived	<u>—</u>	<u>378,038</u>

This represents credit balance on loan account with GVA International Limited now waived by that company.

PELL FRISCHMANN ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1991

	<u>1991</u>	<u>1990</u>
	£	£
	—	—
 13. Operating Profit (Loss)		
 The profit (loss) is stated after charging:—		
Directors Emoluments:—		
Fees	91,054	104,176
Pension Scheme Contributions	12,366	14,148
Auditors Remuneration	4,500	5,500
Depreciation of Fixed Assets	27,940	24,905
	<u> </u>	<u> </u>
after crediting:—		
Profit on Sale of Fixed Assets	16,662	—
	<u> </u>	<u> </u>

14. Directors Emoluments

Fees	91,054	104,176
Pension Scheme Contributions	12,366	14,148
	<u> </u>	<u> </u>
Directors Benefits in Kind	103,420	118,324
	9,902	9,680
	<u> </u>	<u> </u>
	113,322	128,004
	<u> </u>	<u> </u>

Emoluments (excluding pension contributions) :—

Chairman	Nil	Nil
Highest Paid Director	51,133	57,413

Emoluments of other Directors fell within the following ranges:—

Nil — £5,000	2	4
£45,001 — £50,000	1	—
£55,001 — £60,000	—	1

PELL FRISCHMANN ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1991

1991	1990
£	£
—	—

15. Staff Costs (including Directors)

Wages and Salaries	273,594	381,174
Social Security Costs	28,460	38,924
Other Pension Costs	22,558	32,860
	<u>324,612</u>	<u>452,958</u>

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

Design	5	9
Selling and Distribution	2	2
Administration	3	1
	<u>10</u>	<u>12</u>

The number of staff currently employed by the Group as a whole is in excess of 450. The staff are available to any company within the Group dependant upon the demand or resources of the constituent company.

16. Capital Commitments

No capital expenditure was authorised or contracted for at the Balance Sheet date.

17. Ultimate Holding Company

The ultimate holding company is P F G Holdings Limited , a company incorporated in England.

PELL FRISCHMANN ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1991

<u>1991</u>	<u>1990</u>
<u>£</u>	<u>£</u>
<u>-</u>	<u>-</u>

18. Comparative Figures

The comparative figures are for fifteen months to 31st March 1990.

19. Transactions Involving Directors

W W Frischmann and S S Prabhu are the principal partners in Pell Frischmann & Partners which supplied administration and other services to the company during the year to a total of £3,975.

PELL FRISCHMANN ENGINEERING LIMITED

SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST MARCH 1991

	<u>1991</u>	<u>1990</u>
<u>SOURCE OF FUNDS</u>		
Net Profit (Loss) before taxation as per Accounts	340,395	(54,484)
Adjustment for non-cash items:—		
Depreciation	27,940	24,904
Loss (Profit) on Sale of Fixed Assets	<u>(16,662)</u>	<u>—</u>
	11,278	24,904
Funds generated from Trading	351,673	(29,580)
Funds from Other Sources:—		
Proceeds from Sale of Fixed Assets	21,640	—
Extraordinary Items	<u>—</u>	<u>378,038</u>
Total Funds Generated	373,313	348,458
<u>APPLICATION OF FUNDS</u>		
Purchase of Fixed Assets	46,094	5,043
Increase in Working Capital	<u>£327,219</u>	<u>£343,415</u>
<u>MOVEMENT IN WORKING CAPITAL</u>		
Increase (Decrease) in Assets:—		
Stocks	—	(2,177)
Debtors	176,509	109,299
Bank Current Account	18,027	21,445
Cash in Hand	<u>50</u>	<u>395</u>
	194,586	128,962
Decrease (Increase) in Liabilities:—		
Creditors	132,633	214,453
	<u>£327,219</u>	<u>£343,415</u>