

PROJECTS 2000 LIMITED

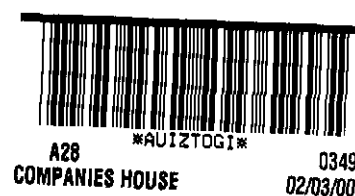
Company Number 2686362

FINANCIAL STATEMENTS

for the year ended

31 DECEMBER 1997

Heathcote & Coleman
Chartered Accountants
BIRMINGHAM



PROJECTS 2000 LIMITED

FINANCIAL STATEMENTS

year ended 31 December 1997

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The following pages do not form part of the financial statements

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| Detailed Profit and Loss Account | 10 |
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PROJECTS 2000 LIMITED

THE DIRECTOR'S REPORT

year ended 31 December 1997

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of project management and design consultants.

THE DIRECTOR AND HIS INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year were as follows:

| | |
|---|----|
| Mr M J Harris | 52 |
| Mr R D Walton (ceased 29 December 1997) | 26 |

DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the director is required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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

A resolution to re-appoint Heathcote & Coleman as auditors for the ensuing year will be proposed at the annual general meeting in accordance with Section 385 of the Companies Act 1985.

PROJECTS 2000 LIMITED

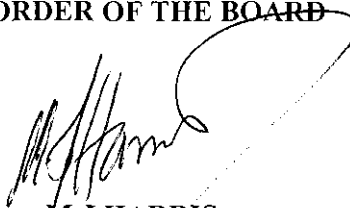
THE DIRECTOR'S REPORT (Continued)

year ended 31 December 1997


SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD



M J HARRIS
Directors



Approved by the director on 1 March 2000.

PROJECTS 2000 LIMITED

AUDITORS' REPORT TO THE SHAREHOLDER

year ended 31 December 1997

We have audited the financial statements on pages 4 to 8 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), under the historical cost convention and the accounting policies set out on pages 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITORS

As described on page 1, the company's director is responsible for the preparation of the 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 director 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.

However, the evidence available to us was limited in respect of amounts due to the Company by the Director and a former Director and shown in note 7 to the Financial Statements in the sum of £41,877, both as regards individual transactions and in the case of one loan account totalling £23,450, the recoverability thereof.

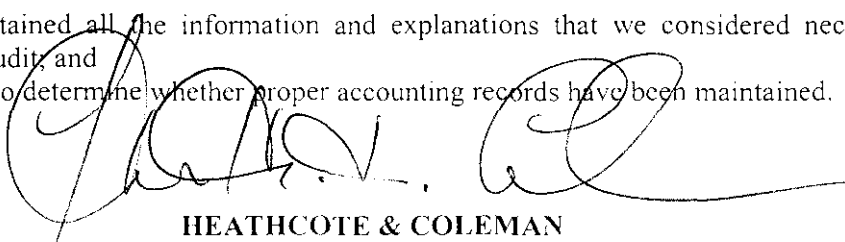
In forming our opinion we also evaluated the overall adequacy of the presentation in the financial statements.

OPINION

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 or of its profit of the year then ended. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to amounts due from the Director and a former Director.

we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and we were unable to determine whether proper accounting records have been maintained.



HEATHCOTE & COLEMAN
Chartered Accountants & Registered Auditors

Birmingham

1 March 2000

PROJECTS 2000 LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1997

| | <u>Notes</u> | <u>1997</u> | <u>1996</u> |
|---|--------------|-----------------|-------------------|
| Turnover | 2 | 962,395 | 16,053 |
| Administrative Costs | 3 | (901,971) | (59,485) |
| | | <u>60,424</u> | <u>(43,432)</u> |
| Interest Paid | 4 | (5) | (27) |
| Profit/(Loss) on Ordinary Activities before Taxation | | <u>60,419</u> | <u>(43,459)</u> |
| Taxation | 5 | (3,679) | (24) |
| RETAINED PROFIT/(LOSS) for the year | | <u>£ 56,740</u> | <u>£ (43,483)</u> |

The results are derived from continuing operations. The Profit and Loss Account reflects all recognised gains and losses during the year.

The notes on pages 6 to 8 form part of these financial statements.

PROJECTS 2000 LIMITED

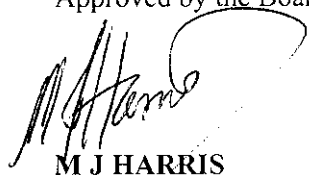
BALANCE SHEET

31 December 1997

| | <u>Notes</u> | <u>1997</u> | <u>1996</u> |
|--|--------------|-----------------|------------------|
| FIXED ASSETS | 6 | 1,636 | 1,818 |
| CURRENT ASSETS | | | |
| Cash at Bank | | 3,185 | 814 |
| Debtors | 7 | 56,850 | 65,502 |
| Work in Progress | | <u>28,715</u> | <u>38,778</u> |
| | | 88,750 | 105,094 |
| CREDITORS: Amounts falling due within one year | 8 | <u>(73,700)</u> | <u>(59,314)</u> |
| NET CURRENT ASSETS | | <u>15,050</u> | <u>45,780</u> |
| | | 16,686 | 47,598 |
| CREDITORS: Amounts falling due after one year | 9 | - | (87,652) |
| | | <u>£16,686</u> | <u>£(40,054)</u> |
| REPRESENTED BY:- | | | |
| Share Capital | 10 | 78 | 78 |
| Profit and Loss Accounts | 11 | 16,608 | (40,132) |
| | | <u>£16,686</u> | <u>£(40,054)</u> |

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 1 March 2000 and signed on its behalf by:-


M J HARRIS
 Director

The notes on pages 6 to 8 form part of these financial statements.

PROJECTS 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1997

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's financial statements. The accounts are in accordance with applicable accounting standards.

a. BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost accounting rules.

b. DEPRECIATION

Depreciation is provided on the tangible assets at rates calculated to write off the cost of each asset over its expected useful life as follows:-

Office Equipment - 10% reducing balance

c. WORK IN PROGRESS

Work in Progress is valued at the lower of cost, including attributable overhead expenses, and net realisable value.

d. DEFERRED TAXATION

No provision is required for deferred taxation.

2. TURNOVER

Turnover represents amounts invoiced by the company in respect of services provided, in the UK, net of value added tax.

3. OPERATING PROFIT/(LOSS)

Operating Profit/(Loss) is stated after charging:-

| | | |
|---------------------------------------|------|------|
| Depreciation of Tangible Fixed Assets | £182 | £202 |
| | === | === |

4. INTEREST PAID

| | | |
|-------------------|-----|------|
| On Bank Overdraft | £ 5 | £ 27 |
| | === | === |

PROJECTS 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 1997

| 5. TAXATION | <u>1997</u> | <u>1996</u> |
|--|--------------------------------|--------------------|
| Corporation Tax payable on result for the year | 3,679 | - |
| Under/(Over) reserve for earlier year | <u>-</u> | <u>24</u> |
| | £3,679 | £ 24 |
| | ===== | ===== |
| 6. TANGIBLE FIXED ASSETS | <u>Office Equipment</u> | |
| COST | | |
| As at 1 January 1997 | 2,497 | |
| Addition during year | <u>-</u> | |
| As at 31 December 1997 | £2,497 | |
| | ===== | |
| DEPRECIATION | | |
| As at 1 January 1997 | 679 | |
| Charge for the year | <u>182</u> | |
| As at 31 December 1997 | £ 861 | |
| | ===== | |
| NET BOOK VALUE | | |
| As at 31 December 1997 | £1,636 | |
| | ===== | |
| As at 31 December 1996 | £1,818 | |
| | ===== | |
| 7. DEBTORS | <u>1997</u> | <u>1996</u> |
| Directors Loan Account | 41,877 | - |
| Other Debtors | <u>14,973</u> | <u>65,502</u> |
| | £56,850 | £65,502 |
| | ===== | ===== |
| 8. CREDITORS: Amounts falling due within one year | <u>1997</u> | <u>1996</u> |
| Corporation Tax | 3,679 | - |
| Creditors | 70,021 | 34,217 |
| Directors Loan Account | - | 12,164 |
| Social Security and Other Taxation | <u>-</u> | <u>12,933</u> |
| | £73,700 | £59,314 |
| | ===== | ===== |

PROJECTS 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1997

| | | |
|---|--------------------|--------------------|
| 9. CREDITORS: Amounts due after one year | <u>1997</u> | <u>1996</u> |
| Loan | £ - ===== | £87,652 ===== |

10. SHARE CAPITAL

| | | |
|--|---------------|---------------|
| Authorised Ordinary Shares of £1 each | £100 ===== | £100 ===== |
| Allotted, Called Up and Fully Paid Ordinary Shares of £1 each | £ 78 ===== | £ 78 ===== |

11. RECONCILLATION OF MOVEMENT IN SHAREHOLDERS FUNDS

| | | |
|---|------------------|--------------------|
| Profit/(Loss) for the financial year | £56,740 ===== | £(43,483) ===== |
| Net Increase/(Decrease) in shareholders funds | 56,740 | (43,483) |
| Opening shareholders funds | (40,054) | 3,429 |
| Closing shareholders funds | £16,686 ===== | £(40,054) ===== |

12. CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 1997 (1996 - £Nil).

13. CONTINGENT LIABILITIES

The company had no contingent liabilities at 31 December 1997 (1996 - £Nil).

14. RELATED PARTY TRANSACTIONS

During the year the company made purchases of £15,000 from Michael J Harris Associates, a business controlled by the director. The transactions took place on a normal commercial basis.